FIRST PRINCIPLES CONSULTING

Reflection 39. Learn from Equity Bank

Equity Bank grew from being the 66ff ranked regulated financial institution out of 66 in 1996 to either the first or second ranked financial institution in Kenya today depending on metric. As a financial institution expanding across Africa and competing with the banking corporations of South Africa and West Africa. This is a remarkable achievement. Equity is far from being a 'normal' financial institution. Defining why Equity Bank has been so successful holds lessons for us all.

Caveats: I worked with Equity Bank extensively in the 2000s but much less since then — so my lessons are drawn largely from the growth phase. Neither am I trying to praise Equity, no institution is perfect, all banks make mistakes, rather I am drawing out what I have observed.

1. Live values: Equity Bank lives its values. This cements its relationship with staff, customers, and stakeholders. The Equity Group Foundation is the obvious expression of values. It provides so much more than typical corporate social responsibility programs, with its signature Wings to Fly and Financial Education programs. In 2023 Equity won the Think Business Banking Award for ESG, based in my view on its published detailed, Sustainability Report 2021. Years before international standards IFRS Sl on sustainability and IFRS S2 on climate change were published. Values matter.

2. <u>Build the brand</u>: From 2001 Equity was building its brand, building perceptions as the trusted financial services provider. This can be seen in its repricing in 2002, its communications around raising capital, its member campaign, the work of the Equity Group Foundation. This focus continues to this day.

3. <u>Understand your customers</u>: At MiroSave we worked alongside Equity to understand Equity's customers, to build products and services that responded to real needs, to innovate around delivery channels. We spent time studying branch-based banking to drive more efficient, more responsive services years before digital financial services.

    Equity spent considerable time listening to its customers from the management to senior management levels. I witnessed this first hand at local product launches, as well as much larger national events.

4. <u>Build a dream team</u>: Equity built an extremely competent and capable middle management team that took their learnings and experience across the institution. Equity have always been driven by the objective and putting in the resources required to get the job done quickly and efficiently.

5. Pricing strategically. Equity was one of the first financial institutions to reprice its products. In 2002 it moved to a simpler fee based pricing approach, abolishing extraneous charges. Whilst not necessarily cheaper charges were seen to be fairer because they directly related to activities initiated by the customer.

6. Channels: Since the mid-2000s Equity invested heavily in channels, starting with branch expansion, then banking on wheels, ATMs, agency banking, mobile wallets, and apps. It used channels to onboard customers, to provide more convenient, more flexible services, to decongest branches.

7. Create excitement: As Equity grew, with a clear sense of purpose, and of mission it nurtured a sense of excitement in its staff, its customers, and its stakeholders. Whilst Equity is a bank it has a tangible wider mission to contribute to society, through its activities, and through the work of the Equity Group Foundation.

8. Strategic alignment: Equity drove strategic alignment very successfully to win Company of the Year (COYA) in 2006 for their business planning. All staff knew how they were aligned to the objectives of the institution.

9. Plan for Growth: Equity believed in themselves and continuously planned for growth, sufficient share capital was lined up before need, Equity determined that Finacle as a core banking platform was the solution for their future. To some in 2004 when Equity Building Society announced its choice this appeared to be significantly in advance of need.

10. Credibility: Equity continues to build its credibility, through its results, through its executive, though how it moves into new banking segments, through geographic expansion. It hasn't always been an easy journey, particularly international operations, but lessons have been learned. Credibility has been fundamental to moving beyond retail banking, to corporate banking to digital, to investment banking.

11. Investing in People: Equity choses to invest in people, even in the early expansion of the bank, Equity would reward academic success, offer opportunities to grow. Many of todays leadership of the bank have grown within the bank.

12. Leadership: None of this would have happened without constant and consistent leadership. The strength of the management team, and of the Executive, of James Mwangi and Mary Wamae, over many years. Many other financial institutions have experienced periodic leadership changes which have decreased momentum, less so Equity Bank.

If this blogs speaks to you.... Speak to me, so that we can inspire change together.

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