

## **What could be more than banking? The Access and Diamond Merger.**

In Africa, a giant has been made. The merger between Access bank and Diamond bank has culminated in the creation of a leading tier-one bank in Africa by a number of customers spanning three continents, 12 countries and over 29 million customers.

Looking at historical precedence, one thing is certain - giant banks are made, not born and mergers have always given rise to giants in the banking industry. In 1784, and recorded as one of the first bank mergers, the Italian Monte dei Paschi and Monte Pio banks were united as the Monti Riuniti.

Also, among the chain of events that heralded significant changes in world history and dominated the 20<sup>th</sup> century, Nations Bank and BankAmerica formed the Bank of America, J.P Morgan and Chase national bank merged and, the 1998 merger between Wells Fargo and Norwest Corporation happened.

This Access/Diamond merger is as brilliant as it is opportunistic, seeing as it immediately catapults Access to the largest bank in Nigeria by asset base, deftly taking advantage of one of two key growth methods in business. Although in terms of profitability and returns on equity, Access Bank is behind GT Bank and Zenith Bank, this tremendous asset base allows for limitless growth opportunities. Two heads, *they say*, are better than one.

Access bank is not new to mergers and acquisitions. In 2005, the bank acquired Marina Bank and Capital Bank (formerly commercial bank Crédit Lyonnais Nigeria) by a merger. Again, in 2012, it acquired the Intercontinental bank under a wave of consolidation orchestrated by the then Governor of CBN, Lamido Sanusi. This integration and the series of events that followed firmly placed Access bank as one of the top 5 tier-one banks in Nigeria.

What makes this Access/Diamond merger particularly strategic is that, in combining its strength and leadership as a corporate titan with Diamond's leadership in digital and mobile-led retail banking, Access will position itself as a significant corporate and digital retail bank in Nigeria and a top financial servicing institution in Pan-Africa.

While most people are fawning over the new brand logo, which is a perfect play on the previous brand identities of the two banks; Diamond's vibrant shape was infused with Access' strong orange lines to form a triple-layered chevron that radiates in all directions to create layers around a core and represents a sense of energy and forward momentum, the key thing to look at is the potential services available to customers.

It has been said that by 2025, leading banks will be operating as digital financial superstores that blur the line between technology companies and banks. This means that the new Access would need to greatly lean on their expertise in digital made stronger now by this merger with Diamond bank that has a reputation in digital excellence.

Customers like me are positively curious about the new tag line – access more than banking. What does it really mean? What could be more than banking? How do we access it?

In a report made some years ago, PwC suggests that by as soon as 2025 – 2030, a market economy could readily exist without banks of the traditional kind. An excerpt from the report reads thus;

*'Powerful forces are transforming the retail banking industry. Growth remains elusive, costs are proving hard to contain and ROEs remain stubbornly low. Regulation is impacting business models and economics. Technology is rapidly morphing from an expensive challenge into a potent enabler of both customer experience and effective operations. Non-traditional players are challenging the established order, leading with customer-centric*

*innovation. New service providers are emerging. Customers are demanding higher levels of service and value. Trust is at an all-time low.'*

In conclusion, banks can no longer rely on their identity as contacts for financial services.

A valid prescription for these unavoidable disruptions is for banks to disrupt themselves first and we hope the Access/Diamond merger will tap into this at scale, championing this self-disruption. In positioning itself as a tech-savvy bank and now the leading bank by asset base, Access bank should adopt a truly customer-centric model, using its leading asset base to open new value chains. Research has shown that 97% of bank customers are happy for their data to be used if ushers them a wider range of services.

Only by adopting this trend and tapping into the digital disruption extensively will Access bank's claim of being more than banking be made valid. Perhaps we could hope to access more loyalty, ATMs, digital products and services, international markets, growth opportunities by way of cheap financed loans and investments.