

# Discovery features fourth on the 2022 *Fortune* Change the World list

Discovery joins the ranks of 50 companies recognised in *Fortune Magazine's* 2022 Change the World list, released today. The seminal list features organisations from around the globe that are positively impacting society through activities that form part of their core business strategy.



Source: Supplied.

Discovery ranked fourth on the list for the application of its disruptive shared-value banking model, helping people to adopt better financial behaviours – and rewarding them for it.

This is in line with the group's core purpose of "making people healthier".

*Fortune* writers and editors, with help from the Shared Value Initiative, evaluate companies based on key measures like social impact and degree of innovation, to find businesses that significantly improve the lives of customers, and make a positive societal impact.

"Discovery's shared-value model is proven to transform clients' engagement with their physical and mental wellbeing, resulting in healthier decisions and improved risk outcomes," said Discovery Bank chief executive officer, Hylton Kallner.

"By extending this shared-value model into the retail banking space, Discovery Bank is applying the same philosophy to the

financial wellbeing of its clients in South Africa, creating a win-win where clients benefit through improved finances and rewards, and Discovery Bank benefits from lower defaults and more engaged clients.

"Discovery is known for its shared-value insurance model and behaviour-change programme, Vitality, which guides people towards healthy choices and rewards them with various incentives, ranging from free gym memberships to discounts on healthy food and wellness products.

"The result is a healthier, more engaged client base that claims less, creating value for the individual, for the insurer, and for broader society."

Discovery adapted this model to the banking industry in 2014, after data from its credit card offering showed that the patterns at work in its insurance businesses were evident in people's financial behaviour as well.



## SA's Discovery partners with BlackRock for new asset management entity

Promit Mukherjee 23 Aug 2022



In health and life insurance, for example, a few key behaviours - such as poor diet, lack of physical activity, tobacco use and excess alcohol intake - lead to four conditions (cardiovascular disease, chronic lung disease, diabetes, and various cancers), that lead to 60% of deaths worldwide.

The same is true of banking behaviour – a few controllable financial choices such as not saving for emergencies and excess secured debt are responsible for 80% of credit defaults and retirement shortfalls.

From the outset, Discovery Bank was designed differently – to help clients achieve financial success.

Discovery Bank's unique approach is driven by the Vitality Money programme, which measures how well clients manage their money and improves their financial health across five areas:

- Spending less than they earn;
- Managing their short-term debt well;
- Having insurance against unexpected events
- Paying off property as soon as they can;
- Investing for retirement and the future

Clients earn Vitality Money points for improving these five behaviours, with the total number of points determining their Vitality Money status unlocking certain rewards. This results in a banking model that is better for clients, for the bank, and for society.

An analysis of 300,000 Discovery Bank clients shows that those on higher Vitality Money statuses are 96% less likely to be in arrears, have deposits more than seven times the average, and are three times more likely to engage, regardless of income level.

## Equitable banking models

There is a need for more equitable banking models, both globally and in South Africa, where the issue is very pronounced. South Africans are, on average, spending 75% of their take-home pay on debt, with interest-rate hikes exacerbating the picture.

This is particularly debilitating given interest rates are out of people's control. A major cause is that traditional banks segment and price clients based on their socio-economic status, even though the nature of risk in banking is as much behavioural as it is socio-economic. Even clients who manage their money well pay more to borrow purely based on their socio-economic segment, subsidising higher-risk clients.



## Discovery defers contribution increases to April

22 Sep 2022



Behavioural banking is different – a client's status, and hence their interest rates and rewards, is determined by good behaviours, not income. It democratises the banking model by rewarding people for taking good care of their money, not just for earning well.

This results in financially healthy clients getting rewarded with lower interest rates on borrowings than what would typically apply based on their socio-economic status.

With Dynamic Interest Rates, Discovery Bank clients saved over R13m (\$787,958) on interest from their borrowings for managing their money well and benefited from over R15.5m (\$945,000) in savings-rate boosts (boosting the interest rate a client earns on their savings based on their Vitality Money status) in 2021.

Clients can access higher interest rates for on-demand savings at levels that are typically only accessible through 18- to 24-month fixed deposits with conventional banking models. Discovery Bank data shows that highly engaged members are better savers, keeping their funds on average 50% longer and saving at three times the rate of unengaged clients.

Since Discovery Bank was launched in 2019, it has grown to one million accounts with R11bn (\$700m) in deposits and R4.5bn (\$280m) in credit advances.

"We are honoured to be included in this year's *Fortune* Change the World list and believe the behavioural banking model has the potential to demonstrably improve people's financial health, monetising their better financial management and rewarding clients for doing the things that are good for them," concluded Kallner.

All the companies on the Change the World list can be viewed [here](#)

For more, visit: <https://www.bizcommunity.com>