



DIGITAL BANKING

IN SUB-SAHARAN AFRICA

By BPC and Fincog



➤ *Preface*

A variety of digital-only banks have emerged over the last decade. These new entities, also referred to as neo banks or challenger banks offer modern banking propositions tailored to the smartphone and digital world. They were founded in the aftermath of the 2008 global financial crisis with the vision of making banking services more accessible and equitable. These digital banks are setting the benchmark for the future banking market.

There are already more than 450 digital banks worldwide and they are growing rapidly in both number and size. Nevertheless, there are still many opportunities in specific service areas and geographic markets.

Following suit on our series of geographic industry reports on digital banking around the world, this edition focuses on the regional market environment of Sub-Saharan Africa. The analysis provides an overview of the economical and cultural dynamics of the region taking into consideration the fragmented banking infrastructure and arising technological advancements. Beyond the market environment, the report dives further into the existing digital banking market and characteristics of successful newcomers that stand out in between the current competitive landscape. In the end, the document outlines a selection of carefully assessed opportunities together with actionable advice on success factors for new players to enter the Sub-Saharan African banking market.

The report is informed by various interviews with experts on the Sub-Saharan African banking market and draws both on existing research and analysis performed by BPC and Fincog to provide the highest quality of information to our clients.

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➤ 1 The Sub-Saharan African Market

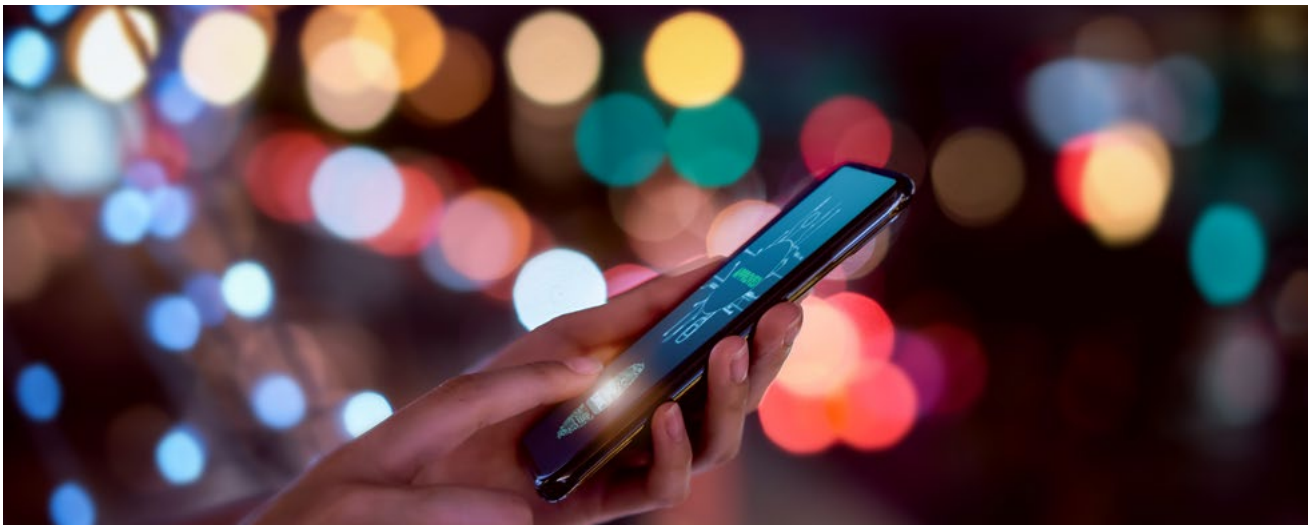
➤ 1 The Sub-Saharan African Market

Africa represents an immensely vast region with an almost limitless variety of cultures and languages. From the islands of Mauritius to Western and Central Africa to the southern edges of South Africa, the continent is home to unique environments and various economic dynamics across countries. With a view on recent developments during the pandemic, the economy of Sub-Saharan Africa has suffered considerably less under the recent outbreak compared to other regions of the world. However, according to the African Development Bank, the region suffered a decline of 1.9% in GDP in 2020, one of the worst recessions in the last 50-years. While

the economic outlook surely is subject to great uncertainty, real GDP has expectedly grown by 3.4% in 2021, reopening the region's frontiers for innovation in one of the fastest-growing banking markets in the world. While the economic outlook surely is subject to great uncertainty, real GDP has expected to grow by 3.4% in 2021, opening again the region's frontiers for innovation in one of the fastest-growing banking markets in the world.

1.1 AFRICA'S YOUNG POPULATION IS CHALLENGED BY ECONOMIC UNCERTAINTY

With a population of more than 1.1 billion people, Sub-Saharan Africa makes up a significant share of the global population and demographically, constitutes the continent with the world's youngest overall population. With a median age of 19 years, the region represents a true demographic outlier being at least 12 years younger compared to other continents. Some of the youngest countries with a median age of 18 or below include Nigeria, Kenya, Botswana, and Tanzania. Southern Africa on the other hand, is home to the oldest population within the continent with a median age of 27 led by the economic hub South Africa with a median age of 28.



➤ *Sub-Saharan Africa, the world's youngest population provides an opportunity to grasp newer trends*

At the same time, large parts of the region are still in need for an economic reinforcement. According to the World Bank, 18 of the top 20 global countries that are below the poverty line are located in Sub-Saharan Africa. Further, youth unemployment rates are also

increasing and by 2030, it is expected that nearly one-third of the global youth labor force will be coming from the continent. With 10 to 12 million young aspirants each year entering the workforce, only 3 million are formally employed, creating the need for

more secured jobs for the region. Additionally, the International Labour Organization, estimates that 85% of employment and 95% of youth employment in Africa can be considered informal, which requires more legal and social protection.

Sub-Saharan Africa Population 2020

In Millions

+1,100M

Total Population

+630M

Adult Population

+360M

Unbanked Population

Western Africa

Median Age: 18 years
Total Population: +400M
Digital Banks: 11

Central Africa

Median Age: 17 years
Total Population: +180M
Digital Banks: 0

Southern Africa

Median Age: 27 years
Total Population: +70M
Digital Banks: 7

Eastern Africa

Median Age: 19 years
Total Population: +450M
Digital Banks: 2

➤ *Banking markets and infrastructures differ across countries and geographies*

Despite the difficult times the African economy finds itself to be in due to the recession caused by Covid-19, it has also provided them with a great potential to improve and develop the wider economy. The population is growing rapidly, and growth rates have been constantly above the threshold of 2.45% since the year 2000. While this surge in population has come with challenges, it also creates opportunities for newcomers in the financial sector to provide solutions that could address a substantial market segment.

Moreover, on the 1st of January 2021 the African Continental Free Trade Agreement (AfCFTA) that was postponed due to the pandemic, was formally inaugurated, raising renewed hopes for fresh economic development. Moreover, it provides a clear way forward for Africa in promoting trade and investment between member nations of an extremely large and diverse continent. The World Bank estimates that the agreement will be able to lift 30 million Africans out of extreme poverty as well as benefiting the incomes of almost 68 million others. At the same time, soaring trade activity and more disposable

income could turn into a spiraling effect for the fintech sector. On one side, it could allow entrepreneurs to do business across members states and make it easier for them to access financing, and on the other hand, it could create new, and grow existing demand for affordable financial services that educate and improve wealth among the middle class.

1.2 BANKING MARKETS AND TRENDS DIFFER ACROSS GEOGRAPHIES

In Africa, banking markets differ remarkably in terms of sizing, infrastructure, and banked population depending on which part of the region or which country one analyses. Many markets have already seen drastic improvements in banking penetration and infrastructure and in some more mature markets with higher incomes such as South Africa, Mauritius, or Kenya, banking penetration rates amongst adults equal 69%, 90%, and 82% respectively, while the presence of bank branches is also most significant. In South Africa and Mauritius, for example, there are 10 bank branches per 100,000 adults compared to the regional average of only 5.

Despite significant positive developments in recent years, a large proportion of the Sub-Saharan African population remains part of an widespread unbanked



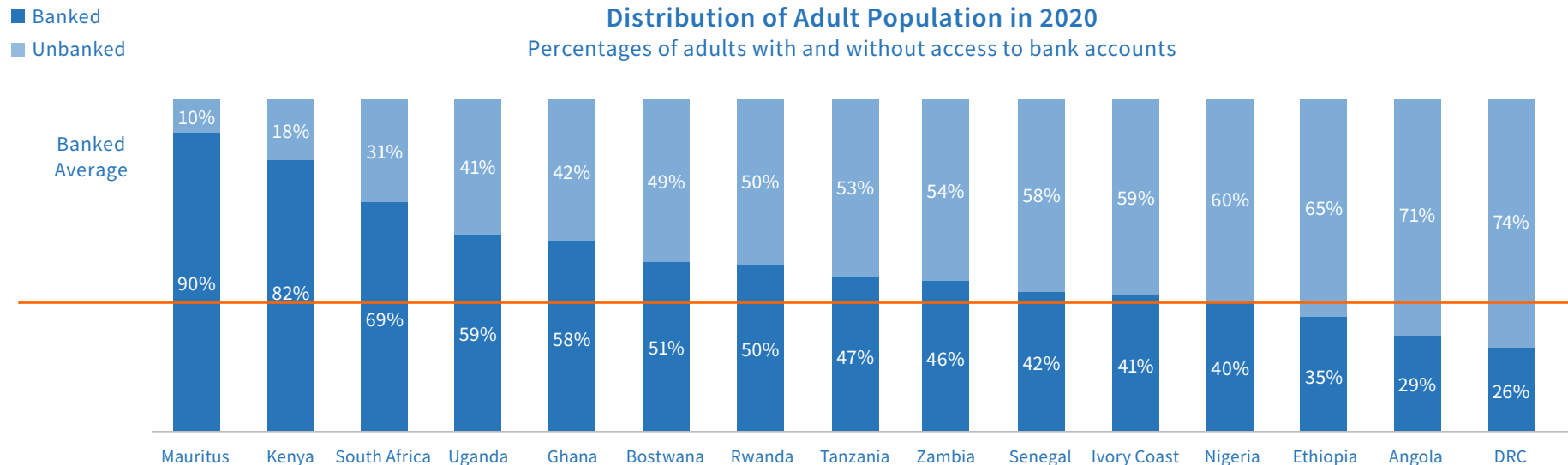
➤ *Apart from the major banking markets, less than 50% of people in most Sub-Saharan countries have access to a bank account*

community. In fact, 57% of Africans do not have any kind of bank account, including mobile money accounts. For instance, countries such as Nigeria, Ethiopia, Tanzania, or the Democratic Republic of Congo continuously hold a low banking penetration, ranging from only 25% to 47% banked adults.

Overall, it is estimated that about 360 million adults in the region do not have access to any form of a bank account. This translates into approximately 17% of the total global unbanked population that does not have access to formal financial services. One of the

underlying problems that financial inclusion is facing on the continent is largely driven due to the notably low urbanisation rates throughout Sub-Saharan Africa. With an average of only 41% of people living in urban areas according to the World Bank, Africa has not reached complete urbanisation. Ethiopia and Rwanda record some of the lowest levels of urbanisation with rates as low as 21% and 17% respectively.

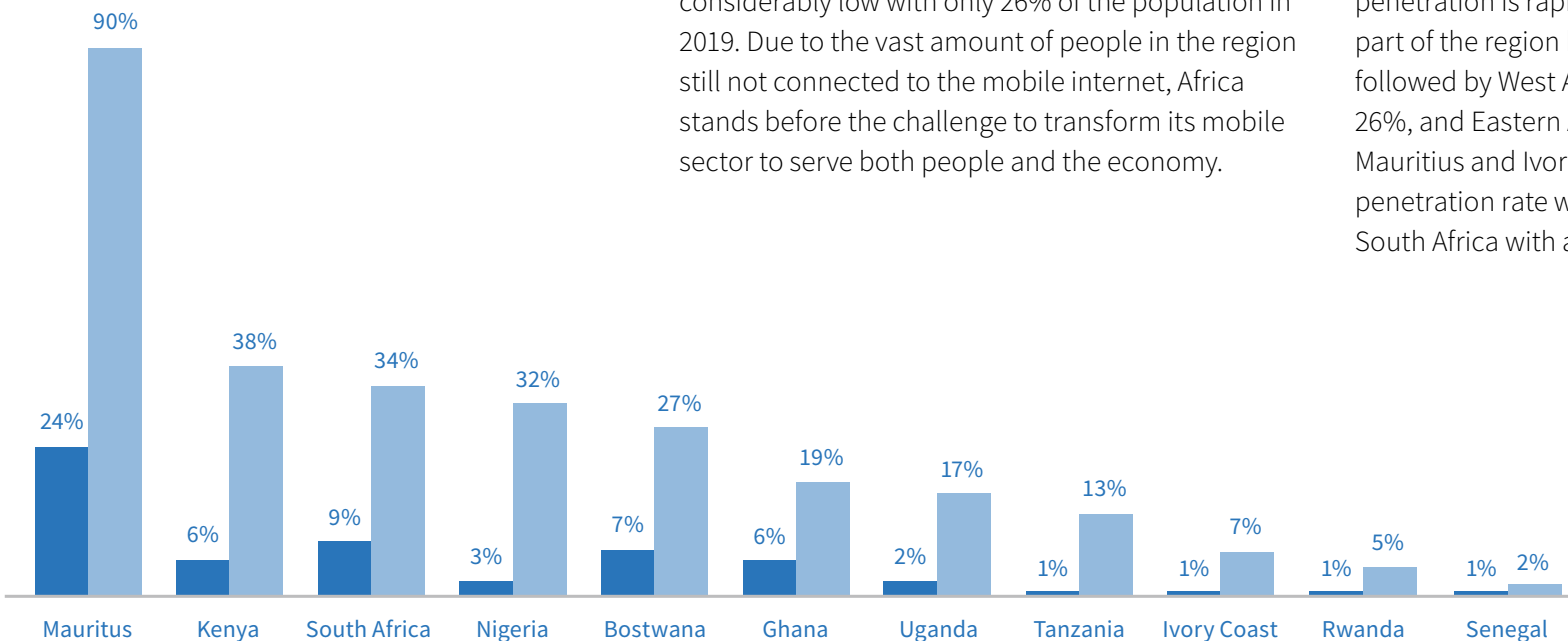
Being a cash-dominant region with approximately 90% of all payments and transactions made via cash, Sub-Saharan Africa accounts for one of the lowest credit and debit card penetration rates with 3% and 18% respectively. The Eastern Africa for example, has a considerably low card penetrations in the continent. At the same time, however, the region also holds one of the highest rates of the continent with Mauritius having a 24% credit card penetration and a 90% debit card penetration. As a result, the Sub-Saharan territory faces from large inter-regional gaps with room for lots of development to be made.



➤ *With ~90% of all payments and transactions made via cash, card penetration rates remain low leaving room for alternative methods*

Card Penetration in 2017

■ Credit Card Penetration
■ Debit Card Penetration



1.3 DESPITE INFRASTRUCTURE CHALLENGES, AFRICA BECOMES THE GLOBAL LEADER IN MOBILE BANKING

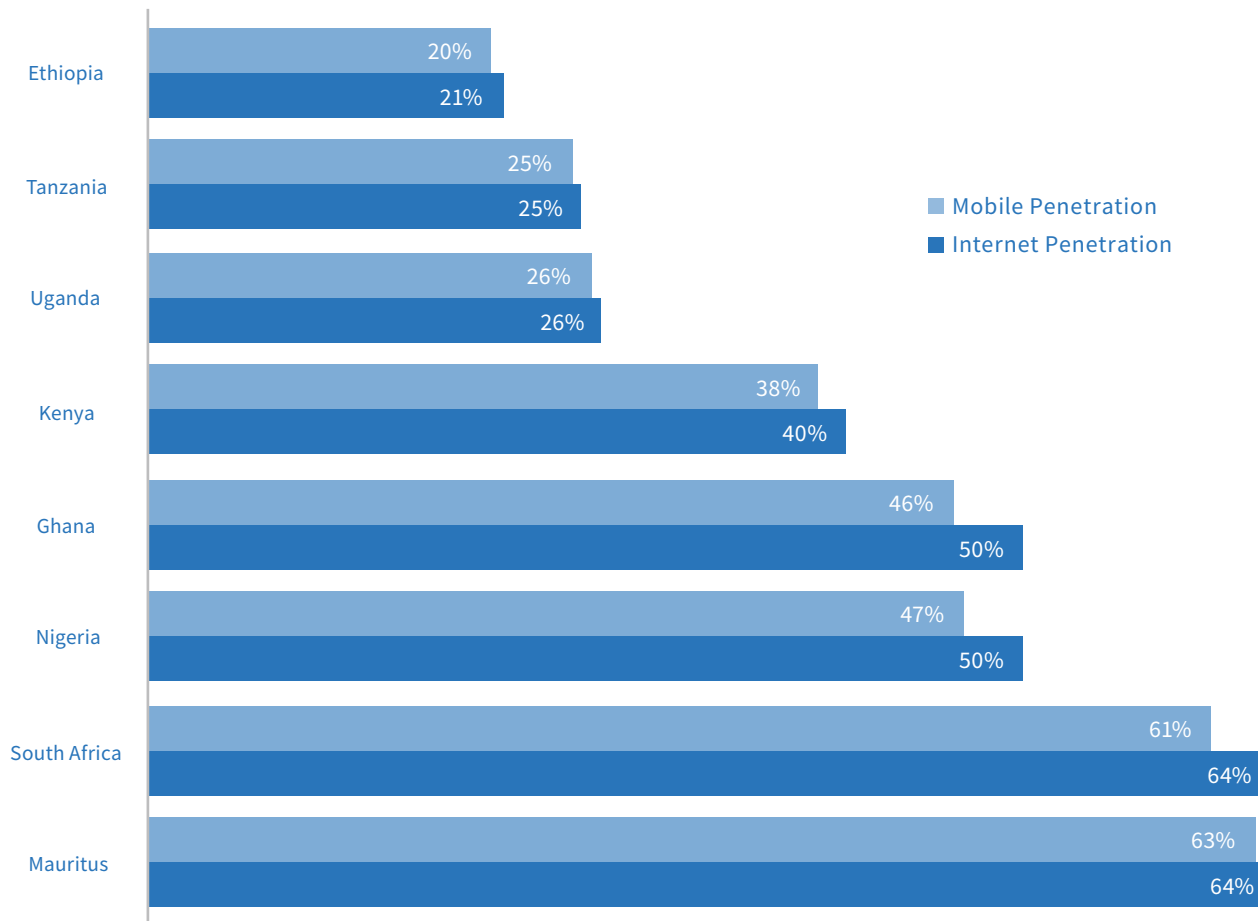
The Covid-19 pandemic has had a far-reaching impact on the digital landscape all around the world and Africa has been no exception. Rather, there has been a drastic increase in the demand for investments of operators into network infrastructures. While there are already an estimated half a million unique mobile subscribers across the region in 2021, the total mobile internet penetration of Sub-Saharan Africa remains considerably low with only 26% of the population in 2019. Due to the vast amount of people in the region still not connected to the mobile internet, Africa stands before the challenge to transform its mobile sector to serve both people and the economy.

Used as a key tool for both online and offline operations, internet and mobile use is of considerable importance in driving the key economies of the region. Most notable is the Kenyan payment infrastructure which has a mobile and internet rate of 38% and 40% respectively. Mauritius and South Africa are leading the way with the highest mobile penetration rates of 63% and 60% respectively, while Ethiopia holds the lowest rate at 20%.

Reinforced by its youthful population, Internet penetration is rapidly growing with the southern part of the region having the highest rate at 62% followed by West Africa at 42%, Central Africa at 26%, and Eastern Africa being the lowest at 24%. Mauritius and Ivory Coast have the highest internet penetration rate with both at 64% followed by South Africa with a 50% rate.

➤ *While major economic countries such as South Africa and Nigeria are leading the way, most parts of the Sub-Sahara need to fuel mobile internet adoption*

Internet and Mobile Penetration across countries in 2021



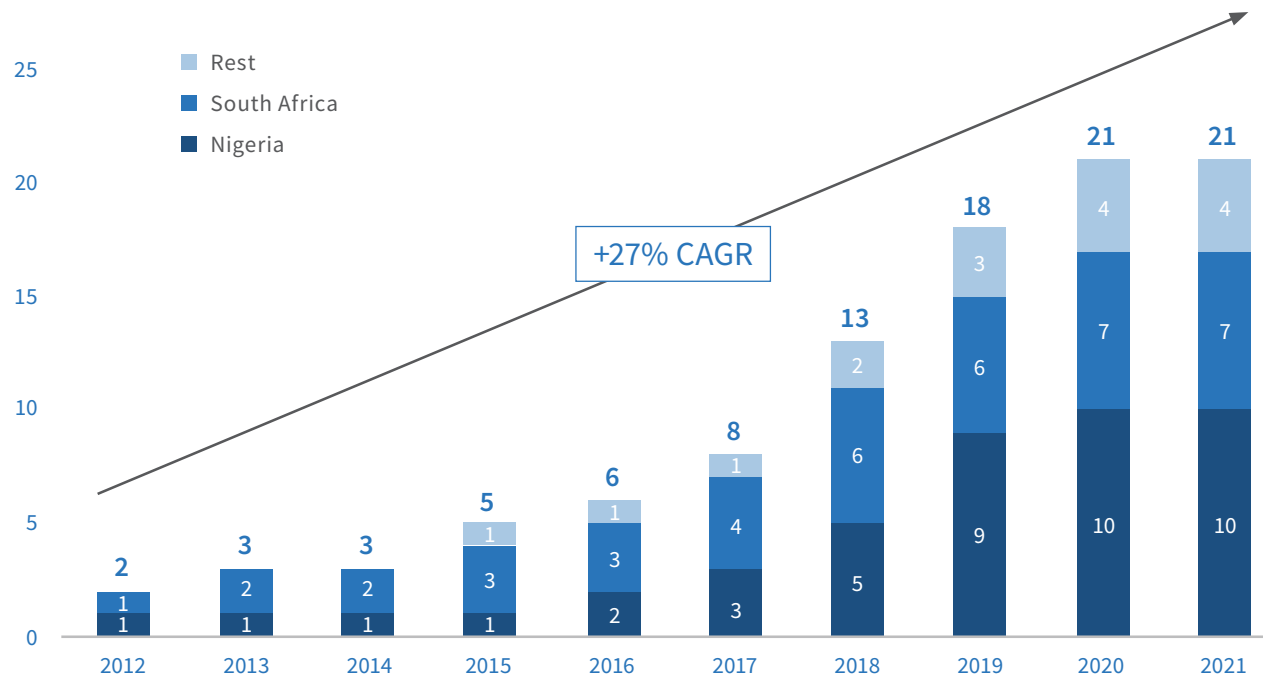
Connectivity and network infrastructure do not only signify tremendous importance for the economy but also the distribution of financial services and the pursuit of financial inclusion goals. In fact, due to the low number of bank branches and ATMs across the continent as well as the absence of internet connections, the Sub-Saharan Africa region has been at the forefront of the mobile money industry for decades and developed into a global leader in mobile money innovation, adoption, and usage. According to GSMA, at the end of 2020, there were in total 548 million registered mobile money accounts in the region, of which 150 million were active every month. This equals almost half of all 1.2 billion globally registered accounts and has allowed facilitating financial inclusion across many parts of the region.

Nevertheless, looking once more at the adoption of internet and smartphone-related services, we see an expected CAGR of 9.7% in internet mobile penetration for Sub-Saharan Africa. This positive statistic places the region on a positive path to close the gap and transform into a completely mobile-led economy both offline and online, embracing innovation in payments and banking.

➤ 2 The Digital Banking Landscape

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Growth of Digital Banks in Sub-Saharan Africa 2012 - 2021



Note: Rest includes Kenya, Ivory coast, Zambia and a digital bank active across Africa but based in the U.S.

The lack of banking infrastructure and the growing needs of a population largely living in challenging situations has accelerated digital transformation across Africa and has driven the region to develop some of the most innovative fintech solutions globally. For instance, MPesa, Africa’s biggest mobile money platform and largest fintech platform with over 42 million customers, contributes in astonishing ways to create financial infrastructure for vast sectors of the population. Nonetheless, the advancements made due to the mobile money transfer economy and solutions such as MPesa, Africa continuously remains a sleeping giant when it comes to accessing traditional bank accounts and affordable financial services like in other parts of the world.

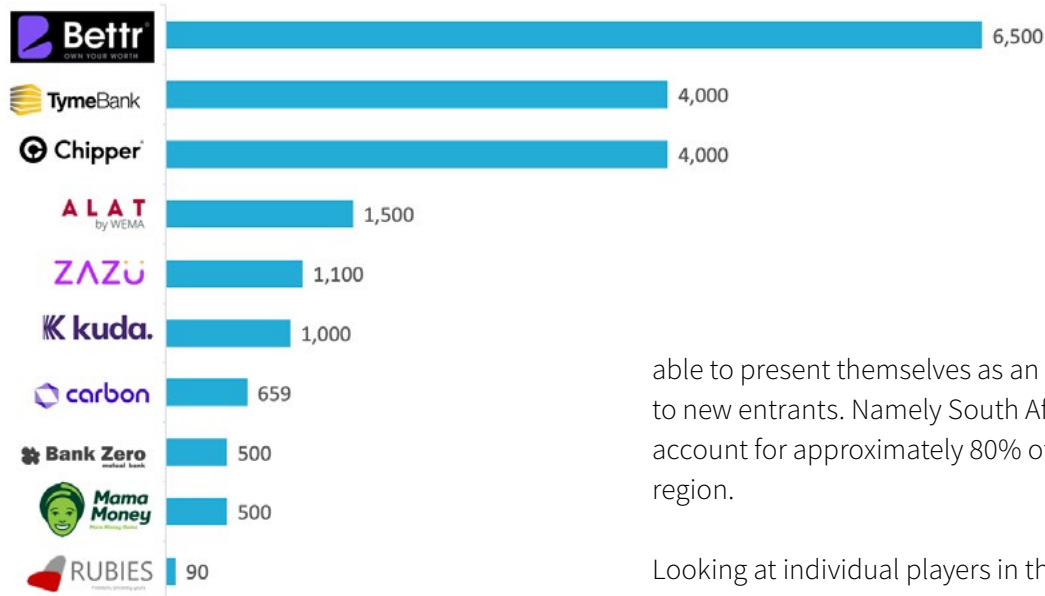
2.1 AFRICA REPRESENTS A VAST DIGITAL BANKING MARKET WITH EMERGING PLAYERS

The region is currently home to 21 digital banks that serve in total over 18 million customers across a selection of countries. Numbers that are comparatively low for a population of more than 1 billion people. Nevertheless, since 2017 there has been an increase in new launching digital banks especially, thanks to the establishment of Nigeria as a new hub for digital banking in Africa. Despite the overall diversity of the Sub-Saharan African region, only a limited number of economies have so far been

➤ Digital banks in South Africa are leading the way in facilitating innovation and financial inclusion

Top 10 Neobanks by Number of Customers 2021

In Thousands



able to present themselves as an attractive market to new entrants. Namely South Africa and Nigeria account for approximately 80% of digital banks in the region.

Looking at individual players in the region, South Africa provides a significant amount of the total neo banking customers in the Sub-Saharan region. One of the outstanding examples in digital banking thereby is TymeBank. A challenger bank founded with financial inclusion as a core business objective. Since it launched in 2018, the neo bank has onboarded over 4 million customers in just 3 years with its compelling proposition. Instances like these verify that even though it is challenging, there are ways to enter this rather complex market environment.

2.2 TECHNOLOGY AS A SOLUTION TO DIGITAL INFRASTRUCTURE & DIGITAL IDENTITY

One of the historical and also current challenges of the Sub-Saharan Africa region when it comes to financial inclusion is the significant lack of widespread infrastructure. While in the past this lack was based on a low number of bank branches and physical access points for financial services, today one reason that is preventing many players from reaching rural communities is the insufficiency of internet and network infrastructure. Having said that, infrastructure is not the sole hurdle for entrepreneurs to serve a largely unbanked community.

Access to financial services, for example, is at least in some sort always subject to the provision of valid documentation or identification papers. In Africa, a majority of people still lack verifiable identity documents which prevent them from taking part in a new digital economy. According to the World Bank, Sub-Saharan Africa accounts for over half of the 1 billion global unregistered people without ID. Specifically, the ID coverage gaps are largest in the low and lower-middle-income segments making up more than 400 million people across the region and posing serious issues. To adopt the African economy and financial sector to a digital-first approach, Africans are in urgent need of real identity documentation.

➤ *Africa's diverse regulatory landscape requires market players and regulators to work together*

Despite the many challenges Africa is fully embracing the potential of financial technology, there have also been several positive developments that give hope to steer towards a more financially inclusive environment, such as the rise of the mobile money economy and improving infrastructure, as well as the recognition by national governments to support the design and implementation of digital identity schemes.

2.3 DIVERSE REGULATORY REQUIREMENTS REQUIRE WORKING TOGETHER

Compared to the developments in many other regions globally, regulatory intervention to foster fintech innovation in Africa is still in its infancy and regulators have been slow in taking action. The lack of standardised regulations and the presence of varying regulatory treatment of financial services activities across African jurisdictions make it difficult for regional or pan-African companies as well platforms and new players to expand among the different nations.

To encourage activity in this space, Africa is encouraging the development of a more open approach to banking and financial services. For example, it is only possible to currently enter the market as a digital-only bank, by acquiring a full

banking license or partnering with an incumbent bank to operate under a third-party license. Lighter regulatory frameworks comparable to the E-money license in Europe or bespoke digital banking licenses in Asia Pacific are yet to be developed which explains the relatively low level of penetration of digital banks across the continent.

Even Open Banking, a typical regulatory concept that is present across the world, has only been present in a few selected countries of the Sub-Saharan continent. Aside from Nigeria, which was the first country in Africa to issue a regulatory framework for Open Banking in February 2021, only Rwanda and Kenya have published initial thoughts on approaches to implementing an Open Banking system, while other countries still have to follow suit. In some cases, Open Banking can not only be adopted by regulators but also brought by the market itself as has been the case in South Africa. To date, South Africa does not have any regulations facilitating the adoption of Open Banking but instead, many banks have taken measures to adopt it on their behalf.

However, the concept of regulatory sandboxes, that provide fintech start-ups with a kind learning and test environment for their services, is becoming increasingly popular among local African regulators.



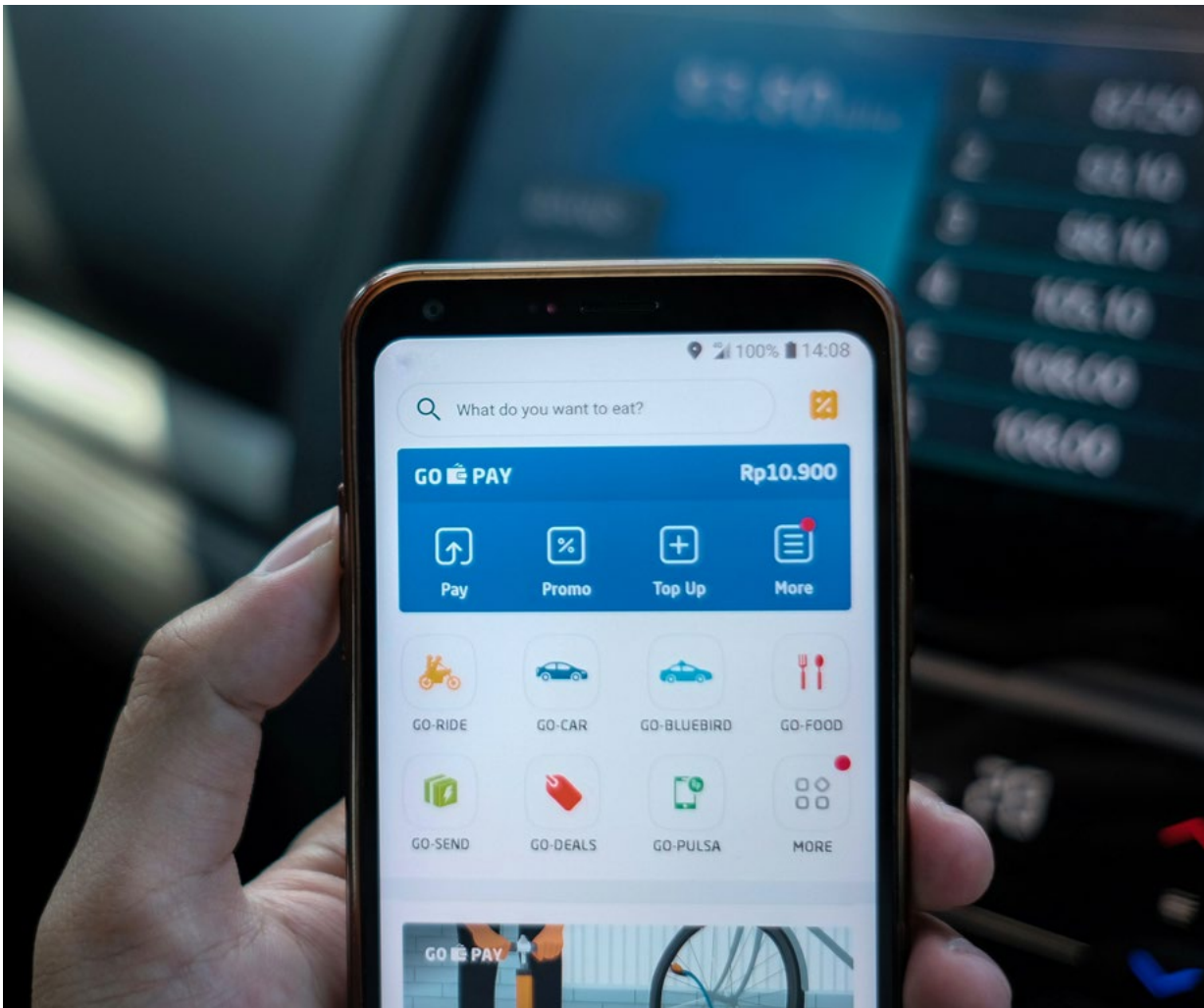
➤ *Collaboration will help to close the gap*



Sandboxes are slowly spreading not only within more advanced economies such as South Africa, Mauritius, or Kenya, but also in the likes of Ghana, Rwanda, or Uganda. It is expected that regulators will most likely slowly adopt the new standards that develop all across the globe. Approaches like the African Continental Free Trade Agreement (AfCFTA) bring new hopes to a more standardised regulatory landscape that makes it easier for fintechs and digital banks to establish themselves and expand across the region. However, to catch up to the rest of the world, regulators and the markets themselves will need to work together to close the gap.

➤ 3 Key Players Across the Region

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At the same time as the Sub-Saharan Africa provides a promising opportunity with lots of unbanked and underserved individuals, it also is a very ambitious endeavor for new entrants to approach the market with the right strategy. Proposition, product-offering, and distribution channels need to be well-considered and aligned with the local demand and infrastructure. Some of the few players that have been able to successfully establish a digital bank in the Sub-Saharan Africa region were able to integrate their proposition into the local economic landscape and technological infrastructure while at the same time addressing needs in an unprecedented manner.

To give willing entrepreneurs and intrapreneurs an idea of what success can look like and how it is achieved, we present in the following, a selection of 3 digital banks across Africa and the key factors that helped them achieve their goals.

➤ TymeBank | *Facilitating financial inclusion through an innovative hybrid model of online banking and 700+ self-service kiosks at local retail outlets*



Proposition

TymeBank is South Africa's first digital bank offering both personal banking and business banking solutions with a proposition targeted to address 21 million consumers and 2 million SMEs. The bank positions itself as affordable, easy and rewarding due to its large pool of partnerships, especially in the commerce sector.

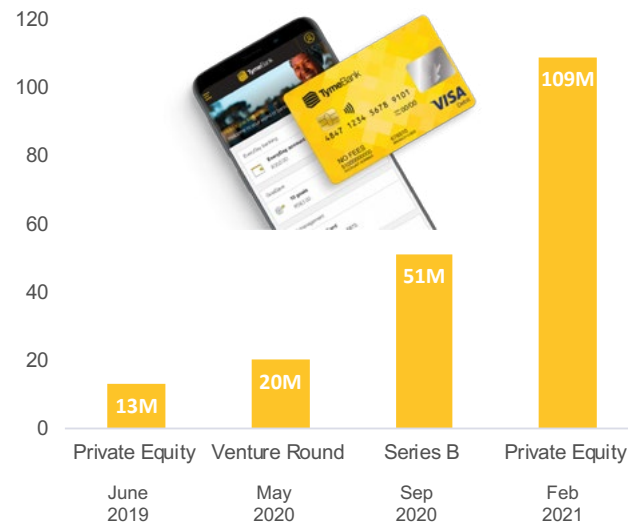
Key Success Factors

- Offers no monthly fees, pay-as-you-go-banking, and up to 10% interest on savings and an easiness to open an account in less than 5 minutes
- Transition from a strong core proposition as a domestic digital remittances service provider to a fully digital bank
- Combined online and offline distribution network to reach excluded customer segment through online banking and innovative self-service kiosks to open accounts and even issue debit cards
- Obtained the first full retail banking license in South Africa in 17 years

Profile

Founded:	• 2012
Headquarters:	• South Africa
Geographical Coverage:	• South Africa
Customers	• 4 million
Total Funding:	• \$193 million
Regulatory License	• Banking License from SARB

Funding History



Products

CURRENT ACCOUNT

SAVINGS

BUSINESS ACCOUNT

INSURANCE

➤ Orange Bank | Capitalising on the success of Orange Money, Orange Bank is enabling the informal economy of West Africa with bank accounts, savings, and loans



Proposition

In 2020, Orange Bank a subsidiary of telco provider Orange, already active in France and Spain, has launched its fully digital banking proposition in Africa. The 100% digital bank is now extending the existing offer of mobile money transfer arm Orange money that launched in 2008 by enabling the informal economy to open digital bank accounts, access savings products and micro loans up to EUR 150.

Key Success Factors

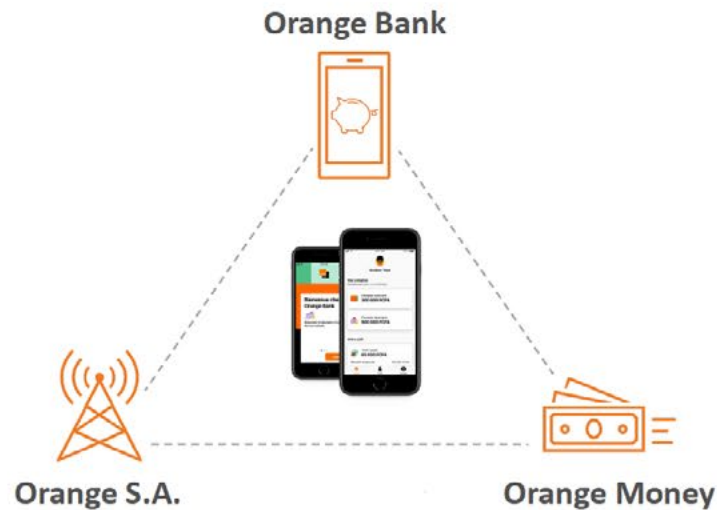
- Capitalising on the success of Orange Money and its 20 million active customers with EUR 400 million deposits in West Africa
- From the subscription, all steps can be done via smartphone or USSD. All automated it only takes a few seconds to open an Orange Bank Africa account.
- Leverages 13 years of insights into customer behaviour from both mobile network operations and money transfers to expand existing services

Profile

Founded:	• 2017
Headquarters:	• France
Geographical Coverage:	• France, Spain, West Africa
Customers	• Undisclosed for Africa
Ownership	• Subsidiary of Orange
Regulatory License	• Banking License from BCEAO

Products

- CURRENT ACCOUNT
- SAVINGS
- PERSONAL LOANS



➤ Kuda | Provides Nigerians actual low-cost financial services while helping them manage their finances with simple budgeting and savings features



Proposition

Kuda is a fully licensed digital microfinance bank helping Nigerians to get the best out of their money by significantly reducing fees to a minimum. Next to a current account with debit card, Kuda offers account holders the possibility to deposit money in over 10,000 branches across the country for free, tools to track spending and saving habits as well as the ability to use overdrafts.

Key Success Factors

- Grants customers access to a wide network of over 10,000 branches across Nigeria completely for free
- Offers 25 free money transfers to any other bank every month and fee-free cash withdrawals at over 3,000 ATMs
- Smart budgeting feature with clear visual analysis and option to combine with Kuda's exclusive Spend+Save feature to help Nigerians manage their finances effectively and in a simple manner

Profile

Founded:	• 2018
Headquarters:	• Nigeria
Geographical Coverage:	• Nigeria
Customers	• 1.4 million
Total Funding	• \$92 million
Regulatory License	• Banking License from CBN

Products

CURRENT ACCOUNT

SAVINGS

OVERDRAFTS

Customer Acquisition



➤ 4 Opportunities & Success Factors

> 4 Opportunities & Success Factors



The Sub-Saharan region, due to its wide diversity factors such as multiple currencies, languages and consumer preferences has faced numerous complexities in the past years with regards to intercontinental expansion. Additionally, neo bank models that are successful in other regions such as Asia or Europe can not be easily copied into the African context. Needs and cultural roots are vastly different and financial services offerings, therefore, need to be cautiously adopted. However, the region is experiencing slow but steady growth in economic stability due to factors such as its strong mobile money industry and increasing broadband penetration. Also, the introduction of the AfCFTA presents new opportunities to drive inclusion goals and profitably offer services. However, establishing oneself in a diverse market such as Sub-Saharan Africa, which faces challenges on many levels, requires an in-depth understanding of the opportunities that lay ahead and the necessary key success factors.

4.1 NICHE OPPORTUNITIES TO GRASP IN SUB-SAHARAN AFRICA

TARGETING THE YOUNG AND UNDERSERVED

A large proportion of Sub-Saharan Africa is still recorded to be unbanked. However, when looking at the demographics, a new, young population of users

is on the rise that showcases many indicators that the region is ready for change. Young Africans are eager to make the leap and adopt digital banking solutions beyond the major banking hubs of South Africa or Mauritius. Countries such as Uganda, Nigeria, Tanzania, or the Democratic Republic of the Congo all with relatively low banking penetration are regions waiting to be evolved by digitalisation. Nevertheless, a lack of access in addition to cost-ineffective services prevents many from making the shift.

Fortunately for potential new market entrants, the region seems to be at the brink of the digital banking revolution allowing for the introduction of new and innovative solutions if taken the right approach. Providing transparent, affordable, and simple solutions have become imperative for digital banks who wish to be successful. However, to overcome existing challenges in Africa, new digital competitors must also be able to onboard customers seamlessly from anywhere, regardless of infrastructure and in a matter of minutes. This can only be done by implementing a modern technology stack and utilising existing market infrastructure such as the mobile money network.

LOWERING COSTS FOR CROSS-BORDER TRANSFERS

With the increased closure of borders, the remittances market of Sub-Saharan Africa is progressively shifting

➤ *Providing access to financing for SMEs and MSMEs*

from informal to formal channels. A fact that boosts formal economic activity, but also makes the life of many Africans even more challenging. According to the World Bank, Sub-Saharan Africa continuously remains the most expensive region to transfer money to from abroad. Sending \$200 costs an average of 8.2 % of the total transfer in the fourth quarter of 2020. Other developing regions in comparison are often experiencing lower rates of transfer. In Latin America and the Caribbean for example, costs are estimated to be about 5.6 percent while South Asia even comes down to approximately 4.9 percent. Moreover, the Sub-Sahara is an environment that experiences high intra-regional migration. Africans sending money from South Africa to Botswana are charged with a staggering 19.6 percent.

Overall, remittances in Sub-Saharan Africa totalled \$42 billion in 2020, representing an impressive opportunity to solve some of the key issues of cross-border transfers. Most critically, consumers should be motivated instead of forced to switch to formal remittances services with cost-efficient offers, outstanding customer service, and simplicity in the proposed product. There are multiple ways to achieve this; one way could be to leverage the existing infrastructure of mobile money transfers and the increasing mobile penetration. Another important

factor is to embrace partnership ecosystems. These can both facilitate a global reach for remittances and help outsiders to enter the complex market environment across the region.

PROVIDING ACCESS TO FINANCING FOR SMEs AND MSMEs

Based on data from the International Finance Corporation (IFC), it is estimated that approximately 40% of all formal MSMEs in developing countries suffer under unmet financing needs, equaling \$5.2 trillion every year. In Sub-Saharan Africa, out of more than 44 million formal MSMEs, roughly 52% are credit-constrained and lack the necessary financing to adequately sustain their business. This translates into a gap between demand (\$404 billion) and supply (\$70 billion) of \$328 billion needed in financing excluding a potential demand from informal MSMEs of an additional \$312 billion. Fintechs and digital banks have now the opportunity to address a historically market segment while acquiring a noteworthy market share.

For traditional banks, strict collateral requirements and rigid credit checks make it almost impossible to meet the needs of SMEs and MSMEs who usually require lower amounts of capital and lack an extensive credit history or the ability to pledge collateral. One way for digital banks to tackle this issue would be to make



➤ *Key factors to succeed in Sub-Saharan Africa*

use of technology to find solutions to lend unsecured capital in a profitable way to higher-risk candidates even in more remote areas. The MSME space in Sub-Saharan Africa boasts almost limitless opportunities if cost can be kept at a bay and services can be made accessible.

4.2 KEY FACTORS TO SUCCEED IN SUB-SAHARAN AFRICA

Based on the general trends in the market landscape for Sub-Saharan Africa, we have identified three major

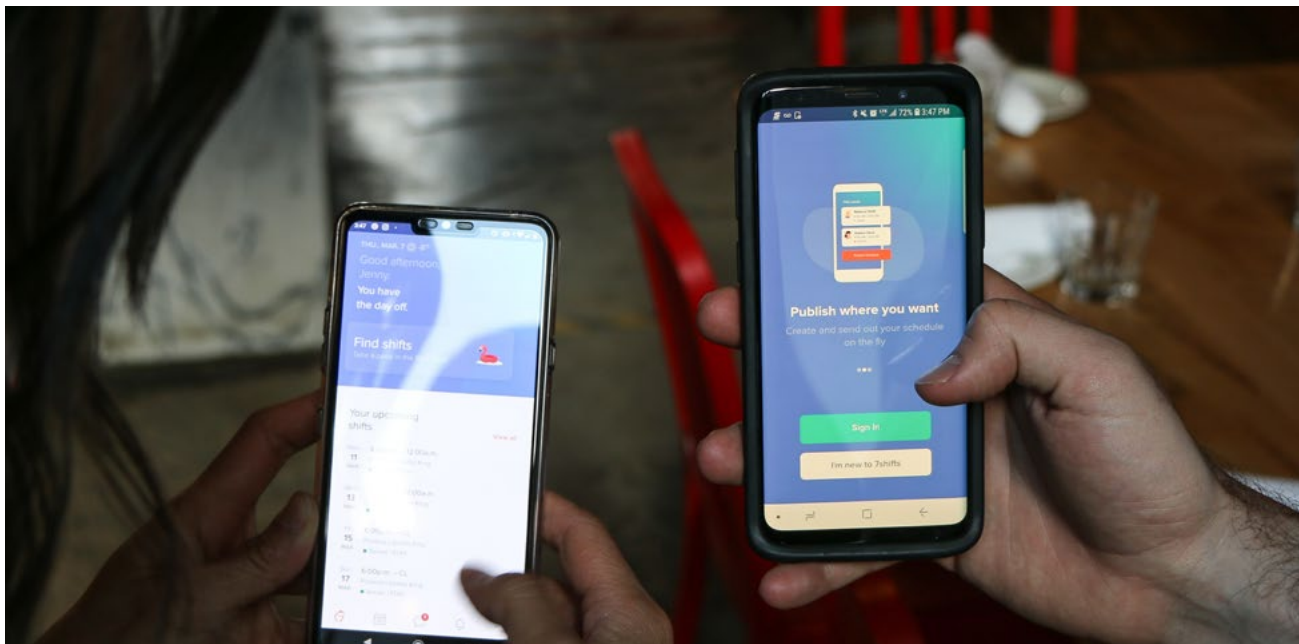
key success factors for new entrants to successfully enter the market and scale their operations.

IDENTIFY THE RIGHT SEGMENTS AND GEOGRAPHIC MARKETS

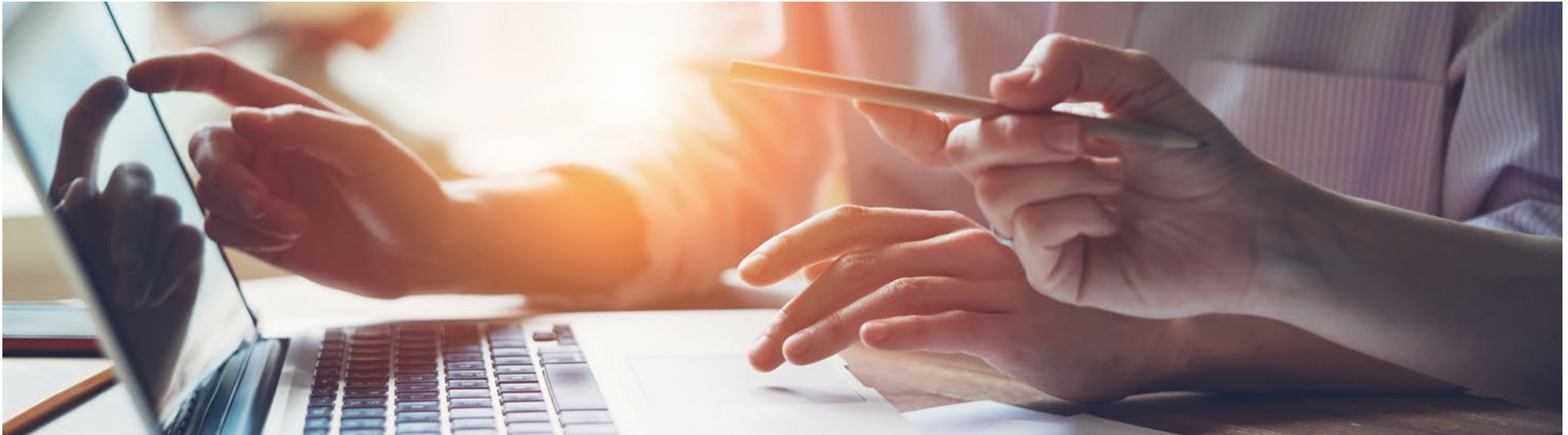
When aiming to enter the African market, it is vital to have a precise idea of what customer segments and geographical markets to serve. Whether you choose to serve the unbanked, SMEs and MSMEs or African migrant workers abroad, new challengers need to critically identify all major concerns of their ideal target customers in an exhaustive manner. Also, almost every country has its specific infrastructure and economic dynamics as well as regulatory specifics. Being laser-focused in addressing the unmet needs of your customers and exceeding common knowledge of the local market environment is fundamental to be successful.

FOCUS ON ACCESSIBILITY, AFFORDABILITY, AND LOW-COST OPERATIONS

To serve a region that is plagued by poverty and low urbanisation rates, accessibility and affordability of services are essential to successful adoption by a sufficient number of customers. Being both customer and technology-centric allows digital banks to operate at a lower cost of infrastructure while being attractive to new types of users that search for easy access and



➤ *Build an organisation that quickly adapts to change*



affordable banking solutions to meet their needs. To make it possible, new challengers need to maintain a critical view of their complete operations and ask themselves continuously whether there is potential to operate in a more cost-efficient or value-driven approach. For example, the savings a digital bank incurs due to reduced overhead costs compared to traditional institutions could be reinvested into the product offering for higher interest rates or lower cost of services.

BUILD AN ORGANISATION THAT QUICKLY ADAPTS TO CHANGE

Establishing your organisation in a developing nation means being part of a long-term change of regulations, customer behaviour, and the overall economy. As we've seen it happen in real-time through the Covid pandemic, change can happen rapidly, and many traditional banks struggled to shift their priorities and modes of working. For start-ups and less established organizations, this can be fatal. Therefore, the entry into a fast-changing market such as Africa requires an agile organization from the ground up, with a highly adaptable workforce, equipped with the necessary soft as well as hard skills and comfortably operating with lean methodologies. Beyond companies should

consider the added value and possibilities to outsource certain parts of their technology and operational capabilities. While it's still important to strike the right balance and have certain skills and capabilities in-house, outsourcing responsibilities allows new competitors to introduce and adapt products and services quicker and move with the changing market landscape.

For those searching for more detailed information and general advice on building their digital bank, we refer to our previous whitepaper on "How to build a digital bank successfully". The whitepaper offers a practical guide to help you from start to finish

➤ 5 About



➤ About this report

The BPC Sub-Saharan Africa Report has been developed in collaboration by BPC Banking Technologies and Fincog. We remain at your disposal for any further information and to guide you in the wonderful world of digital banking.

ABOUT BPC

Founded in 1996, BPC has transformed over the years to deliver innovative and relevant solutions which fit today's consumer lifestyle when banking, shopping, or moving in both urban and rural areas, bridging real life and the digital world. With 350 customers across 100 countries globally, BPC collaborates with all ecosystem players from tier-one banks to neobanks, payment service providers (PSPs) to large processors, eCommerce giants to start-up merchants, and government bodies to local hail riding companies. BPC's SmartVista suite comprises cutting-edge banking, commerce, and mobility solutions including digital banking, ATM & switching, payments processing, card and fraud management, financial inclusion, merchant portals, transport, and smart cities solutions. www.bpcbt.com

ABOUT FINCOG

The Fintech Consultancy Group (Fincog) was established in 2017 with the aim of helping our clients to succeed in improving financial services that better people's lives. Be it fintechs, neo banks, or incumbents, we help our clients to design, build and scale digital banks. Headquartered in Amsterdam, our team of expert consultants and international partners traverse all aspects of the global financial sector. Together we move clients from inception to strategy to implementation. Discover how Fincog is shaping the future of banking, visit www.fincog.nl



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➤ More information



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