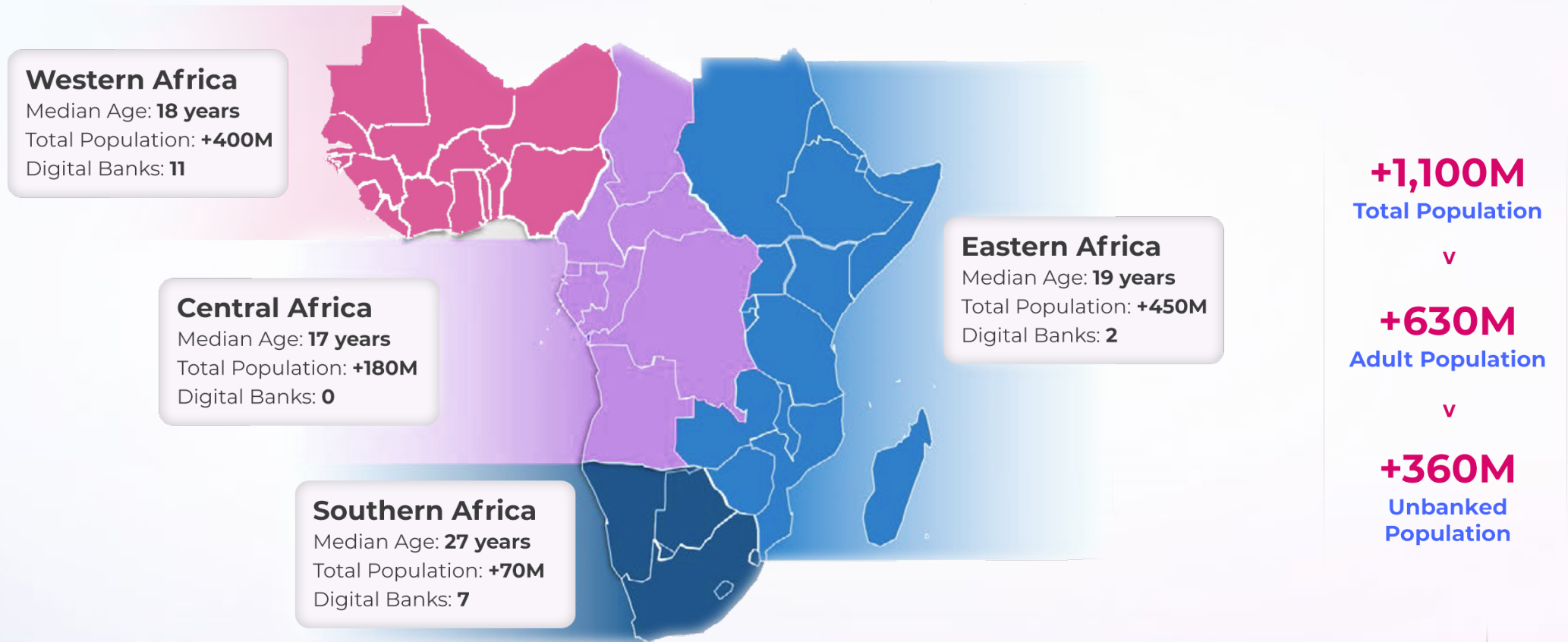


Sub-Saharan Africa, with the world's youngest population provides a unique opportunity to grasp newer trends

Sub-Saharan Africa Population 2020



Source: Digital Banking in Sub-Saharan Africa by BPC and FinCog



Several key factors are driving FinTech adoption in Africa



42%

Projected growth in Africa's age 15-24 population by 2030 ⁽¹⁾



65%

of Sub-Saharan Africa's population is underbanked or unbanked ⁽²⁾



4.5

Bank branches per 100k people, SSA ⁽²⁾

29.7

Bank branches per 100k people, U.S. ⁽²⁾



\$333 – \$500 bn

2022E total remittances paid and received in, formal and informal markets ^(9, 10)



80%

Africa's mobile penetration ⁽³⁾

47%

Africa's internet penetration ⁽⁴⁾

FT Partners Research: FinTech in Africa (Jan 2023)

Source(s):

1. UN Estimates
2. World Bank Data

3. We Are Social & Hootsuite, "2019 Global Digital Report"

4. PPRO Payment Almanac

5. Worldometer

6. OECD/SWAC (2020), Africa's Urbanisation Dynamics 2020

7. Africa investment report, Briter Bridges, 2021

8. The Mobile Economy: Sub-Saharan Africa 2021, GSM Association, 2021

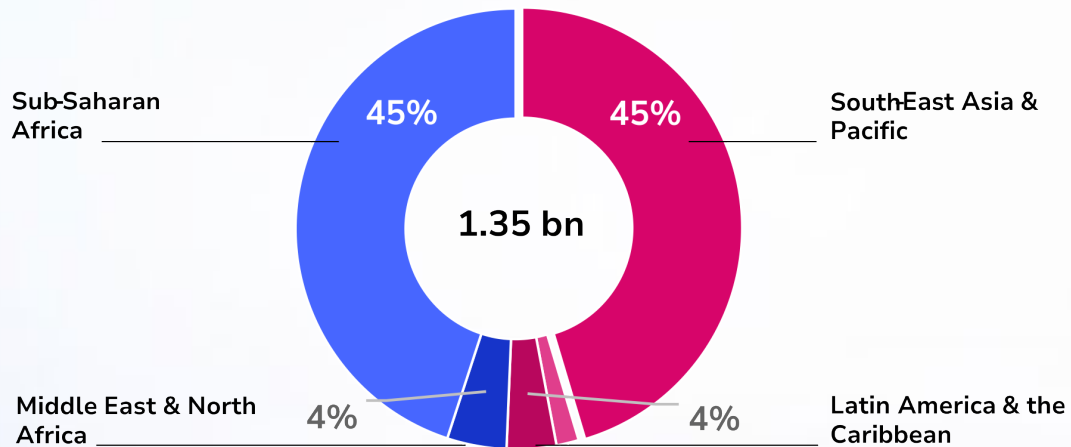
9. FT Partners' Estimates

10. KNOMAD

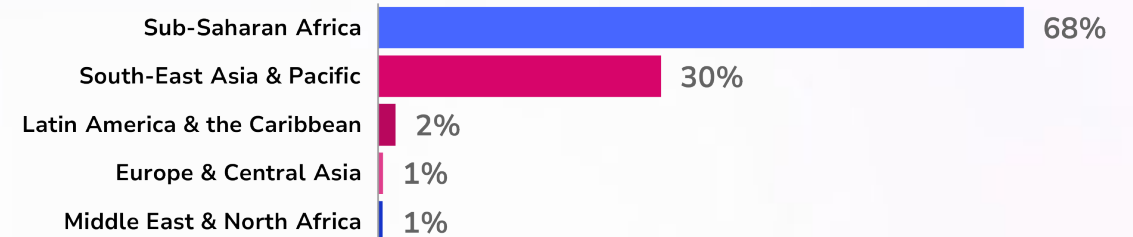


Africa's payment ecosystem: key trends

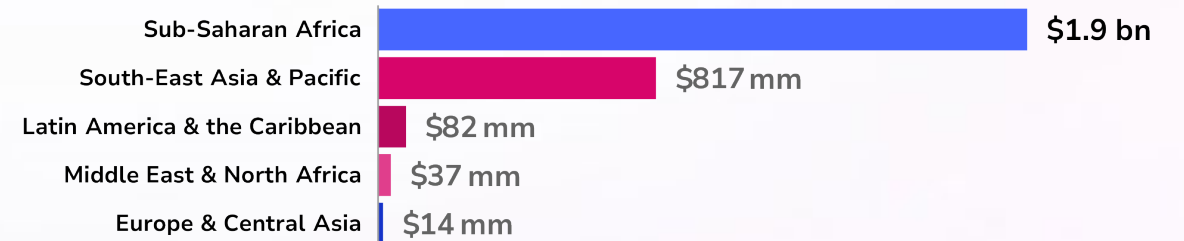
Half of the world's registered mobile money customers are based in Africa



Sub-Saharan Africa accounted for around 70% of 2021 global mobile money transactions...



... and 67% of dollar (USD) value in daily transaction volume



Mobile money: at the heart of payments in Africa

Africa was a pioneer in the use of mobile money and continues to be the world leader in this area. Over **33%**, of adults in SSA have a mobile money account on average (the highest of any area in the world)⁽¹⁾

Selected Developments in Mobile Money ⁽²⁾

2X



The **value of transactions flowing** between banks and mobile money has more than doubled since 2019.

60%



Of **mobile money providers offer international remittance** services to their customers

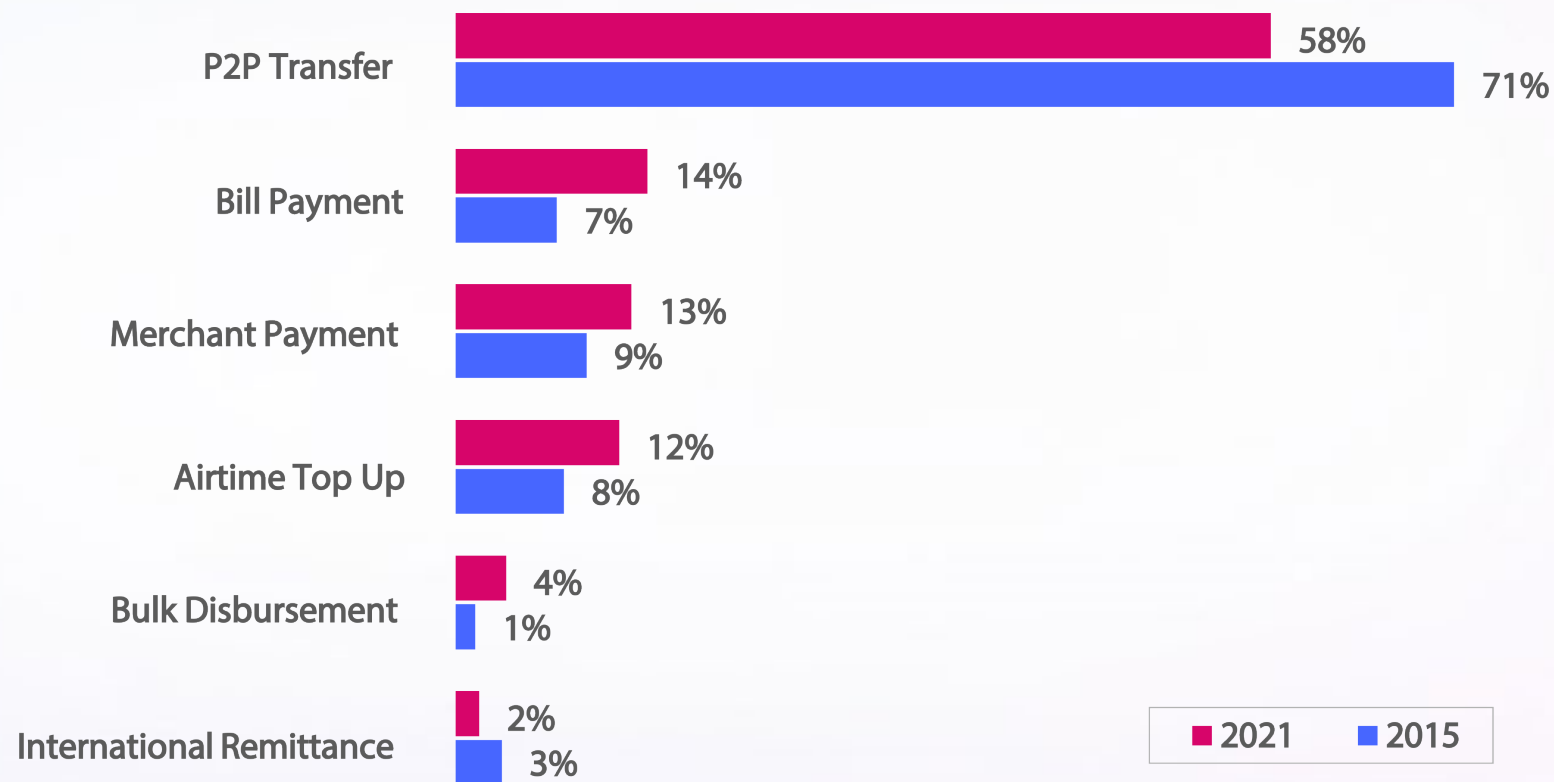
44%



Mobile money providers currently **offer adjacent services** such as credit, savings & insurance in 2022.

Applications of mobile money services in Africa

P2P transfers remain the most popular use case of mobile money services, even as other applications continue to expand








FT Partners Research: FinTech in Africa (Jan 2023)
Source(s): Airtel Africa website
Data from GSMA and McKinsey









Open banking is reshaping the banking scene in Africa

Barriers to Financial Services in Africa

-  **High cost of financial products**
-  **Unreasonable distance from bank branches**
-  **Lack of trust in traditional institutions**
-  **Low financial literacy**
-  **Limited access to credit**

Opportunity for Open Banking to Disrupt Financial Services in Africa

-  **Promotes informed and more responsible consumer behavior**
-  **Provides micro-enterprises and contingent workers access to affordable and relevant financial services and products**
-  **Overcomes lack of documentation that hampers access to financial products**
-  **Amplifies banks' reach outside of urban areas**
-  **Democratizes lower costs and facilitates innovation and inclusion through more convenient and personalized banking services**
-  **Strengthens customer rights and enhances security, reducing fraud via two-factor and biometric identification for certain transactions**

Africa's banking and lending tech sector is poised for growth

~85%⁽²⁾











of employment in Africa is within the informal economy

~50%⁽²⁾

of Africa's economic output is generated by the informal economy

4.5⁽¹⁾

bank branches per 100,000 people in Sub-Saharan Africa

Country	Unbanked (mm)	% Saved at financial institution	Credit Card Penetration
Egypt 	79	27%	4%
Kenya 	12	79%	7%
Nigeria 	124	45%	4%
South Africa 	9	85%	10%
Morocco 	21	44%	na
Ethiopia 	74	35%	na
Tanzania 	31	52%	2%
Uganda 	16	66%	3%
Ghana 	11	68%	7%
Cote d'Ivoire 	14	51%	1%

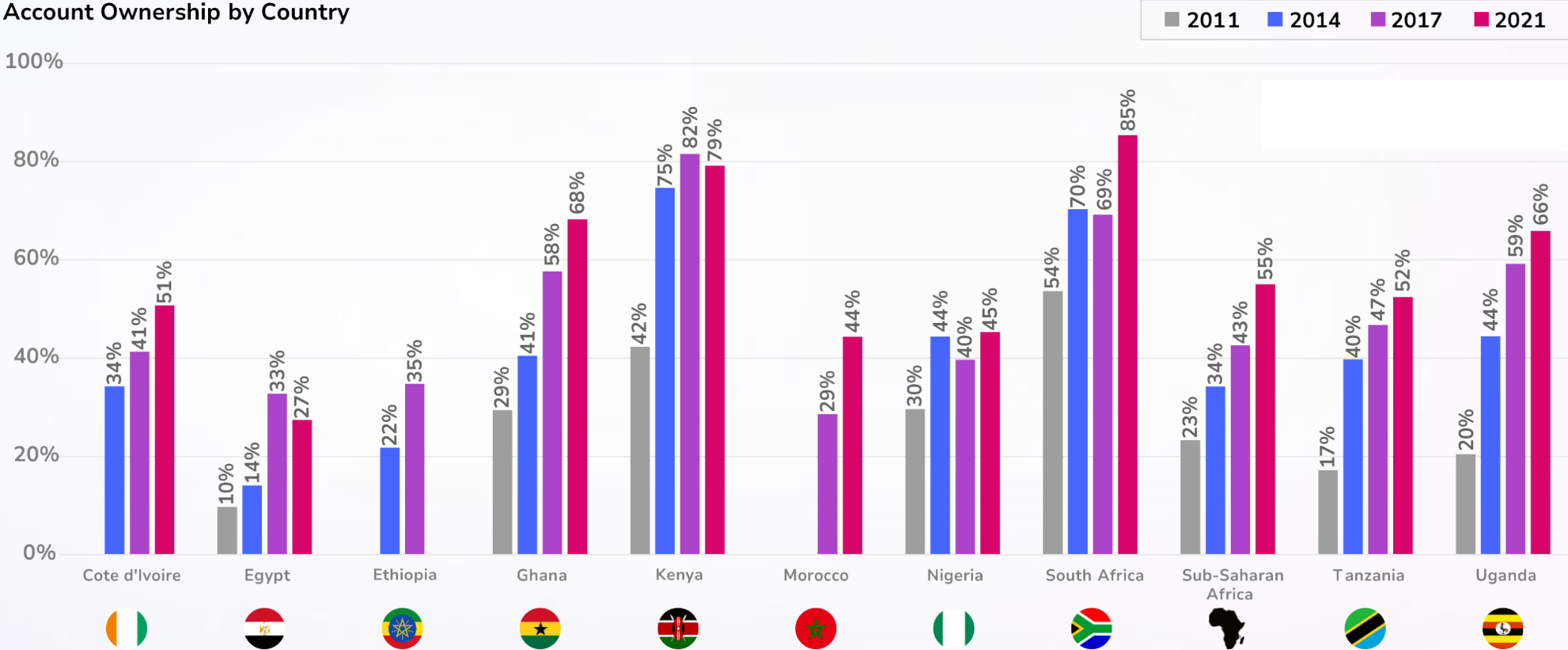
Africa has a large unbanked population, and many of its banked citizens have limited access to savings and credit products, which presents a sizable opportunity for FinTech companies in the region

FT Partners Research: FinTech in Africa (Jan 2023)
 Source(s): World Bank Data
 1. World Bank Findex
 2. UNDP Estimates

The formal African banking sector continues to grow but there still remains a big opportunity

The formal African banking space has experienced substantial customer acquisition over the past ten years, supported by infrastructure improvements and a shift in consumer preferences.

Account Ownership by Country

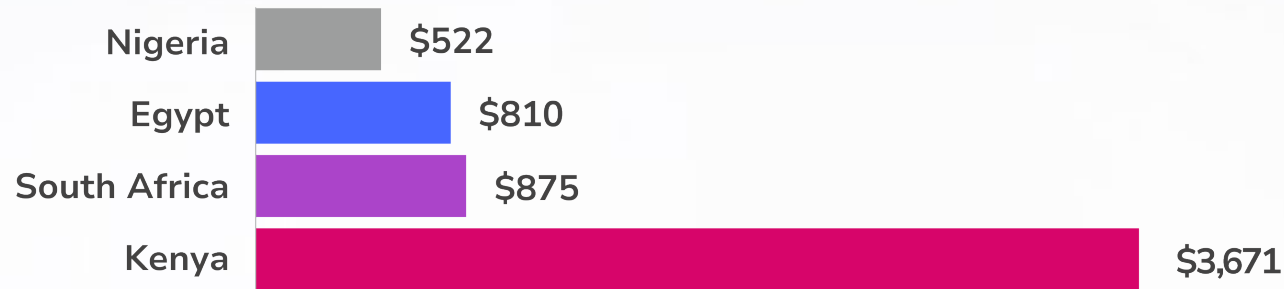


FT Partners Research: FinTech in Africa (Jan 2023)
 Source(s): World Bank Data
 1. Account ownership at a financial institution or with a mobile-money-service provider (% of population ages 15+)



Kenya is leading BNPL growth in Africa

2022 BNPL Payment Estimates (\$mm)



39.3%

Estimated 2022-2028 BNPL CAGR in Nigeria

39.7%

Estimated 2022-2028 BNPL CAGR in Egypt

35.3%

Estimated 2022-2028 BNPL CAGR in South Africa

52.5%

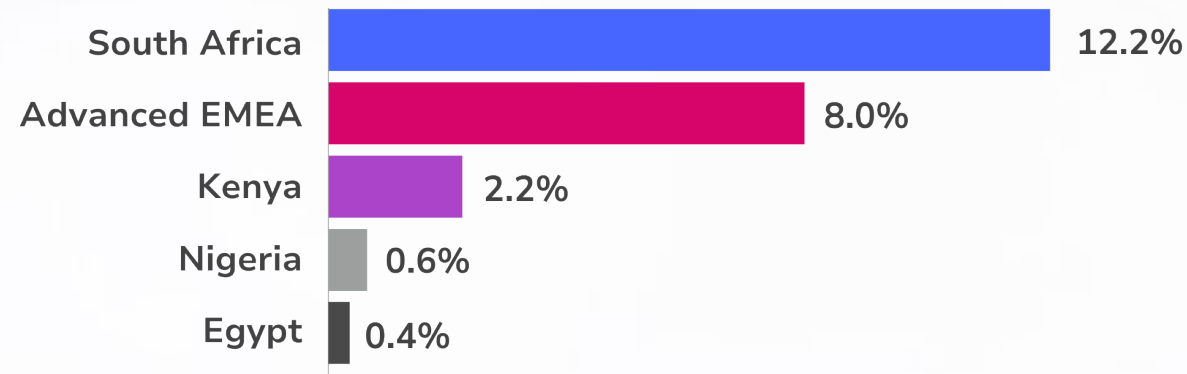
Estimated 2022-2028 BNPL CAGR in Kenya

FT Partners Research: FinTech in Africa (Jan 2023)
Source(s): Business Wire, PR Newswire, Finance Magnates
1. Research and Markets : "Africa & Middle East Buy Now Pay Later Business and Investment Opportunities"

Low insurance penetration rates in Africa represent an opportunity

Outside of South Africa, **insurance penetration rates are low** in Africa due to lack of awareness, cost, minimal product innovation, regulatory obstacles and unsteady incomes. InsurTech innovation should play a large factor in growing the continent's insurance market by providing **more affordable products that cater to currently untapped demographics**.

Insurance Penetration By Market (2,3)



6.2%

2021 Insurance
Premium Volume
Growth

7.1%

2021 Life Insurance
Premium Volume
Growth

4.4%

2021 Non-Life
Insurance Premium
Volume Growth

FT Partners Research: FinTech in Africa (Jan 2023)
Source(s): Swiss Re Institute, InsurTech Digital
1. Statista: Distribution of Africa's insurance premiums by country

2. Insurance penetration defined as insurance premiums as a % of GDP in 2021
3. Swiss Re Institute: "World Insurance Inflation Risks Front and Centre"



Crypto & blockchain could play a meaningful role in Africa

Between July 2020 and June 2021, African crypto-currency remittances increased 1,200%, making it the fastest-growing crypto-currency market globally



Experts predict that Crypto-currencies, CBDCs and stablecoins will contribute extensively to the e-payments ecosystem in Africa, supported by promising real economy applications and the historical tendency of the continent to leapfrog into the future by adopting innovative technologies at scale.

FT Partners Research: FinTech in Africa (Jan 2023)

Source(s): The future of payments in Africa, McKinsey 2022; Chainalysis' Global Crypto Adoption Index 2022.

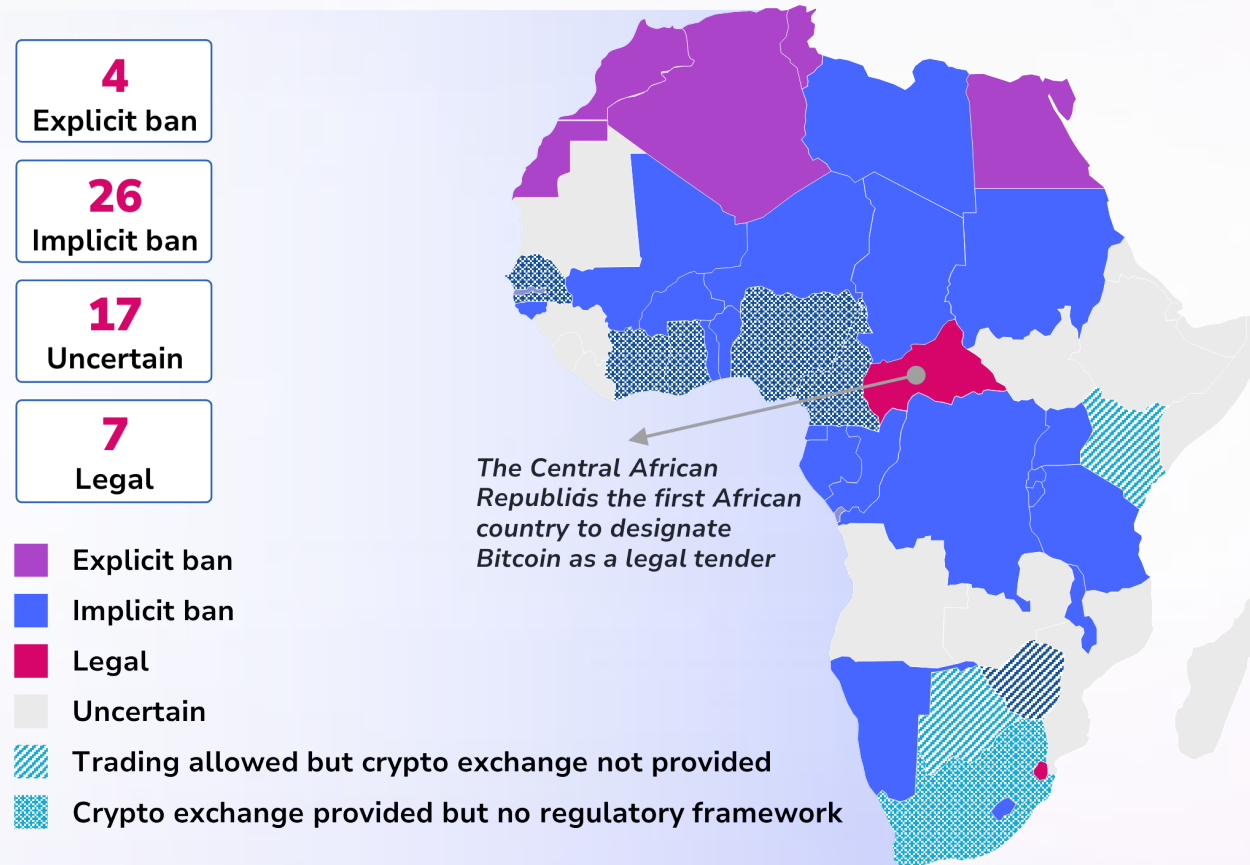
1. Bitange Ndemo, "The role of crypto-currencies in sub-Saharan Africa," Brookings, March 16, 2022

2. TripleA's Global crypto adoption study, 2022



The regulatory landscape for cryptocurrencies differs across countries

Cryptocurrency Regulation in Africa



FT Partners Research: FinTech in Africa (Jan 2023)

Source(s): The future of payments in Africa, McKinsey 2022; Chainalysis' Global Crypto Adoption Index 2022,

1. Bitange Ndemo, "The role of crypto-currencies in sub-Saharan Africa," Brookings, March 16, 2022

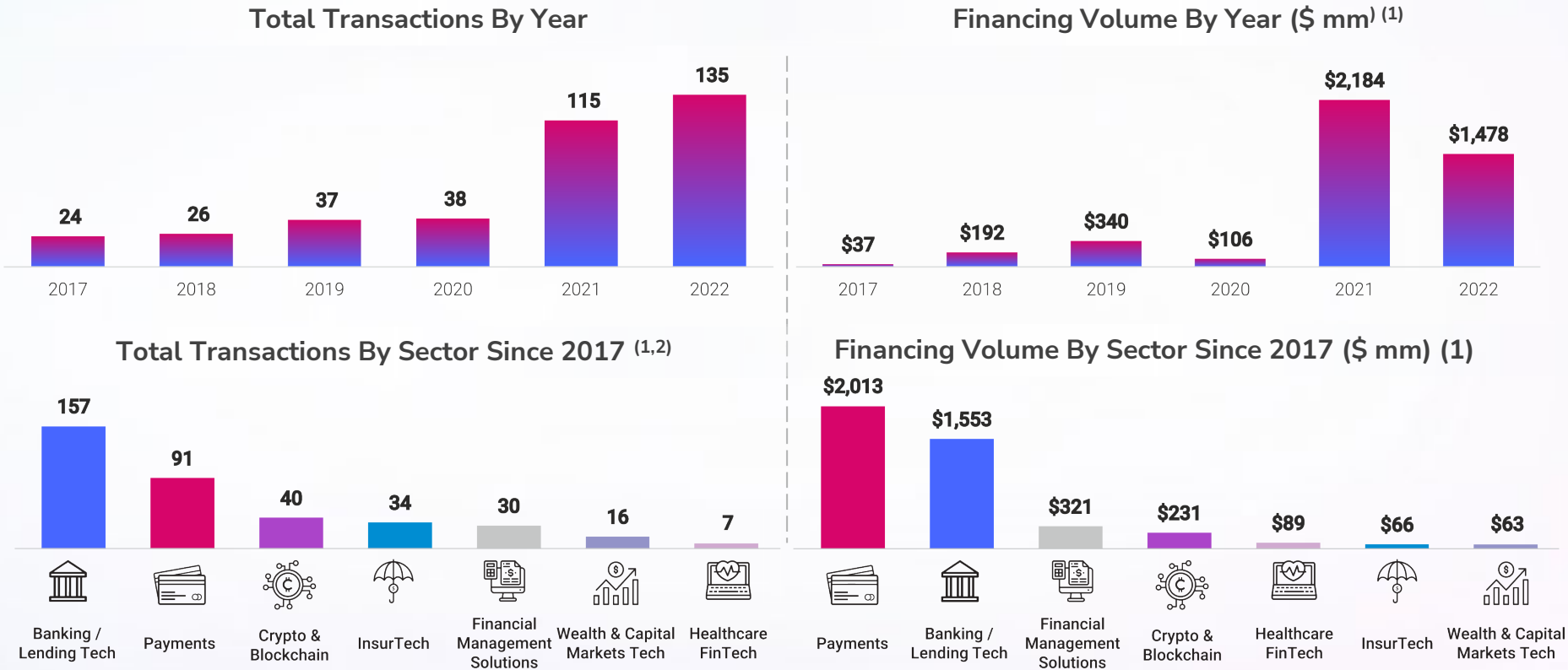
2. TripleA's Global crypto adoption study, 2022



**INCLUSIVE
FINTECH
FORUM™** | 20-22
JUNE
2023

FinTech financing in Africa

Before 2022, equity financing volume for private Africa-focused FinTech companies grew consistently in recent years



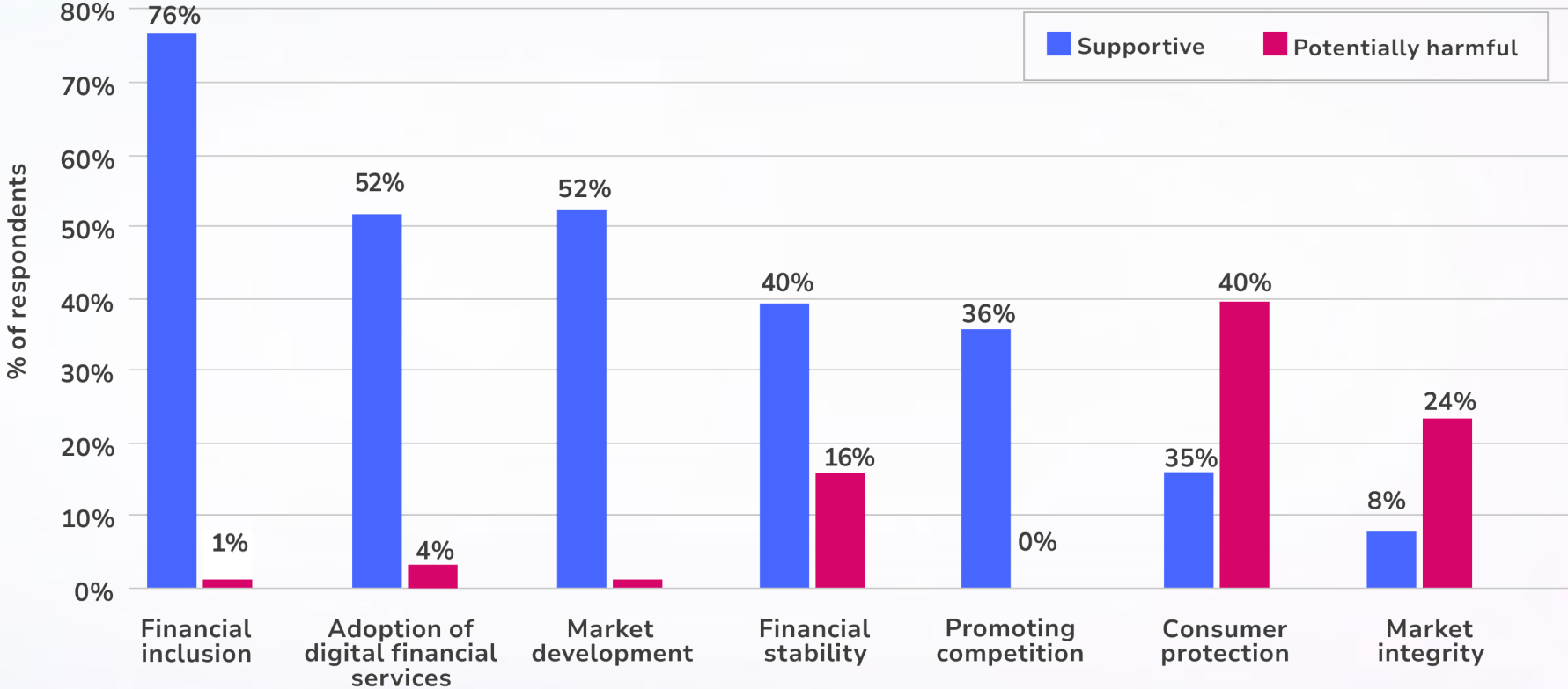
FT Partners Research: FinTech in Africa (Jan 2023)
 Source(s): FT Partners' Proprietary Transaction Database
 Note: Note: Represents cumulative equity financing in each year; Does not include companies on file for IPO or in pending SPAC mergers

1. Financing volume only includes deals with announced dollar amounts
 2. Includes only Africa-headquartered FinTech companies



Covid-19 and FinTech: A regulator's response

Perceived impact of FinTech on regulatory objectives in light of Covid-19, SSA (N=25)

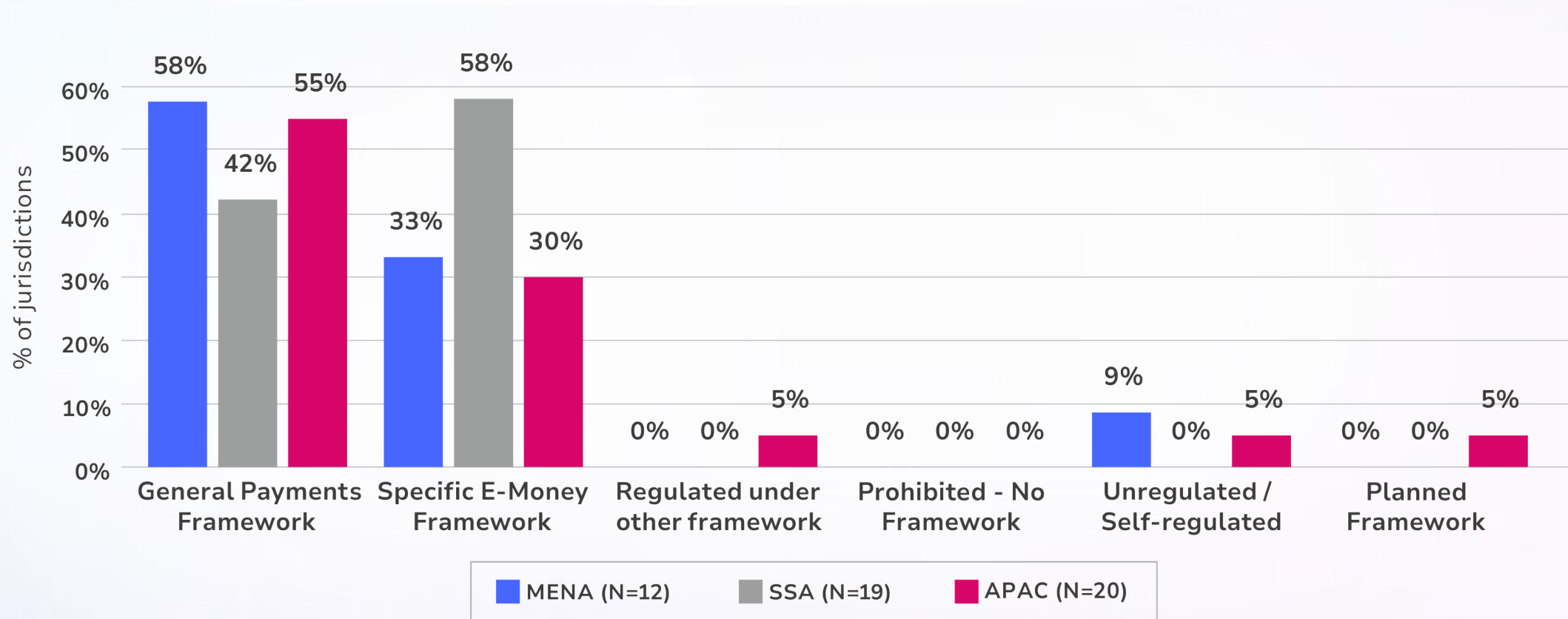


Note: N denoted number of regulators in SSA who responded to survey. CCAF and World Bank, 2020. FinTech Regulation in Sub-Saharan Africa (University of Cambridge)



SSA has a higher % of jurisdictions with a specific e-money regulatory framework in contrast to MENA and APAC

Instances of regulatory frameworks for e-money – SSA, MENA, APAC (N=51)

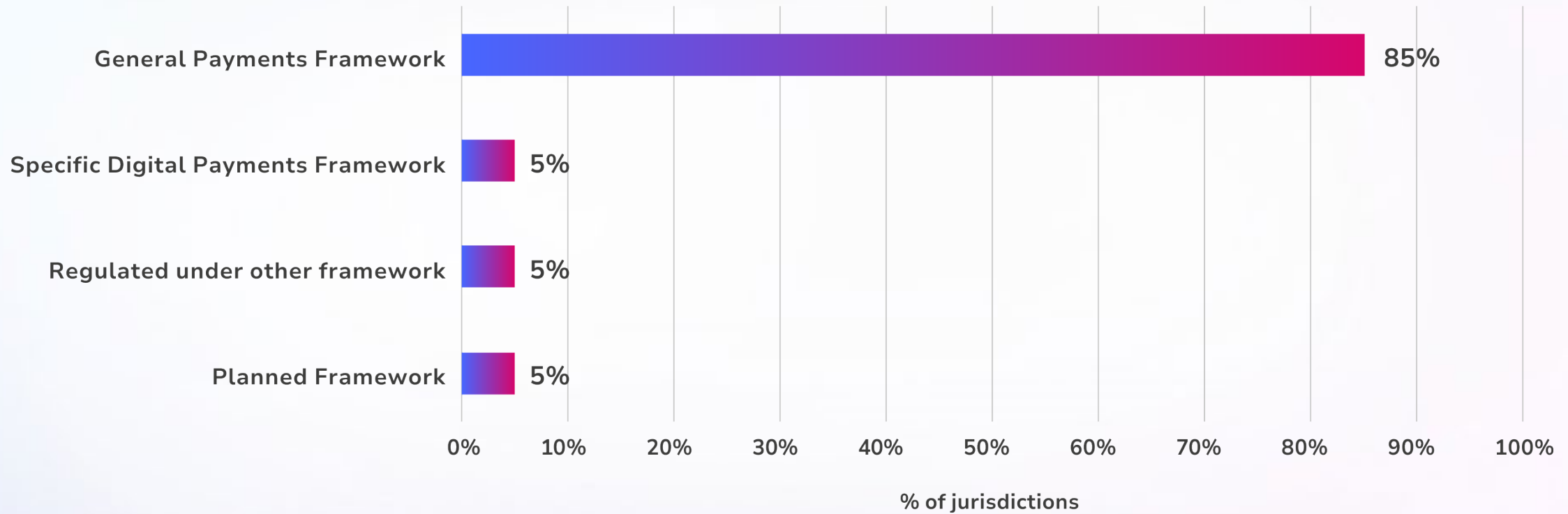


Note: N denotes the number of jurisdictions surveyed.
FinTech Regulation in SubSaharan Africa (University of Cambridge)



Digital payments is mostly regulated under more general regulatory frameworks in SSA

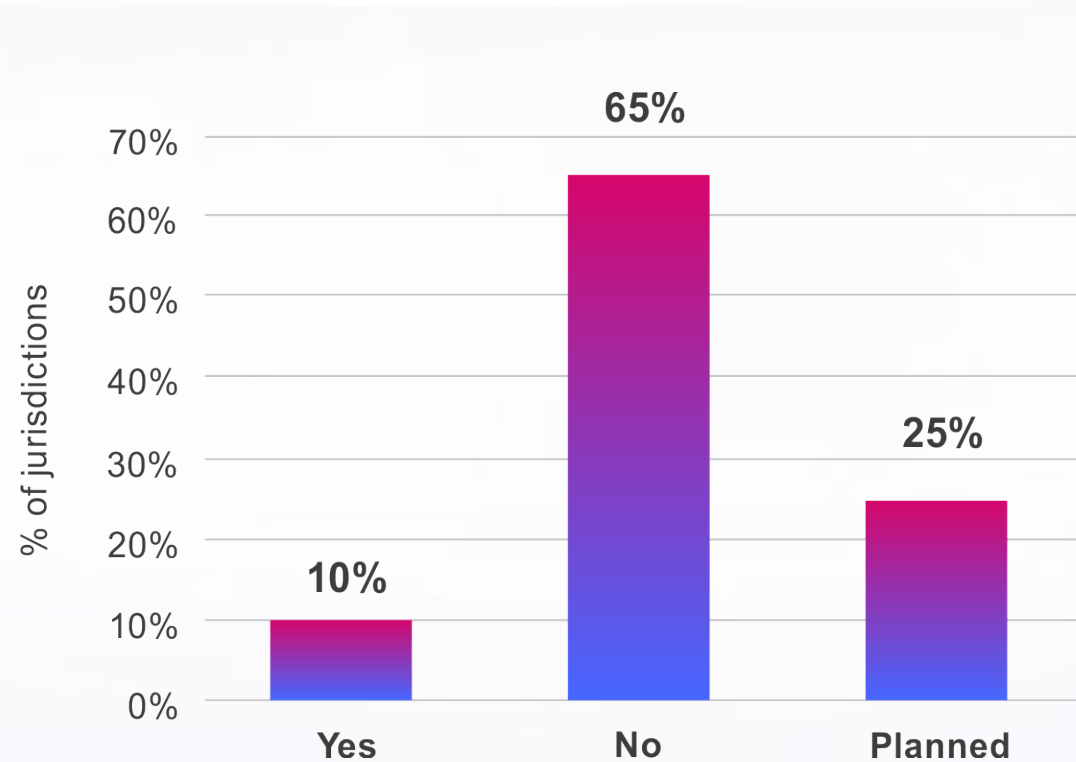
Instances of regulatory frameworks for payments in SSA (N=20)



Note: N denotes the number of jurisdictions surveyed.
FinTech Regulation in SubSaharan Africa (University of Cambridge)

There are limited open-banking regulatory frameworks in SSA

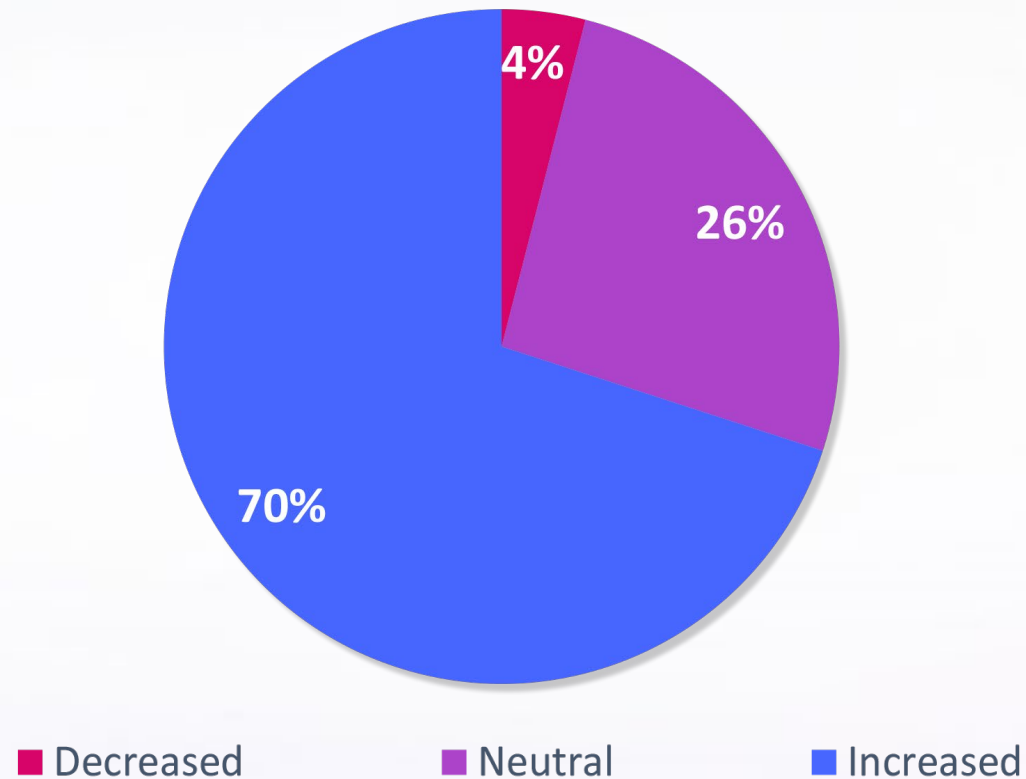
The open banking frameworks - SSA (N=20)



Note: N denotes the number of jurisdictions surveyed.
FinTech Regulation in SubSaharan Africa (University of Cambridge)

SSA regulator perception of FinTech priority in light of COVID-19 is in line with increase in market volumes

SSA regulator perception of FinTech priority in light of COVID-19 (N=23)

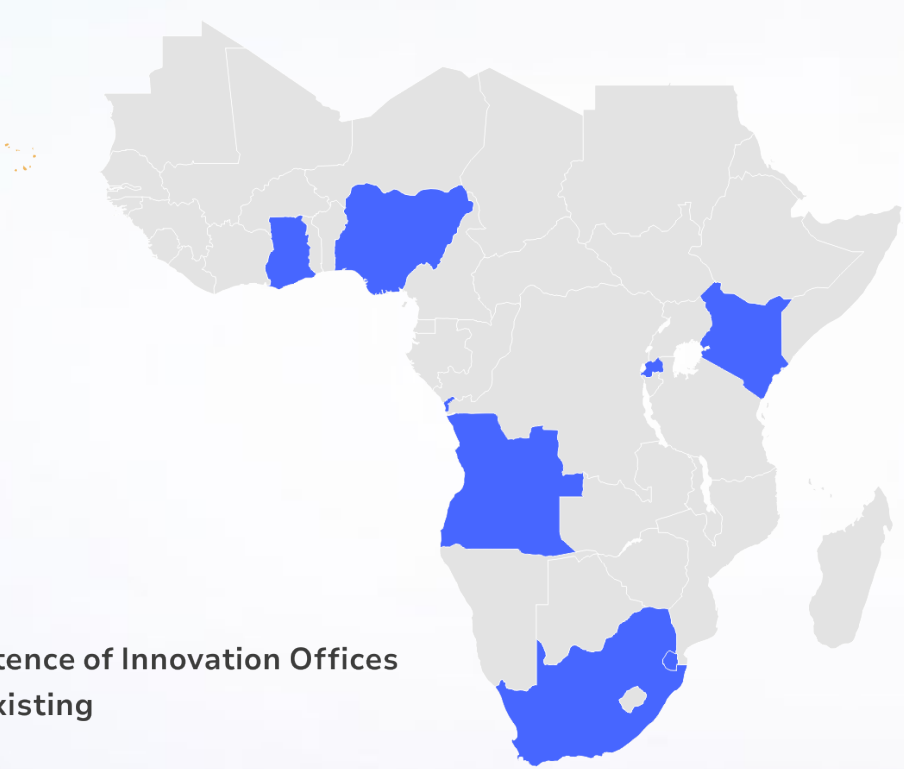


Note: N denotes number of regulators in SSA who responded to a survey.
CCAF and World Bank, 2020
FinTech Regulation in SubSaharan Africa (University of Cambridge)



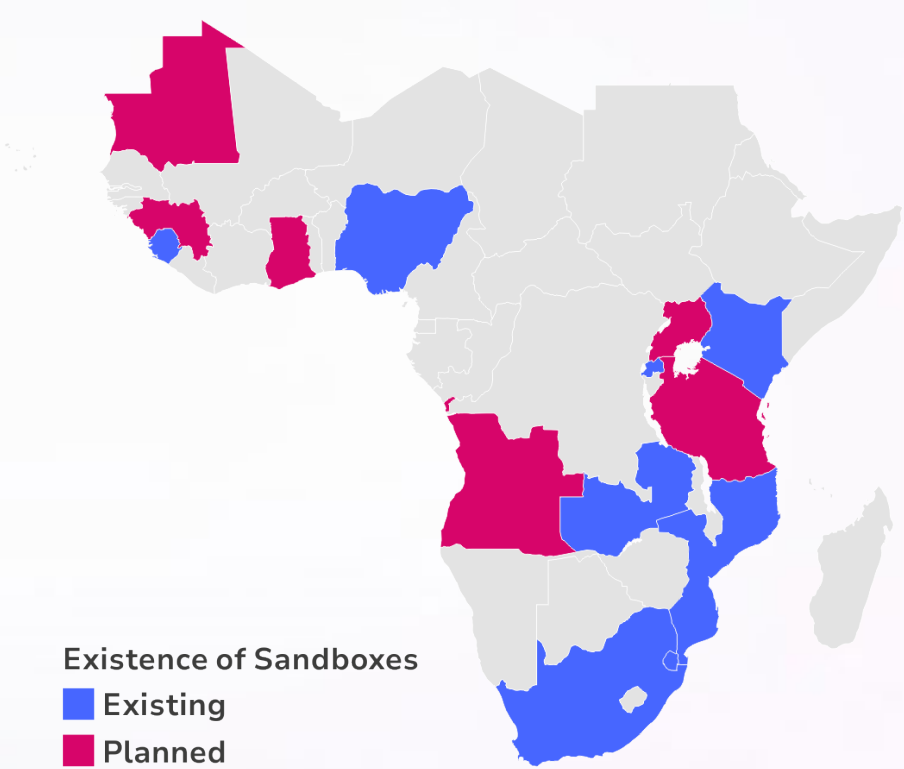
Distribution of regulatory innovation initiatives in SSA

Innovation offices in SSA



Existence of Innovation Offices
■ Existing

Regulatory sandboxes in SSA



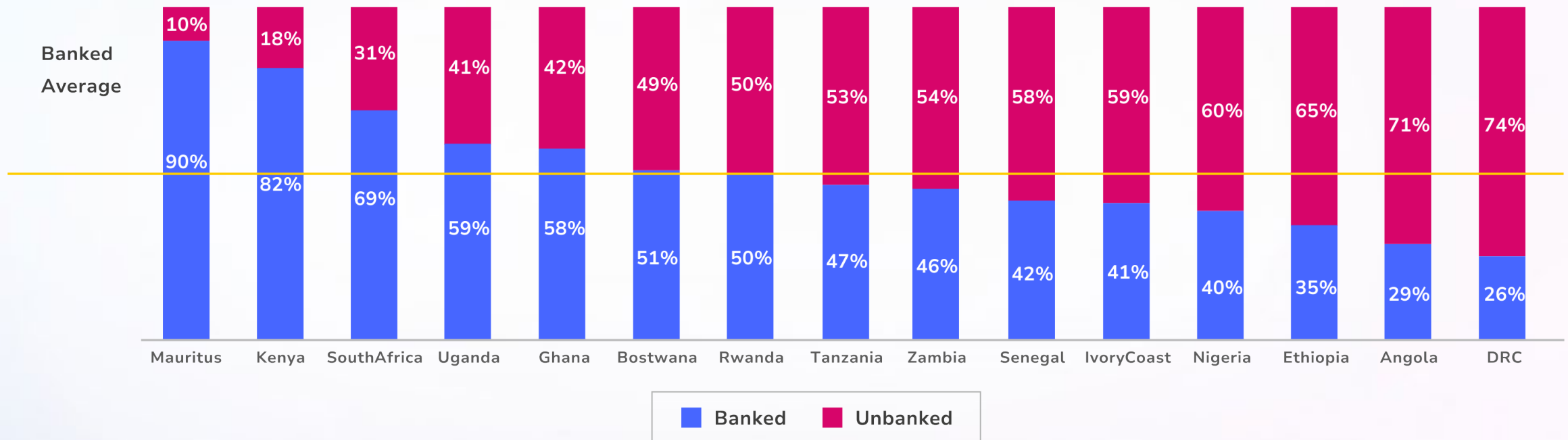
Existence of Sandboxes
■ Existing
■ Planned

Note: N denotes the number of jurisdictions surveyed.
FinTech Regulation in SubSaharan Africa (University of Cambridge)



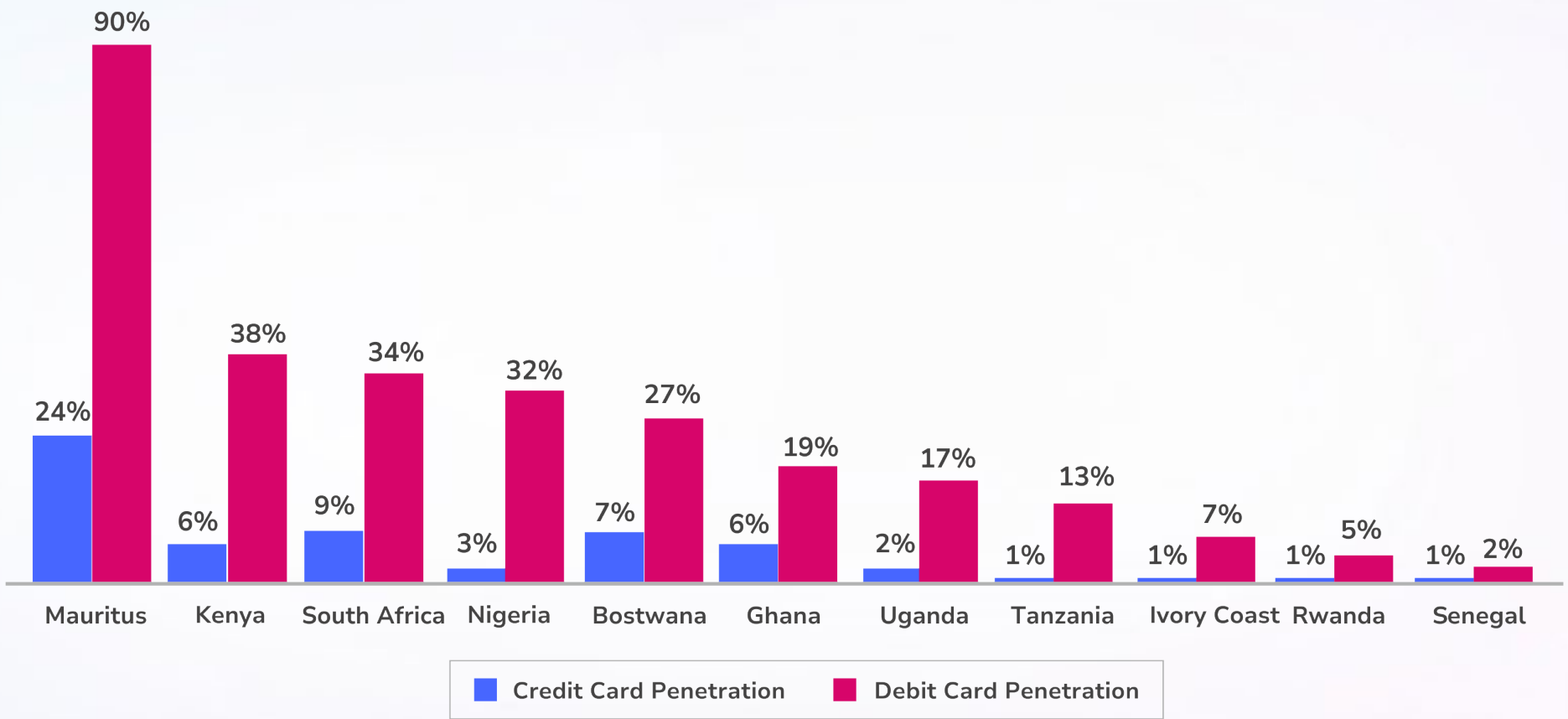
Apart from the major banking markets, less than 50% of people in most Sub-Saharan countries have access to a bank account

Distribution of Adult Population in 2020
% adults with and without access to bank accounts



Source: Digital Banking in Sub Saharan Africa by BPC and FinCog

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

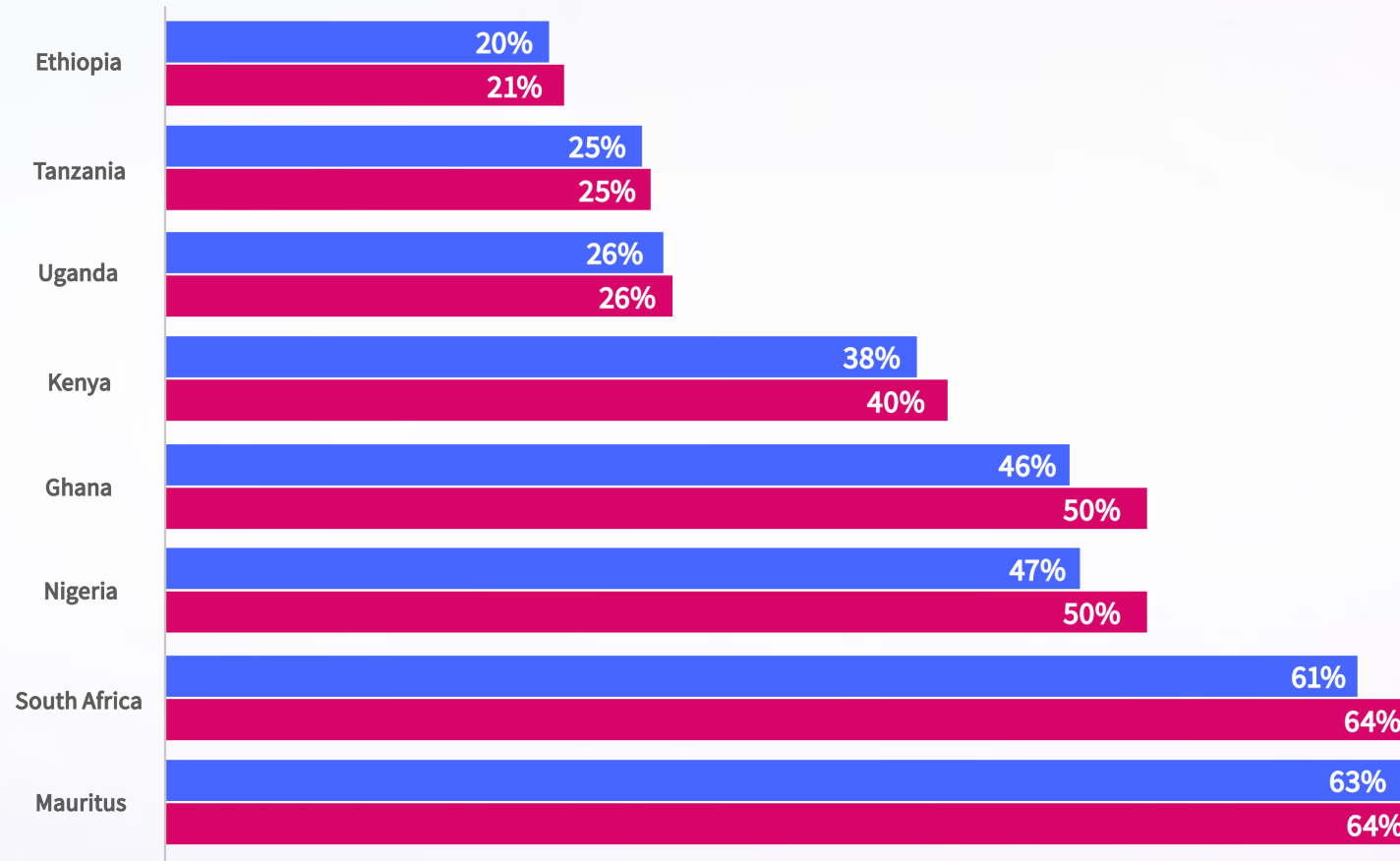


Source: Digital Banking in Sub Saharan Africa by BPC and FinCog (2017)



Major economic countries such as South Africa and Nigeria are leading the way in mobile internet adoption

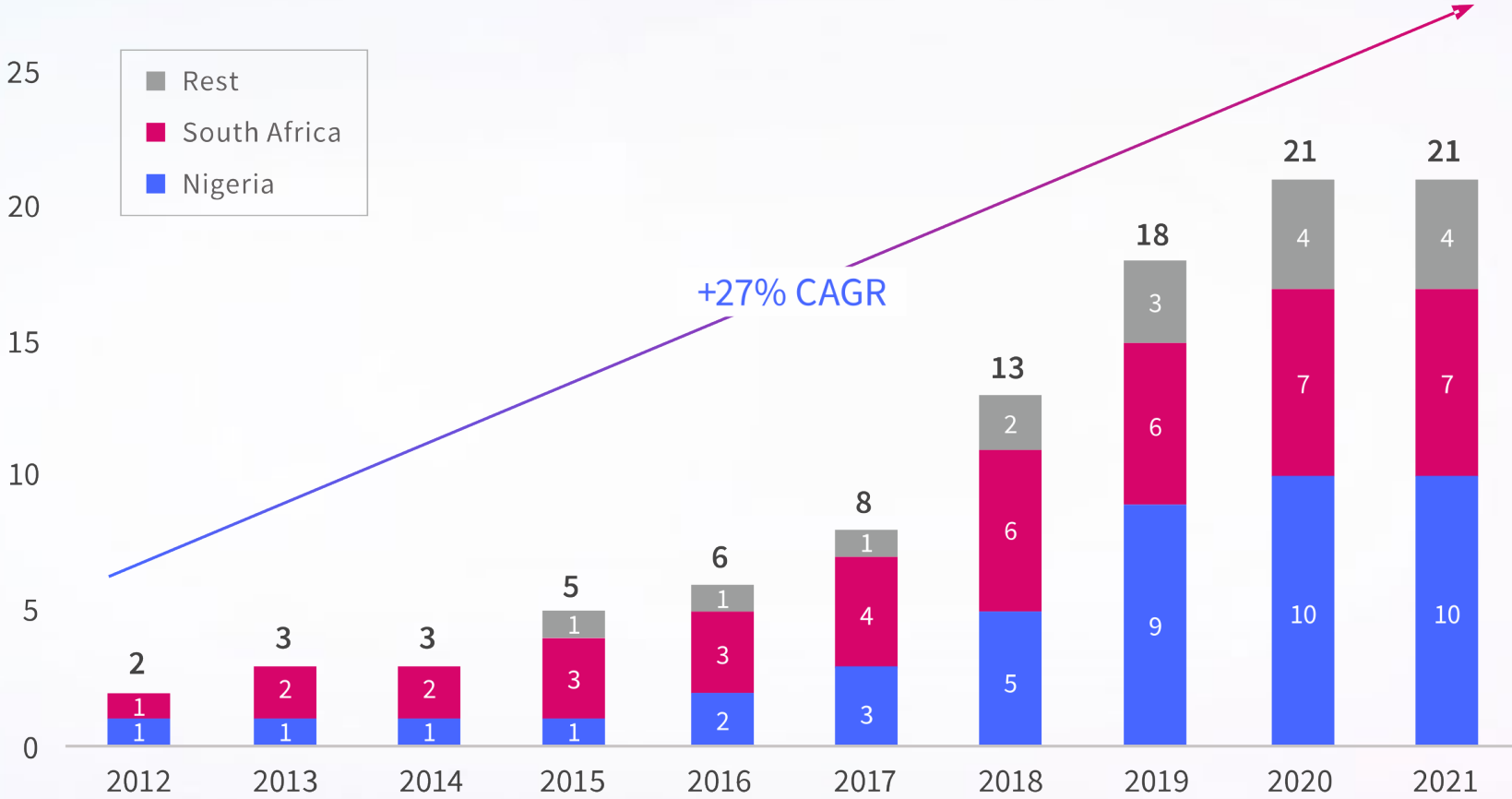
Internet and mobile penetration across countries in 2021



Source: Digital Banking in Sub Saharan Africa by BPC and FinCog



Growth of digital banks in SSA (2012 – 2021)

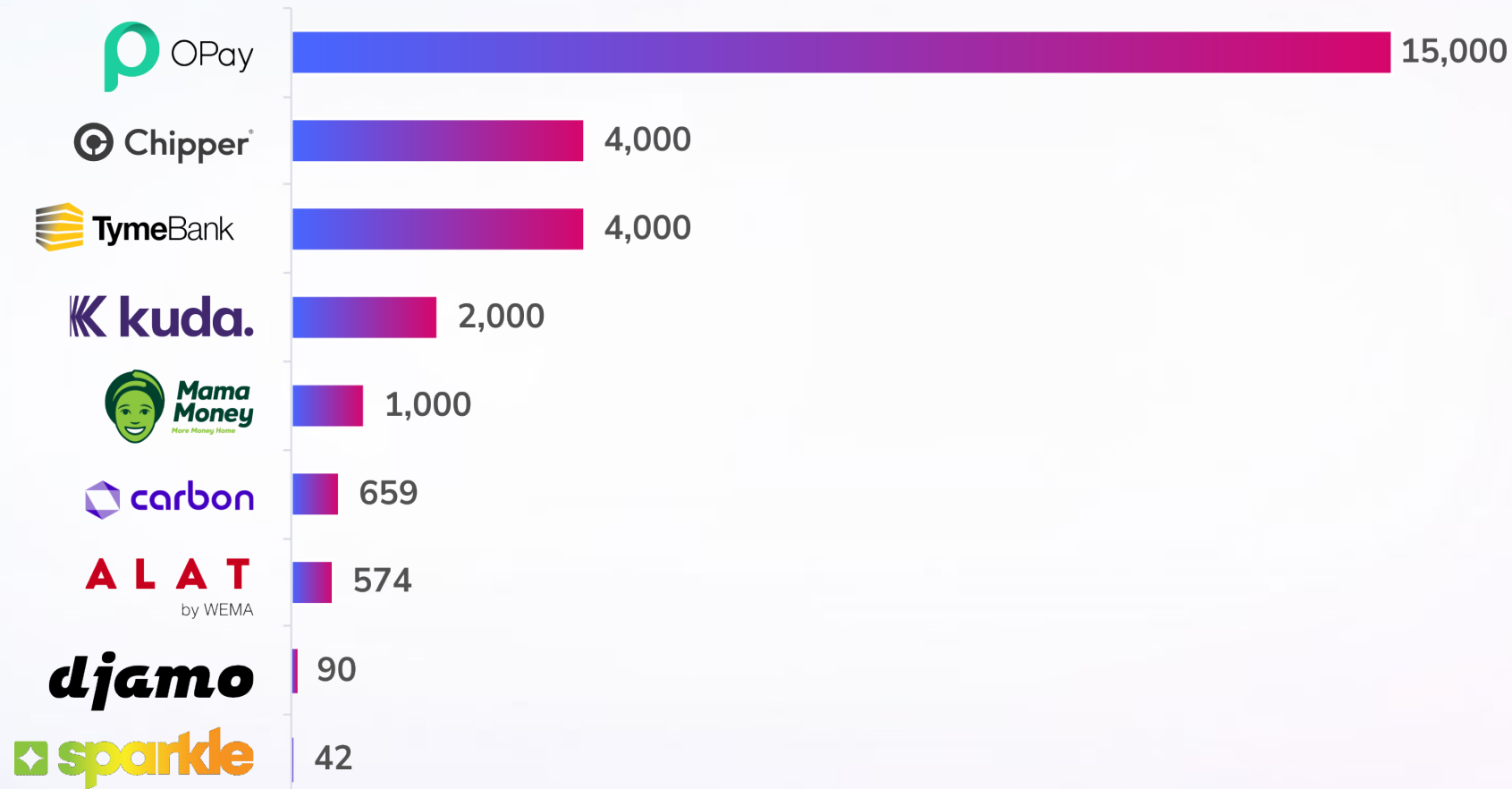


Note: Rest includes Kenya, Ivory coast, Zambia and a digital bank active across Africa but based in the U.S.
 Source: Digital Banking in Sub Saharan Africa by BPC and FinCog



Neobanks in South Africa are leading the way in facilitating innovation and financial inclusion

Top 10 Neobanks by Number of Customers 2021 (in Thousands)



Source: Digital Banking in Sub Saharan Africa by BPC and FinCog

