

# THE FINTECH



DIGITAL DISRUPTION HAS FINALLY COME TO THE STAID BANKING INDUSTRY, BRINGING ESSENTIAL FINANCIAL SERVICES TO MILLIONS OF PEOPLE IN AFRICA, WHERE THE TRADITIONAL ARCHITECTURE OF BANKS, CARDS AND TRANSFER SERVICES HAS BEEN DIFFICULT TO DEVELOP. WE TAKE A LOOK AT THE START-UPS SHAKING UP THE SPACE

# FRONTIER

According to a 2015 report by research and consulting company Frost & Sullivan, mobile penetration in sub-Saharan Africa is expected to increase from 52% in 2012 to 79% in 2020. This means that around 800 million Africans will have a mobile phone.

Furthermore, given the increasing availability of cheap smartphones, African mobile broadband connections are expected to reach 160 million in 2016. IT research company Gartner believes that 82% of mobile phones will be smartphones by the end of 2016. All this means that there are many opportunities for fintech companies that specialise in payments, lending, financial management and more.



## PAYMENTS

Nomanini (nomanini.com), which means “anytime” in Siswati, is a South African enterprise payments platform provider which enables transactions in the cash-based informal retail sector. Simply put, it aims to provide affordable access to payments for everyone, everywhere.

“With our end-to-end solution designed for informal market environments, enterprise prepaid distributors are able to bolster their channels, add to their portfolio of transaction services, increase their access to informal market consumers and efficiently monitor micro-payments and services via a scalable, cloud-based platform,” explains CEO Vahid Monadjem.

The company creates rugged point-of-sale terminals (waterproof and dust-resistant) which are built for use in places that have low cellular reception and unreliable electricity. The platform is customisable, which means it can handle sales of different virtual goods, like airtime and electricity. There are also online web management tools that provide real-time business intelligence data.

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Another leading company in the payments arena is Snapscan (snapscan.co.za) – also from SA. It is supported by more than 20 000 merchants and uses a smartphone app that facilitates payments using credit, debit and 3D secure-enabled international bank cards.

Instead of standing in a queue or waiting for a credit card machine to pay for their coffee, users scan a code with their phones. And it’s not just in cafés and stores. The app also lets users pay when shopping on their phones, settling monthly bills or buying goods at a flea market. Vendors then get daily, weekly or monthly reports and payment is made to them the following business day.



## LENDING

Of course, one can’t speak about payments and purchases without considering where this money is coming from. But with 42,7% of the population of sub-Saharan Africa living in poverty according to 2012 statistics from the World Bank, how can fintech help?

One company making a difference is GetBucks (za.getbucks.com). Founded in SA in 2011, it has helped 212 500 people in nine countries with their short-term financial needs. The simple sign-up process takes about 10 minutes, making it a quick and easy way for many people to access credit. And every time a borrower repays their loan, their “trust score” changes, giving them access to better deals in the future.

Another company that facilitates access to credit is InVenture (inventure.com), which has offices in Kenya and the USA. Instead of relying on a single metric, like a borrower’s credit score, it uses an Android platform to collect thousands of data points per customer, building a real-time credit score, determining loan

800 MILLION

THE NUMBER OF AFRICANS WHO WILL HAVE A MOBILE PHONE BY 2020, ACCORDING TO RESEARCH AND CONSULTING COMPANY FROST & SULLIVAN.

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terms and disbursing money in less than a minute.

“Traditional credit doesn’t work in emerging markets; mobile does,” explains CEO Shivani Siroya. “Our technologies are unlocking trillions of dollars in purchasing power in the world’s fastest-growing economies. We empower people to access the credit they deserve.”

InVenture is a mobile technology and data science company that aims to close the credit gap in emerging markets by using mobile data to overcome traditional barriers to financial access. It has disbursed millions of dollars in credit in East Africa and is rapidly expanding throughout the rest of the continent and Asia.

Another company that has been successful in this area is M-Pesa (vodacom.co.za). This mobile-based money transfer, financing and micro-financing service was launched in 2007 by Vodafone for Safaricom and Vodacom, the largest mobile network operators in Kenya and Tanzania.

It all began in 2002, when researchers noticed that people in several African countries were using airtime as a substitute for money transfers. An early version of the service was then piloted in Mozambique, before it was officially launched in Kenya a few years later. Users can deposit and

withdraw money, make transfers, pay bills and purchase airtime.

M-Pesa had around 17 million registered accounts in Kenya in 2012. The service has now expanded to Afghanistan, India and Eastern Europe and has been called the most successful mobile-based financial service in the developing world, giving millions of people access to banking.



## FINANCIAL MANAGEMENT

With all the buying and borrowing going on, consumers need a way to manage their money. This is an area that many struggle with, which is why SA’s 22seven (22seven.com) has done so well.

By using the latest behavioural psychology insights, the company is able to understand how we think and act when it comes to money. It then combines this with the latest technology to help nudge people in the right direction.

Launched in January 2012 and purchased by Old Mutual a year later, 22seven is a free app that helps users manage their money and make smarter investments. By linking all their accounts, users can see all their money in one place. 22seven then collates, updates and sorts all the transactions so that you can see where your money goes. It also generates a personalised budget that helps you make better decisions related to your investments and taxes. **DM**

## FINTECH AWARDS & CONFERENCE AFRICA

The first edition of the FinTech Awards & Conference Africa, featuring the continent’s top innovative and disruptive fintech companies, takes place in Jo’burg on 13 October 2016. The event forms a part of Finance Indaba Africa, the largest conference and expo for finance professionals on the continent.

Visit: [finance-indaba.co.za](http://finance-indaba.co.za)

## MONEY ON YOUR MOBILE

The revolution in fintech has coincided with the boom in mobile operations across the continent and has the potential to transform many African economies. Five services to watch are:



A leading digital payments service provider based in Nigeria that prompts, collects, settles and reconciles payments in real time. Visit: [cellulant.com](http://cellulant.com)



A mobile wallet provider based in SA that lets consumers use their phones to make payments, transfer money, make purchases, access financial products (for example, funeral and insurance policies) and withdraw cash at ATMs around the world. Visit: [imb.co](http://imb.co)



A money transfer service based in Nigeria that lets customers send money to anyone with a mobile phone, using Paga accounts or agents. Visit: [mypaga.com](http://mypaga.com)



A South African company that provides an affordable, easy and convenient transactional account with state-of-the-art, secure cellphone banking technologies. Visit: [wizzit.co.za](http://wizzit.co.za)



A Zambian start-up that offers emerging entrepreneurs an opportunity to provide money transfer and other payment services to low-income consumers, while earning commissions and creating employment. Visit: [ilovezoon.com](http://ilovezoon.com)

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