

African DFS Market overview

APRIL 2022



THINK TANK EGYPT
— CONSULTING FIRM —



Introduction:

Report scope:

A sample report is a demo of what Think Tank Egypt can provide for its business partners to have a clear overview and telescoping insights on possible ventures.

This **informative report** is addressing the Digital financial services (DFS) sector in Africa. Africa by far is the hardest hit by informal economy, which is cash transactions neither regulated nor taxed and there are little controls if any. This problem leads to inaccurate economic estimations of national economies, government's inability to tax or regulate many of the business cycles due to its volatile cash movement.

On the upside, Africa in the **21** century is being flung deep in digital tech, in communications and digital services it might be the fastest growth rate worldwide. This will certainly expedite the transformation from cash societies into digital transactions.

Has (DFS) softened the impact of COVID-19? With the COVID-19 pandemic restricting the movement of people and goods, modes of transaction have shifted dramatically. Growing use of digital financial services has turned crisis into opportunity, enabling previously unbanked people and small firms to join the financial system. Regulations have evolved to keep up with technology, but specific policies are needed to make sure no one gets left behind. "While digital financial inclusion was a development priority before the COVID-19 pandemic, it's really become indispensable now — both for short-term relief in terms of putting money in the hands of those who need it, but also as a central element of broad-based sustainable recovery efforts.

COVID-19 has had a profound impact on people's payment habits, with **60** % of financial authorities reporting an increase in digital transactions. Simultaneously, the number of unique customer accounts receiving government-to-person (G2P) payments more than quadrupled at the beginning of 2020 as the global pandemic took hold. Close to **70** % of financial regulators around the world identify Fintech, as a high priority, aligning measures against COVID-19 with efforts to strengthen financial inclusion.

In developed markets, accelerated digitization amid the pandemic has spawned new payment, loan and insurance products. European markets have seen a surge in contactless transactions. Instruments provided by intermediaries have also made credit scoring easier. "This allows small companies, which typically do not have a credit history, to get into the market to get loans. "In some countries, new digital saving accounts have been introduced with no or very low fees."



(DFS) overview in Africa:

Some of the more radical changes in financial services today are happening in Africa, where new products and delivery methods are reaching the financially excluded and the underserved. No region in the world has seen digital financial services (DFS) contribute more to financial inclusion in the last few years than Africa, Africa leading in the Mobile Money accounts, currently at **20.9%** of adult population compared to **4.2%** in South Asia, **5.3%** in Latin America & Caribbean and **4.4%** globally. The data also shows that **34.4%** of adult population in Sub-Saharan Africa made or received digital payment, up from **26.9%** in 2014. This proliferation has extended beyond account ownership and basic transactional use, and now includes a broad array of financial services such as credit, savings, and insurance and cross-border remittances.

The Digital transformation effect of a business-centric approach in payment...

The doors to business centric applications were introduced in Africa some ten years ago and have been running on traditional POS terminals ever since. Indeed, there are many examples that underline just how evolutionary this has been; from Agency banking in East Africa empowering any certified merchant to offer banking services from their own store, to lottery tickets being sold to fund charity projects in the Ivory Coast, to the slightly more sobering sight of Policemen collecting traffic fines on-the-go in Angola. Africa was possibly the first continent to truly understand the necessity of leveraging POS terminal security for purposes other than simple payment. This led to businesses expanding and enriching their app portfolios on the POS, both to encourage more consumers to embrace the digital payment world and increase levels of trust in the technology as an alternative to cash. These innovations also created new ways for merchants to earn revenue, for example from Lottery and banking services, to compensate for the acquisition cost of the terminal and the transaction fees.

Fostered by the popularity of mobile phone usage

There is further logic to this direction of travel. The use of smart phones has already seen rapid growth in Africa driven by improved access to technology, difficulties accessing traditional financial services, and an increase in contact-less payments, all of which have continued the boom in the use of mobile money. In 2019, **200** million users made **24.46** billion mobile money transactions in Sub-Saharan Africa and the Middle East and Northern Africa, accounting for **64.15%** of all transactions made worldwide¹.

The fast-growing numbers of smartphone users will be very familiar with the use of Android applications for a wide range of services. Extending the use of the payment terminal, enhancing it with business apps that not only benefit the customer but the merchant as well, is a win-win situation

Small merchants have become the most profitable segment

Imagine a merchant in a small shop, using his or her POS terminal for just a few transactions each day. This circumstance is fairly typical and represents the large majority of merchant categories on the continent. In this situation, the POS terminal is an opportunistic device, capturing a few eligible transactions, usually above a minimum threshold value.



African DFS market overview

Africa in figures:

Population: **1.3B** in **55** countries

Adults: **458M**

GDP: \$ **2.6T**

GDP growth: **3.4%**

Private sector share in GDP: **59%**

PPP: \$ **4.9 T**

Inflation: **10.4%**

Informal economy: **55%** of GDP

Central banks: **41**

Banks: **700**

Bank branches: **100,000**

Active bank accounts: **42.8%** of total adults

Egyptian investment in Africa: \$ **12 B**

African digital financial services in figures:

Internet penetration: **527 M**

Smartphone adoption: **255 M**

Retail penetration: **1 shop / 67000** people

E- commerce: penetration: **1%**

4G penetration: **18%**

Online payment: \$ **488 B**

New Investment in digital financial services: \$ **4.9 B**, \$ **3.3 B** directed to Fintech



African countries economic indicators:

Country	Population	PPP In Billions (USD)	GDP In Billions (USD)	Growth rate %	Reserve In Millions (USD)	Inflation %	Informal economy average (% of GDP)
Algeria	43,851,044	586,175	163.81	1.9	43,464.00	7.6	32.72
Angola	32,866,272	217.97	70.34	2.4	10,256.00	14.9	43.96
Benin	12,123,200	27.47	18.07	6.5	584.36	2	53.66
Botswana	2,351,627	43.91	17.61	4.7	4,926.00	5	30.3
Burkina Faso	20,903,273	52.60	19.93	5.6	402.42	2.6	38.39
Burundi	11,890,784	8.18	3.19	4.2	258.36	4.6	36.74
Cabo Verde	555,987	3.98	1.89	6.5	576.87	1.6	35.84
Cameroon	26,545,863	105.08	44.81	4.6	3,851.50	2.1	32.45
Central African Republic	4,829,767	4.29	2.59	4	350.00	2.5	41.9
Chad	16,425,864	30.56	12.35	2.4	310.00	2.8	40.9
Congo, Democratic Republic of the	89,561,403	111.09	54.83	5.6	3,192.76	6.4	46.42
Congo, Republic of the	5,518,087	29.75	12.74	2.3	11,166.80	2.8	45.1
Cote d'Ivoire	26,378,274	158.31	68.84	6.5	5.10	2.5	43.43
Djibouti	988,000	3.96	3.65	5.5	750.00	2	29.28
Egypt	102,150,678	1,381.06	396.33	5.2	37,082.00	6.3	34.24
Equatorial Guinea	1,402,985	37.69	12.53	-5.6	40.80	3.1	31.84
Eritrea	3,546,421	10.00	2.25	4.8	191.00	4.2	39.29
Eswatini	1,160,164	11.50	4.52	1.7	545.50	4.7	
Ethiopia	114,963,588	298.57	92.76	1.99	3,046.00	33.1	34.31
Gabon	2,225,734	38.58	18.29	3.9	1,371.00	2	52.43
Gambia, The	2,416,668	3.88	2.04	6	387.00	6.3	46.88
Ghana	31,072,940	193.63	75.49	6.2	9,695.00	8.8	42.91
Guinea	13,132,795	28.64	16.72	6.3	1,853.00	9.9	39.95
Guinea-Bissau	1,968,001	3.39	1.59	4	88.60	2	36.42
Kenya	53,771,296	269.29	109.49	6	13,109.00	5	33.18
Lesotho	2,142,249	7.23	2.48	1.6	774.00	5.3	31.28
Liberia	5,057,681	6.44	3.38	4.7	650.00	11.8	43.24
Libya	6,871,292	90.51	27.30	5.3	75,608.00	8	33.62
Madagascar	27,691,018	46.35	14.10	4.8	2,380.00	6.4	42.56
Malawi	19,129,952	23.68	12.15	3	413.80	9	38.51
Mali	20,250,833	51.06	19.56	5.3	806.50	2	38.7
Mauritania	4,649,658	18.12	9.16	5	1,969.00	3.8	32.29
Mauritius	1,271,768	29.19	11.00	6.7	8,124.00	6.6	22.57
Morocco	36,910,560	302.77	126.04	3.1	34,087.73	1.2	34.01
Mozambique	31,255,435	45.99	15.83	5.3	3,224.00	6.4	37.2
Namibia	2,540,905	27.44	12.21	3.6	2,937.53	4.5	28.07



African DFS market overview

Country	Population	PPP In Billions (USD)	GDP In Billions (USD)	Growth rate %	Reserve In Millions (USD)	Inflation %	Informal economy average (% of GDP)
Niger	24,206,644	23.48	15.64	6.6	548.60	2.5	39.7
Nigeria	206,139,589	1,136.80	480.48	2.7	39,550.00	13.3	56.67
Rwanda	12,952,218	27.00	10.40	7	2,050.00	4.9	36.25
Sao Tome	219,159	0.73	0.53	2.9	100.00	7.8	
Senegal	16,743,927	63.64	27.58	5.5	1,181.40	2	43.35
Seychelles	97,026	2.87	1.29	7.7	699.00	3.7	
Sierra Leone	7,976,983	12.62	4.41	5.9	885.00	13.3	41.5
Somalia	15,893,222	19.57	5.42	3.9		2.05	
South Africa	59,308,690	861.93	415.32	2.2	58,163.00	4.5	25.94
South Sudan	11,193,725	35.25	3.26	6.5	183.60	24	
Sudan	43,849,260	189.87	35.92	3.5		41	
Tanzania	59,734,218	182.88	69.24	5.1	6,714.00	3.4	52.22
Togo	8,278,724	13.89	8.49	5.9	509.21	2.5	37.31
Tunisia	11,818,619	128.84	42.73	3.3	8,126.6	6.5	35.31
Uganda	45,741,007	115.88	43.24	5.1	4,252.00	5	38.74
Zambia	18,383,955	66.35	21.70	1.1	2,631.00	19.2	45.32
Zimbabwe	14,862,924	35.57	25.79	3.1	151.00	30.7	60.64



African countries financial data:

Country	Banks	Banks branches	Depositors in banks	Deposit in banks	Debit cards	Credit cards	Deposits in banks (% of GDP)	(ATMs)
Algeria	20	1,578		14,233,793	992,907		53.89	2,702
Angola	25	1,516					39.05	
Benin	14	227	2,273,094				35.97	315
Botswana	9	132	1,276,860	1,904,354	1,211,354	94,339	32.67	736
Burkina Faso	15	313	2,256,609		707,254	161,080	47.03	509
Burundi								
Cabo Verde	7	117	802,723		266,512	14,969	114.70	199
Cameroon	15	316	1,828,923	2,059,964	1,207,806		22.05	775
Central African Republic								
Chad	9	66	333,049	361,783	127,009	3,789	16.78	128
Congo, Democratic Republic of the	16						17.14	
Congo, Republic of the								
Cote d'Ivoire	28	728	4,599,895		2,677,593		32.73	1,127
Djibouti	12	48	142,640	151,636			69.65	114
Egypt	38	4,532	32,448,345	53,208,815	19,036,299	3,862,086	88.97	14,918
Equatorial Guinea	5	53	261,608	277,568		70,145	17.52	112
Eritrea								
Eswatini	5	44	130,265	135,837			10.72	289
Ethiopia								
Gabon								
Gambia, The	12	86		624,799	90,502		43.10	117
Ghana	23	1,177	14,893,138	16,600,139	5,386,766	33,039	25.64	2,237
Guinea	16	188	711,765	790,004	140,396		17.04	190
Guinea-Bissau	5	42	178,076		61,493		23.80	70
Kenya	39	1,502		69,981,847	10,844,565	338,175	39.18	2,412
Lesotho	4	51	602,110	707,753	435,319	5,721	48.49	202
Liberia	9	78		998,110	99,229	64,536	3,876.95	110
Libya								
Madagascar	11	406	1,772,278	2,181,749	718,935	278	20.64	520
Malawi								
Mali	14	487	1,942,258		695,132		36.47	535
Mauritania	18	296	486,856	486,856	145,706	1,448	243.79	309
Mauritius	19	144	2,026,919	2,395,194	1,458,516	274,906	173.84	443
Morocco	24	6,510		29,487,980			93.53	7,734
Mozambique	16	684		5,116,741	2,907,669	124,134	52.28	1,710



African DFS market overview

Country	Banks	Banks branches	Depositors in banks	Deposit in banks	Debit cards	Credit cards	Deposits in banks (% of GDP)	(ATMs)
Namibia	8	165	1,959,426	2,313,356	971,227	515,960	181.80	1,168
Niger	14	180	818,105		157,987		15.89	199
Nigeria	22	5,158	152,653,302				20.50	18,810
Rwanda	11	349	2,238,095	4,090,477	471,898	2,236	22.93	334
Sao Tome								
Senegal	27	475	2,167,613		994,248		42.63	617
Seychelles	8	27	254,639	306,027	73,852	5,556	96.01	67
Sierra Leone								
Somalia								
South Africa	34	3,859		73,376,786			53.33	24,740
South Sudan	26	69	535,074	607,945	50,857	90		46
Sudan								
Tanzania								
Togo	14	258	1,178,290		438,445		52.12	320
Tunisia	23	1,973			6		74.57	3,029
Uganda	25	579	7,865,102	14,787,863	2,600,000	10,281	16.88	966
Zambia	18	307	2,226,514	2,226,514	2,345,609	10,190	29.69	1,032
Zimbabwe	18	342	4,332,219	5,579,893	5,675,458	17,093	20.43	532



Digital financial services data:

Country	Registered mobile money agent outlets	Active mobile money agent outlets	Mobile and internet banking transactions	Active mobile money accounts	Registered mobile money accounts	Mobile money transactions	Insurance corporations
Algeria	NA	NA		NA	NA	NA	23
Angola							
Benin							
Botswana	3,426	2,886	69,161,588	1,781,971	2,961,356	81,811,877	23
Burkina Faso							
Burundi							
Cabo Verde	NA	NA	81,413,750	NA	NA	NA	2
Cameroon	203,144	109,151	8,033,414	8,468,978	15,649,570	1,070,273,783	27
Central African Republic							
Chad	17,929	5,980	951	161,076	1,988,462		
Congo, Democratic Republic of the							9
Congo, Republic of the							
Cote d'Ivoire							
Djibouti	NA	NA		NA	NA	NA	2
Egypt	658,629		21,183,346	2,361,647	19,753,046	115,677,754	40
Equatorial Guinea							
Eritrea							
Eswatini	12,462	5,666		477,040	756,871	21,797,731	14
Ethiopia							
Gabon							
Gambia, The				20,783	43,439		11
Ghana	423,892	328,329	41,898,111	17,142,677	38,473,734	2,859,624,191	49
Guinea	89,913	59,093	1,447,703	3,188,916	7,711,058	408,422,178	14
Guinea-Bissau	10,210	2,974	13,725	1,053,294	1,499,343	8,778,030	
Kenya	282,929				66,005,790	1,863,291,909	56
Lesotho	18,197	8,766	4,541,808	882,212	2,202,601	62,740,238	10
Liberia	30,506	16,710		1,230,839	4,718,033	120,417,261	14
Libya							
Madagascar	62,313	40,109	1,747,797	259,638	10,720,419	350,421,863	5
Malawi							
Mali							
Mauritania							NA
Mauritius	3,371	1,409	28,341,970	153,287	211,906	1,267,530	23
Morocco					2,664,057		
Mozambique	69,548		46,527,630		10,812,018	703,562,363	21



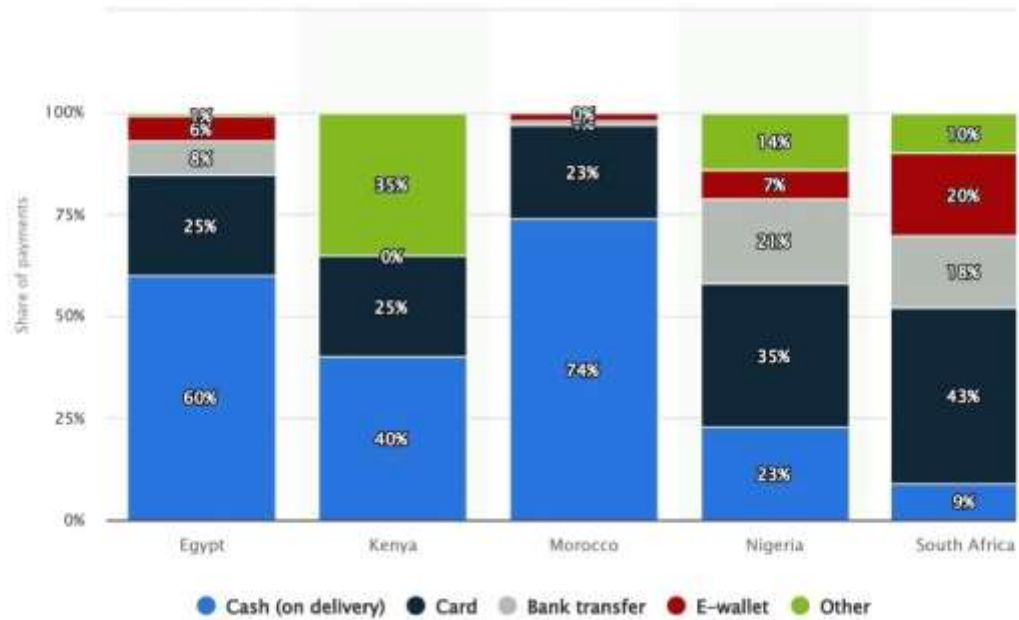
African DFS market overview

Country	Registered mobile money agent outlets	Active mobile money agent outlets	Mobile and internet banking transactions	Active mobile money accounts	Registered mobile money accounts	Mobile money transactions	Insurance corporations
Namibia			130,247,089	1,351,725	2,132,624	16,483,829	
Niger							
Nigeria	129,154				7,095,869	769,238,689	51
Rwanda	131,173	113,287	7,094,633	4,688,124	15,701,257	701,306,416	14
Sao Tome							
Senegal							
Seychelles	94	18	513,989	302	1,798	156,156	6
Sierra Leone							
Somalia							
South Africa	6,880	5,119		2,203,802	3,020,583	475,282	154
South Sudan	NA	NA		NA	NA	NA	
Sudan							
Tanzania							
Togo							
Tunisia			6,446,704				22
Uganda	263,698			19,759,974	30,735,167	3,526,972,165	
Zambia	212,881	128,789	38,881,769	8,609,265	19,271,567	711,156,958	
Zimbabwe	0	0	1,673,395,879	5,201,677	13,818,678	1,663,736,760	46



African DFS market overview

Cash is still the most popular
Distribution of online payment methods in selected African countries as of 2021





Market penetration frame:

Economic indicators

Informal economy

Government payments

Market indicators

Financial market indicator

Related infrastructure

Financial inclusion

Consumer habits

Digital shopping behavior

Key players

Business environment

Government policies

Regulations and laws



Index of data and information sources:

IMF

World bank data base

Trading Economics

Think Tank Global-Data base

TTE Contacts:



: +(20) 106 060 7480

: +(20) 100 138 8869

: +(20) 100 141 1871



info@ttedb.com



www.ttedb.com