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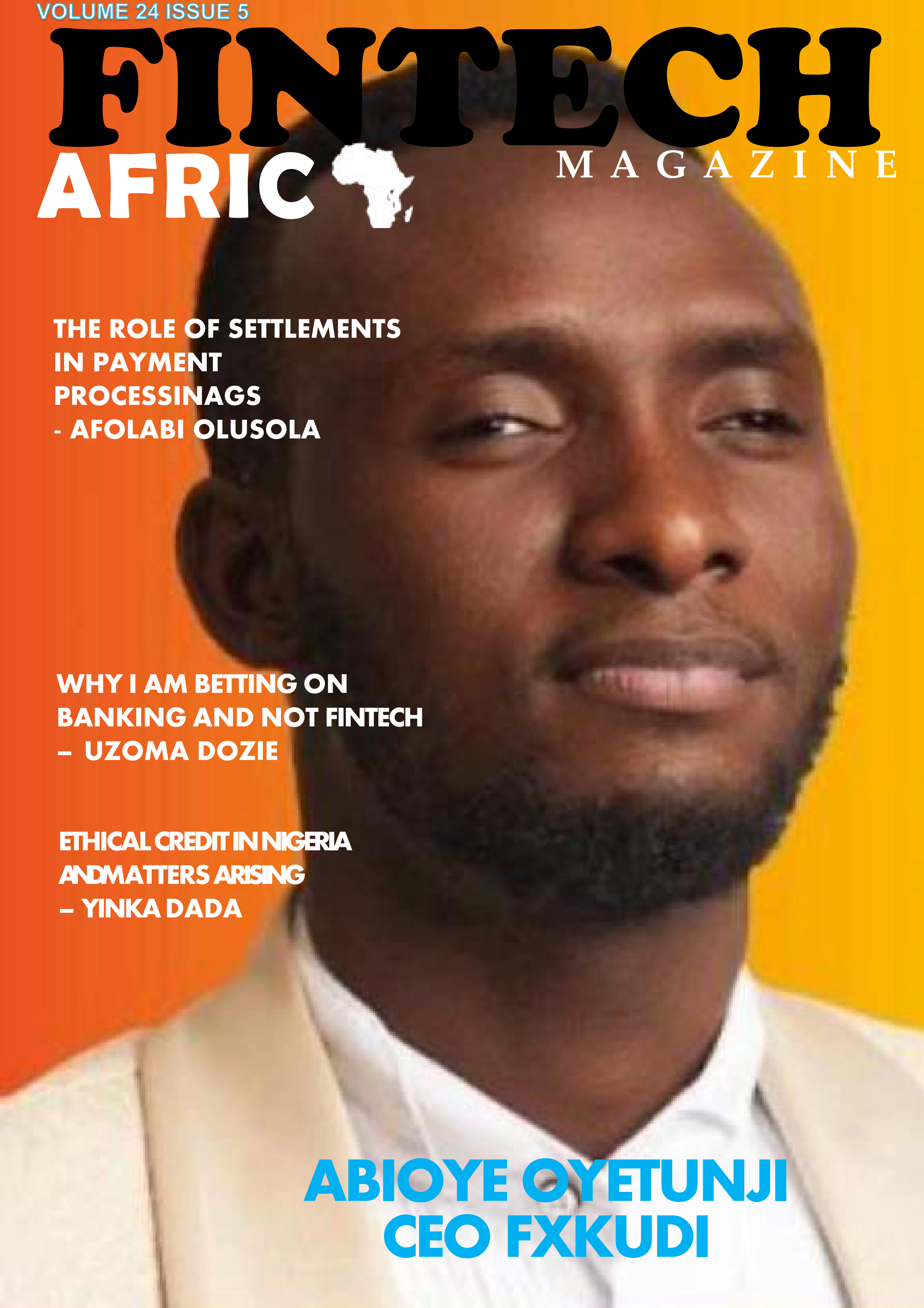
FINTECH AFRICA MAGAZINE



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Editor's note

Welcome to the May edition of FinTech Magazine Africa!

As we move into the heart of 2024, the African fintech landscape continues to evolve at an unprecedented pace. This month, we explore the dynamic innovations and transformative technologies reshaping financial services across the continent. From the bustling fintech hubs of Lagos and Nairobi to emerging ecosystems in Kigali and Accra, Africa's digital revolution is in full swing.

Our feature story highlights how FXKUDI is transforming the Fintech landscape in Africa, a special interview with the Chief Executive Officer.

As always, we celebrate the achievements of trailblazing entrepreneurs and fintech pioneers who are breaking barriers and setting new benchmarks. Their stories of resilience and creativity inspire us all to envision a future where financial services are accessible to everyone, everywhere.

Thank you for joining us in this journey of innovation and discovery. We hope this issue ignites your passion for fintech and encourages you to contribute to Africa's digital future.

Happy reading!

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FINTECH AFRICA MAGAZINE

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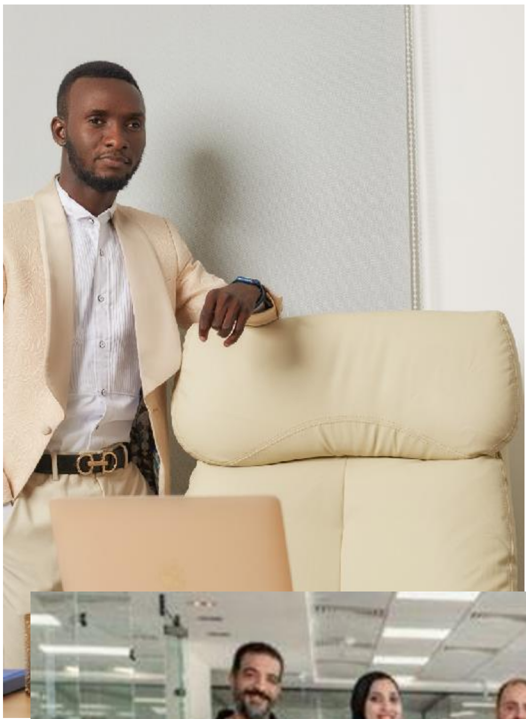

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OPay

FINTECH TALK with Abioye Oyetunji CEO FX KUDI

Congratulations on being listed on the Forbes 30 under 30 list! How does it feel to receive this recognition?

It feels good. Being named an impact maker in Africa by Forbes is not just a personal achievement, but a validation of our mission to revolutionize financial services and empower communities across the continent.

Can you provide a brief overview of your background and what inspired you to set up your fintech company FXKUDI?

I was born and raised in Nigeria. As an Information technology first-class graduate of Accra Institute of Technology, Ghana. Finding solutions to emerging problems has been one of the things I am very passionate about. I believe firmly that everybody can provide a solution in one way or the other to help solve issues in our immediate communities and the world at large. The idea of FXKudi started when I was struggling to receive my upkeep and tuition from my parents as foreign student in Ghana. This is the case of millions of foreign students in Ghana.

Collaboration is often crucial for Fintech companies. Can you discuss any partnerships or collaborations that have been instrumental in FXKudi's success?

Our partnership with the mobile money agents across Africa who are the key player of financial inclusion in Africa.

What are some of the biggest challenges you've faced in building FXKudi, and how have you overcome them?

The major barrier was funding and regulation. At some point we were turning around our profit to fund the business operations. At the early stage the regulator was not understanding our business model. Eventually we pulled through by constant engagement with the regulators and constant growth of the industry.

•How has your company evolved since its inception, and what challenges have you faced along the way?

We have evolved from serving just the student community to a multi-million dollar business that serves more than five nations. Regulatory barriers were our biggest challenge.

•With the rapid advancements in technology, how does FXKudi stay innovative and keep up with the changing landscape of fintech?

We are a data driven company.We only build what our customers ask for.

Can you share any recent milestones or achievements your company has attained?

Our recent expansion to the francophone corridor and acquisition of 20,000 mobile money agents.

Can you elaborate on the innovative solutions that FXKUDI offers to address financial challenges in Africa?

Solving the problem of informal money transfer in Africa through the use of agent networks us- ing USSD applications.

How does FXKUDI leverage technology to enhance financial inclusion and accessibility for un-derserved communities?

We have established agents in every community who offer financial services to the underserved in his or her community.

Could you provide examples of how FXKUDI has made a tangible impact on individuals or businesses in terms of financial empower- ment?

We help mobile money agents make extra mon- ey by paying them commission on every transac- tion. We have also provided indirect jobs to over 10,000 individuals through our agency program.

How does FXKUDI navigate regulatory frameworks in various African countries while maintaining its innova- tive edge?

We leverage local partnership for our international market expansion.

Can you share insights into FXKUDI's customer-centric appoach and how it ensures a seamless user experience for its users?

Every feature we implement on FXKudi was requested by our customers. We build everything for them.

Can you discuss any plans or initiatives that FXKUDI has in place to expand its reach and impact across different regions in Africa?

We are expanding to East Africa in Q4.We would leverage on the adoption of mobile money to boost market entry.

How does FXKUDI ensure the security and privacy of its users' financial data?

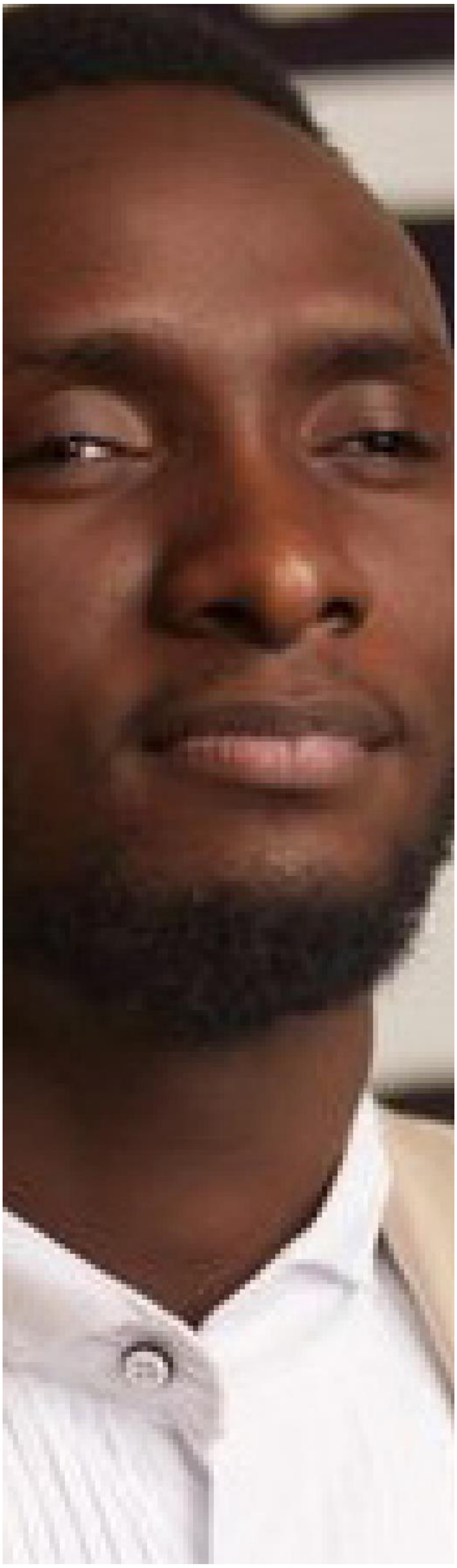
As a regulated entity, we take our data security very serious- ly. We are also verified by the data protection commission in Ghana.We are also ISO 27000 compliant.

What role does customer feedback play in shaping FX- KUDI's products and services?

It has helped understand what we need to build and how we need to address the problem we are solving.

How does FXKUDI promote gender equality and empow- erment within its organization and through its services?

Majority of our workforce are female and also we have 20% of our agents to be female.



What sets FXKUDI apart and makes it a leader in Africa's fintech landscape?

We are keen on solving the problem of informal cross-border payments in Africa. Over 60% of the payments done across Africa are still being done informally.

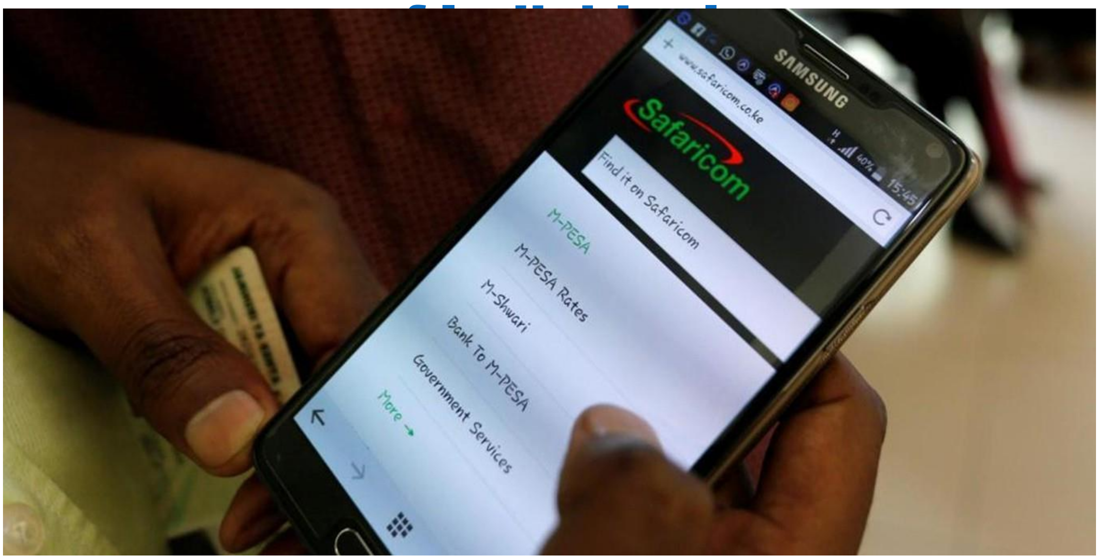
Looking ahead, what are FXKUDI's future goals and aspirations?

We are looking to become an electronic money issuer that connects various Africa markets through payment.

Finally, in your opinion, what advice would you give to aspiring entrepreneurs looking to enter the fintech industry?

Don't build anything outside the regulatory framework and make sure you validate your solution before going to market.

Imposition of 20% Excise Duty on Digital Lenders in Kenya Financially Excluding Millions



The introduction of a 20% excise duty on digital lenders in Kenya has posed significant repercussions for financial inclusion in the country by excluding millions of individuals.
Digital lenders have expressed concerns against the excise duty charged on interest and fees, on top of other taxes, arguing that it has raised the cost of credit and stifled innovation in the fintech sector. The 20% excise duty proposal is contained in the Finance Bill 2024 which is expected to be published before 30th April 2024.
The excise duty which was initially enacted in 2022, is applied to “fees” but extends to both interest and fees. It is due upon loan disbursement, rather than upon repayment. Industry players argue that this setup results in excise duty being levied on unrealized revenue, disregarding the sector’s prevalent default rates.

They contend that this puts fintech companies at a disadvantage in the credit market, as traditional financial institutions like banks are not subject to excise duty on interest and fees, thereby inhibiting fair competition.

According to DFSAK chairman Kevin Mutiso, he had earlier said the imposition of excise duty on interest charged by digital lenders contradicts the approach taken on core incomes of financial institutions, such as interest for banks, premiums for insurers, and premium-based commissions for insurance brokers, which are exempted from excise duty.

He noted that the main effect of this is that digital lenders will have Excise Duty charged on any amount they charge in respect of lending which includes interest on loans.

Panache Ventures Partners Kora to Aid African Tech Founders Obtain VC Funding

Panache Ventures, a Canadian pre-seed venture fund, has entered a strategic partnership with Kora, an Africa-focused fintech firm, aimed at assisting African tech founders in securing venture capital funding.

The partnership was unveiled dur- ing a recent event in Lagos, Nigeria, co-hosted by Panache Ventures and Kora. It aims to address the challenges faced by African tech entrepreneurs in accessing fund- ing, which often hinders their growth and expansion efforts.

During the event, Kora's CEO, Dickson Nsofor, underlined the objec- tive of the alliance with Panache Ventures. He said,

"**Through forging partnerships, offering mentorship, and providing guidance concerning fund- ing opportunities, our intention is to cultivate groundbreaking startups that will reshape Africa's technology scene."**

Also speaking at the event, Prashant Matta, General Partner at Panache Ventures and leader of the firm's investment in Kora, acknowledged the strong entrepreneurial spirit within the African tech sector and emphasized that the collaboration and discussions arising from the event will be crucial for the growth of innovative startups in the region.

Founded in 2017, Kora serves as a payment gateway for local and global merchants, facilitating transactions across diverse African markets, including Nigeria, Ghana, and Kenya. The fintech platform supports multi-currency transactions, enabling businesses to receive payments in their local currency from customers in different countries.

Egyptian Fintech Bokra Raises $4.6 Million Pre-Seed Round to Expand Its Offerings Across MENA Region

Bokra, a fintech based in Egypt, has secured $4.6 million in a pre-seed funding round. The funds raised will be used to launch the Bokra app, diversify its investment product range, and expand operations across the MENA region.

The fintech company asserts that this development will transform wealth management in the MENA region by becoming the inaugural platform to offer goal-based investment and savings products through asset-backed securities.

Commenting on the successful closure of the pre-Seed round, Ayman El-Sawy, founder and CEO of Bokra said, "Since day one, we have been on a mission to make high-yield and asset-backed investment opportunities a reality for retail investors. These instruments are set to undergo financial structuring through our FRA-licensed subsidiary sukuk arm, in return igniting radical and substantial impact on individuals and SMEs. Such disruption is made possible by our advanced fintech solutions and, more importantly, by our management team, which possesses accumulated expertise spanning up to 120 years in financial technology and the non-banking financial sector.

"We are dedicated to accelerating financial inclusion and elevating investment awareness across MENA. In a region where financial needs and aspirations are ever-changing, Bokra is poised to become the preferred investment platform for both individuals and SMEs looking to diversify their fractional ownership portfolio in a simple, trackable and informed way."

Founded in 2023, Bokra has served a wide range of financial goals, empowering retail and SME investors to save and invest across multiple asset classes.

The fintech addresses several challenges that retailers and SMEs face when attempting to manage their wealth, including a lack of personalised investment planning, fragmented applications for asset-class investments, opaque fee structures, and high-ticket physical assets.

AI And Digital Innovation Poised to Continue Shaping The Banking Landscape in Africa –

According to the findings of KPMG's inaugural Southern African Banking Survey that was released yesterday, it revealed that Artificial Intelligence (AI) and Digital innovation are poised to continue shaping the banking landscape in Africa.
This trend reflects the ongoing evolution of the banking sector, driven by technological advancements and changing consumer preferences.

Respondents of the survey indicated that growth in the banking sector would be primarily fueled by opportunities in corporate banking, investment banking, and transaction banking, with retail and wealth management following closely behind. This growth is expected to be underpinned by innovation, particularly in mobile banking, which enables more customers to access banking services conveniently.

According to the survey, there remained significant opportunities for the unbanked through alternative finance, which includes the rapid growth that was expected from innovations such as blockchain technologies.
Speaking on this, a partner and head of Banking Advisory at KPMG in Southern Africa Auguste Claude said,

"One need only look at the remarkably quick uptake of mobile payments across Africa, and then compare it to the more legacy systems still prevalent in the developed world. AI and digital innovation open further opportunities for financial inclusion, personalization, and customer service".

However, the survey found that key challenges for expansion across the continent were the existence of a reliable regulatory framework, solid governance and transparency across the industry, as well as considerations around anti-money laundering and compliance, as well as currency and political risk.
Overall, the findings of the KPMG survey underscore the pivotal role of AI and digital innovation in shaping the future of banking in Africa.

Financial Inclusion Through Mobile Banking: Case Studies From Developing African Countries

In today's digital age, mobile banking has emerged as a powerful tool, revolutionizing the landscape of financial services and driving greater financial inclusion worldwide.
With the proliferation of mobile phones, especially in developing African countries with limited access to traditional banking infrastructure, mobile banking has become a powerful tool for extending financial services to underserved populations.
The convenience offered by mobile banking is unparalleled, as users can perform various banking transactions from fund transfers to payment of bills anytime, anywhere, with just a few taps on their mobile devices. This convenience not only enhances the user experience but also encourages greater participation in financial activities.
In this article we explore the transformative impact of mobile banking through case studies from various developing African nations, shedding light on the successes, challenges, and future prospects of this innovative approach to banking.

Case Study 1: M-Pesa (Kenya)
One of the most renowned examples of mobile banking transforming financial inclusion is M-Pesa in Kenya. Launched in 2007 by Safaricom, Kenya's leading mobile network operator, M-Pesa allows users to deposit, withdraw, transfer money, pay bills, and access other financial services through their mobile phones.
With a vast network of agents spread across the country, including in remote rural areas, M-Pesa has enabled millions of Kenyans, especially those without access to traditional banking services, to participate in the formal economy.

Case Study 2: Ecocash (Zimbabwe) On the second case study is Zimbabwe's EcoCash which was launched by Econet Wireless in 2011. The fintech platform has become the country's leading mobile money platform, revolutionizing the financial landscape.
In a nation grappling with economic challenges and cash shortages, EcoCash has provided a lifeline for millions by facilitating peer-to-peer transactions, bill payments, and even salary disbursements through mobile phones. Despite facing regulatory hurdles and currency instability, EcoCash has persevered, demonstrating the resilience and adaptability of mobile banking in addressing the unique needs of developing economies.

Challenges
While mobile banking has made significant strides in promoting financial inclusion, there also exists several challenges. These include, Infrastructure limitations, digital literacy barriers, security concerns, and regulatory constraints which pose some form of limitations to the widespread adoption of mobile banking in developing African countries.
However, innovative solutions, such as simplified user interfaces, targeted financial education programs, and collaborative partnerships between governments, financial institutions, and technology providers, offer promising avenues for overcoming these challenges and expanding financial access to marginalized populations.

Conclusion
The case studies above mentioned, exemplifies the profound impact of mobile banking in advancing financial inclusion and empowering individuals in developing African countries. From Kenya to Zimbabwe, and several other African nations, mobile banking has transcended geographical barriers, bridged financial divides, and unlocked economic opportunities for millions

THE ROLE OF SETTLEMENTS IN PAYMENT PROCESSINGS

Olusola Afolabi
Group Head Channel Services
Access Bank Nigeria

Do you know that every time you swipe your card or click 'pay now' online, there's a complex process happening behind the scenes to make sure the merchant gets paid?

It's called settlement, and it's the final step in the payment processing journey. Without settlement, merchants wouldn't receive the funds they're owed, and businesses would grind to a halt. So, what exactly is settlement in payment processing, and how does it work?
In simple terms, settlement is the process of transferring funds from the customer's bank to the merchant's bank.

But here's the thing: settlement isn't as straightforward as it sounds. There are multiple players involved, including payment gateways, acquiring banks, processors, payment aggregators, card networks, and issuing banks.

Each player has a role to play in ensuring the payment is processed correctly and securely.

Let's break it down step by step.
When you make a payment using the PoS payment channel in Nigeria. The payment gateway sends the transaction details to the acquiring bank who then forwards it to either the payment aggregator/processor. The payment aggregator/processor usually works we. There are delays, known as settlement cycles, which can range from a few hours to several days. This is why merchants often don't receive funds immediately after a sale.

Now, you might be wondering why settlement is important. Well, without settlement, merchants wouldn't be able to operate their businesses.
Settlement ensures that merchants receive the funds they need to pay their bills, invest in their businesses, and grow their operations.

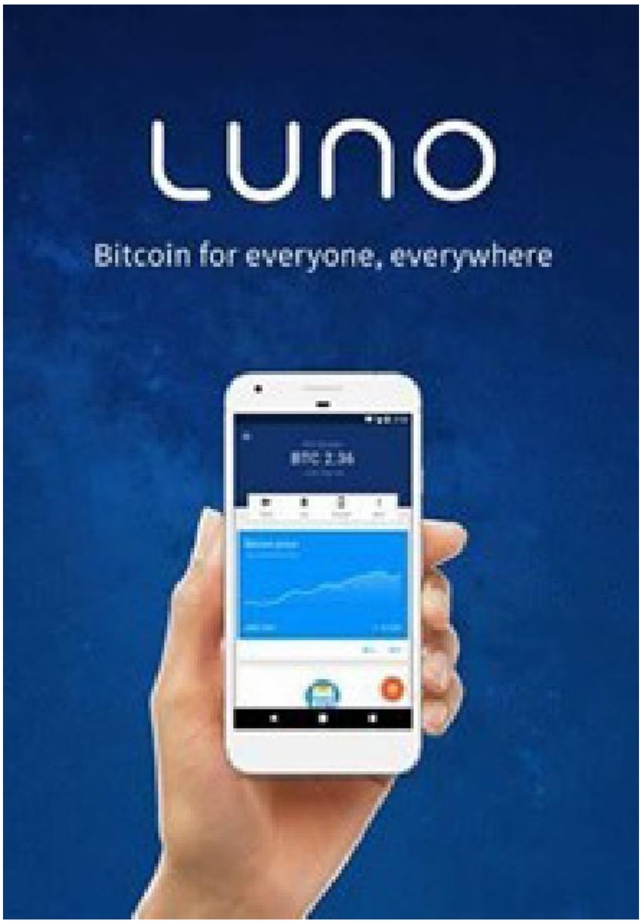
.

#paymentprocessing #settlement #solaafolabi #accessbank

Luno Extends footprint in South Africa, Secures Operational License

London-based crypto exchange, Luno, has expanded its global reach to South Africa, after it the secured an operational license. The license approval from the Financial Sector Conduct Authority (FSCA) enables the crypto exchange to bolster its customer service offerings in the region and legally offer its products and services in the local market.

Sharing the news on X (formerly Twitter), the company said it is the first dedicated digital assets trading platform in South Africa to obtain its Financial Services Provider license.



Since its inception in 2013, Luno has been at the forefront of offering innovative solutions for trading cryptocurrency assets. Operating across more than 40 countries worldwide, including Africa, Europe, and Southeast Asia, the company has established itself as a global player in the crypto market.

However, with its recent licensing acquisition, Luno can now delve into and serve the South African market while ensuring compliance with local regulatory standards.

In an official statement accompanying the social media post on X, the company highlighted that the license falls under South Africa's Financial Advisory and Intermediary Services Act (FAIS). This legislation, established in 2002, regulates the provision of specific financial advisory and intermediary services to South African citizens.

Mastercard And Equity Bank Partner to Enhance Cross-Border Money Transfers in Kenya

Payments giant Mastercard announces strategic partnership with Equity Bank, a financial services provider headquartered in Nairobi, allowing Equity Bank customers to send money securely to 30 countries.

This collaboration represents a major advancement in cross-border financial transactions within Kenya. With this partnership, Equity Bank customers can now use Mastercard Cross-Border Services to send funds from any Equity Branch Location in Kenya.
This platform offers faster transaction times, enhanced security measures, and competitive pricing, making cross-border transactions accessible to consumers across Equity Bank's extensive market network.

Speaking on the partnership, President for Africa at Mastercard Mark Elliott said, "Providing innovative solutions that deliver the choice, security, and flexibility that customers transacting from Kenya need and expect is a factor we take pride in. Mastercard is delighted to collaborate with Equity Bank to make this level of payment ingenuity a reality for Equity Bank customers, giving Mastercard an opportunity to bring millions of people from underserved communities into the financial and digital economy,"
Also speaking, Group Managing Director and CEO of Equity Group Holdings

Plc James Mwangi said,
"We are excited to launch this initiative with Mastercard, which stands as a beacon of progress in financial services. This facilitates money transfers and more importantly, connects lives and empowers our customers. This collaboration underscores our commitment to providing accessible financial solutions that meet the evolving needs of our customers and solidifies our role in fostering inclusive growth across the region."

This collaboration is set to make a significant impact on various stakeholders, particularly senders who will enjoy lower costs and the chance to move remittances from informal, less regulated channels to a secure and formal platform.
Leveraging Mastercard's global brand and delivery network, it guarantees the safety and security of remittances, promoting financial inclusion and enhancing the well-being of migrants and beneficiaries.

Kenyan Insurtech Company Pula Raises US$20 Million Series B Funding to Expand Its Reach Across Africa

Kenyan Insurtech company Pula has recently closed a Series B funding round, after raising $20 million. The infusion of the capital according to the company, will be geared towards expanding its reach across Africa, particularly targeting farmers, while also forging strategic alliances to further bolster their presence in the region.

The funding round was led by global investment manager BlueOrchard, leveraging its InsuResilience strategy aimed at providing vulnerable populations in emerging markets with access to climate insurance. Additionally, the International Finance Corporation (IFC), the Bill & Melinda Gates Foundation, Hesabu Capital, and existing investors participated in this significant investment round.

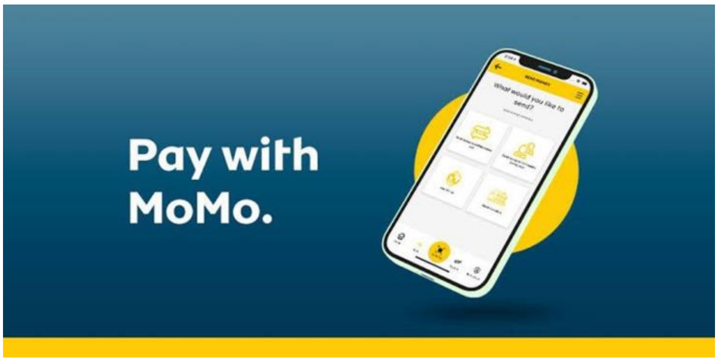
Speaking on the funds raised, CEO of Pula Thomas Njeru said,

"Partnering with this group of like-minded investors to boost the growth of Pula globally is a very exciting milestone in driving our triple 100 vision, through which we intend to bring insurance to 100 million smallholder farmers. What started nine years ago as an unconventional idea that many deemed un-scalable is now a proven solution that has solved real needs for millions of smallholder farmers across 22 countries".

Pula reaches farmers in 22 countries through a distribution channel of over 100 partners, embedding insurance offers in farm input costs or credit via its digital actuary platform based on historical data such as weather patterns. It employs this strategy instead of selling insurance directly to farmers

MTN's Mobile Money MoMo Extends Remittance Network Across Africa

MTN has broadened its Mobile Money (MoMo) fintech services by incorporating 25 new wallet corridors spanning 10 African nations. This expansion elevates its remittance network to encompass 200 million wallets across 24 countries on the continent.



The newly expanded corridors include the DRC, Ethiopia, Gabon, Kenya, Madagascar, Mozambique, Malawi, Senegal, Sierra Leone, and Tanzania. They join Zambia, Ghana, Cameroon, Rwanda, Uganda, Ivory Coast, Liberia, Congo Brazzaville, Benin, Guinea Conakry, and Guinea Bissau.

Speaking on MoMo's expansion, General Manager for fintech products and services at MTN South Africa, Kagiso Mothibi said,

"This move is especially beneficial for migrant communities in South Africa who send money home to Mozambique, Malawi and the Democratic Republic of Congo. With the addition of these new wallet corridors, we are furthering our commitment to facilitating seamless cross-border money transfers at a launch fee of 4%, which is lower than most competitors".

"By expanding our services to new markets and corridors, we are not only enabling individuals to support their families across borders but also driving economic empowerment and fostering greater financial resilience within communities. We are committed to providing innovative and accessible financial solutions that cater to the diverse needs of our customers, with a focus on affordability, simplicity, and reliability," he concluded.

Notably, in a move to enhance interoperability, MTN has collaborated with leading fintech platforms which include Orange, Tigo, M-Pesa, and Airtel to facilitate wallet-to-wallet transactions.

African Tech Startup Funding Sees A Decline of Over 45% in Q1 of 2024

In a recent report funding for African startups in the first quarter (Q1) of 2024, plummeted by more than 45%, amounting to $466 million. Despite the funding downturn, logistics startups led the pack, securing $151 million in investments. Notably, fintech, which although experienced a decrease, retained its status as the sector with the most funding deals.

In response to funding constraints, several startups implemented several strategic measures to keep the business afloat. Apart from the downsizing of the workforce, reports reveal that some of these measures implemented varied from business model shifts to exploring asset-light approaches.

Notably, there were no surprises around funding destinations, with the usual region known as the "Big Four", Nigeria, Egypt, South Africa, and Kenya, taking home 82% of the funding.

Although funding remains low, there has been steady month-on-month growth. With $70.7 million raised in January, there was a slight dip to $67.8 million in February, with the numbers rising again in March to $190 million.

Despite challenges, success stories emerge, with mobility achieving profitability for the first time. These milestones are credited to diligent cost-cutting measures, divestments, and a sharp strategic focus.

It is worth noting that much of the funding activity in Q1 occurred at the later stages, although undisclosed funding rounds accounted for the majority of the funding ($140.5 million) in this period.

With the funding drought that has impacted several startups across Africa, forcing some to take the hard route of shutting down, more funding is crucial at this point to reduce the effect of the funding decline, and to ensure more startups stay afloat.

TLcom Capital secures $154 Million to Ramp up Its Investments in African Startups

Early-stage African Venture Capital, TLcom Capital, has raised $154 million from investors to fund its expansion to Egypt and invest more in startups tackling Africa's challenges through innovation.

According to a statement released by the company on Monday, investors in the new funding round include the European Investment Bank, Allianz SE, and the Visa Foundation. Other investors in the company's TIDE Africa Fund II include DEG Impact's joint venture AfricaGrow and Bertelsmann.

TLcom Capital's TIDE Africa Fund II has already initiated its inaugural investments in ILLA, a Cairo-based middle-mile logistics platform, and LittleFish, an e-commerce platform based in South Africa, as stated in the announcement.

Maurizio Caio, founder and managing partner at TLcom Capital, revealed in an interview that the venture capital firm intends to allocate substantial capital to support female-founded African tech startups, following a similar approach to TIDE Africa Fund I.

"Across Africa, access to capital remains limited, especially for early-stage startups. Africa's startup ecosystem has the potential to drive inclusive economic growth and foster positive social change, which the EIB is happy to support,"

Ambroise Fayolle, Vice-president at the EIB, said via a statement.

Since 1999 TL Com capital has supported innovative entrepreneurs that leverage technology to find market solutions to significant challenges. The Venture Capital firm has overseen investments totaling over $300 million and is presently deploying capital from its TIDE Africa Fund, focusing on early to growth-stage companies across sub-Saharan Africa.

The Transformative Power of AI in Fintech

Artificial Intelligence (AI) has become a cornerstone of innovation across various industries, with financial technology (Fintech) being one of the most significantly impacted sectors. The integration of AI in Fintech has revolutionized how financial services are delivered, enhancing efficiency, accuracy, and customer experience. This article delves into the numerous advantages AI brings to Fintech, illustrating its transformative power.

Enhanced Customer Service

One of the most visible benefits of AI in Fintech is the enhancement of customer service. AI-powered chatbots and virtual assistants have become increasingly sophisticated, providing 24/7 support and handling a vast array of customer inquiries. These AI systems can manage routine tasks such as answering frequently asked questions, assisting with account management, and processing transactions. By doing so, they free up human employees to focus on more complex issues that require personalized attention.

Improved Fraud Detection and Prevention

AI’s ability to analyze large datasets quickly and accurately makes it an invaluable tool in fraud detection and prevention. Traditional methods of identifying fraudulent activities often rely on predefined rules and can miss novel or evolving threats. In contrast, AI systems use machine learning algorithms to detect unusual patterns and behaviors in real-time. These systems can adapt to new types of fraud as they emerge, significantly reducing the risk of financial losses for both institutions and their customers.

Personalized Financial Services

Personalization is a key trend in modern financial services, and AI is at the forefront of this movement. AI algorithms can analyze individual customer data to offer tailored financial advice, product recommendations, and investment strategies. This level of personalization not only enhances the customer experience but also helps financial institutions build stronger relationships with their clients. By understanding and anticipating customer needs, AI-driven services can increase customer satisfaction and loyalty.

Automation of Routine Tasks

Automation is another area where AI has a profound impact on Fintech. Many routine tasks that were previously handled manually can now be automated, leading to significant time and cost savings. For instance, AI can automate processes such as loan approval, credit scoring, and compliance checks. This automation not only speeds up operations but also reduces the likelihood of human error, ensuring more accurate and reliable outcomes.

Enhanced Risk Management

Effective risk management is crucial in the financial sector, and AI provides powerful tools to enhance this capability. AI systems can analyze a wide range of data sources to identify potential risks and predict market trends. This predictive capability allows financial institutions to make more informed decisions and develop strategies to mitigate risks. Additionally, AI can help in stress testing financial systems and scenarios, ensuring institutions are better prepared for adverse conditions.

Cost Efficiency
AI-driven solutions can lead to substantial cost savings for financial institutions. By automating processes and improving efficiency, AI reduces the need for large teams to handle routine tasks. Furthermore, AI systems can operate round the clock without the need for breaks, increasing productivity. These efficiencies can translate into lower operational costs, which can be passed on to customers in the form of reduced fees and charges.

Enhanced Security
In an era where cybersecurity threats are a constant concern, AI provides robust solutions to enhance security. AI systems can monitor network activity and detect anomalies that may indicate a security breach. Advanced machine learning algorithms can identify and respond to threats faster than traditional security measures. Additionally, AI can assist in verifying identities and ensuring that transactions are secure, providing an extra layer of protection for financial data.

Data-Driven Decision Making
AI empowers financial institutions to make data-driven decisions by providing deep insights and analytics. By processing vast amounts of data, AI can uncover patterns and trends that would be impossible for humans to detect. These insights can inform strategic decisions, from investment strategies to marketing campaigns. Data-driven decision-making leads to more accurate forecasting and better alignment with market demands.

Financial Inclusion
AI has the potential to promote financial inclusion by providing services to underserved populations. Through mobile technology and AI-driven platforms, financial services can reach remote and rural areas where traditional banking infrastructure is lacking. AI can also offer credit scoring alternatives for individuals without traditional credit histories, enabling access to loans and other financial products.

Conclusion
The integration of AI in Fintech is driving significant advancements across the industry. From enhancing customer service to improving fraud detection, personalizing financial services, automating tasks, and enabling data-driven decision-making, AI is reshaping how financial services are delivered. As AI technology continues to evolve, its impact on Fintech will likely grow, offering even more innovative solutions and opportunities for both financial institutions and their customers. Embracing AI is not just a competitive advantage but a necessity for future growth and sustainability in the financial sector.

Contributed by AI and Ajetunmobi Olumayowa

Binance Partners Tech Company BankerX to Drive Fintech Inclusion

Crypto exchange platform Binance has partnered with media & technology company creating disruptive FinTech & EdTech solutions BankerX, to drive Fintech inclusion across Africa.

The partnership will center on the application of cryptocurrency, financial literacy, and draw on the expertise of Binance Academy and BankerX to provide thought leadership.

Binance Academy is a blockchain and crypto-currency education platform featuring over 1000 articles and glossary entries, plus courses on blockchain, crypto-currencies and Web3.

BankerX, is a media & technology company creating disruptive FinTech & EdTech to solve urgent economic problems across Africa.

Speaking on the partnership CEO of BankerX Koshiek Karan said,

“We’re seeing such incredible growth in Binance across Africa. As crypto emerges as a powerful force in the fintech landscape, establishing trust is paramount. Binance’s commitment to compliance and regulatory standards not only fosters credibility, but also ensures the protection of users’ assets and interests. This dedication lays a solid foundation for sustainable growth and fosters confidence among users and partners alike.”

Hannes Wessels, Binance South Africa country head, attributes Africa’s lag in fintech skills to inadequate infrastructure, complex regulatory environments, and governance deficiencies.

Kenyan Startup MarketForce Shuts Down Reja Reja It's e-Commerce Arm

Y Combinator-backed Kenyan startup MarketForce has announced the shutdown of its B2B e-commerce platform, RejaReja.

The company's co-founder, Tesh Mbaabu, shared this development via a blog post stating that Reja Reja was shut down due to the struggle with profitability.

He wrote,

"The B2B distribution business that was RejaReja became unsustainable for a few reasons. Firstly, the retail FMCG market has razor-thin margins, which means that at a unit level, we struggled with profitability. The segment is also highly price elastic, which means the price wars are consistent. That's always a race to the bottom.

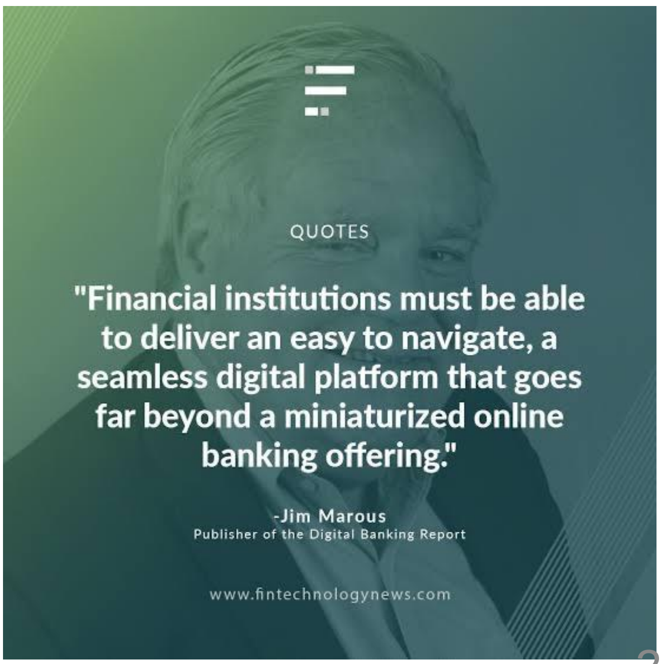
"After immense efforts to make our business model sustainable, including downsizing the business to extend the runway for as long as possible, we have concluded that it is no longer feasible to keep RejaReja operational."

RejaReja was built to empower one million merchants to harness the power and scale of the technology and realize their maximum potential by 2030. Nine months ago, the e-commerce startup crossed 4 million in transactions processed.

Moving ahead, the company's co-founder Tesh Mbaabu disclosed that rather than starting from scratch, the

company has decided to join forces with founders who had built a business focused on a different kind of merchant, an online merchant selling a lot via social platforms.

The company is pivoting to "Chpter", a social commerce startup that provides an AI-driven conversational platform tailored for business owners on WhatsApp and Instagram.



Africa Represented Less Than 1% of Global Startup Funding in Q1 2024

In a recent report by research firm Africa: The Big Deal, startup funding in Africa remains a marginal fraction of global investment flows and experienced a more pronounced decline compared to most other regions in the first quarter (Q1) of 2024.

Africa represented less than 1% (~ 0.5%) of all the funding raised globally in Q1 2024, in line with previous quarters. When compared to the U.S, Start-ups in Africa attracted 100 times less funding.
In terms of Quarter-on-Quarter (QoQ) evolution, start-up funding in Africa contracted slightly, recorded (-9%) while it grew in the two top regions (+33% in the US and +8% in Europe) and therefore globally (+11%). Meanwhile, Africa still performed better than Asia (-20%) and LatAm in particular (-38%).

In terms of Year-on-Year (YoY) evolution, Africa is by far the continent that performed most poorly, with Q1 2024 funding representing just over half of Q1 2023 funding (-47%). However, globally and across all regions except Europe (+3%), double-digit decrease was also the norm.

It is worth noting that after bucking global trends in a record-breaking 2022, African startups saw a some forms of reset in 2023, as the global capital shortage began to bite. The number of funded ventures, and the total funding raised, declined for the first time since 2016, though not as dramatically as many had feared.
For the coming quarters, with global inflation and interest rates still at record highs, there are expectations of similar declines in African startup funding versus the previous year's equivalent quarter.

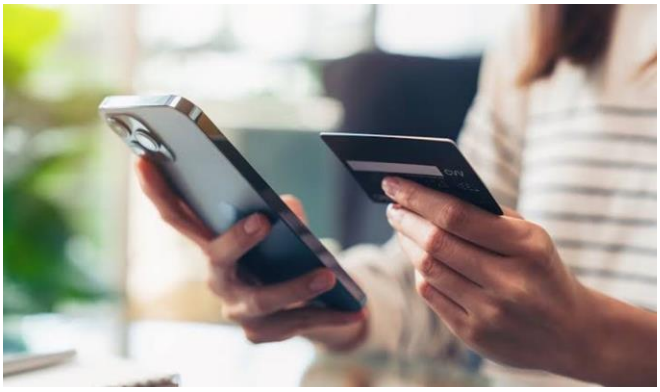
Ethical Credit in Nigeria And Matters Arising – Yinka Dada

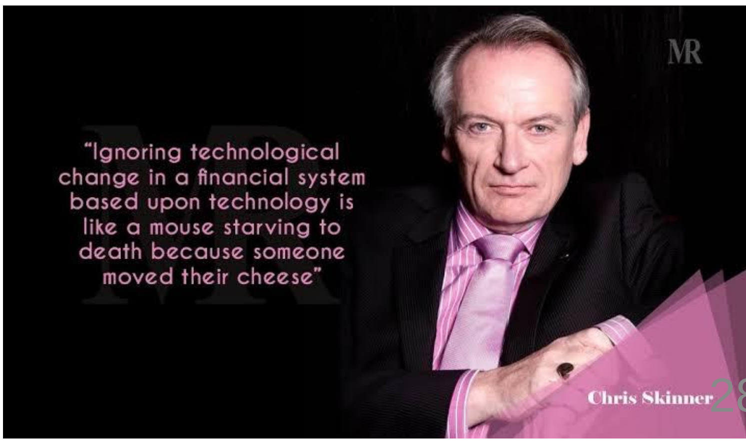
Access to credit is the lifeblood of any economy, and Nigeria is no exception. However, the Nigerian credit landscape presents a complex picture, where the need for financial inclusion clashes with concerns about ethical practices.
Though the percentage of adult Nigerians with formal financial services — including bank accounts, insurance and mobile money — rose to 64% in 2023 from 56% in 2020, according to EFInA, a UK government-backed firm working to deepen financial inclusion in the West African country, this is an improvement but there are gaps to cover.

On the positive side, the rise of digital lenders has plugged a gap left by traditional banks, offering quicker and more accessible loans, particularly for unbanked populations.
However, ethical concerns cloud this optimistic outlook. There have been accusations of predatory lending practices, with some lenders charging exorbitant interest rates and employing aggressive debt collection tactics

The path forward requires a multi-pronged approach. Regulatory bodies like the CBN need to continue strengthening oversight and consumer protection measures.

Lenders, both traditional and digital, must prioritize responsible lending practices and financial literacy initiatives for borrowers.
Ultimately, ethical credit in Nigeria hinges on striking a balance between financial inclusion and responsible lending. By working together, stakeholders can ensure that access to credit empowers Nigerians, fostering economic growth without compromising ethical principles.
Written by
Yinka Dada (Advisor; Financial Inclusion)





Why Nigerian Fintechs and Startups Fail: Interswitch CEO Mitchell Elegbe Shares Insights

In his recent analysis, the CEO of Interswitch Mitchell Elegbe delved into the intricate factors contributing to the lack of profitability for several Nigerian fintech companies and the failure of startups.

While speaking at the 4th edition of the Doing Business in Nigeria Conference (DNBC) in Lagos, themed, 'Sustainable Transformations: Innovating for Growth', Mr. Elegbe said that the majority of fintech companies in Nigeria might never achieve profitability due to their initial strategy of offering certain services for free, which set them off on the wrong path.

According to him, the idea of using free services to gain market share will ultimately

lead to the downfall of many fintechs, as they will struggle to monetize those same services in the future.

In his words,

"You don't give a poor man something for free and then the next day you want to come charging for it. He will insult you. He will tell you, you should have left me where I was before. So this idea that I can win market share by giving you something to use for free, then one day, I can monetize it, you had better be sure your unit economics is right because you may never be able to monetize it. And that is why a lot of fintechs today will never become profitable".

Highlighting the peculiarities of running a business in Nigeria, he emphasized profitability as being the core thing for every business.

"Getting profitable is what you must love to do and what that basically means is that you must get your unit economics right from the onset. If you miss that it's better to do something small, become profitable with it, and begin to scale sustainably", he said.

He further urged business owners to supplement their formal education by learning from real-world experiences, emphasizing the importance of understanding customer behaviors through observing and engaging with the 'streets'.

"The MBAs are important, they're necessary but they're not sufficient. What kills most businesses are the things you did not learn in school that you have to deal with, especially, if you went to school abroad because most of the examples or cases you did have no relevance to your local environment," he said.

Also speaking on why startups fail, Mr. Elegbe noted that numerous Nigerian startups are faltering due to an overreliance on fundraising, neglecting to account for the unique challenges of their operating environment.

He pointed out that raising funds back to back by startups, only works well in Silicon Valley, advising Nigerian startups not to compare themselves because the environment is different.ime

Wema Bank Suspends Seven Fintech Partners From Its Payment Gateway Over Fraudulent Activities

Nigeria's commercial Bank, Wema Bank has reportedly suspended seven (7) Fintech partners from its payment gateway platform, citing a case of fraud.
The bank said the move was done following the rising cases of fraud involving some wallet accounts linked to the fintech firms.

In a statement, Wema Bank disclosed that illicit wallet accounts owned by some of its fintech partners using third-party wallet accounts had spiked.
To tackle this problem, the bank launched an anti-fraud campaign to provide its customers with vital information on the tactics used by fraudsters and how they can avoid falling victim to their schemes.

The anti-fraud campaign is targeted at creating awareness, educating, and equipping customers with the necessary information needed to mitigate, detect, and handle fraudulent activities on their bank accounts, which underscores the bank's commitment to safeguarding customers' finances and personal data.

Wema Bank acknowledged that the tricks used by fraudsters are constantly evolving, hence it is committed to staying ahead by providing customers with up-to-date information on their activities. Also, the bank has intensified the frequency of its security checks and is fully committed to eradicating fraudulent actors from its system.

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CBN Collaborates with International Money Transfer Companies to Double Remittances to Nigeria

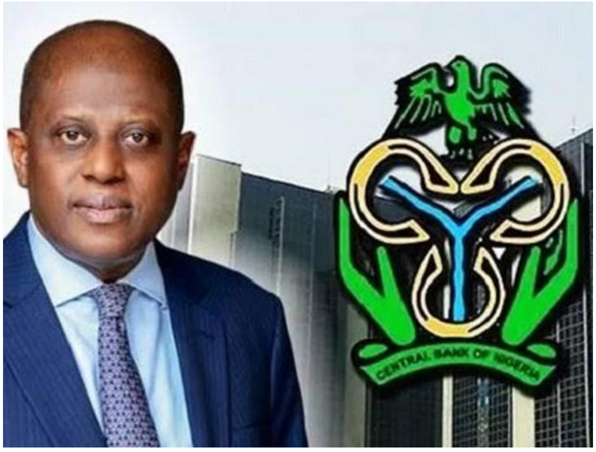
The Central Bank of Nigeria (CBN) has enlisted the support of several International Money Transfer Organizations (IMTOs) to double the inflow of remittances to Nigeria as part of its efforts to strengthen the foreign exchange market dynamics.

CBN Governor, Mr. Olayemi Cardoso, revealed this in a meeting in Washington DC, which had the presence of representatives of domestic and international stakeholders in the Nigerian forex market such as Lemfi, Flutterwave, J.P. Morgan, Remitly, VertoFx, Interswitch, BudPay, Makeba, TapTap Send, Visa, Venture Garden Group, other players in the remittances industry

While speaking, he mentioned that the task force established by the CBN to oversee remittance inflows into Nigeria will report directly to his office. Cardoso has expressed pride and confidence, stating that as of April 2024, the naira has been declared the best-performing currency globally. He revealed that the federal government has reached an agreement with International Money Transfer Organizations (IMTOs) to establish a Collaborative Task Force aimed at doubling remittance inflows into the country.

In his words,

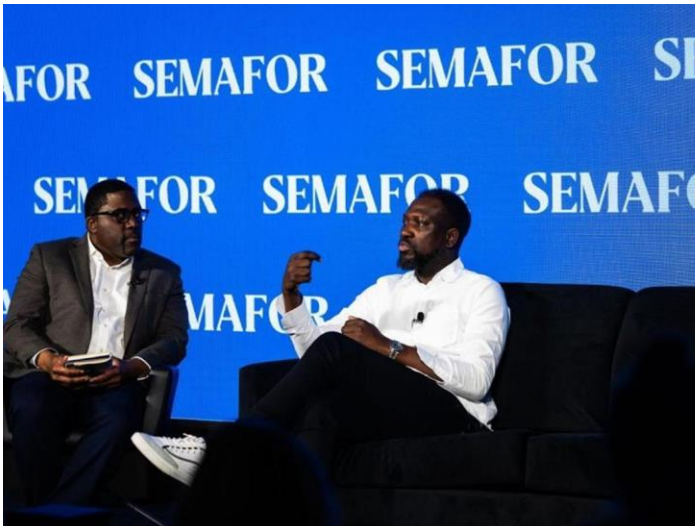
“We came here with a very clear agenda and have held highly significant international meetings, each one further supporting the stability



and ultimate growth of the Nigerian economy. Besides our meetings with multilateral financial institutions and foreign investor groups with a keen interest in developments in Nigeria, including the U.S Chamber of Commerce, we have very productive discussions with leading International money, transfer operators, and IMTOs where we collectively committed to doubling remittance funds through formal channels into Nigeria in the immediate short to medium term.”

Reporting the activities of the current leadership of the apex bank, Cardoso explained that it’s been a season of challenges varying from inflation and FX volatility. However, he expressed satisfaction with the achieved relative stability, particularly in the FX market, enabling a shift from firefighting to strategic planning across key areas.

Flutterwave Readies For IPO Listing With Strategic Moves



African Fintech Unicorn Flutterwave is making strategic moves in anticipation of its Initial Public Offering (IPO) listing.

The fintech company has reportedly made significant changes to its corporate team as part of moves aimed at preparing for an IPO, which was disclosed by its chief executive officer Olugbenga 'GB' Agboola, at the Semafor World Economic Summit.

Mr. Agboola while speaking at the summit described Flutterwave's hopes for a public offering as part of a broader future agenda.

He said,

"Right now our goal is to be IPO-ready, ensuring we have the right corporate governance in place, making sure we are operating well. We want to be a long-term company in Africa, for Africa and so the goal is building the right infrastructure to be here for the next ten-plus years."

Key among the company's milestones for being IPO-ready are recent hires, which includes a new board chair, two independent directors, and experienced executives to fill roles needed to translate tech speak for regulators, Agboola said.

It remains unclear what timeline Flutterwave has for an IPO. However, by preparing for an IPO, this strategic move underscores Flutterwave's confidence in its business model, market potential, and long-term growth prospects. It also signals its commitment to transparency, governance, and accountability, which are essential for public companies.

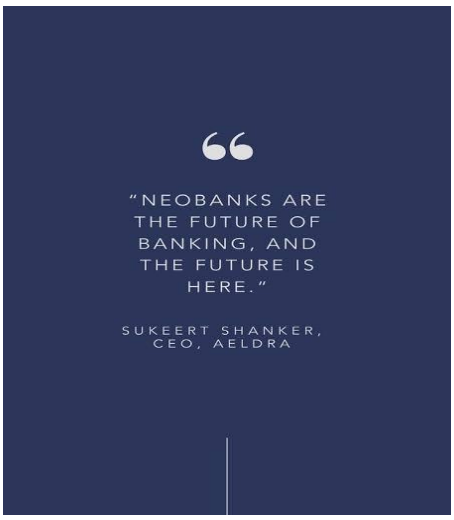
Fintech Emerges as One of The Fastest Growing Sectors in Rwanda

Fintech has been reported to be one of the fastest-growing sectors in Rwanda. According to the 2024 Monetary Policy and Financial Stability Statements report by the National Bank of Rwanda, transfers surged significantly during the period under review.

The number of funds transfers via mobile payments surged by 57%, reaching 603 million, while their value increased by 49% to FRW 13,001 billion. Transfers through mobile banking saw a 28% volume increase (from 19 million to 24 million) and a 115% value increase (from FRW 2,347 billion to FRW 5,039 billion). Similarly, transfers via Internet banking rose by 68% in volume (from 3 million to 5 million) and by 99% in value (from FRW 5,378 billion to FRW 10,697 billion).

To support the growth of the fintech industry, the National Bank of Rwanda set up a regulatory sandbox that enables fintech innovators to test their products and enable regulators and policymakers to adapt to the latest developments driving financial services innovation further.

In a recent publication of the Global Financial Centres Index (GFCI 35), a renowned ranking that assesses the competitiveness and attractiveness of financial centers worldwide, Rwanda emerged as one of the prominent innovation hubs in Africa.
This is coming after the country raised $38 million (Partech) of startup funding in 2023, a six-fold increase from 2022. This notable surge underscores Rwanda's commitment to attracting venture capitalists and private equity investors into its vibrant innovation and entrepreneurial ecosystem, facilitating African startups' access to funding from within the continent.
The country's capital Kigali now ranks 67th globally while maintaining its position as the second in sub-Saharan Africa (SSA).
of 1.1 million agents and merchants serving over 15 million customers monthly.



Why I am Betting on Banking And Not Fintech – Uzoma Dozie

The Chief Executive Officer of Sparkle, Mr. Uzoma Dozie via a lengthy post on Medium highlighted several reasons why he is placing his bet on banking and not fintech.

In a comprehensive article titled "I am betting on banking not fintech," Mr. Dozie noted that when it comes to offering value traditional banks have so far surpassed fintechs in achieving that. He adds that while many African fintech companies emphasize making banking more accessible, particularly to the unbanked or underbanked populations, solely focusing on fintech solutions has its limitations. He further noted that those lacking banking experience may find it challenging to scale their operations and deliver significant value to customers.

To make a meaningful impact, Mr. Dozie highlighted that it is essential for fintech firms to integrate banking expertise into their strategies, ensuring they can effectively address the needs of their target markets and provide sustainable solutions.

In the area of catering to the underbanked and underserved, he acknowledged fintechs for the crucial role they have played in plugging that gap. However, amid their pursuit of new customers and constant updates to their pitch decks showcasing customer acquisition costs (CACs), they appear to have overlooked the core principles of banking, which is creating value for customers while ensuring the bank remains a revenue-generating entity.

In his words,

"Banks haven't been able to serve the underserved or underbanked; and fintechs have, on the surface, plugged that

gap. However, in their rush to sign up new customers and continuously update their pitch decks with their CACs, the fintechs seem to have forgotten the fundamentals of banking; how to create value for customers whilst extracting value to make the bank a revenue-generating entity. Signing up customers is great; monetizing customers is greater still, but generating mutually beneficial value for all is truly the greatest."

While lauding fintechs for their user-friendly interfaces, Mr. Dozie raised concerns about their security features, which have led to breaches and loss of customer funds. He emphasized the fundamental importance of keeping customers' money safe and asserts that achieving this demonstrates true value creation. He says, keeping customers' money safe is the absolute bare minimum when it comes to banking.

Amidst his bet on banking Mr. Dozie however, acknowledged that he is a big advocate of banking that is revolutionised by technology just like what fintechs are doing. Speaking on his company Sparkle, he says the company is a bank-led service provider powered by a fintech structure.

PalmPay Recognized as Key Contributor to Growth of African Mobile Money Industry in GSMA's Report

PalmPay, a prominent pan-African fintech company, has been recognized by the GSMA in its latest report, 'The State of the Industry Report on Mobile Money 2024,' for its significant role in advancing the adoption of mobile money in Nigeria.

In the report, PalmPay was commended by the GSMA as a "prominent non-MNO-led mobile money provider" with substantial market influence in Nigeria. The company was lauded as a key driver of financial inclusion within Africa's thriving $912 billion mobile money industry.
Commenting on the report, Sofia Zab, Global Chief Marketing Officer, PalmPay said;

"This recognition underscores our commitment to drive financial inclusion and economic empowerment across the continent. By leveraging the increase in smartphone adoption, PalmPay made a significant contribution to growing the use of mobile money in Nigeria. Our easy-to-use and comprehensive digital and financial superapp not only provides access to seamless and secure transactions but also opens the door to cutting-edge, affordable financial services for the unbanked and underbanked population."

Since its launch in 2018, PalmPay has emerged as Africa's leading Fintech, making a tangible impact on the continent's financial landscape. The fintech company has registered over 30 million accounts on its smartphone apps. In addition to the self-serve app, it has a network of 1.1 million agents and merchants serving over 15 million customers monthly.

Nigerian Fintech Paga, Says it Has Processed Transactions Worth N14 Trillion in The Last 15 Years

Paga, a Nigerian fintech licensed as a mobile money operator, announced that it has facilitated transactions totaling N14 trillion over the past 15 years.
The company’s founder and CEO, Tayo Oviosu revealed this during an event in La- gos to commemorate Paga’s 15th anniver- sary. Oviosu highlighted that 80% of these transactions occurred within the last five ywEA

Reflecting on the company’s achievements over the past 15 years, he highlighted one of Paga’s greatest successes: empowering individuals through job creation.
He shared that Paga has directly created 1,000 jobs and indirectly supported over 100,000 jobs through its extensive network of agents nationwide.
Additionally, Oviosu mentioned that Paga has evolved beyond its agent network by offering platform-as-a-service infrastructure to others. Currently, the company serves 150 businesses, further contributing to economic growth and development.
He said,
“As of today, we have 23 million users. At the end of March, we had processed 335 million transactions since inception, worth over N14 trillion or $32 billion and 80% of that we did in the last five years. This last quarter was our best quarter ever. When you look at our 10th anniversary, which was five years ago, from then we have grown volumes by five times and transaction values by seven times”.

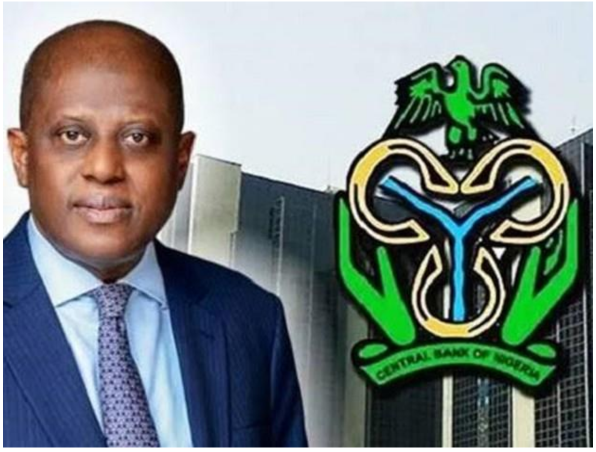
Oviosu remarked that the Nigerian payment landscape is highly competitive due to its attractiveness as a market. However, he emphasized that there is ample opportunity for every player to carve out a niche and attract customers.

> “Armed with a formidable blend of personalised customer experiences and cutting-edge technology, Neobanks are rewriting the rules of the game, captivating segments with unique banking needs such as the new generation of savvy consumers.”

PoS Transactions in Nigeria Falls by 19% in Q1 2024 – CBN

The Central bank of Nigeria (CBN) in a recent report disclosed that Point-of-Sale transactions in Nigeria decline by 19% in the first quarter (Q1) of 2024.

Despite recording an initial rise in January, the volume of pos transactions dropped in the month of February and March. In January 2024, there was an initial rise in transaction volumes to 112.78 million, and increase from 96.35 million in the same month last year.



In February 2024, the volume of POS transactions decreased to 97.57 million from the 113.53 million recorded in the same month of the previous year. March continued this decline, with volumes falling to 103.65 million, down from the high of 177.93 million seen in March 2023.

During the first quarter of 2024, total transactions amounted to 314 million, showing a significant decline of 73.81 million compared to the same period in 2023. The scarcity of cash prompted a surge in cashless transactions, notably through PoS systems, as people sought alternatives for their daily transactions.
However, the recent decrease in POS usage hints at a potential shift away from the cashless trend, suggesting stabilization from the previous year's cash shortage or the emergence of new consumer transaction patterns.

Notably, amid the decline in PoS transactions for Q1 2024, the CBN reported that cash outside the bank surged significantly. In January 2024, cash outside banks escalated to N3.28 trillion, which is an increase of 314% from N792.18 billion in the same month of 2023. For February, the amount skyrocketed further to N3.411 trillion, marking a 305% increase from the N843.31 billion recorded in February 2023.

> "Each year technology makes the world more complex for people to understand. So, easy-to-use services for consumers are in particularly great demand.
>
> Alex Kreger

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