

Module Three

Digital Finance



African Development Bank digital initiative:

Q: What is financial inclusion?

A: Financial inclusion is the delivery of useful affordable financial products and services that meet the needs of low-income individuals (i.e. transactions, payments, savings, credit and insurance) in a responsible and sustainable away.

Q: What is digital financial inclusion?

A: Digital financial inclusion is digital access to and use of formal financial services by excluded and underserved populations.

Q: What is the status of financial inclusion in Africa?

A: Although significant progress has been made in Africa, approximately 57% of the adult population have no access to a formal account, be it mobile money or a traditional bank account. Africa is the world leader in adoption of mobile money with 20% of the continent's adult population having access to a mobile money account compared to the world average of 4.4% (*Global Findex 2017*).

Q: How will digital financial inclusion contribute to Africa's development?

A: Digital financial inclusion is a catalyst for equitable development and inclusive economic growth. Its benefits include:

1. increased investment as individuals and businesses are brought into the formal financial system;
2. Large efficiency gains in the shift from cash to digital payments and from paper to electronic record keeping;
3. Productivity gains for governments by reducing leakages in their spending and tax collection;
4. Digital payments have the potential to unlock new business models in finance and beyond including e-commerce and on demand services;
5. Improved quality of human capital and economy as more women gain access to financial accounts

Take a look at <https://www.financedigitalafrica.org/>

Digital Finance



Examples of digital finance platforms and initiatives:

M-Pesa

Established on 6th March 2007 by Vodafone's Kenyan associate, Safaricom, M-Pesa is Africa's leading mobile money service with more than 430,000 active agents operating across the Democratic Republic of Congo (DRC), Egypt, Ghana, Kenya, Lesotho, Mozambique and Tanzania.

Mokash

MoKash is a service that provides customers the ability to save and borrow using their phones. Customers can save while earning an interest or take out short term loans at a reasonable fee.

JumiaPay – Nigeria

JumiaPay is a free online payment service that enables you to make payments online securely, instantly and cost-effectively.

Zoona – Zambia

Zoona is an interoperable distribution business that enables the drive of young entrepreneurs and the power of cutting-edge technology to bring a large variety of safe and reliable financial services to underserved communities in Zambia.

FINCA, DRC

FINCA DR Congo is a microfinance institution providing loans and other financial services to small entrepreneurs and businesses.

Advans (www.advansgroup.com)

From micro loans to SME loans to current accounts, savings plans, insurance, transfers and much more, Advans aims to offer small businesses and other clients tailored financial services to help them grow their businesses and achieve their professional or personal goals. Advans affiliates constantly update the range of financial services on offer to ensure that clients always find the products they need. At Advans we employ a client centric approach, using client feedback to improve our services, tailoring them to the specific needs of each of our target segments.

Closing remarks



- Trade and Digital finance are fundamental to growth and development
- SME's are also fundamental and vital to economic development and GDP growth
- The key is to close the trade finance gap by providing SME's with the right skills to raise the necessary funding for their businesses
- There must be a bottom-up push for liquidity to be made available however it is up to the SME's to prepared to approach financiers (investors, governments, financial institutions, etc.)
- The current markets have been disrupted and liquidity is tight
- However, there are development institutions and alternative lenders focussed on providing trade finance to SME's and emerging/ developing markets. Traditional banks must not be forgotten as they are critical to the trade finance market but borrowers must be properly prepared when seeking finance.
- Please reach out to Bayi Foundation if we can be of any assistance.

THANKS

Ian Henderson