WHITE PAPER

DIGITAL BANKING: ACCELERATING FINANCIAL INCLUSION

IN COLLABORATION WITH

IBS intelligence
Global FinTech Perspectives

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CONTENTS

1 FINANCIAL INCLUSION | A GLOBAL CAUSE FOR CONCERN

Financial inclusion can be characterised as a means to an end. By ensuring access for households and small and medium enterprises to safe, essential financial services, financial inclusion is a key facilitator of inclusive economic growth. Not only does financial inclusion promote regional economic objectives, it is also considered as an enabler for 7 of the 17 sustainable development goals defined by the United Nations Department of Economic and Social Affairs.

Policymakers must outline access indicators, usage indicators, and quality indicators to aptly measure financial inclusion.

- Access indicators measure the prevalence of financial services in rural areas and demand-side barriers,
- Usage indicators assess the frequency at which the financially included access the resources,
- Quality indicators help explain whether these resources meet market needs and aid understanding of the range of products offered.

The world's most unbanked countries are in Sub-Saharan Africa, Asia-Pacific, and South America. As per the World Bank Group, a significant number of countries identified for the International Development Association's IDA20 replenishment program were in Africa. It became clear during the COVID-19 pandemic that IDA countries would be disproportionately underbanked and that initiatives would have to be taken to provide support and ensure that the poorest people were not left behind.

ROLE OF TIER 3 & 4 BANKS AND CREDIT UNIONS IN FINANCIAL INCLUSION

While tier one and two banks focus primarily on big-ticket transactions and corporate banking, tier three and four banks, credit unions, and microfinance institutions (MFIs) have an opportunity to serve the underbanked.

With their closer, granular relationships and regional insights, these organisations should be able to tailor offerings to remote consumers, filling the gaps in the existing financial system with low-cost personalised products.

While large parts of the population in the MENA, Asia-Pacific, and Sub-Saharan African regions are unbanked or severely underbanked, mobile penetration is extremely high. This trend can help banks, credit unions, and FinTechs to further financial inclusion by deploying field agents and enabling mobile money applications. Field agents travel to remote areas with mobile banking points of service (POS) to complete payments and collect deposits and loan applications. Mobile money utilises the vast telecom network to pay bills and expenses, transfer funds between mobile numbers, and obtain short-term loans. These schemes bring banking to the remote consumer rather than having the remote consumer travel to the bank.

Agriculture is a crucial driver of most developing countries, mainly through small-scale farming. However, larger banks tend to be sceptical about lending to these farmers, owing to unclear credit history or high levels of risk. This presents an opportunity for smaller banks, credit unions, and MFIs to step in and aid economic advancement by growing the local agriculture markets and enabling exports.

These institutions can even play a role in inclusion for women. Some UN-supported credit unions in Africa design products and services specifically for female borrowers on an individual and SME level. For example, by introducing pay-for-performance (P4P) initiatives to promote lending to female-led households, the World Council of Credit Unions has made housing more affordable for Haitian women.

SIDEBAR | A BREAKDOWN OF THE AFRICAN FINANCIAL SYSTEM

Africa is home to countries with the lowest GDPs in the world – although its population accounts for **~17%** of the world's total, its GDP accounts for only **~3%** according to the World Economic Forum, 2020. The continent has seen immense growth in its financial sector which is well-supported by a healthy non-traditional sector of mobile money applications enabled by mobile network operators (MNOs), microfinance institutions (MFIs), field agents, and FinTechs.
The sector can be classified into four broad types according to the Kenyan Central Bank:

Formal prudential: This subsector includes products accessed through commercial banks, financial institutions and their digital counterparts, which are regulated by the relevant banking-focused government authorities. This covers commercial banks falling under the purview of the country's central bank and certain SACCOs (Savings and Credit Cooperatives) licensed and regulated by the SACCO Societies Regulatory Authority (SASRA) (only applies to Kenya). SASRA is in charge of licensing Deposit-Taking SACCO Societies and authorising specific Non-Deposit-Taking SACCOs (NDTS Regulations 2021, Kenya).

Formal non-prudential: 'Non-prudential' financial services are accessed via channels subject to some form of government regulation through legislation, such as interest rate information and audits to safeguard members' or consumers' interests. In the case of mobile money institutions, which make up a majority of the sector in West and Central Africa and in Kenya, they are broadly regulated by the region's central bank or banking regulator.

Formal registered: Suppliers of these financial products are legally registered, non-governmental organisations subject to some level of government regulation or operation due to legislation. Examples include Development Finance Institutions (DFIs), Credit-only Microfinance Institutions (MFIs), certain SACCO societies, and digital payments or wallet apps.

Informal: The organised financial sector is supported by a vast network of informal lenders and local credit societies. These societies are generally pools formed within communities that members can leverage as per their requirements. Informal providers include loan sharks and unofficial money lenders, such as Malawian katapila moneylenders where interest rates can sometimes go beyond 100 percent.

2 FACTORS CONTRIBUTING TO FINANCIAL EXCLUSION

The world's current lack of financial inclusion is perpetuated by several roadblocks that both providers and users can influence. Provider-oriented barriers (supply side) affect the banks' ability to advance financial services, while user-oriented barriers impact the end customer's ability to benefit from these services.

Following are some of the factors contributing to financial exclusion (see Figure 1).

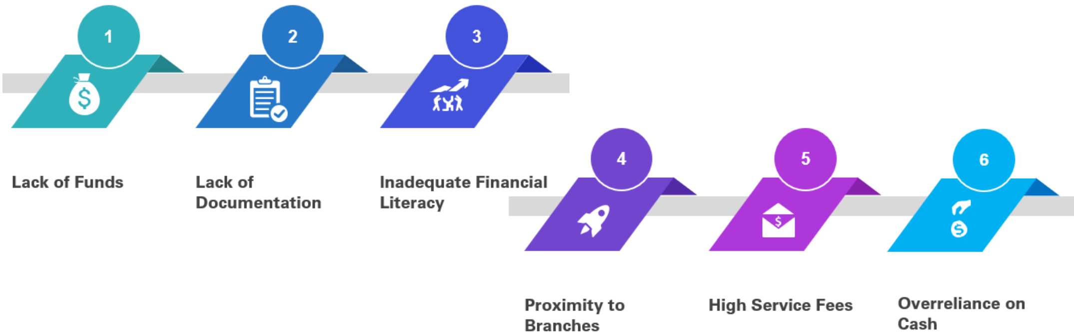


Figure 1: Factors resulting in financial exclusion

LACK OF FUNDS

Traditional banking can be an expensive cost centre for many. The journey that begins with a set-up fee and continues with minimum balances and initial deposits can put further strain on those classified as low income – the target market for financial inclusion.

Minimum balances are significantly higher in emerging markets, like Africa and the Middle East, in comparison to Europe and the United States where the requirement is often waived. Meanwhile, Nigerian surveys reveal that the average income per household is ~USD 200 per month, with most daily wage workers earning only ~USD 70 per month.

In Thailand, this monthly number is at ~USD 780 and at ~USD 180 in Vietnam, implying low disposable income. In South America, Uruguay reports monthly income at ~USD 1,319, with Bolivia and Brazil at ~USD 267 and ~USD 654 respectively, implying low disposable income.

In fact, ~41% of those surveyed in Nigeria stated that the lack of funds generated by this consideration is a significant roadblock in their journey to formal banking. This, along with the natural preference for cash, perpetuates a cash economy undermining the use of traditional banks.

LACK OF DOCUMENTATION

The underbanked and unbanked population of the world hails largely from socio-economically vulnerable areas with little care or ability to maintain records or documentation. Setting up a bank account is notoriously tedious and requires legal identification for multiple KYC and historical record checks, while banks cannot process requests without adequate documentation.

Research suggests that the world is home to 1.1 billion unidentified people who cannot access a number of essential services, including financial services, healthcare, and insurance. Digital identification can help bridge this gap and enable socio-economic growth through financial inclusion.

INADEQUATE FINANCIAL LITERACY

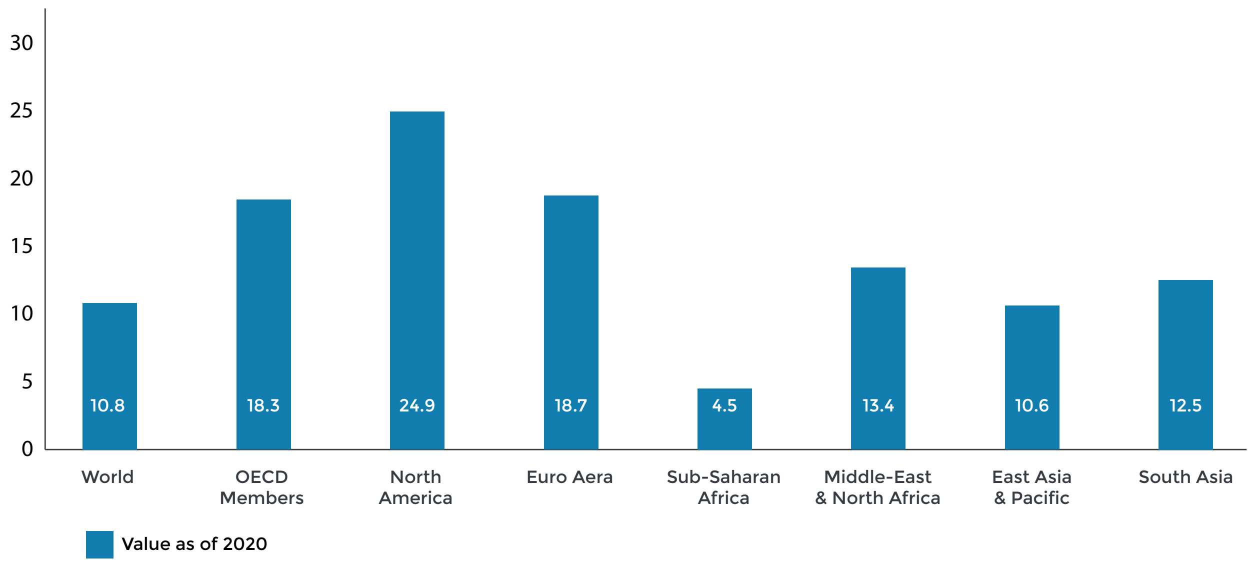
An OECD report placed the world's average financial literacy rate at ~60–65%. Countries with large unbanked and underbanked populations, like Thailand and Nigeria, reported financial literacy rates of ~58% and ~32%, respectively. In South America, Colombia and Peru reported financial literacy scores of ~53.5% and ~57.6%, respectively.

Financial literacy is a cornerstone of financial inclusion. As an understanding of financial systems and products, financial literacy promotes personal finance management, budgeting, and investment, enabling people to make educated decisions and reach their financial goals.

An adequate level of financial literacy influences financial attitudes and behaviours, making banks and banking explainable and achievable. It also helps defeat the notion that banks are not 'needed' and reduces reliance on cash. Lower levels of financial literacy could imply a lack of faith in the financial system, impeding the unbanked from investing their money.

PROXIMITY TO BRANCHES

Availability of branches is an important criterion when accessing financial services. There is a large difference in the number of commercial bank branches across the world (see Figure 2), resulting in poor financial inclusion.



Source: World Bank

Figure 2: Commercial bank branches per 100,000 adults

For example, in Vietnam, while the number of commercial bank branches per 100,000 adults has been steadily rising, the number stagnated at ~4 in 2020. These numbers pale in comparison to financially included countries such as the United States of America, where, despite a drop, there are ~30 branches per 100,000 adults[1].

Similarly, despite the high mobile money penetration in Nigeria indicating some financial awareness, most adults reported not knowing of a service centre within a bus ride of their homes. This lack of physical access is a key cause of exclusion, as repeatedly travelling to banks is not economically or physically sustainable.

[1] The World Bank, "Commercial bank branches (per 100,000 adults) – United States," https://data.worldbank.org/indicator/FB.CBK.BRCH.P5?locations=US

HIGH SERVICE FEES

Low-income households must already make trade-offs for most services. In this scenario, constantly paying service and transaction fees to banks may be counterintuitive and cost-prohibitive.

World Bank data reveals that service fees and transaction costs, much like minimum balances, are higher in emerging markets. While some banks might waive service fees, the average transaction cost in the United States of America is ~5%. In Sub-Saharan Africa, this cost is around ~11.7%.[2]

OVERRELIANCE ON CASH

It becomes extremely difficult to save money without access to bank accounts. Although many emerging economies are heavily cash-based, holding earnings in cash is quite expensive. Money for financially excluded persons and enterprises is continuously at risk of theft if there is no bank account for depositing revenues.

Financial exclusion has a significant impact on those without access to savings accounts since such services offer secure holding and accountability. For instance, in a study where female market vendors in Kenya were given basic bank accounts, the women were able to boost personal daily investment in their enterprises by roughly 38% to 56% in just four to six months (UN Women Kenya, 2020 Annual Report).

The barriers outlined above, on both the supply and demand side, cannot be overcome without regulatory and institutional support. To improve the rate of financial inclusion, banks and governments must understand the root causes mentioned, identify the opportunity, and capitalise on it.

[2] World Bank, "Average transaction cost of sending remittances from a specific country (%) - Sub-Saharan Africa, United States" https://data.worldbank.org/indicator/SI.RMT.COST.OB.ZS?locations=ZG-US

3 DIGITAL TRANSFORMATION | A BIRD'S EYE VIEW

DIGITALISATION DRIVING INCLUSION

Digital transformation answers the banking sector's need to reach more and reach better. By digitalising operations, banks can streamline their efforts and compete with disruptors to provide a superlative experience. 'Digital banking' extends beyond enabling the use of banking services via a mobile phone or the web to include the adoption of technology in the middle and back office. While digital banking is central to transformation, it has some specific benefits in the context of financial inclusion.

INCREASED EFFICIENCY

End-to-end digitalisation includes the use of digital platforms and tools to convert traditionally paper-based data and processes into a digital format. When digitalised, repetitive functions can usually be easily automated through robotic process automation and machine learning. This reduces the risk of human error, as well as the time taken to deliver output.

INCREASED GEOGRAPHICAL COVERAGE

With its equal front-end impact, digital banking can make services available in remote areas where physical branches are unsustainable by taking advantage of widespread mobile networks and high internet penetration. Acting as a last-mile agent, this facet of digital banking helps further financial inclusion.

REDUCED TRANSACTION COST

With increasing costs and lowering profit margins, banks must consider restructuring their cost base in order to survive. Equipped with cutting-edge digital banking services, banks can reduce cost per transaction by reducing or eliminating the expense of maintaining legacy infrastructure, as well as costs posed by bank branches. Digital banking compounds the trend of remote banking brought on by the pandemic, creating the possibility of closing bank branches. The funds saved should be diverted towards the research and development of innovative products and processes.

DIGITAL SOLUTIONS TO OVERCOME CHALLENGES IN FINANCIAL INCLUSION

Driven by market need and cost efficiency, the adoption of digital banking is growing. COVID-19 has accelerated the need to adopt digital services, which have already grown at a decent pace over the last five years, especially in the Asia-Pacific region with We Chat and Alipay in China, for example. Furthermore, Singapore's Monetary Authority (MAS) has given digital full bank licenses to prominent FinTech consortiums, Grab-Singtel and Sea Corporation. The trend is also visible in the Middle East and Africa. As per data tracked by IBS Intelligence, there are several digital banks set to revolutionise the banking landscape in Africa in 2022:

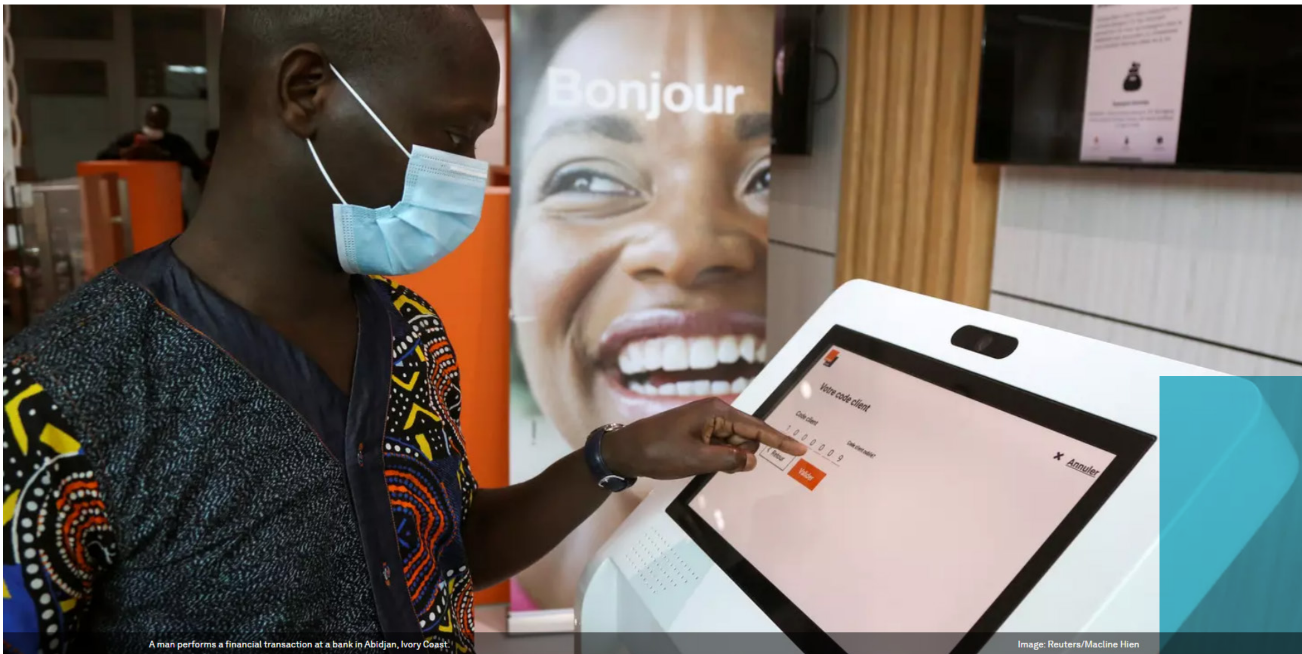
FAIRMONEY
FairMoney is building the leading mobile bank for emerging markets, bringing financial inclusion to underbanked people with a new type of credit-led digital bank. As people need loans to fund businesses or for personal reasons, FairMoney offers them what they need with no collateral. Since such services from traditional banks are inaccessible, FairMoney covers that unmet need. Every day, FairMoney grants 10,000 loans across Nigeria and India, with banking operations in Nigeria and over two million users. Backed by international investors, close to €50 million were raised to support development.

KUDA BANK
Kuda is a fully functional, entirely digital bank that holds a banking license in Nigeria. Kuda provides a free smartphone app that assists consumers with spending, saving, and budgeting without charging high fees. Kuda uses tools for tracking spending patterns, increasing savings, and making financial decisions.

CARBON
Carbon provides access to credit, straightforward payment options, high-yield investment opportunities, and tools for managing personal finances. A multinational corporation of over 90 employees with operations in Nigeria, Ghana, and Kenya, Carbon is headquartered in Lagos, Nigeria.

WEMA BANK
As one of Nigeria's most resilient banks and the founders of ALAT, the first totally digital bank in Africa, Wema Bank provides its clientele with retail and SME banking, corporate banking, treasury, trade, and financial advice services. With over 73 years of experience in the banking industry, Wema Bank helps over a million people, families, and businesses in Nigeria to fulfil their financial and personal ambitions.

The market is greatly influenced by some key developments in the industrial and technological landscape. These developments pioneer solutions to accelerate financial inclusion by leveraging digital technologies.



A man performs a financial transaction at a bank in Abidjan, Ivory Coast

Image: Reuters/Macline Hien

RISING RELEVANCE OF MOBILE BANKING

Distance from bank branches has been a major contributing factor to financial exclusion. With the advent of mobile banking, citizens are able to access their accounts virtually with no geographic limitation. The model works especially well in Africa, where most countries, regardless of their GDP/financial state, feature high adoption of smartphones and the internet. The robust mobile network has been leveraged to enable 'mobile money', which relies entirely on mobile phone numbers, eliminating the need for a bank account. The Global System for Mobile Communications (GSMA) reports that 70% of the world's trillion-dollar mobile money market is in Africa.

BANK-FINTECH COLLABORATION

FinTech's consumer-driven innovation is transforming the financial services landscape. Not only does collaboration with banks strengthen the FinTech's brand, it may also allow for product expansion and commercialisation on both ends. Leveraging the bank's license, FinTechs may widen their offering to include regulated financial products, such as accounts and loans. Meanwhile, by using FinTechs' superior technology, banks can strengthen their own offering, making themselves more marketable and customer friendly. Banking as a Service (BaaS) is an emerging aspect of Bank-FinTech collaboration, helping maintain the relevance of banks by capitalising on their key differentiator (a banking license), while making financial services accessible through innovation.

FINANCIAL AND DIGITAL LITERACY

Financial and digital literacy both remain a barrier in the adoption of digital financial services. A round table conference involving Sub-Saharan Africa, the Middle East and North Africa, Latin America, the Caribbean, and Asia-Pacific, with members from FinTech firms, central banks, regulators and incumbent financial firms, revealed that a consorted effort and a series of strategies can assist in providing the foundation for digital and financial education. This will further help in a sustainable and inclusive adoption of digital financial services.[3]

REGULATION

The digitalisation of banking must be supported by regulation. It is essential that governments strike a balance between consumer protection and the promotion of innovation. Regulators across the globe are establishing policies with regards to digital identity, KYC, and the use of artificial intelligence. These rules must be elucidated to allow software providers and banks to align their technology. The systems themselves must also be flexible enough to accommodate any policy changes. Policies must also be conducive to the growth of ancillary services such as cloud and data.

[3] World Economic Forum, "Beat the challenges to building inclusive digital financial services", December 2021. https://www.weforum.org/agenda/2021/12/3-challenges-building-inclusive-digital-financial-services/

While a significant percentage of banks and financial institutions have migrated or are planning to migrate to the cloud to leverage economies of scale, stability, security, and flexibility, it is important to explore some key factors affecting cloud adoption through the lens of financially excluded or emerging economies.

DEPLOYMENT & DELIVERY MODELS

While cloud services can be deployed privately, publicly or through a hybrid model, banks must also determine the delivery, which could be Infrastructure as a Service (IaaS), Software as a Service (SaaS) or Platform as a Service (PaaS). Banks and financial institutions must consider the level of investment, control and involvement associated with the various deployment and delivery models in their decision-making process. While significant resources are dedicated to infrastructure management for a singular company's use in a private cloud, a public cloud allows for resource sharing. The hybrid cloud employs both solutions.

Most executives prefer the SaaS delivery model, followed by PaaS. The IaaS delivery model is least favoured. According to the SaaS model, vendors own and run applications made available to users through the internet. The bank would not need to download or embed the solution into its existing IT infrastructure. With the PaaS model, banks can access frameworks for application development. Bank-side developers are responsible for the application, but providers must maintain servers, storage and networks. Through IaaS, banks can outsource the hardware required for cloud enablement. Infrastructure, including servers, networking and storage, as well as a virtualisation layer, is maintained by the provider.

VENDOR SELECTION

Cloud vendor relationships should be treated as collaborative partnerships. With databases and applications hosted on the vendor's cloud landscape, banks must ensure that they are partnering with a trustworthy vendor who can accommodate their requirements from both a technical and regulatory perspective.

Surveys reveal that trustworthiness is the most crucial factor affecting vendor selection, with ~70% of executives polling in its favour. Only ~10% of executives polled in favour of company size, which may be a factor in determining reach and reputation in the market. Some executives believe terms of service to be a factor in vendor selection, taking into consideration the compatibility between vendor and user. Vendor location is not considered an important factor in the selection. Vendors are expected to be prepared for the varying regulations of different geographic regions.
To understand the psychology behind vendor 'trustworthiness', executives were polled for key concerns. ~85–90% stated that vendor reputation was a key determinant. They were also cognisant of ongoing security practices, as data protection and application safety are key. Some executives also consider terms of service and experience as key indicators of trustworthiness.

EXECUTING A DIGITAL BANKING ROLLOUT

Digitalisation is crucial to serving the growing customer demand for accessible financial services. Tier three and four banks and microfinance institutions must capitalise on their opportunity and enable themselves to cost-effectively reach more customers by upgrading their infrastructure and embedding technology for operational resilience.

MARKET & STATUTORY DRIVERS OF DIGITAL ADOPTION

In order to adapt to regulatory standards and service customer demand, transformation is usually market driven. There are a number of consumer and government-oriented factors pushing digitalisation.

Inorganic growth

With social distancing due to the COVID-19 pandemic reducing people's physical access to banks or banking agents, core digitalisation became imperative for survival. Presently, the scale and reorganised cost structures enabled by digital banking are key drivers of adoption. In the post-pandemic world, even incumbent banks will be pivoting to present themselves as agile, digital-first banks. Optimising the small and medium-sized enterprise client channel acts as a catalyst in this digital transformation, especially for specific population demographics in Sub-Saharan Africa.

Security & compliance

Through digital banking, banks must begin developing their data visualisation and management capabilities to support the need for improved AML and reporting in line with stringent regulatory mandates. Banks must also move to include cybersecurity in their strategy as countries like the United States of America begin to introduce reporting frameworks for banks in the event of cyberattacks. By mobilising customer data for behavioural analytics and machine learning, banks must establish systems to detect suspicious transactions or anomalies across channels. By filing information as discussed by the United States of America's FinCEN (Financial Crimes Enforcement Network of the US Treasury Department), financial institutions can share intelligence relating to malicious players.

Operational resilience

Frontier technologies, like Cloud, Machine Learning, Robotic Process Automation, and Distributed Ledger Technology, work to improve security, speed and scalability while also reducing costs. Digitally enabled banks are better placed to navigate disruption and pivot to new opportunities. Taking the first steps to achieve operational resilience, banks must invest in cybersecurity and the establishment of front-to-back data flows backed with analytics. As of 2022, EU banks must prepare for the imminent arrival of the Digital Operational Resilience Act (DORA), which sets out framework on ICT infrastructure. To adapt to similar upcoming regulations, banks across the globe must explore shaping culture to leverage technology successfully and align their people and processes for effective transformation.

While promoting inclusion, digital transformation also enables a superior banking experience in terms of security and availability.

3E FRAMEWORK FOR A DIGITAL BANKING ROLLOUT

A successful digital transformation is systematic, with clearly defined goals at every stage. IBS Intelligence proposes a 3E framework to guide greenfield transformations.

ELUCIDATE Business Case

While the development of transformation strategies begins with the case question of 'Why?', banks must quantify the importance of digitalisation by building a convincing use case. In this effort, they must assess the market size and establish strategic objectives, which will also guide development and implementation. The business case must be supported by a cost-benefit analysis and future roadmap.

ESTABLISH Procedures for management & marketing

The bank or financial institution must also establish internal governance procedures to manage a seamless rollout and monitor the solution's development and compliance with KPIs. The same governance models must also market the solution internally to sensitise operators. The bank's leadership must increase visibility into operations and establish clarity and the distinction of roles and responsibilities to boost acceptability. This can also be compounded by explainable solutions and clear internal and external policies to build trust across stakeholders.

ENSURE service sustainability

Digital banking should enable agility and adaptability. Due to increasing competition from the disrupted FinTech landscape, banks must make certain that their solutions are flexible enough to accommodate new functionalities and discontinue obsolete ones without major capital expenditure. While models are generally built to accommodate well-defined volumes, they must also be scalable to manage higher-than-expected levels of input.

The digitalisation of banking and financial services is no longer a good-to-have capability, but a clear strategic imperative. The proposed 3E Framework provides a phased guideline to approach digital transformation and ensure a smooth transition.

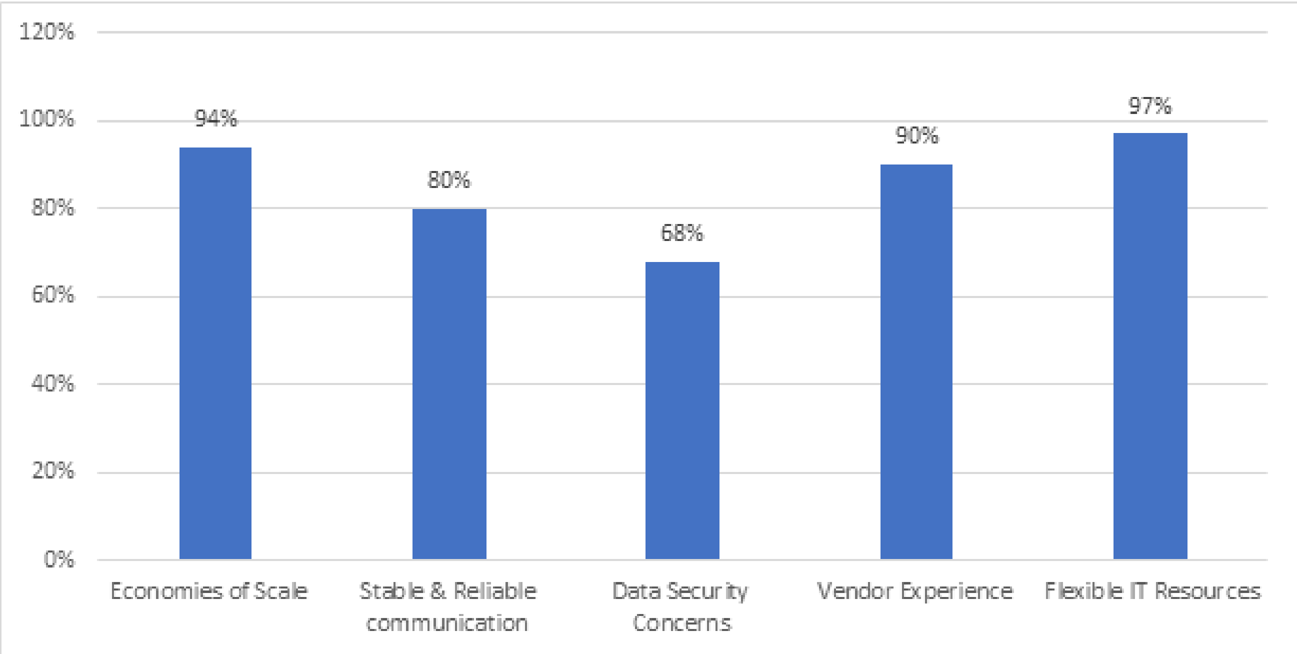
4 OUTLOOK | THE FUTURE OF FINANCIAL INCLUSION THROUGH DIGITALISATION

Digital banking has transformed the consumer and banker's relationship with banking. While the consumer no longer needs to visit a physical branch to benefit from banking services, the bank must reduce costs and overheads, in addition to improving reach by leveraging mobile networks. This improved reach has also translated into financial inclusion, with mobile money playing a key role in reducing the rate of exclusion from 41% in 2006 to 11% in 2021.

At the same time, Mobile Network Operators (MNOs) in Sub-Saharan Africa have played an important role in the mobile money industry in the past decade. In fact, M-Pesa and MTN Money, two of the largest MNO-led mobile money platforms in Africa, have significantly higher numbers of beneficiaries in comparison to banks.

By leveraging digital products, banks can solve the key barriers to financial inclusion, namely proximity to branches and high service fees that eat into the incomes and savings of financially excluded households. By migrating to the cloud, banks can further reduce costs while increasing efficiency and security. Through such economies of scale, banks may further reduce costs to clients.

Innovative, digitally supported concepts like Central Bank Digital Currencies (CBDCs) and Banking as a Service also promote inclusion. While CBDCs provide a safer, digitalised version of fiat currency, the advent of BaaS allows banks to pivot their business model to open fresh streams of revenue and capitalise on FinTech's agility to reach more clients. Several key drivers for the adoption of digital transformation initiatives are mentioned (see Figure 3).



Source: ERI BANCAIRE S.A

Figure 3: Key drivers for adoption of digital transformation

Furthermore, financial institutions should also place an emphasis on financial and digital literacy, primarily in emerging economies like Sub-Saharan Africa. Studies show that the largest unbanked population in Africa is young people. Digitalisation as well as financial services should be more targeted to this demographic, which represents more than 60% of the population. This would further provide an impetus to financial inclusion.

ERI'S DIGITAL FINANCIAL SOLUTIONS

Over the past decade, ERI has been providing digital solutions to early adopters and financial institutions who have evolved their operating models to meet customer needs. ERI works with banks who are focused on customer value creation. Customers today are leaving traditional financial organisations with limited options and turning towards compelling UX designs and services that are agile and less time consuming.

ERI provides financial software solutions to digitalise processes and increase operational efficiencies that cater to client needs. Across 60 countries, in excess of 400 banks and financial institutions have decided to digitalise, automate, and streamline their daily procedures with ERI's OLYMPIC Banking System® [4].

One advantage that OLYMPIC Banking System provides to financial institutions is its shared platform. Many of the tier three and tier four financial institutions, as well as SACCOs, cannot embark on the journey of digitalisation because of infrastructure costs. OLYMPIC Banking System has a unique offering, placing several financial institutions on the same shared platform and assisting them in achieving economy of scale. OLYMPIC Banking System provides the unique value proposition of a shared platform which is able to address all the KPIs of a regulatory body (for example, SASRA in Kenya) and bring about a financial inclusion revolution.

ERI also provides expertise on core banking, digital banking, customer engagement, portfolio management, advisory, and regulatory requirements, amongst a number of other services. In industry, ERI develops financial software solutions for private wealth management, retail banks, corporate banks, credit unions and microfinance, central banks and custodians.

5 CONCLUSION

In absolute numbers, compared to the rest of the globe and in terms of each country's GDP, the weighting of financial institutions in Africa is still quite low. There is much room for improvement in Africa and in other areas of emerging economies, and factors including digital and financial education, government regulations and the role of FinTechs in digital banks can ensure a more sustained and inclusive development of financial services.

Financial inclusion through digitalisation depends more on regional integration through the growth of private financial institutions, market communication, and public cooperation for the enhancement of regulation and supervision on a continental scale.

Africa is one of the most populous continents and it is estimated that by 2050, it will become one of the main global markets. This is possible through continuous financial innovation, financial education and the adoption of communication technologies. Compelling customer value propositions and faster customer acquisition on digital channels should pave the way for Africa to improve economic relations with the rest of the world.

[4] OLYMPIC Banking System, "Digitising and Streamlining Banking Process" ERI ® 2022. https://www.olympicbankingsystem.com/en/financial-software/