

Africa: Business Unusual

MUNYA CHIURA, GLOBAL PAYMENTS AFRICA

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flywire

Payment Solved
S

¥ \$ ₯ £ € R ₹ ¥ \$ ₯ £ € ₣

\$5B

MONEY MOVED THIS YEAR

1,700+

CLIENTS

150+

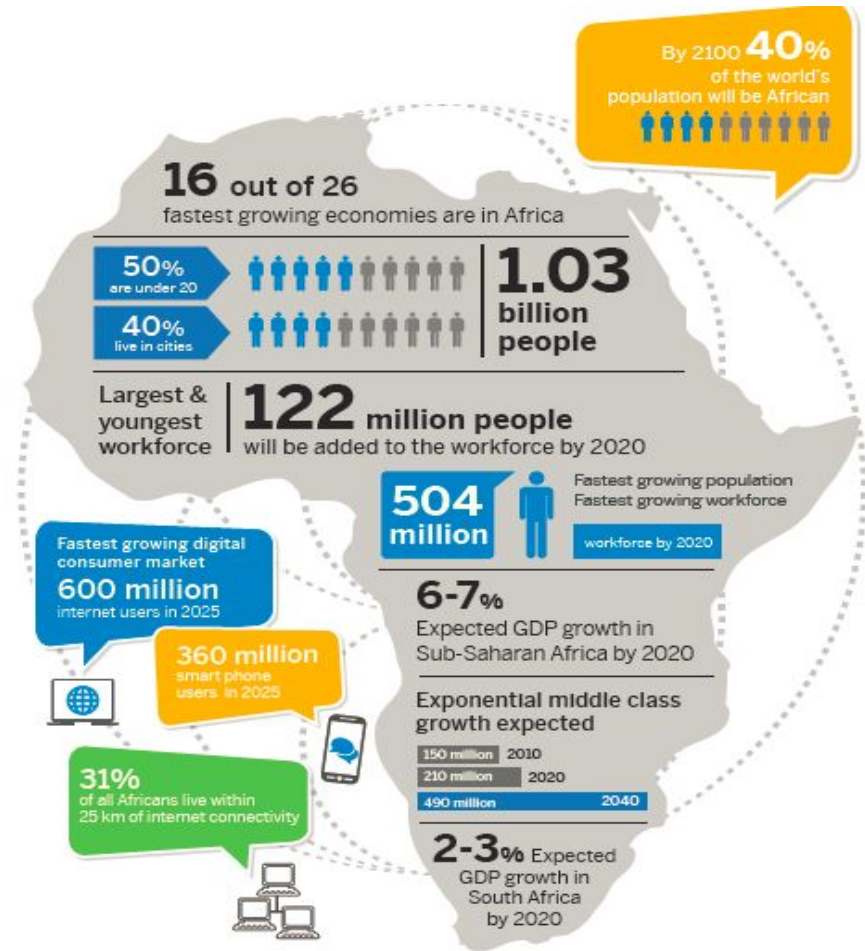
CURRENCIES & METHODS

300+

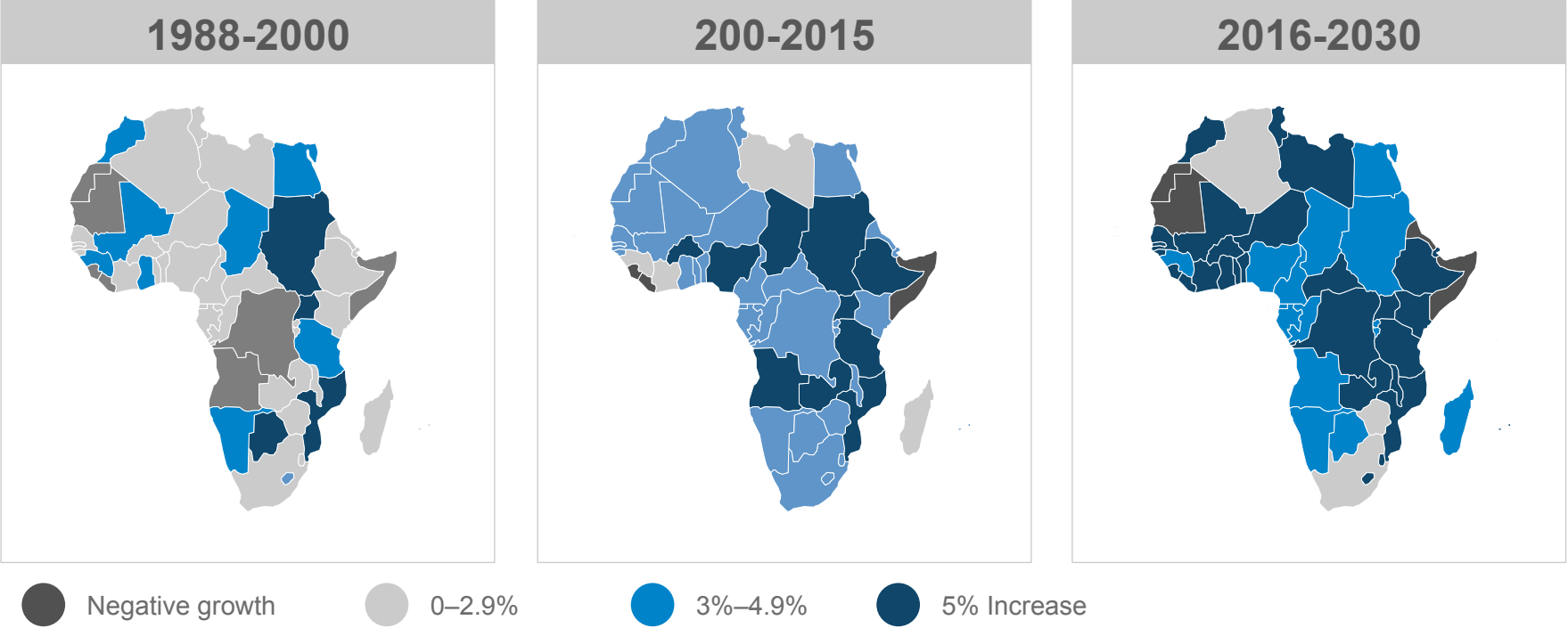
FLYMATES



Africa fast facts



Africa GDP Growth 1990-2030



Source: Oxford Economics data, EY analysis.

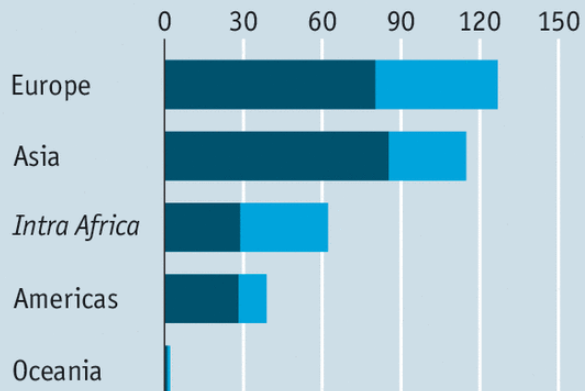
Intra Africa Trade

IntraAfrica trade could double to US\$400 Billion

Continental preferences

Africa, merchandise exports by region, 2016, \$bn

■ Primary commodities ■ Other



Source: UNCTAD

Economist.com

4 Forces Shaping Education in Africa

Huge demographic shift

Creating a public and policy pressure to improve access, quality, and relevance and creating a greater resource pool.

Emergence of a middle class

Creating demand from middle class parents for quality & accountability in the education system.

Rapid urbanization

Transforming demand for education through economies of scale.

Use of technology

Transforming learning through greater internet access, improving outcomes and enabling best practices.

4 Forces Shaping Business in Africa

Economic Integration

The interconnected global economy will see a continued increase in the levels of international trade and capital flows

Boost in Exports

Exports are the primary means to earn the hard currency for imported capital goods.

Growth in non resource sectors

A shift from agrarian to urban economies, multiple sectors contribute to growth.

Ease of Doing Business

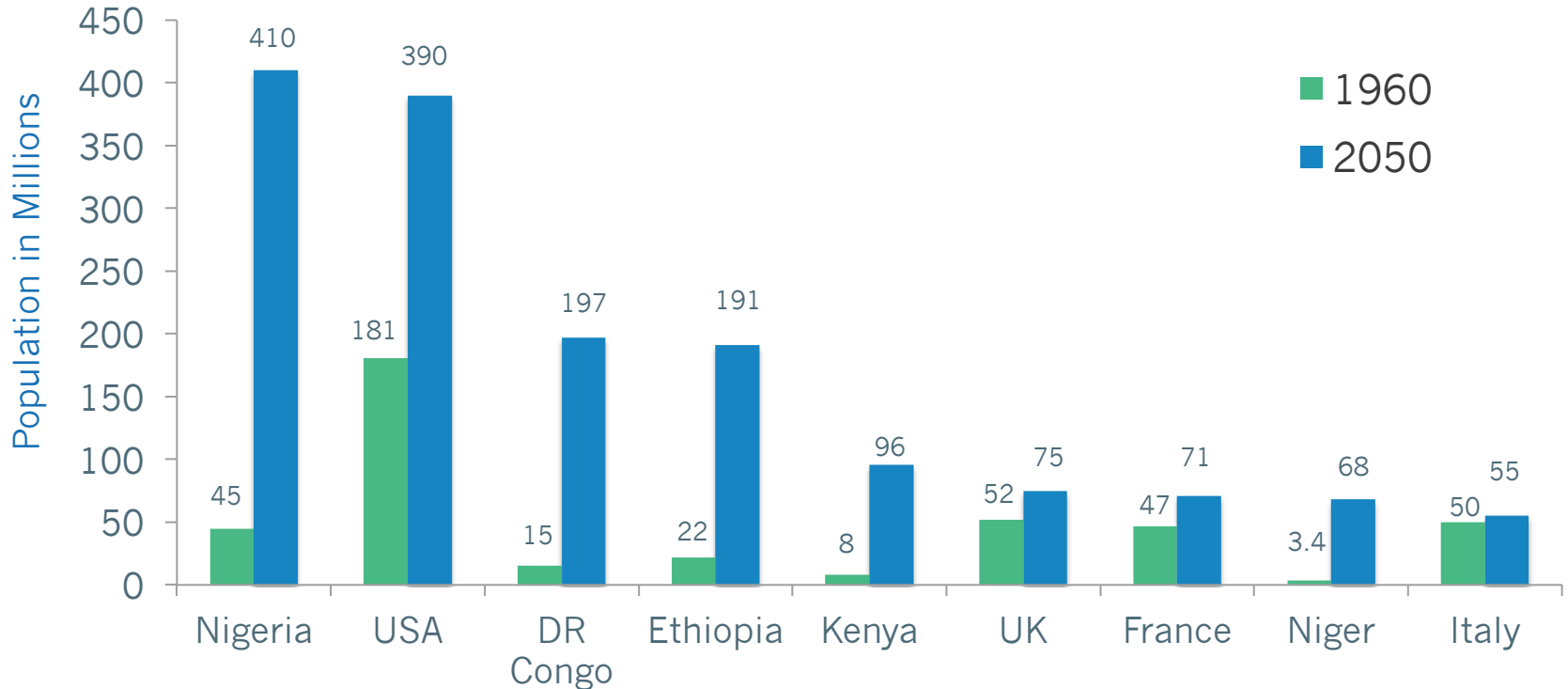
Nigeria jumps 24 places in ease of doing business from 169 to 145 (2017)

Huge Demographic Shift

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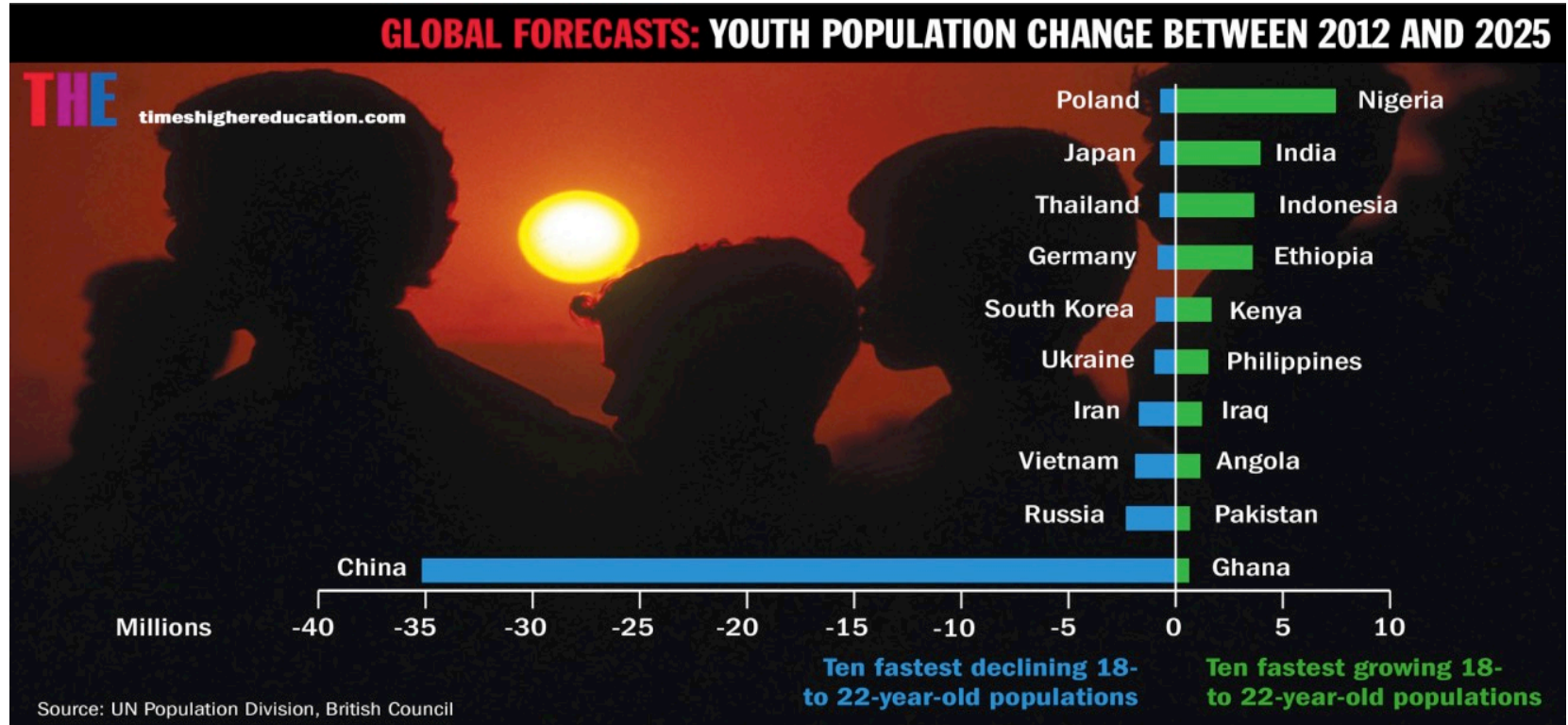
1960-2050 Projected Population

Many African populations expected to grow more than 10x between 1960-2015



Demographic Trends in Youth Populations

African countries dominate the list of fastest growing populations



Rapid Urbanization

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12 Megacities in Africa by 2025



Emergence of a Middle Class

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The rise of the middle class

2010



In 2010 the population of Africa was 1bn.

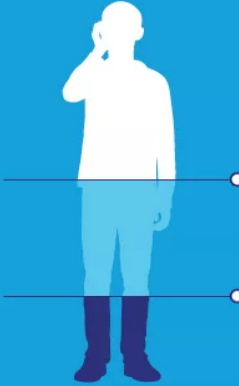
355m were considered middle class.

2060



By 2060, the population will more than double to 2.6bn

with **1.1bn** expected to be middle class.



2030

321m Africans will be aged between 15-24

Now

205m Africans are aged between 15-24

Young Africans will form a large share of the rising middle class and will seek access to a wider choice of food, entertainment and connectivity.

“The African middle class has grown by over 240% in just over a decade, with 15 million households now being middle class.”

Source: African Development Bank 2017



**Healthcare: Africa spends
US \$1bn yearly on medical
tourism abroad WB**

The Rise of Mobile

PAYMENT TRENDS, MOBILE, SOCIAL MEDIA, SMS

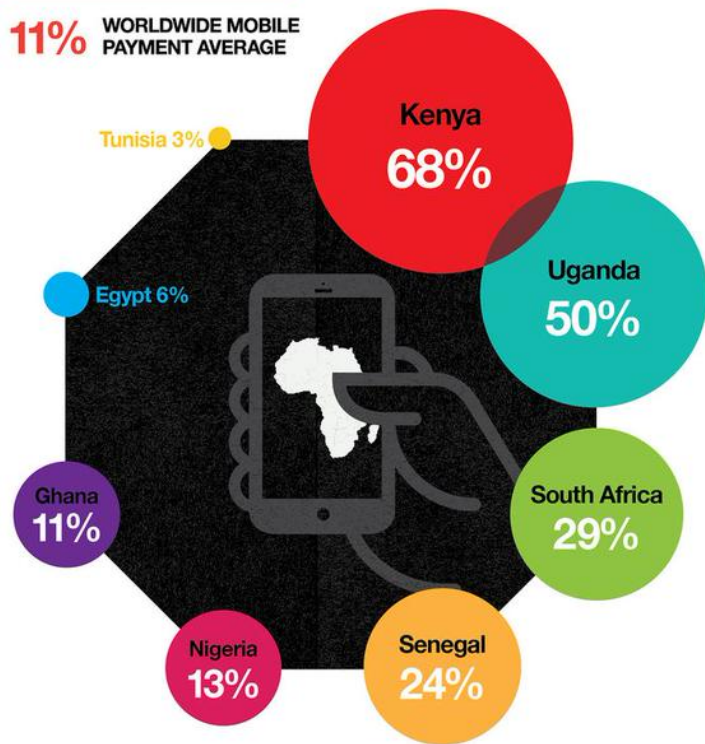
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Mobile Payments in Africa



Percentage of mobile phone users who regularly make or receive payments on their phones.

11% WORLDWIDE MOBILE PAYMENT AVERAGE



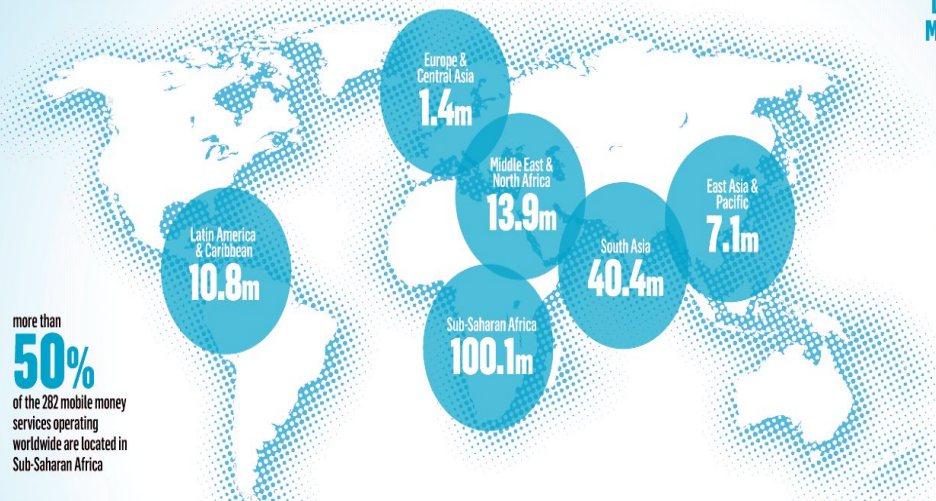
Source
Pew Research Center, 2013

afrographique.tumblr.com
Infographic designed by @lvanisawesome



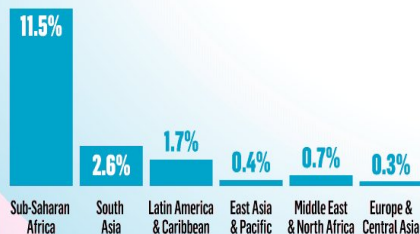
MOBILE FINANCIAL SERVICES

ACTIVE (90-DAY) MOBILE MONEY ACCOUNTS, 2016

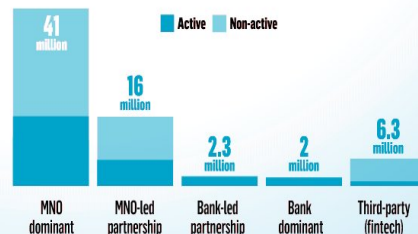


more than
50%
of the 282 mobile money services operating worldwide are located in Sub-Saharan Africa

% OF ADULTS (AGE 15+) WITH MOBILE MONEY ACCOUNT, 2014



REGISTERED CUSTOMERS BY MOBILE MONEY PROVIDER ARCHETYPE



AFRICA'S TWO LEADING MOBILE MONEY PROVIDERS



m-pesa

\$548m

mobile money revenues 2016-2017

19m

Active customers 2016-2017

\$28.8

Revenue per active customer per annum



\$205m

mobile money revenues 2016-2017


15.4m

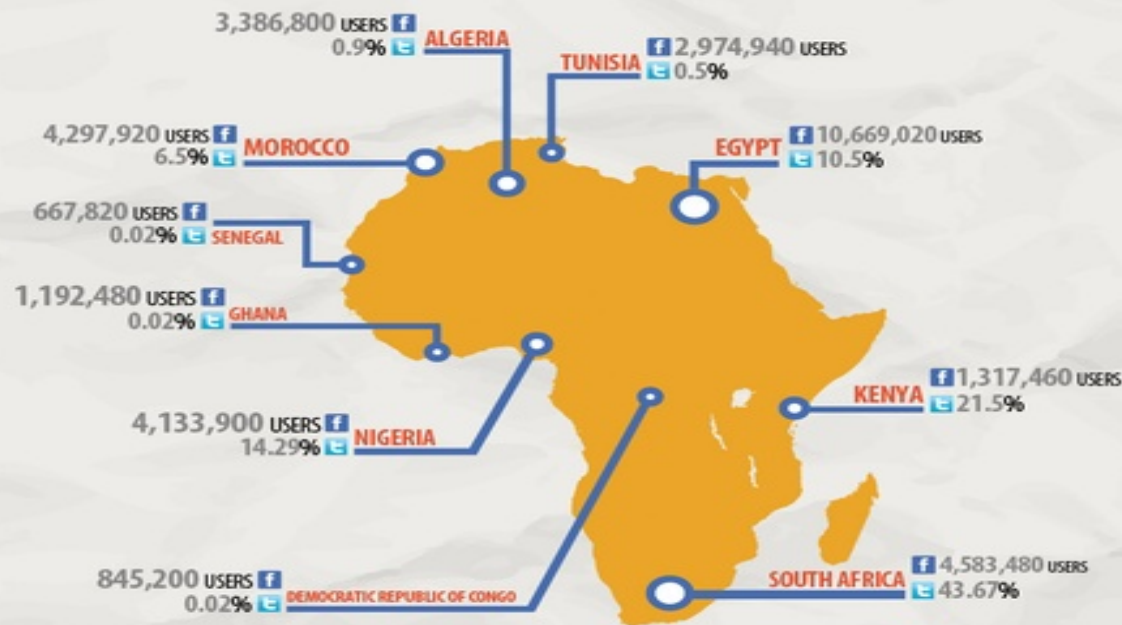
Active customers 2016-2017

\$13.3

Revenue per active customer per annum


SOCIAL MEDIA IN AFRICA

 % FROM 11.5 MILLION GEO-LOCATED TWEETS



AFRICA ON FACEBOOK

 37.7 MILLION
USERS

 3.6%
PENETRATION

 165%
GROWTH RATE

HIGHEST FACEBOOK PENETRATION RATES ACROSS AFRICA

NB: FACEBOOK PENETRATION RATE IS DIRECTLY PROPORTIONAL TO INTERNET PENETRATION NOT POPULATION



TWITTER TRENDS ACROSS AFRICA

57% OF TWEETS IN AFRICA
ARE SENT FROM MOBILE



76% INTERNATIONAL
NEWS

69% ENTERTAINMENT
GOSSIP

68% NATIONAL
NEWS

43% SPORTS
UPDATES

22% SEARCH
FOR JOBS

% OF TWITTER USERS
ON OTHER PLATFORMS

 **94%**
FACEBOOK

 **69%**
YOUTUBE

 **46%**
GOOGLE+

 **37%**
LINKEDIN

 **23%**
FOURSQUARE

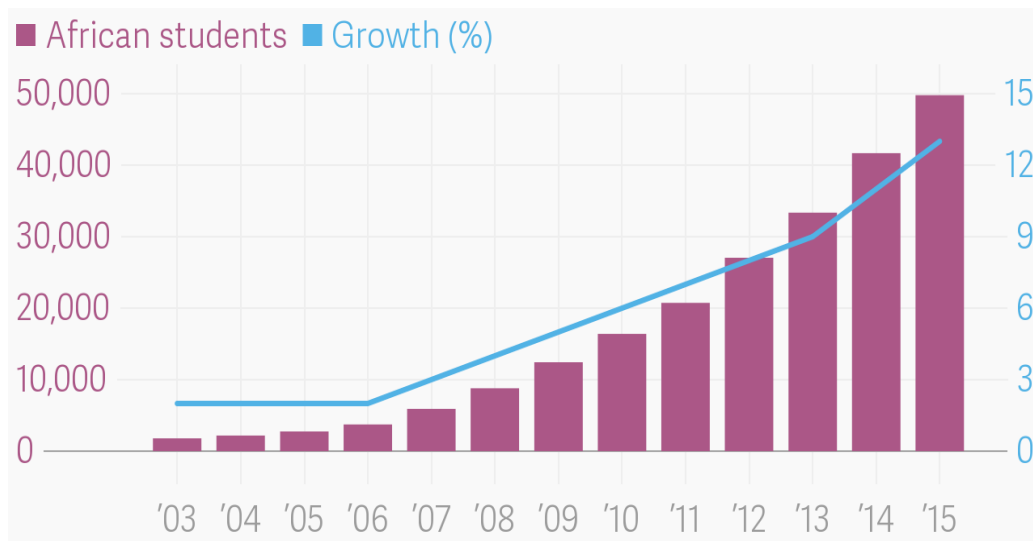
China: Emerging Market for African Students

The number of African students in China has jumped in the last few years.

China has the fastest declining population, and therefore can manage to support the influx of students.

There are currently more fee-paying African students in China than students on scholarship. *Source: University World News 2017*

GROWTH OF AFRICAN STUDENTS IN CHINA



Source: QZAfrica

Africa Payments Landscape

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Mobile Money has been hailed as a revolutionary innovation promoting Financial Inclusion:

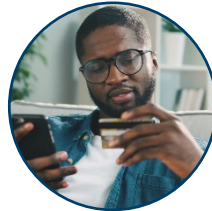
The most obvious types of inclusion relate to the following opportunities all available via the mobile phone



Improved access
to markets



Price
information



Credit,
services and



Employment
opportunities

2022: BOOM OF THE MOBILE in Sub-Saharan Africa



Mobile subscriptions
2016 **720 million**
2022 **1030 million**

CAGR **+6%**

Smartphone subscriptions
2016 **260 million**
2022 **800 million**

CAGR **+21%**

Data traffic for smartphones

2016 **1 GB/month**

2022 **5 GB/month**

CAGR **+30%**

Total Mobile traffic

2016 **0,3 EB/month**

2022 **3,2 EB/month**

CAGR **+50%**

NUMBER OF IOT DEVICES 2022



+38%

MOBILE PENETRATION 2022



105%



GOING MOBILE

The Global Findex shows mobile banking may help historically unbanked regions gain financial access.



2/3
OF ADULTS

worldwide without an account cite lack of money as the obstacle to use of formal financial services.



1/3
OF ADULTS

also blame the cost of opening and maintaining an account or the banks being too far away.

SUB-SAHARAN AFRICA



16%

In Sub-Saharan Africa, where traditional banking has been hampered by transportation and other infrastructure problems, mobile banking has expanded to 16% of the market.

Adults reporting using a mobile phone for money transactions:



KENYA **68%**

SUDAN **52%**

GABON **50%**

ALGERIA **44%**

CONGO, REP. **37%**

SOMALIA **34%**

ALBANIA **31%**

TAJIKISTAN **29%**

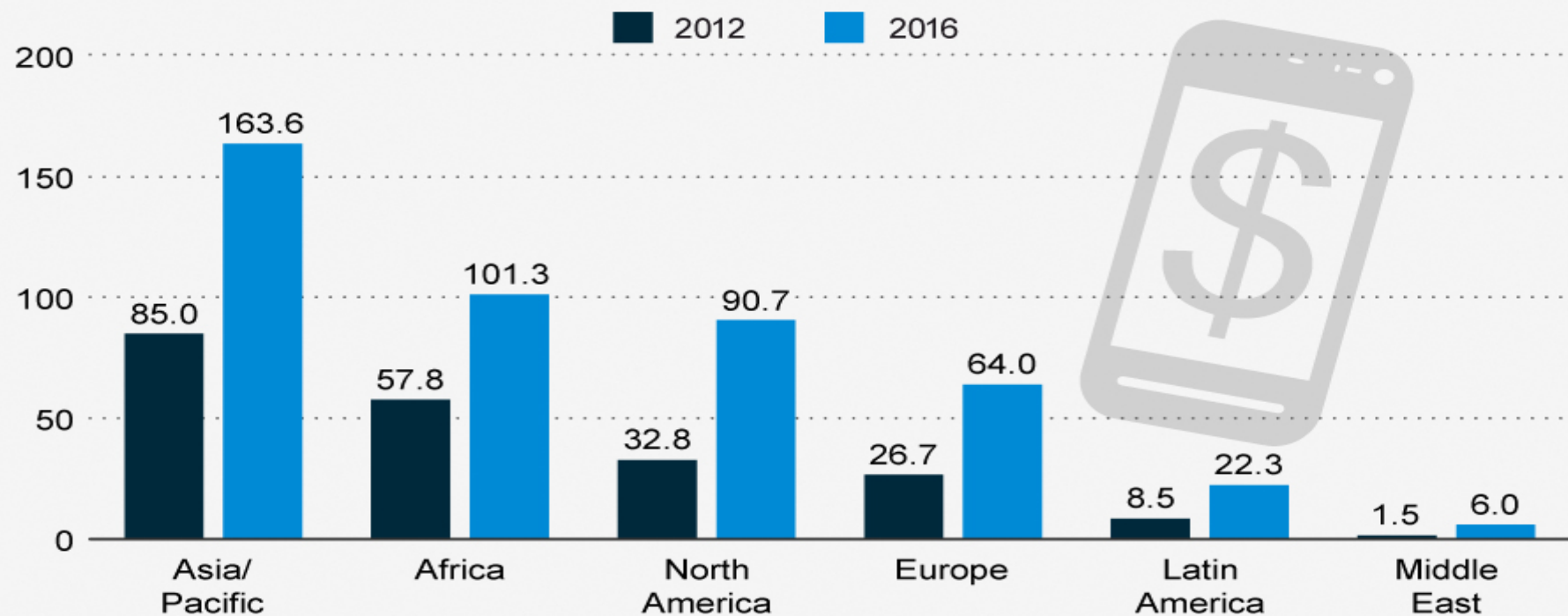
UGANDA **27%**

ANGOLA **26%**

THIS GRAPHIC ORIGINATED ON [FACEBOOK.COM/WORLDBANK](https://www.facebook.com/worldbank)

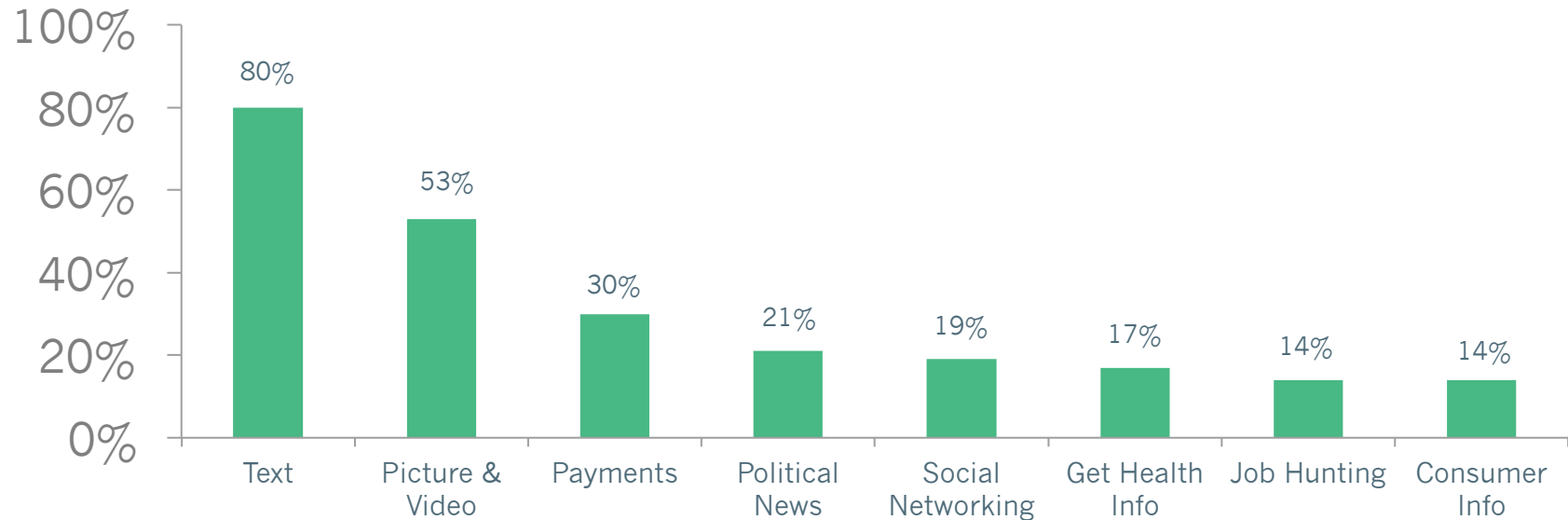
Africa and Asia Are Embracing Mobile Payments

Forecast: mobile payment users (in millions)



In 7 of Africa's Leading Economies, 1/3 of Mobile Users Pay with their Phones

MOST COMMON USES OF CELL PHONES IN AFRICA, EXCLUDING PHONE CALLS



Nigerian Payments Market: Key Opportunity Drivers

	2014	2020
Rising Electronic Payment Adoption	>50 million Non-ATM transactions covering POS, web, and mobile payments. Annual non-cash payment transaction per inhabitant is very low (<1) compared to similar markets (India is <6).	>500 million Mobile and POS payments are projected to have the fastest annual growth rates at over 80%. Mobile is expected to drive overall growth of electronic payment transactions.
Increasing Issuance of Payment Cards	>48 million Estimated number of active cards issued in Nigeria as of 2014. This number is expected to grow at CAGR >20%.	>155 million An estimate of 160-200 million payment cards (including reissuances) will be produced between 2015 and 2020. However, innovations in payment technologies may diminish the need for physical cards.

“Nigeria’s external reserves to hit 3 year high of US \$35 billion.”

Source: Central Bank of Nigeria

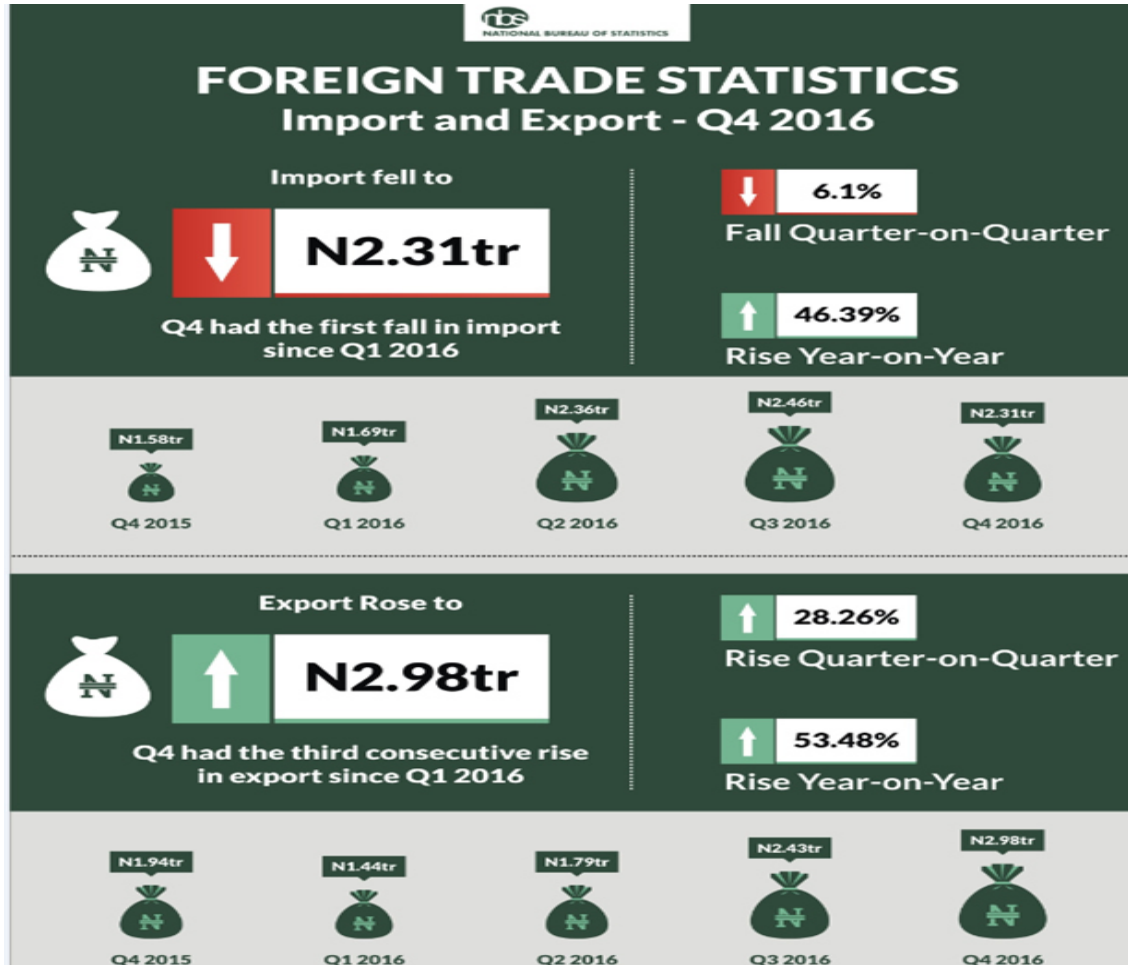
Nigeria: Key Developments over the last 2 years

Easing of the Foreign Exchange demands in Nigeria.

Increase in electronic payments in Naira (visa, MC and Bank Transfer).



Nigeria: Improved Balanced of Payments Position



US6.4 Billion
4.9 Billion GBP

US 8.2 Billion
6.1 Billion GBP

THE FINTECH ECOSYSTEM IN NIGERIA



Why SMEs in Africa Matter?



- More than 27 million formal SMEs in developing countries of which 39% are underserved
- Ghana: SMEs represent 92% of all local businesses, providing up to 85% of manufacturing jobs in the country and contributing about 70% to the country's GDP
- Nigeria: 37 million SMEs employed about 60 million people and account for about 48% of the country's GDP.
- South Africa: 2.2 million SMEs, about 1.5 million of them in the informal sector.
- Morocco: 93% of Industrial Firms and represent 90% of the country's GDP
- Kenya: SMEs constitute 98 % of all business, create 30 % of the jobs annually as well as contribute 3 % of the GDP.

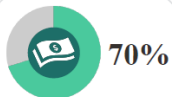
Source: World Bank, IFC, Africa Renewal 2017

COMESA Making up a third of Africa, the vastness of COMESA should be complemented with its dynamism and high trade growth. Intra-COMESA exports of goods have risen from \$1.5 billion in 2000 to about \$10 billion in 2016, excluding small scale (informal) trade estimated by UNCTAD and ECA to be about 40% of total trade

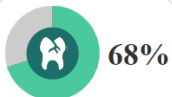
“There is an alarming disconnect between what small businesses want and what banks deliver.”



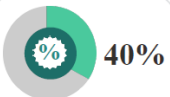
of SMEs would switch to a bank or Fintech that shows an understanding of their business



have NO contact with their bank relationship manager



are happy to look elsewhere for financial services



want advice to run business more effectively + growth planning



Rapidly changing fintech landscape

Industry trends



Mass adoption of mobile devices



Fragmentation of payment types, technology and channels (emergence of contextual commerce)



Rise of fraud and cybercrime



Digitization of money



Emergence of alternative financial service offerings



Risk of failure and cost of keeping up

Market needs



Need help to adopt/adapt faster



Need help to manage confusion



EMV migration adoption



Need help to reduce risk



Key Takeaways

African student population will continue to increase

Payment options for Africans have increased driven by mobile

“Go digital or go home.”
Gartner student acquisition via social media – 450% ROI of Facebook advertising

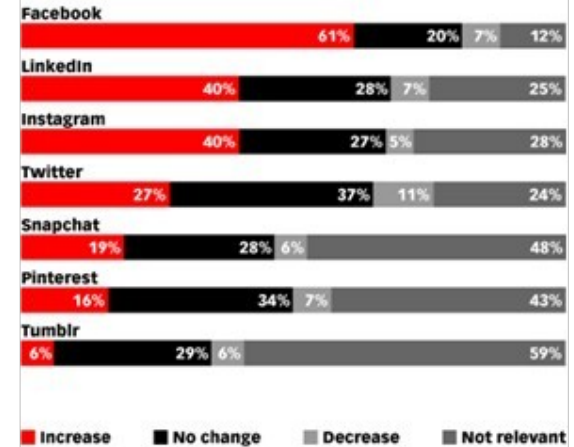
Investment in road shows (British Council / US Ivy Leagues)

African students are life-long learners

African students pay cash or save throughout their lifetime

Expected Change in Social Ad Spending According to Advertising Professionals Worldwide, by Platform, Dec 2016

% of respondents



Note: in the next 12 months; numbers may not add up to 100% due to rounding

Source: ClickZ Intelligence, "The State of Digital Advertising 2017" sponsored by Marin Software, Feb 27, 2017

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www.eMarketer.com

Thank You

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