Efma

REGIONAL REVIEW

Retail Banking in Africa

Digital Transformation

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In collaboration with:

OLIVER WYMAN

Contents

5 | Foreword

6 | Driving digital transformation in Africa

Interviews

10 | Exciting opportunities
Ciko Thomas, Nedbank Group

12 | Embracing change
Jean Alain Law Min, Mauritius Commercial Bank

14 | Turning challenges into opportunities
Abubakar Suleiman, Sterling Bank

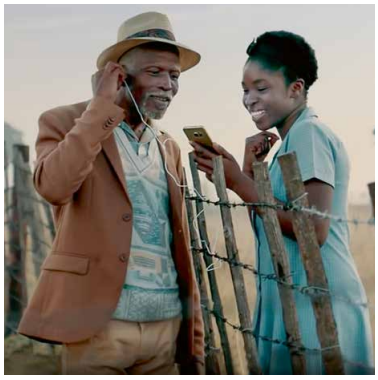
16 | Capitalising on untapped potential
Amine Bouabid, Bank of Africa Group

18 | Preparing for the next wave of growth
Joseph Boris, Natixis Algeria

20 | A reason for optimism
Jaydeep Gupta, Standard Chartered Bank

Roundtable

22 | Disrupting the sector by going digital



Case Study

24 | Making the shift to digital
Prithesh Ragoobeer, Standard Bank

Innovations

28 | Chatpay, Sterling Bank

29 | Shyft, Standard Bank

30 | Market Edge, Nedbank

31 | FirstBank Ideoz, FirstBank Nigeria

32 | Debit and Credit Card Cancellation and Reorder on Self Service Device, FNB

33 | AccessMoney Better Mama Better Pikin, Access Bank

34 | Mobile2Bank, Chase Bank

35 | Juice Lifestyle Banking, Mauritius Commercial Bank

36 | SmartCash, CBZ Holdings

37 | Slip Free (Paperless) Banking, Stanbic Bank Ghana

38 | County Revenue Collection and Management Solution, ABC Bank

39 | KCB M-PESA, KCB Bank

40 | Flexx App, First City Monument Bank

41 | Dar Al Moukawil, Attijariwafa Bank

42 | SMILE, uniBank

43 | Personal Teller Machine, Stanbic IBTC Bank

Retail Banking in Africa: Digital Transformation is one of a series of Regional Review publications from Efma, examining a selection of the most prominent developments in the retail banking industry in specific geographies. With comment and insight from a wide variety of regional retail banking experts, this review serves as a forum for industry leaders to exchange ideas, share their strategies, discuss the common challenges they face and shed some light on the ways in which they are driving innovation both within their own organisations and across the wider region.

This review brings together some of the best examples of digital transformation taking place across the Africa region through a mix of interviews, case studies and innovation highlights.

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Foreword

African banks find themselves on a perilous path as they navigate the challenges presented by low banking penetration rates and a highly competitive market. But from these pressures are great opportunities. It is no secret that high mobile phone usage rates have proven a great way for banks across the region to connect with new customers and tap into the previously unbanked. It is driving widespread innovation across the sector and it's showing no signs of slowing down.

Banks are leaping at the chance to adopt new technologies that are allowing them to develop new ways of doing business. They're changing the way they connect with their customers, they're enhancing their value propositions and they're optimising their operations along the way.

Ultimately, financial institutions are realising that they need to leverage digital across all areas of their operations to maximise growth. And they can do this by developing the technology themselves or partnering with the fintechs and mobile network operators that already have successful mobile wallets, mobile payments and popular e-commerce offerings on the market.

In this Regional Review we present the main challenges and opportunities that banks across Africa face as they seek to connect with a new generation of customer and put digital at the centre of their business models. We hear from the local industry's leaders, including Nedbank Group, Mauritius Commercial Bank and Sterling Bank about how they're embracing the latest technology advances to offer exciting new customer experiences and product offerings in a more cost-effective manner and tackle financial inclusion head on.

In our roundtable article, we gather perspectives from senior executives at some of the continent's largest banks on digital opportunities and how the retail banking landscape is evolving. Finally, we share some of the most exciting innovations that have been introduced to the market within the last year.

We hope you find this Regional Review an informative and valuable resource.

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Efma CEO

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Partner, Financial Services, Oliver Wyman

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Driving digital transformation in Africa

Oliver Wyman Financial Services Africa Team – Greg Rung, Paul Calvey and Pierre Romagny highlight some of the main opportunities and challenges banks in Africa face as they move towards digital service delivery

Emerging markets like Africa have often proved an optimal testing ground for innovative digital models. High mobile phone usage rates, a digitally-savvy population and lack of alternatives have put African countries at the forefront of digital innovation in financial services.

Without established infrastructures, firms are less constrained by compatibility with existing systems. The emergence of telco payment offerings such as m-Pesa are revolutionising the money transfer market. And partnerships between banks and telco providers are helping to bring banking services to the unbanked. So far restricted to East Africa, these partnerships are now emerging across Africa and more recently in West Africa, mostly driven by both strong sector economics and the need to move towards new models as the traditional banking model is facing headwinds.

Key market data

FS banking revenues on the rise:

10-20%

double digit CAGR growth over 2014-2018 across geographies

But challenges for some:

~10%

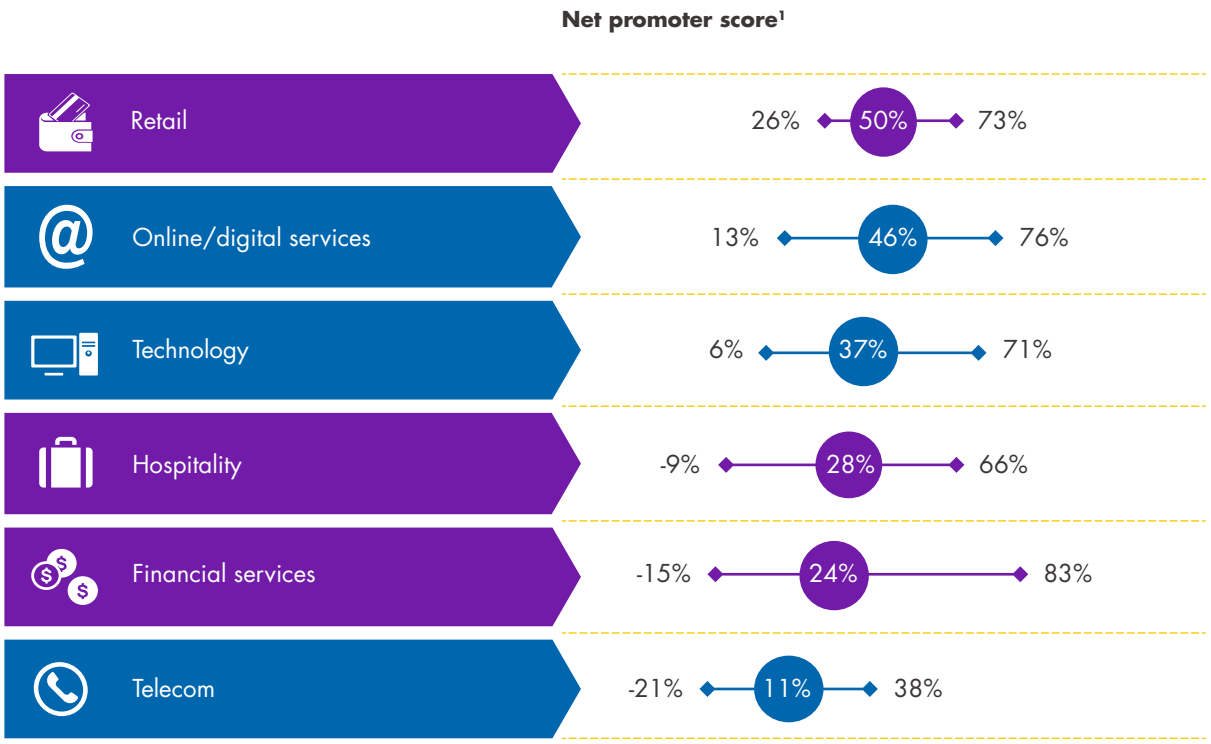
of banks now with negative ROAE CAGR or negative net income CAGR

Source: OW analysis

Africa's population of 1.1 billion is set to double by 2050 and with it will come a need for widespread access to financial services. But before we get to this point, banks must tackle low banking penetration rates within the existing population. To do this, they will need to develop new approaches and new ways of connecting with their customers, creating sustainable business models that improve financial inclusion, help them to connect with new market segments, improve their reach and keep costs down.

Banks in Africa are not the only players in the financial services sphere anymore. If they want to grow in line with the financial services market potential, they will need to show significant improvement in customer experience, leveraging digital capabilities, as they are still a long way from industry practices, as shown by the following graph.

Gauging customer satisfaction and loyalty across different industries

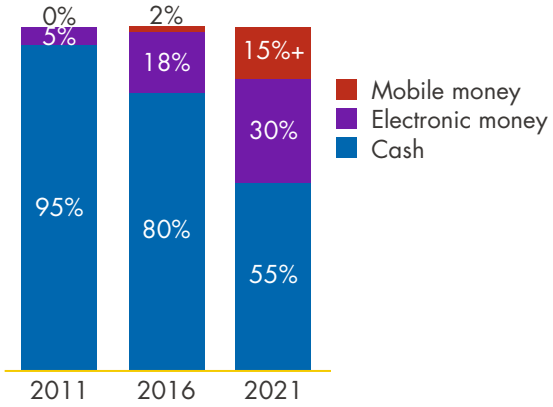


[1] Net promoter score = % of promoters – % of detractors

Source: Satmetrix NPS benchmark report 2015

The answer could lie in digital and partnerships with third parties such as fintechs and telcos. The charts on page 8 show that electronic money, mobile payments and e-commerce are all on the rise. These are prime areas that new and non-industry players are moving into, challenging banks head on to compete and come up with new digital offerings that are relevant with what their customers want and expect.

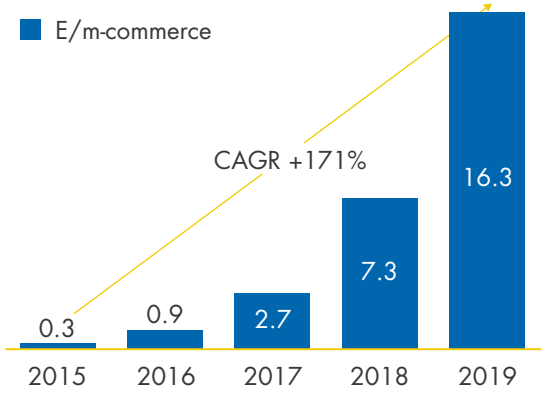
How payment methods are changing in the West African Economic and Monetary Union zone[1]



[1] Based on interviews with retailers in West Africa
Source: Ovum, GSMA, Oliver Wyman

Growth of e/m-commerce and P2P payments

Africa, €Md

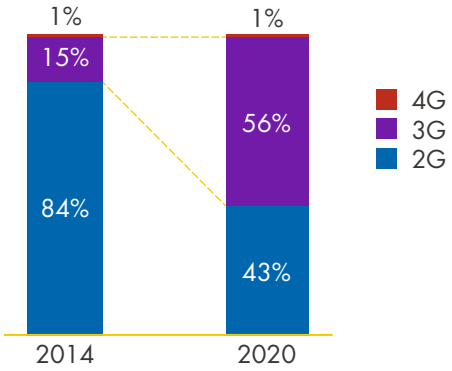


Source: Ovum, Rocket Internet 2015 annual report, Oliver Wyman

Banks need to move fast. Africa is quickly becoming better connected and getting access to faster mobile networks (see chart below left), opening up opportunities for more advanced, sophisticated mobile banking services. Fast-growing mobile phone penetration rates coupled with the increasing adoption of smartphones (see chart below right) show that the market is ripe for digital innovation and banks are making every effort to keep up with the pace of change and adapt to how customers connect between each other and with services.

Mobile network usage rates

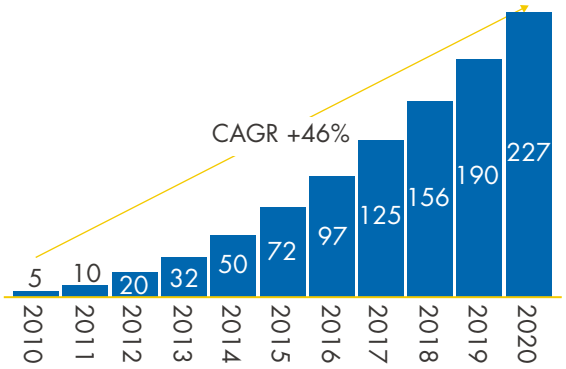
Number of subscribers in the Economic Community of West African States



Source: GSMA, OVUM, Oliver Wyman

Smartphone adoption rates

Number of connections (millions) in the Economic Community of West African States



Source: GSMA, OVUM, Oliver Wyman

Banks will be left with a choice: embark on the digital journey alone or seek new and innovative partnerships with digital non-banking players. Choices have implications and partnering with fintechs and mobile network operators that are already disrupting the market will also mean sharing some of the value created.

Those that capitalize on the opportunities presented by digital will be able to differentiate themselves from the competition by offering a better customer experience – delivering banking services that are seamless, remote and easy to use and access, new payments and products. And they will ultimately be more sustainable too – positioning themselves to optimize and automate their processes, lower costs, improve risk management and boost their profit margins.

The wide majority of banks are now busy implementing new models leveraging digital capabilities in every corner of their operating and business models, many of them with much success, as you will see in this report. We have now entered a new age of banking in Africa which will transform the traditional model to its core over the next decade. ■

Africa's outlook for 2020

37%
mobile internet penetration

~50%
of the population will have a smartphone

57%
connected to 3G/4G networks

650m
smartphones in circulation

~10%
using social networks[1]

[1] Sub-Saharan Africa exclusively, as a percentage of the population

Exciting opportunities

Ciko Thomas, head of retail and business banking at Nedbank Group, says that digital presents significant opportunities for banks across Africa, but leaders need to act quickly if they want to reap the rewards

According to Ciko Thomas, head of retail and business banking at Nedbank Group, banks in Africa are faced with the need to fundamentally transform their business models. "Banks across the continent need to reinvent themselves if they want to stay relevant in the new climate," he says. "This is across the entire spectrum – from products offered, the way they are offered (a channel perspective) to the way in which banks are organised to deliver services to clients (a) profitably and (b) in a manner that delivers shareholder value."

Nedbank is doing this in a number of ways. "At Nedbank we are actively engaged with the question of 'What sort of business do we want to be by 2020?', and are simultaneously asking ourselves questions around the attendant business model that will best serve the answer to the question. It's strange and wild and forces the entire organisation to challenge deeply-set orthodoxies – but it's exciting," he says.

Thomas believes that digital is at the very core of transformation across Africa's banking industry. "Digital has established a new set of rules around how clients can interact with traditional financial institutions," he explains. "From robo-advisory services in the developed world, to cheap unstructured supplementary services data devices

> Africa continues to be an incredibly tantalising prospect for growth

Ciko Thomas

Nedbank Group

controlling the flow of money in Africa, there's no doubt that the rules of engagement (and therefore – experience) have changed."

Ergo, Thomas believes that, as technology advances, so will it necessitate a radical rethink on the enablers the industry has relied on to do business. "The entire industry has to be alive to what this means from the point of view of rate of adoption to maintain competitive advantage," he explains.

Thomas also points out that digital has a big role in shaping the reduction of cost-to-serve. "So there's a whole economic dependency that digital gives shape to that we are all going to be proactively compelled to apply our minds to – because it has an ultimate impact on ROEs and EPs and thus value," he says.

Effectively embracing digital, therefore, is key, and Thomas says the ability to do this comes down to the mindsets of management. "The rate at which leaders embrace change will determine success," he says. "We have all the technology and intellectual capital we require to drive organisational agility. What will hold us back is fear of change and fear of challenging and being willing to break down orthodoxies."

What's clear, says Thomas is that the potential of Africa is huge. "A market opportunity of one billion people who have a catch-up gap across most economic shape-shifting metrics you can think of has to be an exciting prospect for any business leader in any industry," he concludes. "So Africa continues to be an incredibly tantalising prospect for growth."

Embracing change

Mauritius Commercial Bank's Jean Alain Law Min discusses how financial institutions in Africa are addressing financial inclusion challenges and meeting the evolving needs of customers

Concerted efforts are being made to improve the levels of financial inclusion in Africa. Despite this, only 30 to 40% of the population are considered to be 'financially included' in some of the larger African economies, and this figure is less than 10% in some of the continent's least financially-developed nations.

At the same time, banks in some African markets are having to quickly adapt to meet fast-evolving customer needs, and counter the competition that is emerging from new industry players. With such a spectrum of areas to address, banks across the continent are facing challenging times.

"This difficult economic context is exerting pressures on the positioning and financial soundness of African banks," says Jean Alain Law Min, deputy chief executive and head of retail at Mauritius Commercial Bank (MCB). "Heightened regulatory environment and 'know your customer' rules are posing further challenges, while some players are lagging behind with regards to their adherence to international standards, which can hamper their integration in global financial markets."

Just four African countries have implemented the Basel III international regulatory framework, while only half have a sovereign credit rating from a major agency. Furthermore, seven countries in the continent have US Foreign Account Tax Compliance Act compliance commitments.

"Given this prevailing operating context, African banks are being called upon to adopt business models that incorporate a sound governance framework, an innovative culture, and an ambitious yet prudent business growth approach, as well as continued investment in technology and human capital," explains Min. "Concomitantly, adherence to local and international rules and practices is warranted, while a prerequisite for sustained market development is the key to sound funding, asset quality and capital positions. This, however, is a tall order which should not be underestimated, and can only be achieved over time."

As a reaction to this, Min predicts there will be more consolidation of banks, and the emergence of more pan-African banking groups. He says the number of institutions collaborating with FinTech companies and mobile network operators to help make banking available to more citizens may also increase.

Despite the trials facing the sector in Africa, Min says MCB is aiming to solidify its status as a leading financial institution in Mauritius, and become an increasingly prominent player in the region.

"In addition to remaining the trusted business partner of companies across economic sectors and SMEs, MCB will broaden its exposure to the retail segment, while widening its pool of high net worth customers," he says. "We will also be offering wealth management and private banking services to a wide range of local and international customers."

> The continent can harness the digital economy's growth potential

MCB is aiming to enrich the customer journey and make greater use of digital technology, as well as trying to diversify its regional footprint. The bank is also looking to further its 'Bank of Banks' outsourcing proposition, enhance its energy and commodities strategy, and participate in syndicated lending and the sale of risks.

"MCB will further build its capabilities in terms of technology and human resources to execute its strategic orientations," says Min. "Concurrently, the bank will maintain adequate capital resources to foster sustained business growth, with capabilities

Jean Alain Law Min

Mauritius Commercial Bank

geared up to adhere to evolving local regulatory stipulations and international standards."

With digital technology revolutionising the financial sector, Min says mobile banking technologies will help foster financial inclusion in African countries by broadening access and the use of digital financial services.

"Digital banking services can serve as a point of entry to serve these customer segments, before a wider and more sophisticated range of solutions can be offered to them to meet their needs and aspirations," he says. "Banks should continuously invest in new technologies and focus on big data analytics and establish trustworthy client relationships. Likewise, regulators should introduce adequate frameworks for sound and transparent market development."

MCB has embraced customer centricity and omni-channel management as part of its strategic ambitions.

"We are the only bank in Mauritius that operates a comprehensive mobile payments and banking platform," Min says. "Named 'Juice', the platform has the ability to effect cardless ATM transactions and to transfer money to any Visa cardholder in the world. These are firsts in Africa. 'MCB goes digital!' is also a key pillar of our medium term growth strategy towards delivering client services in a simpler and seamless way."

Factors such as the emergence of middle classes, rising real incomes, rapid urbanisation and an increasingly young population will help the financial sector grow in Africa according to Min, creating a higher demand for broad and sophisticated solutions.

"With regards to fostering financial inclusion amongst its population, the continent can harness the digital economy's growth potential, notably in terms of mobile technology and access," Min says. "This will allow African banks to leapfrog long-standing market development constraints."

Min warns, however, that there will be a number of challenges to overcome going forward. "Countries need to fill in physical infrastructure gaps, starting with electricity, and to enable human capital to deliver in sophisticated and competitive markets," he concludes. "Banks should also understand requirements of upcoming generations, while educating earlier ones on the appeal of its proposals." ■

Turning challenges into opportunities

Abubakar Suleiman, executive director of finance and strategy at Sterling Bank, discusses some of the main issues banks across Africa face, and how they can position themselves for long-term success by embracing change

Generational behaviour shifts in our population mean that banks are having to reinvent their business models to stay relevant with customers. That's according to Abubakar Suleiman, executive director of finance and strategy at Sterling Bank. "Digital is at the forefront of this change, and at Standard Bank we are already on the path to digitisation," he says. "But banks need to be careful. They can't expect to throw fancy technology at their customers without thinking about what value it offers and how it will be used. User experience is key; successful adoption lies in the ability to translate cutting-edge technology into a simplistic offering that enhances customers' lifestyles."

This is but one challenge banks in Africa face currently. Low commodity prices, global banks exiting the continent, reduced foreign direct investment (FDI), and the rise of fintechs are all putting pressure on banks at the moment. Only those that weather the changes and adapt will survive and thrive.

Suleiman says that at Sterling Bank, they see great opportunities from these new challenges. "Low commodity prices are pushing countries on the continent to focus on developing the real sector of their economies in order to build a sustainable path for growth and

> Using technology to enhance and simplify the customer experience is key to success

Abubakar Suleiman

Sterling Bank

revenue diversification. Reduced FDI is simply a result of these current challenges. We expect the situation to dramatically improve as countries on the continent develop more self-sustaining environments for businesses to thrive. The impact on GDP and disposable income will attract more stable FDI flows in future."

On the subject of fintechs, Suleiman acknowledges that while they pose a threat to banks globally, the risk may be magnified even further on the continent. "Across Africa, the development of our infrastructure is still largely inadequate and this has created room for intense innovation, especially in the mobile space," he says. "Using technology to enhance and simplify the customer experience is key to success. This situation presents a fantastic opportunity for banks to grow very quickly and access previously unreachable markets. Instead of seeing the fintechs as a threat, banks should look to collaborate with existing players or adopt new models. Undoubtedly, digitisation will be crucial for banks' survival; and this applies not just to the services and channels they offer to their customers, but also to the banks' middle and back-office infrastructures."

Looking ahead, Suleiman is confident that digital holds the key to long-term success. "In a downturn, digital will help banks remain more efficient across multiple areas, especially in terms of cost optimisation and in efficient service delivery," he says. "And in a growth wave, digital capabilities will open up opportunities for significant clientele acquisition, fast growth and the ability to quickly develop new service offerings."

Importantly, says Suleiman, banks must remember that today's customer is discerning and very demanding. "The technology models I have discussed will impact how quickly banks can adapt in good and bad times, especially when you consider the ever-growing expectation for new service offerings that keep up with customer demands."

One thing is clear is that the financial sector in Africa has come a long way in the last decade, and now technology looks set to drive even greater change. "The growth of new digital technologies is particularly impressive," concludes Suleiman. "Financial services like retail loans are still not as available as they should be, but service availability will continue to improve. It is great to see that banks in Africa are constantly adapting to offer new ways of serving customers and are actively seeking to innovate." ■

Capitalising on untapped potential

Amine Bouabid, director and CEO of the Bank of Africa Group, predicts that digital technologies will help Africa's banks to remain competitive and reach new customers

Retail banks operating on the African continent currently face several macro challenges caused by reduced commodity prices, low levels of foreign direct investment, major global banks exiting the region and the rise of fintechs.

Despite these challenges, Amine Bouabid, director and CEO of the Bank of Africa Group (BOA), remains confident that traditional retail banks still have a vital role to play in the financial services market.

"Banks have been key players in the financial services sector for a long time, so common recurring problems should not jeopardise their structural development," he explains. "Most African banks cater largely to the corporate market, which leaves them vulnerable when the national or global economy slows down. However, banks that develop products and services for small- and medium-sized enterprises, or individual consumers, are less sensitive to market volatilities and are more likely to be able to extend their customer base."

McKinsey's *Half the World is Unbanked* report found that 326 million people in sub-Saharan Africa (80%) do not have access to banking services. This represents significant untapped potential, according to Bouabid. "Between 5% and 20% of people living on the African continent currently have bank accounts, so there's a huge opportunity for banks to find new ways to serve those who don't," he remarks.

> Digital transformation should be among the top priorities for banks on the African continent

326 million people in sub-Saharan Africa do not have access to banking services

Amine Bouabid

Bank of Africa Group

Bouabid predicts that organisations that turn to digital technology to transform their operations and services so they reach the unbanked population will be most successful, both during periods of economic growth and downturn.

"Digital transformation should be among the top priorities for banks on the African continent," he says. "Mobile wallets, for example, are particularly popular in the eastern part of the continent and are much more advanced than in any other countries worldwide. The rapid uptake of mobile wallets proves that customers accept and trust digital technologies, so they are one of the key ways banks can gain a competitive advantage."

In addition, Bouabid expects that digital technology will help banks to expand their products and services portfolios, allowing them to attract new customers and significantly extend their reach in the retail banking market.

"Using technology, we will be able to develop and test new products for lower costs and bring them to the market more quickly," he comments. "Plus, we'll be able to provide digital support to customers at the right time. As banks diversify their portfolios, they will improve their concentration ratio and will become less vulnerable to market volatility. Better loan scoring systems and risk management capabilities will also enable them to make more informed and reliable decisions about loans for SMEs."

Certainly, says Bouabid, Bank of Africa aims to harness digital technology to bring basic banking services to the unbanked population in the near future. "We want to enable small businesses and individual consumers to access products that will improve their quality of life, such as a mortgages and loans," he comments. "We believe that this will enable us to contribute to the continent's overall economic development."

Preparing for the next wave of growth

Joseph Boris, CEO at Natixis Algeria, says that duplicating the traditional European banking models in Africa would be a great mistake. Here he explains why

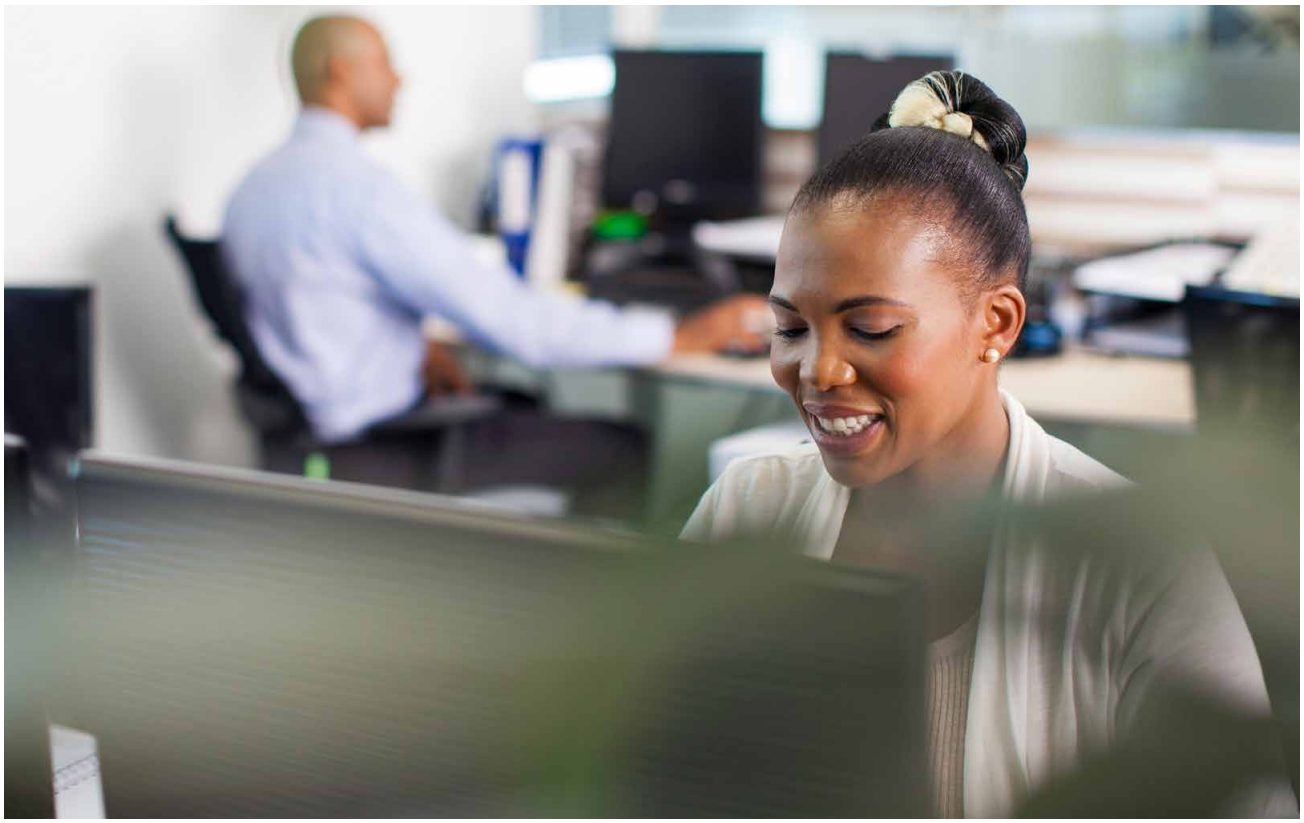
There's no question that traditional banks operating in Africa face significant challenges. According to Joseph Boris, CEO at Natixis Algeria, these banks will be unable to survive without a drastic digital evolution.

"A number of facts support my thinking on this," Boris says. "First of all, the African culture is open to digital transformation. In Europe, people are sensible and are used to getting physical contact with bankers. Most Europeans are not comfortable with the idea of a purely digital banking relationship."

Boris says that Africans do not have the same expectations as Europeans. "African people are not used to having a physical bank account – they make payments via mobile without blinking an eye," he explains. "As a consequence, a fully digital offering will resonate more in Africa than it will in Europe."

> A fully digital offering will resonate more in Africa than it will in Europe

The African culture is open to digital transformation



Joseph Boris

Natixis Algeria

The economic and service benefits of a move to digital also support Boris's thinking. "Digital banking is cheaper for both customers and banks," he says. "It is more efficient and does not rely on human training, which is a scarce resource in Africa. Digital also allows banks to operate in areas with strong transportation constraints due to lack of infrastructures."

Boris's final argument for the need to move to digital is regarding security. "For banks, IT offers better protection against compliance issues which are especially important in Africa," he explains.

With all this in mind, Boris says that it is obvious that the traditional retail banking model is not adapted to African markets and, in order to prepare for the next wave of growth within the industry, a disruptive approach is necessary. He does, however, acknowledge that there's one exception to the rule. "Algeria is a country where a certain banking culture exists with a strong preference for cash payment," he says. "Therefore, in this region, we will probably look to take a phygital approach rather than a purely digital offer."

> Digital banking is cheaper for both customers and banks

Boris goes on to explain that, in Algeria – unlike other markets like Kenya – the growth of digital is constrained by regulations. "In this context, we cannot see how digital will evolve," he says. "However, as soon as new digital options are allowed, we will immediately adapt because the customer demand is here."

A reason for optimism

Regardless of today's market conditions, banks that remain agile and open to innovation will succeed, says Jaydeep Gupta, regional head of retail banking, Africa and the Middle East, Standard Chartered Bank

Despite turbulent market conditions, Jaydeep Gupta, regional head of retail banking for Africa and the Middle East at Standard Chartered, says that his organisation's outlook for Africa remains positive.

"Growth in the near and medium term will continue to surpass that of advanced economies and, while we do acknowledge the challenges some of the larger sub-Saharan African markets face – notably South Africa, Nigeria and Angola – we also see positive growth forecasts for non-oil and non-mining economies," he says. "Côte d'Ivoire, Kenya, Tanzania, Senegal and Ethiopia are all expected to continue to grow more than 5% this year and key markets in SSA are also showing early signs of recovery. Zambia concluded a successful election and Ghana's recent $750 million Euro bond was heavily oversubscribed. Consequently, when viewed within a more universal context; we can see that these macro challenges are not peculiar to the continent, nor are they insurmountable."

Instead, then, Gupta says that he prefers to view these conditions in a different light – "not as a matter of survival, but rather as a call for traditional financial institutions to demonstrate dexterity and agility."

Gupta highlights areas which not only banks but retail enterprises and consumer industries can focus on to maintain a steady growth trajectory. These include:

- Adoption and exploitation of digital channels as the primary client service platform
- Development of cross-border remittances and bill pay integration capabilities
- Capturing the non-resident African remittances and client pipeline
- SME and intra-African corridors as a key driver of trade revenues
- Development of new participation models through alliances and joint ventures.

To thrive in the future, Gupta suggests three additional areas that financial institutions should focus on: develop robust risk decision frameworks, which will ensure banks are underwriting the right kind of assets; develop and use automatic credit scoring capabilities to deliver faster turnaround times for credit facilities while reducing the cost of acquisition for consumer loans; and create a robust suite of wealth management products and solutions aimed at meeting an increasing demand from middle income clients and high net worth individuals.

He also acknowledges the crucial role that digital has to play. "Mobile penetration in sub-Saharan Africa is nearing 80% and expected to rise to 93% by 2020, when there will be 540 million smartphones in use in Africa," he says. "It is evident that digital will play a significant role in economic recovery and future growth."

Indeed, Gupta points to the fact that many African countries are already pioneers and leading innovators in technological innovation, and cites Nairobi in Kenya – Africa's 'Silicon Savannah' – as

> It is evident that digital will play a significant role in economic recovery and future growth

an example, leading innovations in areas such as mobile money and crowd-sourcing.

But more can be done. "We have, in reality, barely scratched the surface, as far as the length and breadth of provision, exploitation and integration of digital technologies and solutions in Africa are concerned," he says. "I say this both from the perspective of provision of convenience to clients (on a transactional basis) – not just in banking but in retail and in the provision of online services in general – and from a national perspective in terms of data integration across multiple databases and platforms.

Jaydeep Gupta

Standard Chartered Bank

"The current sluggishness in economies is forcing financial institutions to find alternative channels for reach and client convenience in a bid to streamline operations and reduce costs," he adds. "While from a national and regulatory perspective, digital will continue to play a significant role in national bio-data integration. Consequently, the cross pollination of information across private and non-private sector actors would serve to strengthen customer due diligence processes and improve financial inclusion."

Taking all this into account, Gupta says that fundamentals in Africa's financial sector remain strong. "Increased inter- and intra-regional connectivity, increasing regional trade, rising infrastructure needs, and China's one belt one road all present long-term opportunities.

"Should widespread projections hold, Africa will have over 1.1 billion consumers by 2020 – more than Europe and North America combined. Rising urbanisation; increasing literacy and education levels; growth in the affluent and middle class; and a strong diaspora population providing consistent inflow of remittances all present opportunities for existing financial sector players to grow and invest while opening up prospects for new universal and niche industry players to emerge."

Gupta adds that the continent also boasts a unique demographic profile with an increasingly young and ambitious population, a growing private wealth pool, contrasted by a large unbanked population – around 80% of the population lack access to formal financial services presenting a market potential of around 330 million potential clients.

"Governments are making it easier to bank the unbanked with initiatives like the introduction of national ID systems and operationalisation of credit bureaus," he says. "These will make for stronger compliance and credit verification platforms, which, in turn, will ease financial inclusion and access to credit. Islamic and non-interest banking is also opening up."

What's clear is that technological advancement, joint ventures and competition from fintechs will speed up innovation. "The traditional bank as we know it will reshape and reconfigure to take advantage of the opportunities that the region presents," says Gupta. "The agile and inventive will not only survive, but thrive." ■

Disrupting the sector by going digital

Senior executives from some of the continent's largest banks share their thoughts on the development of the sector

How are African banks using digital technologies to improve the customer experience, payments infrastructure and financial inclusion?

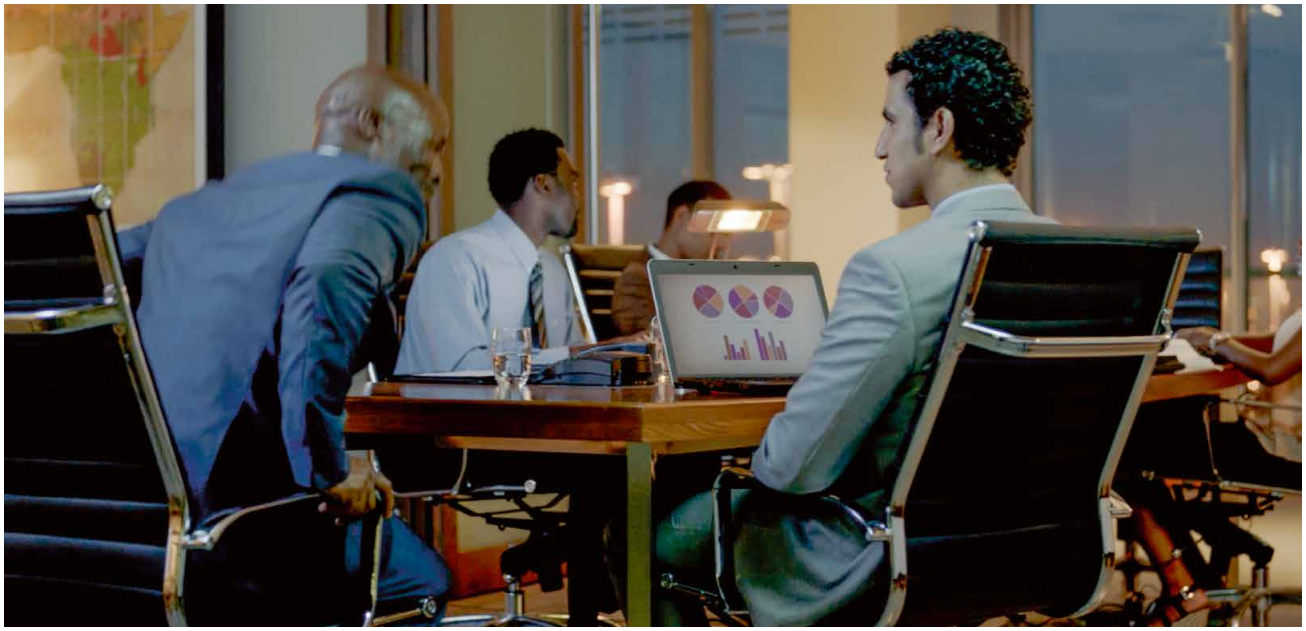
Chris Wood: Digital is on everyone's minds and there are different interpretations playing out at various speeds across formal institutions in Africa. There is a lot of independent activity from startups and disruptors, which is forcing banks to decide whether they want to respond, partner, build or buy. This is particularly relevant in the payments arena.

Gbenga Francis Shobo: High branch construction and maintenance costs have forced banks to focus on serving customers outside physical branches, so ATMs, mobile banking, online banking, money transfer, mobile payments and agency banking are becoming an increasingly important tool to retain customer relationships. Customer relationship management tools also help banks to build customer profiles and properly target people, while other transactional services are growing more relevant as SMEs move online and engage customers through e-commerce.

Alexandre Maymat: In Africa, like everywhere else, the change in customer behaviour caused by the explosion in digital technology is key to building the bank of tomorrow. Economic growth is strong and stable, while customers are demanding cutting-edge tools. Africa is in the process of using smartphones to invent its own way of consuming banking services, which impels us to innovate. We've launched several initiatives on the continent to adapt a banking model by population. For example, we have financial advisors who use scooters to visit districts

> The change in customer behaviour caused by the explosion in digital technology is key to building the bank of tomorrow ALEXANDRE MAYMAT

Customer relationship management tools help banks to build customer profiles and properly target people



> Africa is ripe for disruption and well set for leapfrog opportunities on legacy platforms
>
> CHRIS WOOD

in Senegal, mobile branches in trucks in Cameroon and Burkina Faso, and voice-activated text messages in Chad.

Tiago Pinto: Digital technologies are being tested for numerous purposes in most continents, not only in Africa. A number of banks have been testing digital approaches to reach a large number of potential customers and a significant volume has been invested over the past few years in different African countries. But the outcome has been mixed: for each true success story there are several less successful initiatives.

How do you envisage the retail banking and payments market changing across Africa over the next couple of years, and why?

Wood: Africa is ripe for disruption and well set for leapfrog opportunities on legacy platforms. Now that customers have become more connected and financially savvy, banks and retailers have a significant opportunity to increase revenues and volumes by establishing digital channels. The biggest challenge remains the proliferation of cash and the shift away to more secure forms of tender, particularly through digital and online commerce. However, platforms and protocols such as crowdfunding, social payments and blockchain provide huge opportunities for transforming the traditional mechanisms to remit, store and transact digital value and we'll see a large change in the way that consumers engage with these capabilities. Banks must make clear decisions about whether or not they will be a part of the disruption, or whether they will be disrupted.

Shobo: Demographic changes will increasingly change the way banking services are consumed as a growing proportion of each country's population will be below the age of 24. Young people are more comfortable with digital banking tools and more adverse to low-quality services in branches. Lower employment rates will also translate to young people becoming self-employed, providing new avenues for SME and consumer loans.

Maymat: The banking services digitisation phenomenon is already developing at unbelievable speed. To support this technological leap, we must develop and offer new tools and applications to meet our customers' needs. Clearly, we have noticed an African way of consuming banking services today and our role is not look to adapt existing banking models, but to invent the new banking model of tomorrow that will help Africa develop. Telecommunication or distribution networks partnerships will play a key role.

Pinto: Africa is growing quickly and some countries are showing remarkable developments in several dimensions, so changes to retail banking and payments might not be identical across the continent. However, one characteristic of our common future will be the development of pan-African players with consistent value propositions and business approaches in countries with comparable environments. ■

THE PANEL

Alexandre Maymat
Deputy Head of International Banking and Financial Service at Société Générale

Tiago Pinto
CFO and Executive Member of the Board of Directors at Banco Único

Gbenga Francis Shobo
Executive Director of Lagos and West Region at FirstBank Nigeria

Chris Wood
Head of Emerging Payments, Strategy & Regulation at Nedbank

Making the shift to digital

Prithesh Ragoobeer, head of internet banking at Standard Bank, explains how the bank is aiming to transform into a 'digital centric' organisation

Standard Bank has operations in over 19 countries, the majority of which are located in sub-Saharan Africa. The bank is foremost an African bank and is very much focused on its African growth strategy.

Within the next three years, Standard Bank aims to be digital. This is a fundamental shift and is primarily happening within the small and medium-sized enterprise (SME) segment of its organisation. Migrating to a digital-centric approach in this type of an environment does present challenges, including legacy infrastructures, limitations to broadband access, and restrictions on resources. But in Africa, SMEs contribute a huge amount to GDP and are the predominant employers, rather than large corporations. Therefore the opportunity is huge. Within the SME sector, the bank is focused mainly on small and medium businesses rather than micro enterprises. There has been a lot of mobile innovation and innovation around business models for micro enterprises across the African continent in recent times. Standard Bank is focusing on the SME segment because, as a pan-African bank, one of the key elements it wants to bring to the SME customer is the ability to be able to link them to other businesses across the continent in order to help them to grow. These businesses may have a turnover of anywhere between US$200,000 and US$2 million, and are ripe for digitisation.

Standard Bank is aiming to create a digital ecosystem in order to interact with and service the SME customer. In a digital world, the customer must be at the centre of the business model. This perhaps should be the case for any business, but for a 'digital native' in a digital business it's particularly relevant. The customer can also be involved during the development of products, and in the channel customer user experience.

Services the bank would like to offer via different channels, and are specific to the SME, include a trade platform, business services (including core banking services), the marketplace, lifestyle services and consumer services.

The shape and form of the service will have to adapt according to the channel being used. For example, if a customer is on a smartphone app and wants to open up a complex home loan or lending product, they wouldn't necessarily use their mobile app to do so. They would probably revert back to the virtual business centre. Each service must be offered via the channel that makes most sense for the customer.

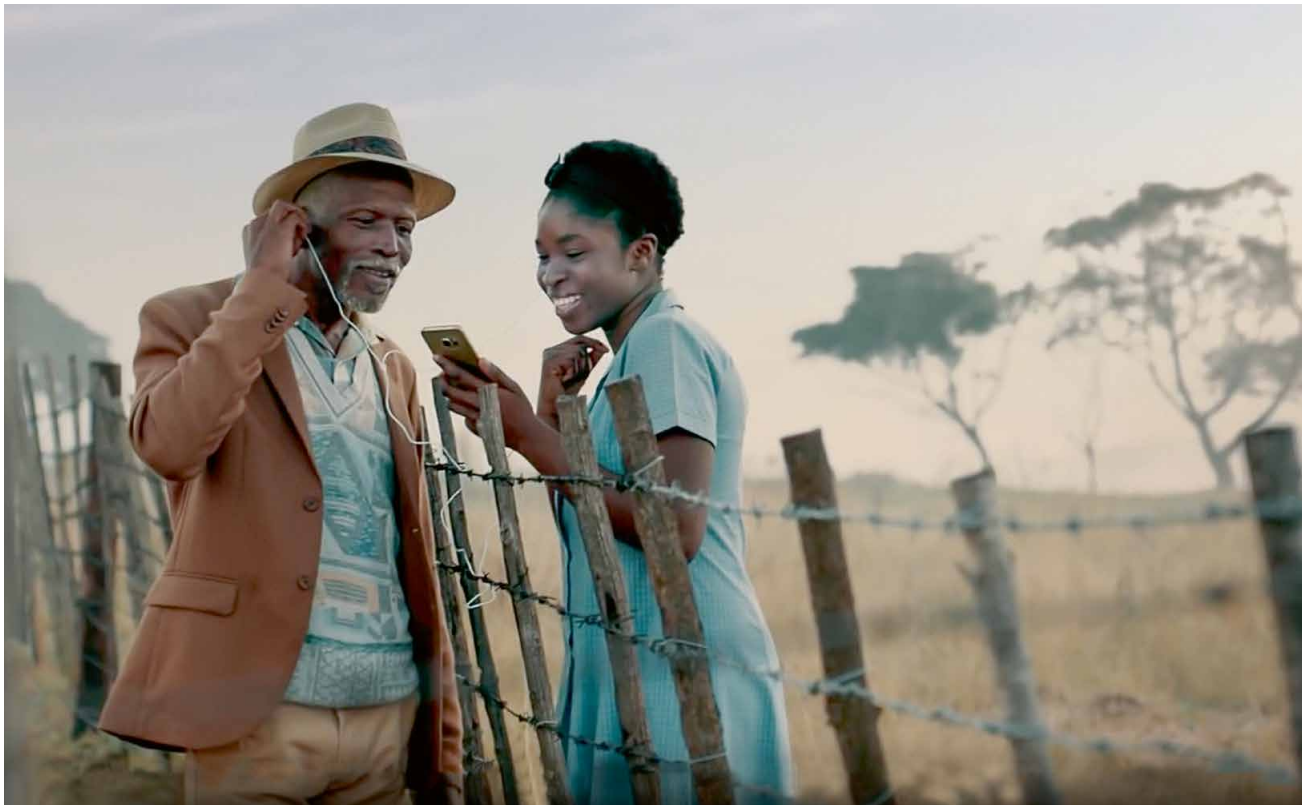
> Standard Bank is aiming to create a digital ecosystem in order to interact with and service the SME customer

Digital stages

Becoming truly digital-centric involves three key stages: digital channels, digitisation and digital bank.

Most banks are currently at the digital channels level. This means customers can access the bank's services anywhere, anytime from a mobile or digital device. This might include apps, a responsive website, or perhaps the ability to speak to a consultant via Skype.

At the digitisation level, a more fundamental shift is required to get to the point where the branch becomes less relevant – or isn't in the equation at all. Platforms such as virtual teller machines and contact centres will still be required to keep the service relevant and an element of human touch will still be required to build up trust with the customer. This will involve all of the elements of digitisation – a mobile direct sales force, kiosks and virtual banks, for example. But more fundamentally, the bank's sales, onboarding and servicing processes would need to be re-engineered.



The final level is the digital bank, which is designed from the ground up, and includes all the elements previously mentioned. However, customers are serviced exclusively through digital channels such as virtual teller machines or mobile wearable devices. A digital bank wouldn't own any branches, meaning the core operating model of the bank will be different. There aren't any truly digital banks at the moment, and at the moment, no-one really knows what the end state of a digital bank will 'look and feel' like, simply because so much transformation is happening in the industry.

Mobile in Africa

When people talk about developments in Africa, much of it is about mobile. Africa has more phones than people at the moment – on average, each person has two or three mobile phones. Mobile has defined the way in which people interact from a platform perspective.

In Africa, this is the predominant first-hand experience of banking. It hasn't been defined by a laptop or even a point of sale device. There are a lot of unstructured supplementary service data (USSD) services used across all the different segments – mPesa in Kenya is a good example of this. USSD is like using interactive SMSs that move back and forth to carry out many different types of financial transactions.

Although mobile phone penetration is high, most own feature phones with basic features, rather than smartphones with internet access. But this is changing. By 2018 it is estimated that around 60% of phones in use in Africa will be smartphones. In the short term, then, banks will have to offer services that cater to both feature phones and smartphones.

Looking at current channel usage, customers still use the branch as the dominant channel. This is the best way of building a relationship with the customer. Typically, when a customer goes to a branch and makes a teller deposit, they gain a sense of accountability, and can hold a specific person responsible if something goes wrong.

Changes are happening however, and very quickly. In a recent survey, 60 to 70% of the respondents claimed to use a digital channel for a range of services, including finance. The ATM was launched in the 1980s and took 10 to 15 years to gain full adoption. Internet banking in the early 2000s

probably took four to six years to achieve full mainstream adoption. With mobile banking, the time has again been halved: within the next two years, it will probably be fully adopted across the continent.

In fact, Africa will probably leapfrog and go straight to the digital mobile banking space, as it doesn't have the legacy of many of its northern hemisphere counterparts. The digitisation of services can happen much faster and will happen within this mobile context.

The 'end goal' for the bank is to migrate customers onto this low-cost channel. However, building a digital bank isn't cheap. It brings scale to onboarding and can support a much larger customer base, but still requires a significant amount of upfront investment.

Case studies

Standard Bank is bringing together three key concepts – digitisation, SME and an African focus – as part of its plan to become digital-centric, as evidenced in these two case study examples.

The first highlights some of the challenges and opportunities involved in going digital in Kenya. CfC Stanbic Bank, as this particular franchise is known, launched a product called 'Till2Bank' or 'Lipa na mPesa'. This is an electronic payment service that gives business banking and SME clients the ability to accept mPesa mobile wallet payments into their accounts in real time.

In practice, a customer visits the business. The till number is viewable on the counter and the customer can then enter that 'till' number on the mobile screen and the SME customer would receive immediate payment for their goods and services. The vendor can provide banking services, so the customer can also withdraw cash and make deposits via their mobile.

For the customer, the value proposition is that they can pay instantly and conveniently from their mobile, and there's no need to carry cash. From a banking perspective, there are more physical touch points with the customer, rather than just the branch. From an SME perspective, it allows the business to minimise the cash that it has to manage or deposit.

One of the key differentiators in this proposition is that Stanbic has an on-demand settlement between the SME's wallet and their bank account. This implies that they don't have to wait 48 hours or until the next day for the funds to reach their bank

account if they're using a point-of-sale device, for example. It also represents an additional revenue line, because it brings additional customers into the store as the business can offer these additional banking services. There is also a revenue-sharing model based on the type of transactions that the SME facilitates on behalf of the bank.

Within this whole project, CfC Stanbic is the glue that brings all of the different parties together. It carries out the settlement and the recon activities across all parties. The bank owns the relationship with the SME and provides the banking services required by the customer. Lipa na mPesa is effectively the platform.

The second case study involves the 909Mall in Nigeria. This is an out-of-the-box service that enables an SME to create an e-commerce site and start selling goods, with the ability to accept payments from Standard Bank's mobile wallet from day one. It only takes one to two days to set up, and once the SME launches the website, it can start selling goods and services. It can accept payments both from the Stanbic wallet and any other traditional card platform, such as MasterCard or Visa. From a customer perspective,they have access to an online mall with a wide range of different retailers. When a user pays, it's an instant payment, posing minimal risk to the retailer.

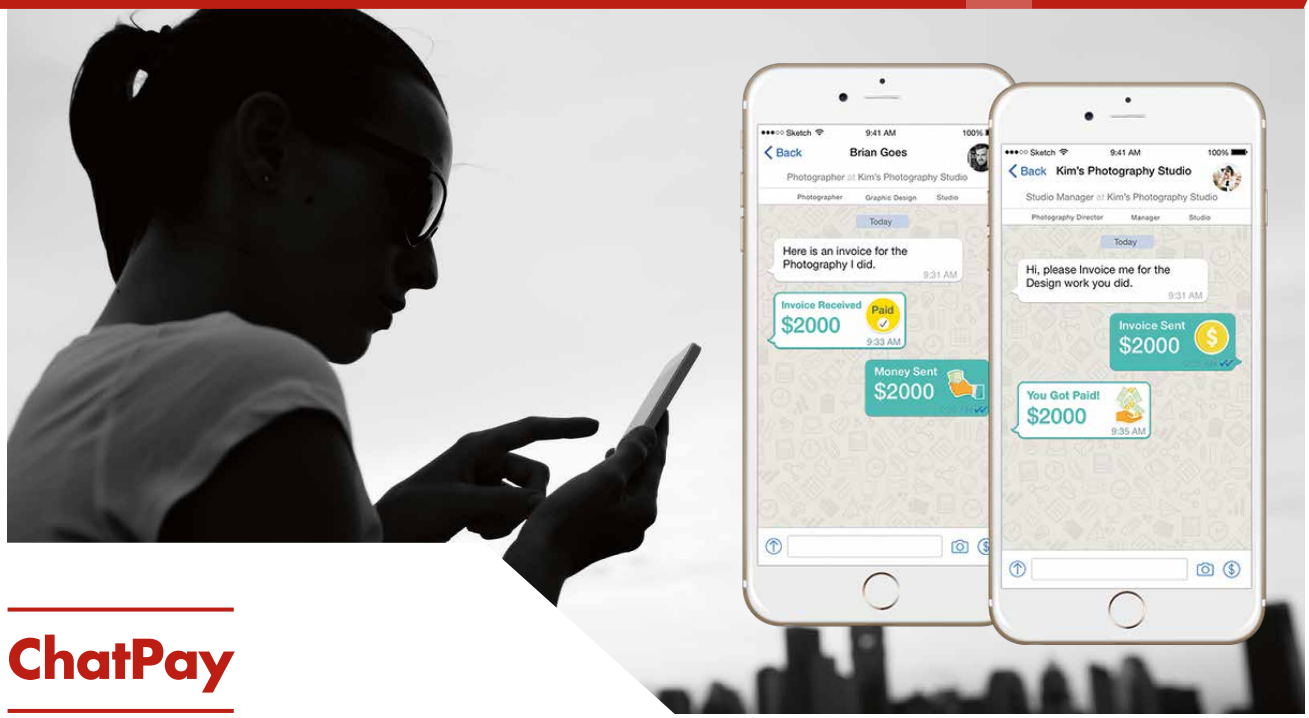
From an SME perspective, it allows the business to set up an online presence and start accepting payments almost immediately with minimal fuss, rather than having to build it from the ground up. Looking at the bigger ecosystem, Stanbic is again the glue that binds it all together, and it owns the relationship with the SME.

Enabling digitisation for SMEs

In both of these examples, Standard Bank (Stanbic) had to support the SME through all of its traditional business pains – such as 'how can I get paid efficiently', and 'how can I can set up an online presence?' It has achieved this by placing the customer at the centre of its value proposition. This required it to have a deep understanding of the SME so that it could offer the specific services they required.

In both instances, the value proposition is quite clear for the SME – it can manage cash while taking the pain out of being able to sell goods online. Throughout these projects, Standard Bank has supported the SMEs to develop services that customers want. This, in turn, has led to greater profitability, which in the long term is positive for all parties. ■

Sterling Bank – Nigeria



ChatPay

Sterling Bank's ChatPay app provides customers with an instant messaging service that features an artificial intelligence powered bot named Kiki, who interacts with users to help them with their financial transactions.

ChatPay is available through numerous messaging platform services, including Facebook Messenger, Skype, Telegram, WeChat and Twitter. Users can sign up for the service using their debit card, credit card, or bank account numbers.

With millennials now constituting more than half of the world's population, their behavioural patterns are not generally being met by financial services offerings. ChatPay seeks to address this by meeting the millennial demographic in a way that is familiar to them, and in a personalised manner using bots powered by artificial intelligence.

Users can access a variety of services through ChatPay, including balance enquiries, bill payments, and can instantly transfer to another bank. Other services include mobile airtime recharge, an ATM locator using voice navigation, and movie ticket trailer views and ticket purchase.

The service is not limited to Sterling Bank customers, with patrons of any bank in Nigeria able to sign up for and use ChatPay.

The solution is a work in progress, with the artificial intelligence used to operate ChatPay being continuously developed. New services are also being added, such as cash withdrawal via ChatPay. Payments with ChatPay at merchant locations are expected go live in November 2016.

In the first four weeks after launching, ChatPay processed in excess of 7,000 transactions, worth US$250,000. This was before any marketing activity took place to promote the app. It is hoped that as many as two million customers will be using ChatPay by the end of its first year. ■

KEY FEATURES

- Appealing to millennials
- Diverse range of services provided
- Available to customers of any Nigerian bank

Standard Bank – South Africa

Shyft

Aiming to serve the 'global citizen', Shyft is a mobile solution that allows users to control their foreign exchange and use it easily and conveniently from their mobile phone.

Customers use a 'Foreign Exchange wallet', from which they can buy different currencies at a live rate. They can then store those funds, load them onto physical or virtual cards and send cross border payments.

The Retail Foreign Exchange business in Standard Bank, and to a large extent within South Africa, has traditionally been very branch intensive. Individuals wanting to access products like international payments and travel cards effectively had to locate a branch, stand in queues and fill out paperwork.

Standard Bank sought a way to transform the customer experience via digital channels. This led to the development of Shyft, a digital app that can be used as a multiple foreign currency wallet.

Shyft helps bring together a variety of offerings that were previously based in the physical branch. Many of Standard Bank's competitors offer similar services in siloed solutions, but these lack the accessibility of Shyft, and are not as interlinked.

Shyft is unique in the market due to the way that the product manages the foreign exchange experience. The service has been a collaborative effort between Standard Bank and multiple vendors, each contributing their own set of specialist skills to make the product what it is.

The app is currently at the piloting stage, with 100 users testing the service. The next phase will see the industrialisation of Shyft and then the go to market stage.

It is hoped that once launched, Shyft will enable significant cost savings on card transactions and cross border payments. Users will be able to easily purchase and store foreign currency, and access services around the clock via the app. ■

KEY FEATURES

- Around the clock access to services
- More accessible model for Foreign Exchange
- Significant cost savings on card transactions and cross border payments

Nedbank – South Africa

Market Edge

Nedbank's Market Edge data analytics tool provides merchants and other businesses with the ability to gain insights into client behaviour using big data and business intelligence.

Market Edge seeks to empower Nedbank card-accepting companies to develop informed strategies on the back of their own big data. This can be done via a multi-layered, user friendly dashboard that draws data from client's card transactions.

With the tool, CEOs, CFOs, marketing heads and operations managers can gain invaluable insight into millions of transactions – all aggregated and displayed in a user-friendly online location.

By aggregating these card transactions for businesses, the need for market surveys and research is alleviated. Company decision makers can gain a greater sample size and richer insight thanks to Market Edge.

The tool is being used to shape strategy and execution with a number of Nedbank's business clients. Transactional data and smart technology can provide greater value to customers, who previously would have had no access to this sort of intellectual property.

Market Edge users can access a number of tabs, ranging from transactional overviews at holding, brand or store level, to share of wallet and client loyalty information.

The tool provides businesses with geolocation information about the reach of an outlet into client markets, enabling them to analyse and determine key trends, as well as the changes in their client's behaviour over time. This makes it easy to develop real-time responses. A breakdown of client spend is also available to view.

Market Edge is actively being used by over 30 businesses and has been exposed to almost 100 of Nedbank's business clients. It has already gone through almost 20 notable system updates due to its online and agile platform, meaning it is always built based on customer feedback and strategic relevance. ■

KEY FEATURES

- Greater business insight for users
- User-friendly interface
- Ability to determine key trends

FirstBank Nigeria – Nigeria

FirstBank Ideoz

FirstBank Nigeria has created an internal governance framework and ideation platform named Ideoz. This platform allows each of the bank's 18,000 staff to generate, share and pilot quality ideas via a cloud-based portal.

Realising the need to reinvent some of its organisational processes, FirstBank Nigeria developed the platform to help give staff a voice, drive innovative thinking and use digital channels optimally.

FirstMobile provides the opportunity for innovation and stakeholder dialogue. Ideas generated in response to challenges are stored in an online repository, and then carefully selected for piloting by dedicated review teams. These teams filter ideas based on predefined criteria and secure approvals for implementation.

In the first two months since launch, 238 quality ideas have been submitted in response to five challenges. In the first month since launch alone, 8,000 FirstBank staff signed up for Ideoz, with more than 30,000 page views on the Ideoz portal in the same period.

Two ideas generated via the portal have been successfully implemented. These first two have been internal facing to ensure the FirstBank Nigeria has acquired the capabilities required to effectively review and pilot ideas.

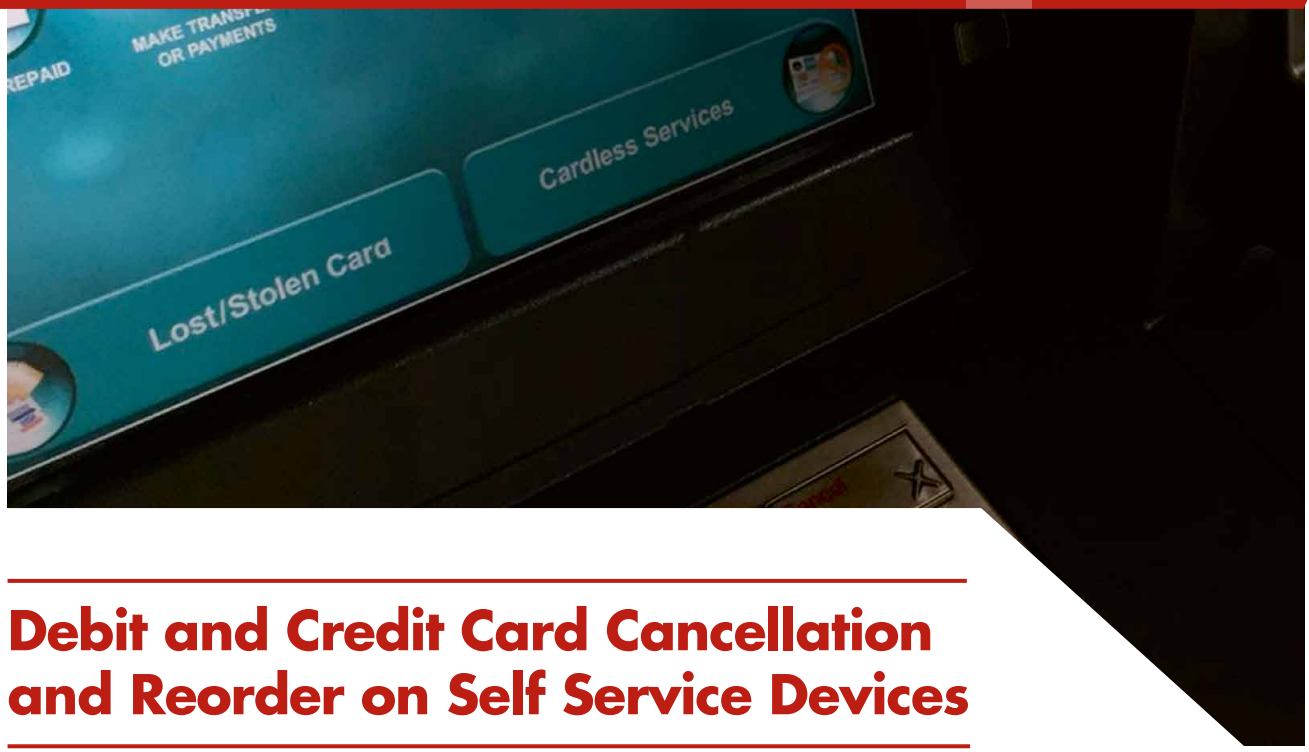
The first was an open innovation idea to encourage market-facing staff to participate in innovation challenges. The winning idea was a mobile 'free wifi week', which provided free wifi for a week to branches that successfully got ten members of staff to post an idea in response to any of the challenges on the ideas portal. This significantly boosted participation by branch staff, who tend to shy away from online engagement.

The second idea was a noise etiquette campaign, designed in response to a challenge regarding how to reduce noise in the bank's work spaces. FirstBank Nigeria staff jointly developed a creative method of campaigning for noise reduction, which involved creating a vocabulary of FirstBank words related to noise reduction, developing and agreeing on rules to ensure a more serene environment, and institutionalising a bank-wide movement to reduce noise levels. ■

KEY FEATURES

- Increases staff innovation
- Optimal use of digital channels
- Encourages online engagement

FNB – South Africa



Debit and Credit Card Cancellation and Reorder on Self Service Devices

Online banking, digital and automated teller machines (ATMs) are popular channels for e-fraud. Fraudsters are using sophisticated devices to steal PIN and card information and distract customers while they are transacting. They immediately use the card and pin at the nearest ATM to withdraw the available funds.

FNB is the first bank to enable debit, cheque or credit card cancellation's across all its electronic banking platforms, and is the only bank to provide this functionality on self-service devices. The bank also gives customers the option to order a new card immediately via FNB's self-service devices.

The solution is digitally convenient, as it can be accessed via ATMs, which are usually available on a 24/7 basis. The solution also promotes the use of FNB's self-service devices, from which customers can order new a card immediately.

The cancellation and re-order is real time, and the bank is able to quickly recover its credibility and regain the trust of the customer by reducing the risk of losing their money and reducing the number of fraudulent activities.

Furthermore, the solution is cost effective, as it has helped reduced the FNB operations and service level agreement costs at the branches and call centres by 500,000 Rand thus far. This is because staff are not directly required for the process to be completed, and only a customer identity number is required.

The debit and cheque card cancellation with a lead to re-order was implemented in April 2015, and in July 2016 the credit card cancellation and system driven ordering of cards was launched.

Since inception in April 2016, approximately 18,500 cards were cancelled via an ATM, with around 5,000 cards ordered via an ATM. Down the line, FNB is aiming to introduce card replacement and issue the card immediately at the self-service device. ■

KEY FEATURES

- Around the clock availability via ATMs
- Ability to order a new card immediately

Access Bank – Nigeria

AccessMoney Better Mama Better Pikin

Nigeria has one of the highest infant and maternal mortality rates globally, with the country ranked 169 out of 176 countries when it comes to the worst places for child bearing.

The country's north-west region has the highest infant and maternal mortality rate. This region also has the lowest attendance for antenatal sessions – something that may be attributed to cultural and religious beliefs, lack of adequate preparations and poor savings culture.

To help reverse this trend, Access Bank has created the Better Mama Better Pikin (BMBP) initiative. BMBP is a hybrid composition of a mobile money wallet and an instant savings account, and is delivered as a mobile financial service through a network of agents. Comprising micro savings, health and life insurance services, BMBP offers a structured prenatal and postnatal training programme. Wallet and account creation is instant and customer induced. With the initiative, an expectant mother is required to save a minimum of N1,000 per month. This gives her access to medical insurance coverage of up to N40,000 per annum (inclusive of antenatal sessions and other medical treatments) and life insurance cover for up to N100,000 in the case of death or permanent disability of the beneficiary for a monthly fee of N300 (debited from the monthly savings).

Beyond aiming to reduce infant and maternal mortality, the initiative also promotes financial inclusion. Further aims include the promotion of a savings culture and micro SME support.

Following a one-month pilot phase, BMBP was launched in February 2016. The initiative has already helped bring about a 2% reduction in infant and maternal mortality across the local government associations used in the pilot phase, and wallet subscription and account holder numbers have risen by 100,000. ■

KEY FEATURES

- Enables access to medical insurance for expectant mothers
- Promotes a savings culture
- Instant wallet and account creation

Chase Bank – Kenya

Mobile2Bank

Mobile2Bank from Chase Bank is a digital business payment toolkit that offers the payment methods necessary to serve the needs of a diverse business customer base.

With Mobile2Bank, businesses can drive transactions from their mobile phone. A business today can buy float, borrow and pay anyone from their phone. The service offers a level of convenience and flexibility that means customers can pay when, where and how they choose.

Cash flow for operations and liquidity are regularly seen as the areas within a business that if given enough focus, will deliver success. But some businesses have encountered problems around ease and access to credit, cash flow, and instant payment.

With Mobile2Bank, businesses can access micro-credit based on their credit rating from turnovers on their business account. This will make addressable the transactions they used to perform on their virtual mobile money account, and strengthen their eligibility to receive a credit facility from the bank.

Real time business payments can be made via a cheaper and 24/7 available channel. Businesses can receive real time collections directly into their account when their customers make payments to them via their mobile money virtual business account. Users can also purchase or load remote agency float on their respective agent account directly from their bank account, or send float directly to another agent's account.

The toolkit also enables real time cash settlement to a customer's account, thus allowing full access to funds and reducing business costs.

Mobile2Bank is helping Chase Bank grow its business customer base, liabilities, assets and transaction income. ■

KEY FEATURES

- Business payments can be made around the clock
- Real time cash settlement to customer accounts
- Transactions can be driven via mobile

Mauritius Commercial Bank – Mauritius

Juice Lifestyle Banking

Having launched the Juice mobile payment platform in 2013, Mauritius Commercial Bank (MCB) has enhanced the platform's features with the launch of Juice Lifestyle Banking. This project enhanced previously-launched Juice features with new landmark functionalities, as well as reinforcing MCB's tradition of innovation first.

The project aimed to further simplify and enrich customers' everyday life by enabling them to conveniently and securely make real time instant payments at MCB Juice merchants. Other services include making cardless withdrawals and money transfers, and conducting credit and debit card activation, repayment or PIN resetting.

Juice Lifestyle Banking can be easily accessed using a four-digit PIN paired to the users' device. The service is available free of charge anytime and anywhere as a native mobile application. This is done using a mobile phone or a browser from any device connected to the internet.

The project aims to harness the transformative power of technological enhancements to offer simplified and pleasant banking experiences using an always-on digital platform with user-friendly functionalities.

MCB's aim is to provide the same or a better quality of service than brick-and-mortar and other traditional channels with the platform.

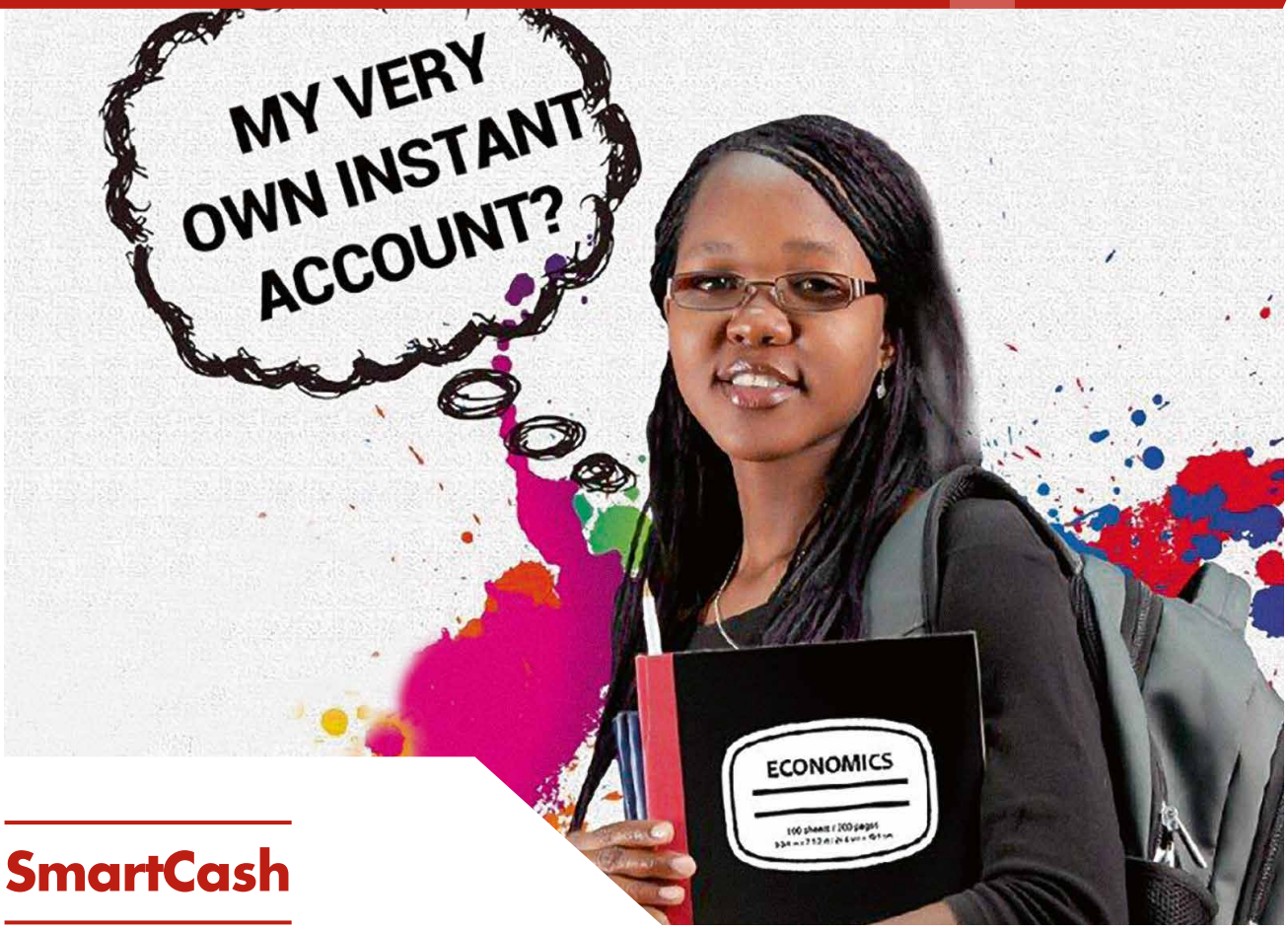
Juice Lifestyle Banking sees users' smartphones and tablets turned into smart mobile wallets, and allows end-to-end secure transactions and account management to be carried out through the touch of a mobile device screen.

Juice Lifestyle Banking has helped MCB better understand and meet the changing needs and convenience requirements of its customers, as well as connecting with them in the most effective manner possible. The bank has broadened and diversified its value proposition, modernised and extended its channel capabilities, and fostered an enhanced brand visibility. ■

KEY FEATURES

- Enhanced services for customers
- User friendly functionalities
- Service available anytime, anywhere

CBZ Holdings – Zimbabwe



SmartCash

SmartCash is a low-cost, virtual and card-based bank account that can be opened within five minutes via a smartphone. Once open, customers can use the account to collect their salaries and make utility bill payments. In addition, customers' SmartCash accounts are linked to the bank's main mobile banking platform, Smart Money.

Aimed at growing financial inclusion among unbanked consumers and small and medium-sized enterprises in Zimbabwe, SmartCash was developed in response to Know Your Customer (KYC) requirements.

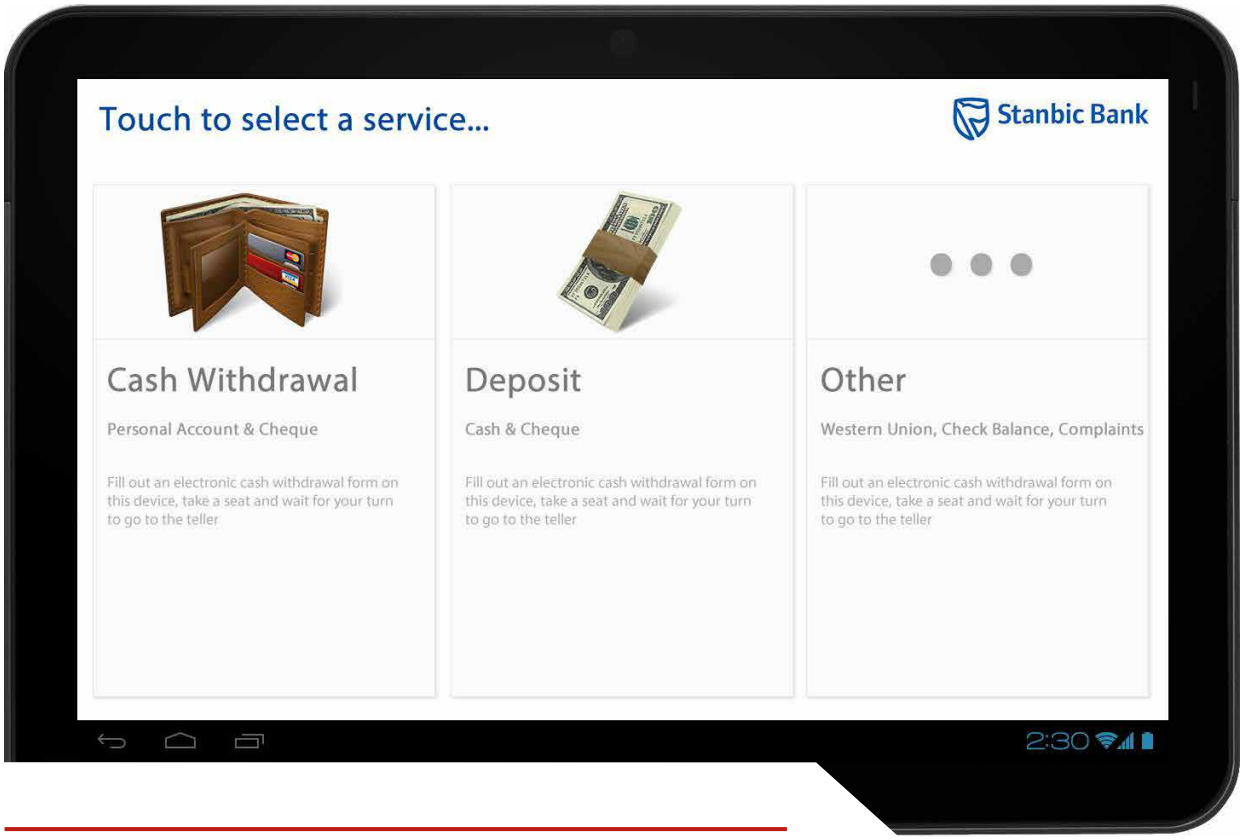
First conceptualised in July 2014, SmartCash was launched on 4 December 2014 and is distributed through the bank's 66 branches, client relationship managers and a growing agency network. Within the first eight months, retail deposits had grown to US$900,000 and more than 35,000 accounts had been opened. CBZ Holdings is now upgrading some of its clients' accounts so they can benefit from more products and services.

SmartCash also won a local award for being the most innovative banking product in December 2014. ■

KEY FEATURES

- Accounts can be opened via smartphone in five minutes
- Provides an easy way for customers to process salaries and pay bills
- Offers easy access to CBZ Holdings' main mobile banking platform
- Helps to reduce unbanked population in Zimbabwe

Stanbic Bank Ghana – Ghana



Slip Free (Paperless) Banking

Typically when a customer makes a cash withdrawal or pays a deposit into a bank, they receive a paper receipt from the teller. Not only can this be inconvenient for the customers, but it also introduces significant print costs for the bank.

Stanbic Bank Ghana has introduced Slip Free (Paperless) Banking to improve the way in which financial transactions are originated and terminated at both the back-end and front-end.

The solution digitises teller reconciliation processes, replacing paper-based processes with an interface on a tablet. It automatically prioritises transactions according to type and customer segment, syncing customer and transaction data, which minimises the risk of customers making errors.

The customer experience is enhanced because queues at tellers are shorter and it takes less time to reconcile financial transactions. Plus, the solution reduces the considerable costs associated with printing the transaction slips, thereby minimising branch overheads.

Slip Free (Paperless) Banking will provide the foundation for Stanbic Bank to digitise other customers services. ■

KEY FEATURES

- More convenient for customers
- Shortened teller turnaround times
- Reduced cost of printing teller receipts
- Improved teller reconciliations

ABC Bank – Kenya

County Revenue Collection and Management Solution

County governments in Kenya must collect their own revenue to plug in the gap between allocation of revenue from the National Government and their own budget. ABC Bank has designed and implemented an end-to-end Revenue Collection and Management solution to replaces Kirinyaga County's manual revenue collection system.

Hosted at ABC Bank Data Centre, the solution has a real-time connection to several revenue collection touchpoints, including the agency, a POS app, a mobile app, an online portal, mobile money payment channels from the mobile network operators, and the National Governments financial system. ABC has also formed strategic agency partnership with Saccos – non-financial cooperatives – so it can use 30 of their branches for county revenue collection, without having to open a bank branch in Kirinyaga.

Revenue collection processes are now more efficient because personnel no longer have to cover large geographical areas to collect money or spend a long time reconciling cash, while business and citizens can pay taxes via mobile, rather than travelling to the authority's offices. By centralising the revenue collection and management process, the solution has also sealed previous loopholes to minimise corruption and tax evasion, while increasing transparency and accountability.

The solution also has a geographical information system, which allows Kirinyaga County to identify taxable properties, track parking attendants to check their revenue collection figures for discrepancies, and determine locations for new adverts.

Since its implementation, the solution has increased the county's revenue collection rates by 70% and freed up most revenue officers to complete other tasks. ■

KEY FEATURES

- Digitised revenue collection processes
- Citizens can now pay taxes and fees via smartphone
- Better protection against tax evasion and corruption
- Reduced the need for revenue collection officers

KCB Bank – Kenya

KCB M-PESA

Recognising that the majority of Kenyans did not have a bank account, but did have access to a mobile phone and mobile-based money transfer and micro-financing service M-PESA, Safaricom and KCB Group introduced KCB M-PESA in 2015.

The mobile-based micro credit and savings solution provides more than 22 million M-PESA customers with the opportunity to quickly secure a loan from KCB. M-PESA users can activate a KCB M-PESA account, see how much they can borrow and secure a loan within minutes.

Customers can choose a one-, three- or six-month tenure loan, set up a fixed savings account for a predefined period of time, and set up a target savings account. They can also establish a standing order from their KCB M-PESA account to their target account if they want to build up savings. In addition, customers can freely deposit and withdraw money from KCB M-PESA to M-PESA and vice versa.

To date, KCB M-PESA has secured loans worth a total of US$120 million for around seven million customers and generated US$9 million in revenue. The new service also more than doubled the bank's customer base in less than one year.

In future, KCB aims to expand KCB M-PESA to include all of the features available in a traditional bank account, such as ATM access, debit and credit cards and bill payments. ■

KEY FEATURES

- Fast access to loans
- Easy to carry out transactions via mobile devices
- Loyalty points and exclusive services boost customer retention rate

First City Monument Bank – Nigeria

Flexx App

Technology plays an important role in the lives of Nigeria's younger generation and it's no different in the financial services space, where they expect to be able to carry out banking activities on their mobile devices.

To meet this demand and encourage the younger generation to move away from the traditional and restrictive view of banks as physical buildings, First City Monument Bank wanted to develop an app that would fit with their mobile lifestyle. Consequently, it developed Flexx App to make it easier and more convenient for young customers to open a Flexx account and complete basic transactions via their smartphones.

Now available to download on both Google Play Store and the App Store, Flexx App allows users to carry out basic banking transactions, top up their mobile data, pay for satellite TV subscription and much more. Today, young customers can bank on the go, and access services wherever they are, rather than having to go into a branch. This has helped First City Monument Bank to reach greater numbers of unbanked younger people in Nigeria.

First City Monument Bank hopes that Flexx App will help it to grow a more sustainable customer base, increase its transactions and profit, and most importantly, meet the needs of its younger customers. ■

KEY FEATURES

- Brings access to financial services to the unbanked population
- Enables customers to quickly open accounts
- Customers can bank on the go
- Reduces costs associated with operating branches

Attijariwafa Bank – Morocco

Dar Al Moukawil

This year, Attijariwafa Bank launched the Dar Al Moukawil (Entrepreneur's house) platform to provide advice and assistance to small businesses and entrepreneurs operating in Morocco.

The platform comprises a free website (www.daralmoukawil.com) that is available in Arabic and French and provides comprehensive information to help entrepreneurs develop and manage their business.

Visitors can join regular webinars, or head to the online training academy to watch daily live videos on different topics and Q&A sessions hosted by experts. They can also share opportunities or ideas via the community platform, and access a complete toolkit of government support tools, templates, useful addresses, practical guides.

As part of the initiative, entrepreneurs can visit the network of Dar Al Moukawil centres, which are equipped with a training room offering daily seminars, and an information room with tablets and various printed resources. Each centre also has 24/7 multifunctional ATMs and an interactive terminal so people can register for courses and make appointments with advisors. Meanwhile, trained advisors assist project developers with tasks such as business formation, market research, business strategy development and networking.

Two months after the launch, the website had recorded more than 60,000 users, 50% of whom accessed it via their smartphone. Meanwhile, 150 people participated in the first webinar, 1,500 customers had registered for the daily seminars, and the platform's YouTube channel had received in excess of 20,000 views.

A second version of the website will be launched by the end of 2016 and this will be linked to Attijariwafa Bank's operating systems for online credit applications and product subscriptions to introduce a common platform for private- and public-sector customers.

Attijariwafa Bank launched the inaugural Dar Al Moukawil business centre in November 2016 and aims to have 50 business centres by 2018. ■

KEY FEATURES

- Free access to comprehensive resources
- Entrepreneurs get expert advice on their business plans
- Access to business centres across Morocco

uniBank – Ghana

Smile

Launched in May 2016 by uniBank, Smile allows Ghanaian citizens to rapidly make or receive payments via both basic mobile devices and smartphones. The solution also provides an additional payment channel for corporates and small and medium-sized enterprises – which represent 60% of the country's business sector – to overcome accounting and payment reconciliation challenges, and to manage payments from their customers.

To promote financial inclusion, Smile can be accessed by both uniBank customers and non-customers, allowing mobile money users on different networks to make and receive payments via one aggregated platform. Smile also includes direct extensions on the shortcode for specialised large vendors and merchants, making it easier for people outside of Ghana to process transactions to merchants and recipients within Ghana via a roaming mobile network connection.

Since Smile launched in May 2016, it has earned around 10,500 account holders as registered users – including more than 10 major merchants and vendors – with about 1,100 account holders signing up every week. Between May and August 2016, users made 44,859 transactions valued at a total of more than US$1.43 million. ■

KEY FEATURES

- Allows users to make mobile payments from any device to any network
- Smile can be accessed via basic mobile devices or smartphones
- Users can access Smile without using their phone data
- Reduced crowding in the banks

Stanbic IBTC Bank – Nigeria

Personal Teller Machine

Launched in Nigeria in 2015 by Stanbic IBTC Bank, the Personal Teller Machine (PTM) is an innovative machine that enables customers to interact with live tellers, 24 hours a day, seven days a week.

The PTM machine, which is the first of its kind to be deployed in both Nigeria and on the African continent, was developed by the Electronic Business arm of Stanbic IBTC Bank to provide customers with more self-service and out-of-hours options for accessing everyday bank services. Customers using the PTM machine are able to see and speak with bank staff on a screen as they withdraw cash, deposit cash and cheques, make enquiries and more.

The project went from concept to live implementation in just over a year, and PTM machines are now in use, forming part of Stanbic IBTC Bank's strategy to introduce more digital banking options for customers and giving a human element to otherwise technology-driven processes.

In future, more PTM machines will be deployed in busy shopping malls and other locations outside of the bank's premises. ■

KEY FEATURES

- Provides customers with easy 24/7 access to everyday banking services
- Enables customers to speak with bank staff in real time, regardless of the bank's opening hours
- Improves the customer experience
- Reduces the need for people to visit bank branches

Efma

Retail Banking in Africa

Digital Transformation

December 2016

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