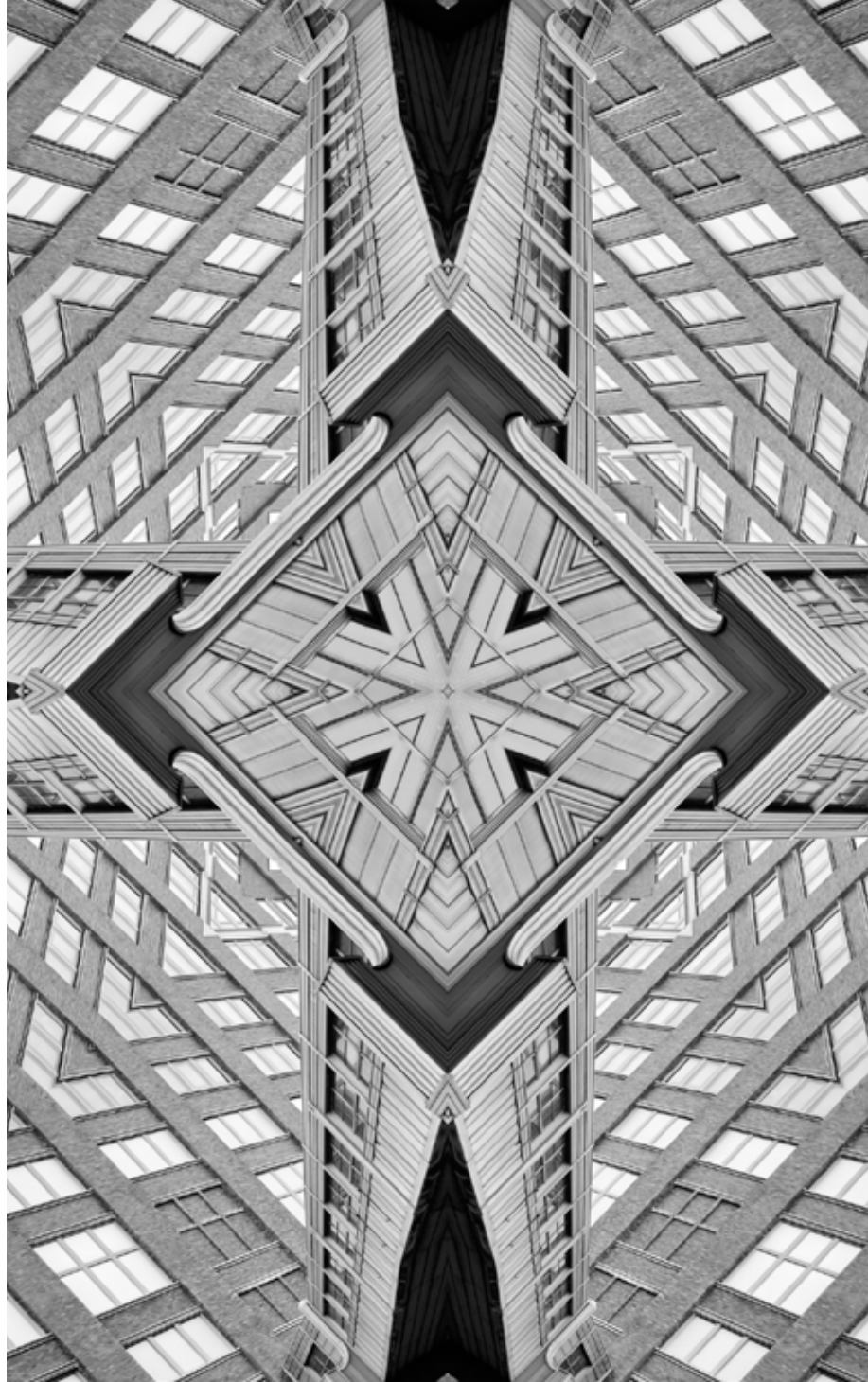


Issue

Brief

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The Fintech Landscape in India and Africa: A Primer

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Abstract

The adoption of digital payments has risen exponentially over the past decade in many countries including India and those in the African continent. In India, the growth has run parallel to rapid mobile penetration, aided by initiatives like Aadhaar, the Unified Payments Interface (UPI), and IndiaStack, as well as the unintended push factor created by demonetisation in November 2016. This brief discusses the landscape of fintech—‘financial technology’, or technologies that automate traditional forms of finance—in India and certain African countries that are leading the way in the continent. It looks at metrics such as rate of adoption, policy levers, and funding, and identifies opportunities for collaboration between India and these countries.

Evolving technology and innovative digital solutions are changing the landscape of the financial sector. During the COVID-19 pandemic, emerging technologies created new avenues for digital financial services to accelerate and enhance financial inclusion amid social distancing and containment measures. Before the pandemic, the adoption of fintech ('financial technology' or technologies that automate traditional forms of finance) was doubling globally every two years,¹ growing from 16 percent in 2015 to 64 percent in 2019. From 2020, the pace has increased further with fintech solutions and services becoming essential for micro and small businesses, and even for rural regions of emerging economies.

Rising ownership of smartphones and economical data plans are contributing to the growth of digital financial services in Africa's rural areas. Countries such as Nigeria, South Africa, Kenya, Egypt and Ethiopia are all attracting investors in fintech. Fintech start-ups raised US\$ 1.35 billion in Africa in 2020, which was three times that of 2019.² Such growth in fintech services can help bridge current gaps. After all, of the continent's 1.2 billion people,³ 350 million in Sub-Saharan Africa, and another 20 million in North Africa⁴ are unbanked.

In India, meanwhile, the fintech market is growing fast, with 67 percent of over 2,000 fintech operators in the country set up in the past five years alone. The quarter ending June 2020 saw 33 new fintech investment deals worth US\$ 647.5 million being closed. Overall, the fintech industry is projected to be worth around US\$150 billion by 2025, from the current US\$60 billion.⁵

In both regions, the growth has been led by banks and non-banking finance companies (NBFCs) offering small and microloans. A wide range of payment services are being offered through bank accounts backed by robust and resilient payments infrastructure including real-time gross settlement (RTGS), National Electronic Funds Transfer (NEFT), Immediate Payment Service (IMPS), mobile wallets, and lending apps.

This brief attempts a comparative analysis of the fintech landscape in India and the African countries of Nigeria, Kenya, South Africa, Egypt, and Ethiopia. These countries were selected for analysis as they have shown tremendous growth in fintech technologies in the recent years. While fintech growth rates vary across the African continent, these few countries have done remarkably well. South Africa, for one, has the most mature banking system in the continent,

with Nigeria and Egypt closely on its tail. All of them are expected to have a growth rate of 12 percent per annum till 2025.⁶

The brief analyses the adoption of fintech technology and services in these regions including digital payments, wealthtech, and alternative lending. It attempts to identify the common factors in policymaking and regulatory frameworks that are facilitating fintech growth in these regions.

Current Fintech Segments

Fintech has taken centre-stage in the global financial services industry in the last decade. The Financial Stability Board (FSB) defines ‘fintech’ as “technologically enabled financial innovation that could result in new business models, applications, processes or products with an associated market effect on financial markets and institutions and the provision of financial services.”⁷ Table 1 summarises the key segments in the current landscape of digital financial services.

Table 1:
Key Fintech Segments

Fintech	Segments	Overview
Digital payments	Payment gateways	Technology enabling a customer to pay for purchases, and a trader to accept the payment through debit or credit card. A bank provides the authorisation process. Such authorisation can also be a separate service from a specialised financial services provider.
	Unified Payments Interface (UPI)	A real-time, instant payment system the central bank regulates. It facilitates peer-to-peer transactions without a customer having to enter bank details every time a payment is made.
	QR code-based payment	Payments made using a two-dimensional Quick Response bar code containing data. All that is needed for the payment is a digital device with a camera linked to an account.
	Digital wallets	An electronic version of a physical wallet. It enables users to securely store digital payment methods—credit and debit cards, gift cards, cryptocurrency, boarding passes, event tickets, passwords, and coupons—and use them with their smartphones or smart watches.
	P2P (peer-to-peer) payments	A mechanism through which a user can transfer funds from their bank account to another’s, through the internet or a mobile device.

Introduction

Fintech	Segments	Overview
Alternative Lending	Digital consumer lending	Allows financial institutions to boost productivity and loan profits by eliminating middlemen while also providing speedier service at the points-of-sale (POSs).
	SME financing/ invoice financing	Allows SMEs to bridge the gap between revenues and cash flow by pledging their unpaid invoices to the bank in return for an immediate cash advance.
	Peer-to-peer (P2P) lending	Enables individuals to obtain loans directly from other individuals, cutting out the financial institutions between them.
	Credit scoring platforms	A statistical analysis performed by lenders and financial institutions to determine the creditworthiness of an individual or a small, owner-operated business. It is used by lenders to decide whether to extend or deny credit.
WealthTech	Robo-advisor	A digital financial advisor that provides financial advice or manages investments with moderate to minimal human intervention. It uses algorithms to understand and predict investor preferences, risks, and goals.
InsurTech	White labelling	White label products are sold by retailers with their own branding and logo but the products are manufactured by a third party. White labelling occurs when the manufacturer uses the branding requested by the purchaser, or marketer, instead of its own.
	Bite Size Insurance	A non-comprehensive insurance plan, with low premium, linked to a specific product or service. Insurance companies are partnering with fintech firms to provide bite-size insurance products with bite-size premiums.
Neobanking	Real Neobanks	Financial institutions that give customers a cheaper alternative to traditional banks, offering apps, software, and other technologies to streamline mobile and online banking.
	SME Neobanks	More digitally focused than traditional banks, they offer built-in merchant services and other important tax and financial tools that small businesses need.
Enablingtech and Regtech	B2B SaaS (including customer acquisition and service)	Business-to-business Software-as-a-Service encompasses cloud-based software for tasks such as accounting, office productivity, customer relationship management (CRM), and more.
	E-KYC, AML, Fraud and compliance	Digitalisation facilitates these procedures, which are legally required to comply with Anti-Money Laundering (AML) laws, and are critical to assessing customer risk.
	Data capture and integration	The process of collecting data and transforming it into usable information.

The Fintech Landscape in India

In India, the rise of fintech companies has been primarily responsible for the formidable changes that happened in the banking and financial sector since the global financial crisis of 2008. Fintech has, among others, enabled cost optimisation, and improved customer interaction and ease of transaction. Since 2010, fintech has played a crucial role in unbundling banking services from a centralised system, setting of payments, performing maturity transformation, sharing risk, and allocating capital.⁸ Fintech players function as the fourth segment of the Indian financial system, alongside large and mid-size banks, small finance banks, and regional, rural and cooperative banks.⁹

In 2020, India continued to lead fintech investments in the Asia Pacific region, raising US\$ 2 billion across 121 deals.¹⁰ PhonePe alone raised US\$ 788 million across three transactions. The following year, the segment saw exponential growth in funding, receiving over US\$ 8 billion across various stages of investment. The National Association of Software and Service Companies (NASSCOM) 2020 report had predicted that India would have 50 tech unicorns (of all kinds) by the end of 2021, but in fact it surpassed that number¹¹ and produced 16 fintech unicorns by June 2021. Globally, there have been 187 fintech unicorns, of which 18 are in India.^{a,12} Most of them, including the exponentially growing mobile wallets, are complementing existing financial service providers rather than replacing them.

The strength of India's fintech industry is evident from the diversity of its fintech base. A few years ago, the payment and alternative finance segment constituted over 90 percent of India's investment flows; by 2020, SaaS fintech saw investments of US\$ 145 million, while insurance fintech got US\$ 215 million.¹³ Most of the new players have not received seed funding, but straightway began raising funds through public rounds. They have re-bundled a variety of financial services under a single umbrella, monetising the data and user base. Many are providing products and services at the same time. Pine Labs, for example, which was primarily a POS/payment gateway firm has now added new value-added services for merchants, rewards and loyalty points,

a These are Paytm, Policy Bazaar, RazorPay, BillDesk, Zoho, Zerodha, Pine Labs, Cred, Chargebee, Digit, Groww, Zeta, BharatPe, CoinDCX, OfBusiness, Slice, Upstox, Acko. Slice is the most recent entry, raising US\$ 220 million in a Series-B round.

The Fintech Landscape in India

consumer financing, neo banking as well as merchant lending. Similarly, Yono, which was primarily a digital banking platform, now also provides pre-approved consumer loans, insurance, and e-commerce.^b

Fintech companies in India are focusing on lending to both retail customers and micro, small and medium enterprises (MSMEs). The ecosystem includes a variety of new services including real-time payments, faster disbursement of loans, investment advisory, insurance advisory and distribution, and peer-to-peer lending that traditionally required human capital.

“The strength of India’s fintech industry is evident from the diversity of its fintech base.”

^b In wealthtech, the largest firms are Paisabazaar and Bankbazaar; in personal finance management, Scripbox; in robo-advisory, Finpeg; and in the investment platform space, Sqrrl and Cube.

The Fintech Landscape in Africa

Africa has over 500 fintech firms,¹⁴ with South Africa, Nigeria, Kenya and Tanzania having the largest number. As in India, fintech platforms offer a variety of services under one platform.

Africa's population is far more physically dispersed than India's, with an average density of 45 per sq km compared to India's 460 per sq km. Poor physical infrastructure makes technology-based financial solutions the best way to reach distant customers efficiently. African fintech firms also have an ideal testing ground to try out new bottom-of-the-pyramid fintech solutions in low- and middle-income markets.

Most of the funding (91 percent) for fintech companies in Africa comes from Nigeria, South Africa, Kenya, and Egypt.¹⁵ Those in the remaining 50 other countries have received only US\$ 109 million since 2000. The funding in those four countries is increasing because of their talent base. More companies are shifting headquarters to these countries as well.

Digital financial services in Africa have received a total of US\$ 1.2 billion in equity funding since 2000. (Funding is expected to get a further boost due to the increase in usage of online services, including e-commerce, following the COVID-19 pandemic.) Of the funding, US\$ 823 million have gone into building payments solution providers and creating infrastructure.¹⁶ Some of the notable fintech companies are the following:

Nomanini: A South Africa-based enterprise payments provider¹⁷ founded in 2010, it also operates in other African countries, including Ghana and Mozambique. It is a fintech SaaS platform that enables small merchants and micro-entrepreneurs to distribute digital products such as prepaid electricity. It also offers micro-loans to informal retail MSMEs.¹⁸ It is leveraging new digital financial services and existing distribution networks to support digital banking and supply chain financing in cash-first markets. It has raised over US\$ 7.5 million across two rounds of funding.¹⁹

ZeePay: This Ghana-based mobile financial services aggregator enables emigrants to send remittances directly to local banks and mobile wallets across 20 African countries. It offers a suite of other financial services such as cash pay-outs, digital wallets, and digital token access. It is the first locally-owned

The Fintech Landscape in Africa

business to be granted the Electronic Money Issuer (EMI) licence by the Bank of Ghana to operate as a mobile financial services provider. It aims to increase its annual turnover from US\$ 1.5 billion in 2021 to US\$ 200 billion in the next five years.

Zoona: This Zambia-based mobile money transfer company has made mobile money transfer easier for low-income individuals. It also has 1,500 outlets in Zambia and Malawi, working through a network of local entrepreneurs and has processed over US\$ 1 billion so far.²⁰

Many other successful fintech start-ups in these countries include OPay, Tala, ChipperCash, Bayport Financial Services, and Flutterwave. The Nairobi-headquartered M-Pesa, started in 2007, was one of the earliest successes. In 2021, of a total of US\$ 3 billion raised by start-ups in Africa, fintech companies received over US\$ 2 billion.²¹ Traditional remittance and banking services are also adopting digital technologies, and central bank digital currencies are being rolled out in some countries like Nigeria.

“African fintech firms have a testing ground for new bottom-of-the-pyramid fintech solutions in low- and middle-income markets.”

Universal Financial Inclusion (UFI) is a common goal for both, African countries and India. At present, India is ahead in achieving it.

Despite India dropping in global ranking from 15th in 2020 to 23rd in 2021, the funding received by digital payments stood at US\$ 0.9 billion in 2021, digital payments were at US\$ 0.73 billion, and tech investments reached US\$ 169 million.²³

Table 2:
Fintech Ranking, India and Top African Countries

Country	2020 Rank	2021 Rank
India	15	23
South Africa	37	44
Kenya	42	31
Nigeria	52	57
Egypt	60	72
Ethiopia (New Entry)		258

Source: *Global Fintech Index (2020 & 2021)* ²²

Table 3 shows the top five companies operating in different segments of the fintech landscape across the regions being considered in this brief—India, Nigeria, Kenya, Egypt, and South Africa. In Africa in the last 20 years, fintechs have grown from an uncertain start to become some of the continent’s largest and fastest rising companies. Three of these companies—Fawry, Interswitch, and Jumia—are valued at over US\$ 1 billion.²⁴

**Table 3:
Top Fintech Firms in India and Select
African countries**

FinTech	India	Nigeria	Kenya	Egypt	South Africa
Digital payments	PhonePe; Razorpay; Instamojo; PaytmBharatPe	Paystack; Rave by Flutterwave; VoguePay; GTPay; InterSwitch Webpay	Paypal; Pesapal; Tingg (formerly Mula); Ipay; Jambo pay	PayFort; Fawry Pay; Vapulus; PayMob; Accept Checkout	Paygate; MoneyMatrix; Yoco; PayFast; Netcash
Alternative Lending	Lendingkart; PineLabs; Shiksha Finance; MoneyTap; Capital Float	FairMoney; PayHippo; Aella Credit; Credpal; Evolve Credit	Apollo Agricul- tur; Kopo; Mu- soni Alternative Circle; INuka Pap	Gameya	Jumo; Getbucks; LulaLend; NFTfi; MortgageMarket
WealthTech	INDWealth; Zerodha; Upstox; Groww; Kuvera	Cowrywise; Chaka Trove; Bamboo; Risevest	Ndovu	Thndr; Additiv; MoneyFellows	Merge

Fintech solutions are often country-specific and serve narrow niche markets. Economic frictions and asymmetric economic forces shape their scope and scale. Various factors determine their rise, such as internet connectivity, digital and financial literacy, and cost of deploying new technologies. They are also dependent on country-specific policies and regulatory mechanisms. A fintech solution may well work successfully in one country but fail miserably in another, depending on distribution strategy.

Digital payments

M-Pesa illustrates how a fintech innovation can work in one geography and fail in another. Founded in 2007 by Safaricom, M-Pesa allows subscribers to avail of traditional banking services using their mobile phones. While it succeeded in Kenya and Tanzania, it failed in South Africa because of inadequate distribution network, low mobile network subscription rates, and South Africa's stricter digital wallet regulations.²⁵ Another reason was that the mobile telecom provider, Vodacom, failed to market the platform effectively: first as a mobile money solution, then as a mobile wallet, and then they relaunched as a swipe-and-buy with a Visa card linked with a mobile phone.²⁶ This sent mixed signals to customers who could not see a clear vision.

In India, meanwhile, the digital payment market is crowded. Largely driven by e-commerce platforms (including apps), it encompasses credit and debit cards, unified payments, direct debits, and mobile payments. The growth has been driven by multiple factors such as the launch of innovative payment products, increasing smartphone use, and a strong push from the government for digital adoption especially after the demonetisation of November 2016.²⁷ The COVID-19 pandemic has further accelerated the shift to digital payment modes.

The Universal Payment Interface (UPI), launched in 2016 by the National Payments Corporation of India (NPCI),²⁸ is a system that allows multiple bank accounts to be linked to a single mobile application, merging several banking features, fund routing, and merchant payments into one hood. UPI has become the preferred digital mode of payment among many. These transactions increased from INR 2,162 billion (US\$ 26.10 billion) in January 2020 to INR 3,290 billion in September (US\$ 39.72 billion).²⁹ Five years after it was launched, UPI recorded a transaction value of INR 7.71 trillion (over US\$ 100 billion) in October 2021.³⁰

Indeed, UPI payment has captured 60 percent of the digital payment market in India.³¹ There are over 50 UPI platforms, of which PhonePe is the leader—PhonePe and Google Pay account for over 40 percent of all UPI transactions in the country. Its ease of use is one of the main reasons for its rapid adoption; it also has an open protocol upon which other technologies can be built, enabling a larger and more useful network than its competitors.

Digital lending

India is home to over 1,200 digital lending start-ups, of which 12 percent (147) are backed by venture capital (VC). These digital lending start-ups have been using innovative models such as sachet credit making opportunities for niche products.

Digital lending platforms have grown rapidly due to lending solutions such as Buy Now Pay Later (BNPL). New-age lenders using artificial intelligence (AI) have enabled new models of small-ticket loans to both retail and SME/MSME segments.³² The digital lending market is largely driven by B2B lending start-ups, which have grown at a compound annual growth rate (CAGR) of 72 percent between 2015 and 2019.³³ Overall, however, the number of B2C lending start-ups in India has fallen between 2019 and 2020.³⁴

In Sub-Saharan Africa, the payments market is being led by telecommunications companies on the back of two factors: the rapid uptake of mobile telephones, and the underdeveloped nature of banking services in the region. Mobile money has significantly spurred economic development by providing customers them the means to securely save and transfer funds.³⁵ In 2018, Sub-Saharan Africa accounted for approximately 70 percent of the globe's mobile money transactions.³⁶ The region relies heavily on mobile money, having over 540 million registered accounts across 157 providers. In 2020, African users exchanged US\$ 490 billion using mobile money providers.

Leading this mobile money market is Kenya—56 percent of people in the country use mobile wallets, compared to 14 percent in Nigeria, 7 percent in South Africa, and only 6 percent in India. In Egypt, mobile wallet users increased to 16.3 million in the first half of 2021 compared to 14.1 million in the first half of 2020.³⁷

The peer-to-peer (P2P) business lending market is biggest in Kenya and South Africa. However, 90 percent of online alternative lending still comes from platforms headquartered outside Africa.³⁸ The lending market is fragmented. The geographic variation is often handled in a linear manner by lenders rather than as a marketplace.

Towards Financial Inclusion

The Indian market has witnessed huge demand for short-term loans. The personal loan segment, which is dominated by NBFCs, has grown three times in the number of loans disbursed, and over 11 times in volume, between FY17 to FY21.³⁹ However, the ticket size of personal loans from fintech lending firms in India is still significantly smaller than that from banks. According to a report by CRIF High Mark, a RBI-approved credit bureau in India, lenders' portfolio of small-ticket personal loans increased from INR 267 billion (US\$ 3.22 billion) in March 2019 to INR 397 billion (US\$ 4.79 billion) in March 2020.⁴⁰

What needs to be addressed here is that the lending market in India remains fragmented and the processes are yet to be standardised. The same is true of Africa. Lending fintechs have adopted a linear approach and raised a lot of debt capital in addition to whatever they have raised as equity, but they have deployed all their debt capital themselves. However, this model in the African region is opposed to the marketplace lending start-ups where the capital is lent by third parties.⁴¹ For example, Kenya is leading in lending start-ups but the rest of the lending start-ups' operations in the African region are widely fragmented and spread across different pockets of the continent. The geographic variability can be easily handled in a linear method rather than based on marketplace.

Though lending to small and microfinance industries has been rising in Sub-Saharan Africa, they still faced an estimated finance gap of US\$ 331 billion in 2018.⁴² Microfinance institutions (MFIs) do lend to them too, but the system, though large, is fragmented.

One country where fintech lending is picking up is Nigeria: the country's fintechs are able to leverage payment data to determine lending risk more easily and utilise smartphones as distribution channels. Fintech start-ups such as Carbon and Renmoney have leveraged alternative credit scoring to provide instant, unsecured, short-term loans to individuals. Other fintechs such as Migo are offering unsecured working capital loans to SMEs with minimal documentation.⁴³ Online payment provider, Paystack, has developed a plug-and-play solution to help merchants receive payments within minutes of registration, and has had over 25,000 merchants signing up.⁴⁴

WealthTech

The Indian wealthtech market is expected to grow from US\$ 20 billion in FY20 to about US\$ 63 billion by FY2025,⁴⁵ driven by increasing adoption of digital platforms. At present, only 2 percent of Indians invest in stocks while in developed economies like the US, 55 percent do so. Even so, according to an ASSOCHAM – PwC report, total assets under management (AUM) in the robo-advisors segment are estimated to grow to US\$ 145 million by 2023. AI and machine learning-driven investment expertise has increased significantly in the last few years. As of June 2021, the wealthtech segment has recorded 13 deals with a total of around US\$ 120 million in funding.

The wealthtech landscape in Africa is similar to India's. In Kenya, for instance, the AUM in different collective investment schemes stood at KSh117 billion (US\$ 81.02 billion) in June 2021, up from KSh56 billion (US\$ 493 million) in September 2017, as per data from the Capital Markets Authority (CMA). Leading wealthtech firms in the continent include Ndovu in Kenya, EasyEquities in South Africa, and Chaka in Nigeria.

“Fintech solutions are often country-specific and serve narrow niche markets.”

Fintech Regulatory Framework: India Vs. African Countries

Regulators are one of the key catalysts for the growth of the fintech sector, whether in India or the African continent. The regulator has the responsibility to oversee consumer protection, protect investors, and maintain financial stability.

In India, the Reserve Bank of India (RBI) provides the regulatory framework. It is, however, largely fragmented. There is no single set of regulations or guidelines that uniformly govern fintech platforms. Regulations have been made across payments, lending, security/ biometrics and wealth management.

Some African countries have also evolved regulations. The *Global Fintech Index 2020* identifies Nigeria, Kenya and South Africa among the 100 countries that lead in fintech start-ups globally. Having a regulatory sandbox is common in African countries. The South Africa Reserve Bank has overseen several initiatives such as Project Khoka,⁴⁶ a proof-of-concept interbank payment and settlement system based on Distributed Ledger Technology and the Inter-Governmental FinTech Working Group (IFWG).

Similarly, the Central Bank of Nigeria (CBN) has introduced a regulatory sandbox in collaboration with the Nigerian Interbank Settlement System. In December 2019, Financial Services Innovators (FSI), a leading Nigerian community of fintech entrepreneurs, regulators, companies, incubators, and developers, launched the first fintech industry innovation sandbox in Nigeria.⁴⁷ Overall, regulations in Nigeria are broadly aligned with those of other emerging markets such as India where multiple fintech archetypes successfully co-exist with niche players.

The Central Bank of Kenya regulates the finance sector as a whole with the National Payment System Act, the National Payment System Regulations and the Regulatory Sandbox Police Guidance Note, governing the fintech space. In August 2019, the country's Capital Markets Authority (CMA) ran a regulatory sandbox under which three Kenyan fintech start-ups were selected to showcase their innovative offerings.⁴⁸

Funding remains concentrated in a few markets, especially Nigeria, Kenya, South Africa and Egypt due to their progressive fintech regulatory framework. However, other countries such as Ghana, Ivory Coast, and Senegal are catching up, though the regulations they have remain restrictive.

Fintech Regulatory Framework: India Vs. African Countries

**Table 4:
Regulations that Facilitate Fintech**

Country	Fintech-friendly rules
India	The United Payments Interface launched in 2016 has done more to inspire an electronic payments boom than anywhere else in the world.
South Africa	South Africa Reserve Bank established the Financial Technology Programme to assess fintech and consider its regulatory implications. It has set up an inter-governmental fintech working group that includes various regulatory organisations such as the Financial Intelligence Centre and the Financial Sector Conduct Authority.
Kenya	Capital Markets Authority (CMA), the financial market regulator, runs a regulatory sandbox focusing on leveraging technology to deepen the product offering in the capital markets. The sandbox accepts solutions that have the potential to transform the capital markets which include stock markets, bond markets, and forex markets.
Nigeria	In March 2018, the Central Bank of Nigeria and Nigeria Interbank Settlement System introduced a regulatory sandbox. The central bank is developing a set of regulations for fintechs.

The introduction of the Aadhaar card in India—a biometric-based centralised digital ID—has made digital financial services available to all. Kenya too, has a biometric-based digital identification system, Huduma Namba, that can be used to access financial services.⁴⁹

Fintechs have given the banking sector in India access to a larger market at a lower cost. The country has successfully created a fintech-supportive environment. In many African countries, however, fintech innovations, often deployed by mobile network operators, operate still separately from, and in competition with, banks. This is slowly changing, however, as seen from the success of Kenya's M-Shwari—a savings and loan service for M-PESA customers—which has demonstrated the potential for integrated services.

Conclusion

Emerging financial technology has revolutionised the financial sector in developing economies such as India and countries in the African continent, changing the ways that people save, invest, transfer, or borrow money. Fintech in African countries, including Nigeria, Kenya, South Africa, Egypt, and Ethiopia has seen steady growth in recent years. In India, the introduction of digital wallets and UPI has contributed to the expansion of the fintech industry.

In both regions—where there are large populations who remain unbanked—fintech is helping bridge the gaps in financial inclusion. At the same time, these countries face common challenges that impede faster adoption of fintech, among them the lack of digital financial literacy and weak data privacy and security regulations.

Yet, given the size of the young and unbanked population in both geographies, their fintech startups must optimise the opportunities to foster innovation, attract and channel talent, and catalyse economic growth. [ORF](#)

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