

FinTech

Definition

- Financial technology, also known as FinTech, is an industry composed of companies that use technology to make financial services, enable provision of financial services (through utilization of technology) or drive technological innovation in provision of financial services.

When did FinTech start

- Prepaid Mobile telephony is an example of FinTech in action, we just did not call it FinTech.
- A few other projects happened even earlier but none ever had the same impact.

The Problems MNO's had to solve

- Huge risk to provide handsets and usage of network on credit to entire population.
- Cash flow would not have allowed any form of rapid growth.
- Direct engagement footprint not big enough.

How did they solve it

- They built a value store where usage can be billed from in real time.
- They developed a virtual currency and a platform to upload the currency into the value store.
- They developed a digital distribution network to get the currency distributed widely.
- They paid fantastic commissions to distributors to entice participation in the retail environment.

The result

- This morning at 7:32 we had 7.84 billion active GSM sim cards on the planet.
- New ones gets connected globally at a rate of roughly 25 per second.
- The mobile telephony contributes 4.2% to the global GDP.

The ideology created a huge new method of engagement

- Prepaid Electricity
- Prepaid Water
- Prepaid International Calling and many others

Why it worked

- Identify problem areas through analysis and engagement.
- Build solutions that includes the whole population.
- Work with other industry players rather than building everything yourself.

Problems we have in Africa

- Lack of financial inclusion after many decades of banks spending a lot of money to acquire account holders.
- Cash driven economies.
- Building solutions to make money rather than solving problems

Examples of Failures

- mPesa in SA
- MTN mobile money in SA

FMCG sector

- More than 300 000 retailers paying their suppliers in hard cash every day.
- A major FMCG operation getting robbed at least twice a week.
- These subsistence retailers are financially excluded.

**We have to work together
and accept responsibility**