

Africa rewrites the rules in the banking industry

By [Sunil Kaushal](#)

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Some of Africa's brightest minds are determined to rewrite the rules of the game by harnessing technology to tackle the continent's greatest challenges - with one of them being the distinct lack of access to banking services for large parts of the population.



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Only four years ago, an astounding [66% of sub-Saharan Africans](#) did not have a bank account. Now, Africa has been described as a “leapfrogger” with the application of a technology driven economic model to reach the unbanked.

Fintech remains to be the most appealing industry for investors as African start-ups look to bridge the financial gap. Several of the largest deals in 2018 involved African Fintech companies: Kenyan-based Cellulant raised close to \$50m from investors this year, while microfinance company Branch received another \$20m investment to continue funding their mission to bring digital financial services to the sub-Saharan continent.

While some banks may feel threatened, an abundance of opportunities are hidden within this transformation, most of which come down to partnering with the disruptors. There is a clear chance to leverage existing customer relationships and a deep understanding of the sector in the form of a forward-looking collaboration, which can fundamentally improve ways of doing business on both sides.

Think exponentially, not incrementally

It is a reality that the financial industry is experiencing disruptions on all fronts. As banks, we have a choice as to how we approach and address this change. One of the most important principles to master this evolution is to move from managing people and processes to managing purposes and principles with an entrepreneurial mindset.

US-based Singularity University, one of the world's leading incubators and think-tanks in the field of technology, stresses that the greatest challenge for established institutions is to reinvent themselves using a digital mindset by thinking exponentially and not incrementally. This doesn't mean the core of what companies do today has to be discarded, rather it is about innovating to foster sustainable growth.

Driven by unhindered obsession

An impressively large number of companies as well as individuals are investing in research, innovation and ideas for execution to keep up with the ever-changing demands of African consumers. Just in the first half of 2018, nearly 120 deals between investors and start-ups were signed. The time when start-ups were considered small, insignificant companies is long over: in fact, with their entrepreneurial spirit and unconventional approaches, they have the power and ability to shape the future of the continent. It can even be said that the people leading these small enterprises hold the key to growth by prioritising the greater good over personal goals. This is perfectly aligned with our bank's mantra: "Good enough will never change the world".

During a recent trip to San Francisco, I had the opportunity to meet Patrick Collision, co-founder of Stripe (think PayPal). Started only seven years ago, Stripe displaces the need to have a merchant capability and enables sellers and buyers in e-commerce to invoice and collect payments. He believes it can be a large company, but it would have to have the mindset where people prioritise the greater good over personal goals. I thought this insight was fascinating, as for this kind of culture to grow, there must be unhindered obsession about doing better every single day.

Africa's bright digital future

Halfway through 2018, total funding for start-ups in Africa has increased by nearly four-fold compared to the first half of last year. Digital entrepreneurs are changing the sub-Saharan continent, and we have an opportunity be part of this monumental transformation. However, it requires all of us to embrace both exponential thinking and the latest technology to the fullest. The banking sector has taken promising first steps in the right direction with a rage to think differently to support client needs in Africa.

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