EUROPEAN MICROFINANCE WEEK
connecting the inclusive finance world

Micro savings, maximum impact.

Scale 2Save

@scale2save

Savings and Retail Banking in Africa

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We shall cover:

- Research Methodology
- Select insights found
  - Demand-side analyses
  - Supply-side analyses: Overview, Accessibility, Affordability, Sustainability, Usability
- Key message
- What can be done?

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Research Methodology

Supply:

- 21 WSBI member institutions in Africa
- 16 FSPs in the FMT/FSD network – 16 responses

Demand:

- 15 FinScope surveys and similar
- Global Findex & Financial Access surveys
- Interviews with the FSD network, some central banks and selected survey respondents

Legend:

Yellow-orange - Countries covered by WSBI FSP survey 2019

Light yellow– Countries with WSBI FSP survey 2018 only

Dark grey – Countries covered by FinScope-like surveys only

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Market overview – demand-side

- Slowing down of "traditional" financial inclusion rate of increase
- Continued growth of mobile services, particularly mobile money
- Low utilisation of card payments (except South Africa)
- Low activity rates on transactional bank accounts and mobile money accounts
- Generally low savings rate
- Income levels remain a major constraint to sustainable and beneficial financial service take-up

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Supply side – Market overview & Cross cutting issues

- Slow or no growth in physical access (branches and ATMs)
- Growth in agents and the intention to grow agents
- Growing competition & growing segmentation
- Constraints in lending still persist (funding Government debt)
- Development of regulatory frameworks ongoing – Regulatory capacitation needs support

➢ Countries are unique – approaches to improving FI should recognise this

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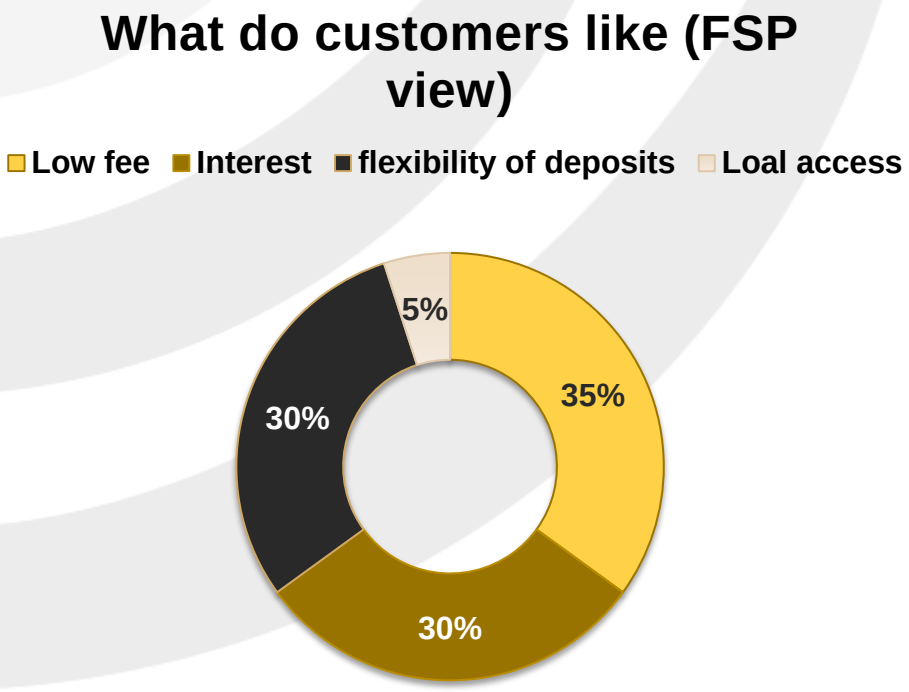
Supply side – Usability



- Transactional accounts marginal growth 2017/2018
- Savings accounts some growth (5%)
- Activity rate remained low for both
- Mobile accounts showed healthier growth (18%), but with low activity rate (around 30% active and not increasing)

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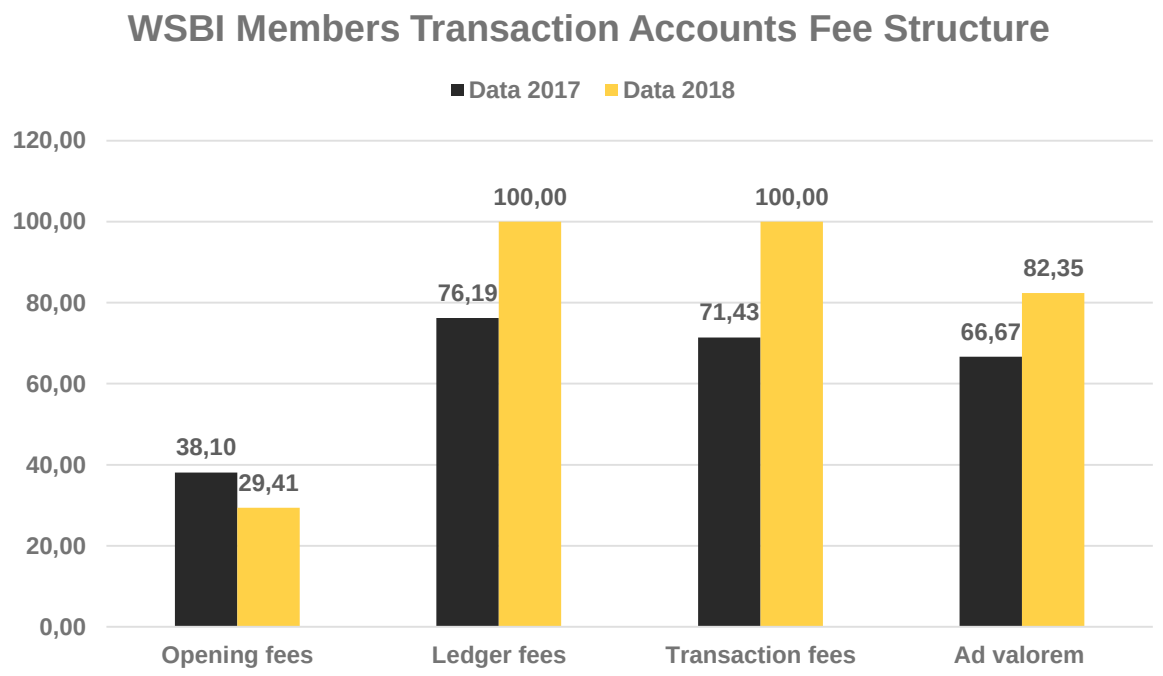
Supply side – Affordability

A shift in fee structure is noticeable:

- Decrease in opening fees
- Increase in ledger fees
- Increase in transactional fees, particularly ad valorem
- Decreased fee categories for mobile accounts

Still major constraint for savings and transactional account acquisition and account usage



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Supply side – Accessibility

- No real growth in branches and ATM numbers – in line with broader trends.
- Still significant growth in banking agents ± 10% per annum
- Increasing offering of mobile accounts
- About 50% offer agents and 60% offer mobile accounts

- **Priority channels:**

- The majority of respondents (60%) intend increased focus on mobile
- Lack of financial resources remain a major barrier to further development of digital channels

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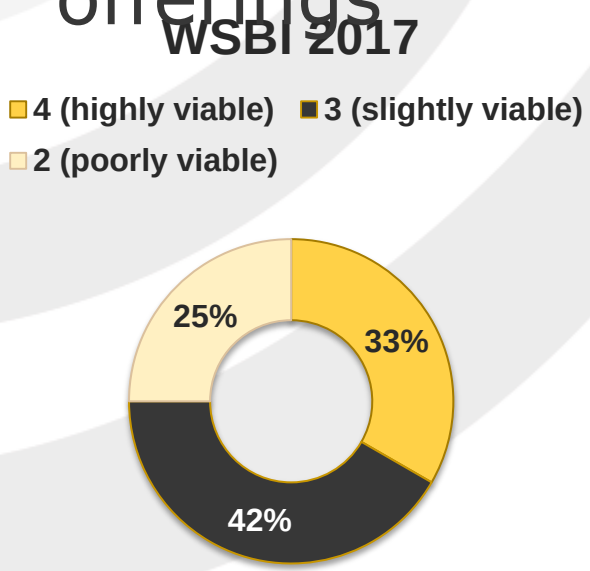
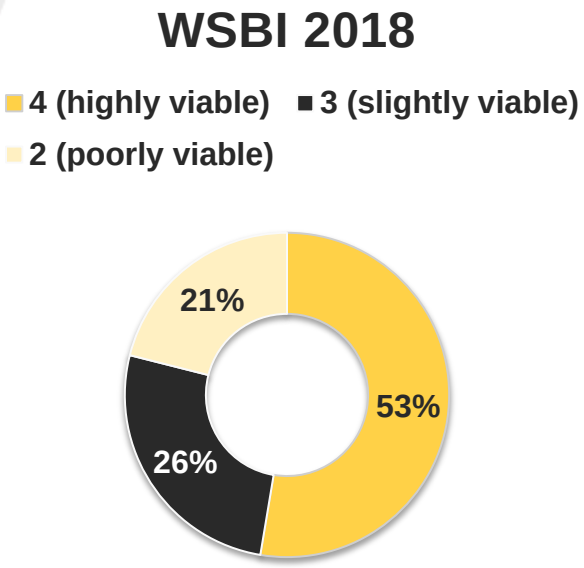
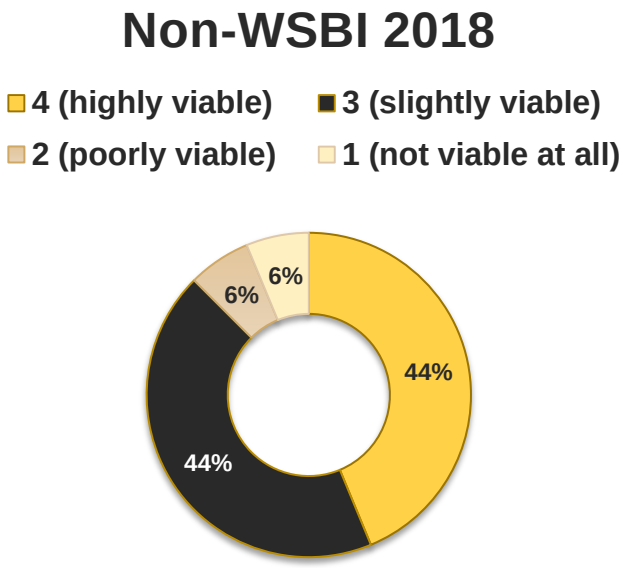
Supply side – Sustainability

- FSP perception about viability of low-value service offerings







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Key message

"Banking models have not yet adapted sufficiently to the local environment in which they operate"

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From segmentation, to needs, to experience to enhance customer value proposition

1 Segments

- Professionals
- Youths & Students
- Self Employed

2 Needs

- Resilience
- Meeting Goals

3 Experience

- Small amounts
- Prepared to embrace digital
- Expect interoperability

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Thank you

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Partnering for scale & Client centricity

Customer Relationships

Post bank

- Provides savings
- Large footprint

Distribution + Access

Technology provider

- Supports digital access

Financial Services License + Expertise

Microfinance Institution

- License for credit
- Experience in credit risk

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