

# The Digital Transformation Journey Continues



## BANKING TRANSFORMATION AFRICA

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Cape Town International Convention Centre  
South Africa

In partnership with

**ITSCREDIT**

**Bernardo Aparício**

**How Digitalisation is Driving Financial Inclusion:  
Gaining Access to Credit in Africa - *A Case of Micro-companies and Informal Traders***

[www.bankingtransformationafrica.com](http://www.bankingtransformationafrica.com)



Seraph Network

# THE CASE TO FINANCIALLY INCLUDE MICRO COMPANIES AND INFORMAL TRADERS, TROUGHT DIGITALISATION



**In Africa, most consumer buying occurs in open-air markets, small shops, tabletops, kiosks, and street hawkers. These sellers operate informally and are the backbone of trade in many African countries. (WEF,2022).**

- In South Africa, informal business represents 98% of businesses and also employs more than half of the workforce. (Standardbank.co.za, 2021).
- There are an estimated 487 million of small, informal or semi-formal businesses, often cash-based, in emerging markets, a total of 26% of them in sub-Saharan Africa alone. (CGAP, 2022).
- Globally, up to 50% of SMEs do not have access to the financial products and services they need, this equates to 65m SMEs with unmet needs and an annual funding gap of up to \$5,2t. (World Bank, 2021).



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**Although digital access to financial services is increasing, micro companies and informal traders continue to face challenges to (easily and quickly) access it.**

Most of the times, to open an account, qualify for a loan, micro and informal cash-based businesses need to have sales documentation, build up a credit profile, which in turn requires a variety of up-to-date information (e.g.: a bank account, detailed sales records) - an onerous task for traders, since they have:



Insufficient documentation\*



No sales records



Poor or inexistent credit history



Are distant to financial institutions



Limited or no collateral



No personalized solutions/service

**Informality still represents an important barrier to financial inclusion. (OECD, 2017).**

\* Additionally, more than 100 million unbanked adults in Sub-Saharan Africa have no ID. (Global Findex Database, 2021).



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## And those challenges can be addressed via digitalisation.

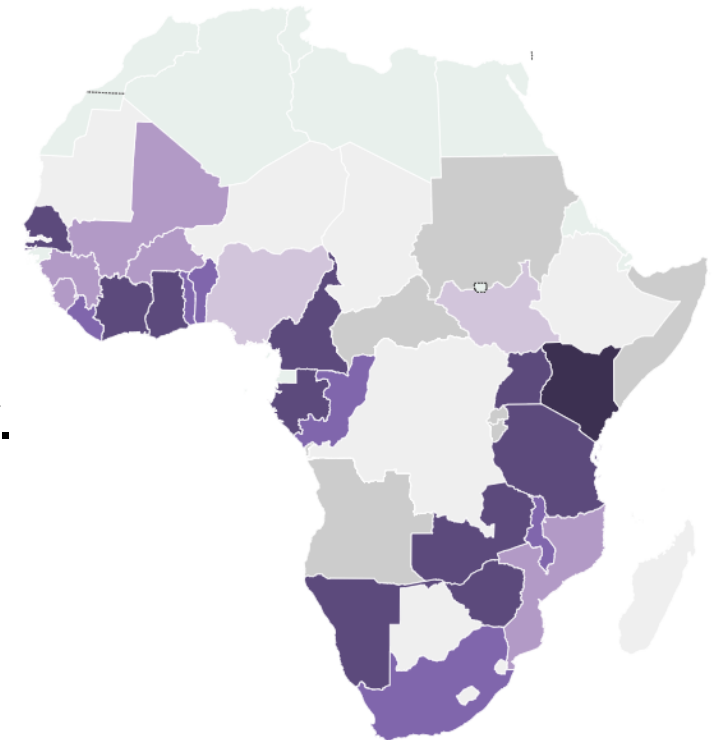
Mobile money accounts both grew and spread across Africa from 2014 to 2021

Adults with a mobile money account (%), 2014–21

2014	2017	2021
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■ (0-15] ■ (15-30] ■ (30-40] ■ (40-60] ■ (60-100] ■ Data forthcoming in 2023 ■ No Data

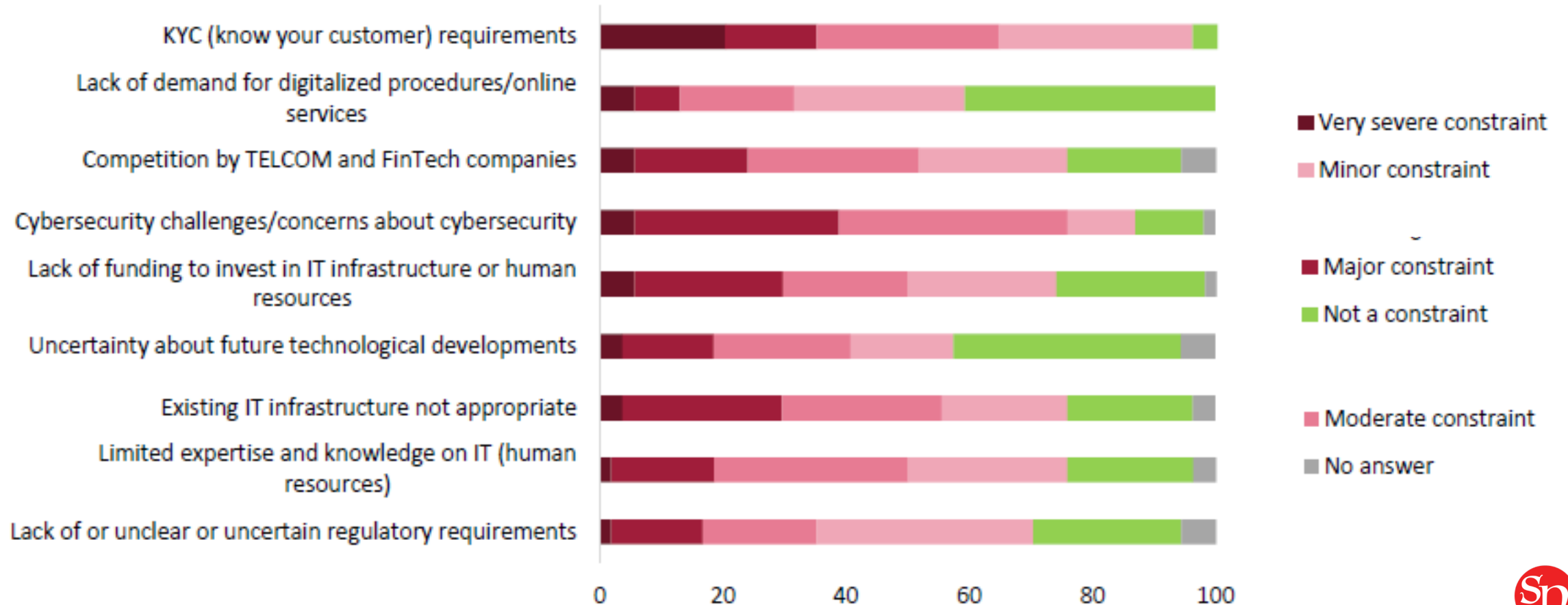
- Digitalisation can help address eligibility and affordability barriers faced by SMEs operating in the informal economy.
- Digitalisation can connect buyers and sellers
- Can connect informal companies and governments
- Provide access to products and services beyond banking
- Increase competition and local content
- Reduce money laundering and terrorism financing



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**As well as by removing obstacles to financial services providers.**

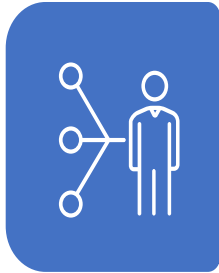
Factors hinder adoption of further development of digitalisation



Source: EIB Banking in Africa Survey, 2022

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**All of this to positively impact informal producers and traders and the overall economy.**



Connect producers and traders to markets and revenue streams and enable their ecosystems



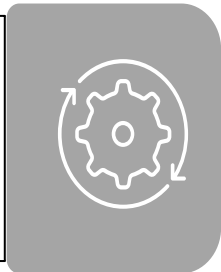
Help them overcoming the entry cost into the formal sector



Enable cash flow stability and facilitate reinvestment



Also provide safer and reliable way to make payments and insure against risk



**Readily available financial services will enable informal traders to thrive and impact livelihood, productivity, inequality, and growth of the overall economy.**

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## Two examples of Standard Bank Impact

Unayo®



Platform for all of Africa's people, designed to drive financial inclusion. Connects traders, small businesses, communities, entrepreneurs, buyers and sellers. Unayo, or 'you have it', is present in Botswana, Eswatini, Kenya, Lesotho, Malawi.

### Key features:

Secure, swift, simple, from the mobile phone | No geographical restrictions, accessible (via USSD or via the **Unayo App**) | Enables cross border payments, traders and donor organisation | No need to present documentation and conduct KYC | Unlimited capacity to add features and services

103 511 registered users

8 669 registered merchants

Available in four countries  
– Botswana, Eswatini, Kenya, Malawi

Over R25 million in aid disbursed to beneficiaries across the four countries

Almost R12 million paid to interns on behalf of one of Botswana's government departments

Integration of Unayo with the local Stanbic ATM network available in Eswatini and Botswana

Value-Added Services (VAS) launched in Malawi (airtime and electricity) and Botswana (airtime)

Local language option (Chichewa) deployed in Malawi, others to follow soon



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## Two examples of Standard Bank Impact

### Traders Direct

**THE FUTURE OF SHARE TRADING IS HERE!**

Free with delayed pricing

Improves access to working capital for small traders and enables traders whose businesses are mainly cash based to build up credit profiles and qualify for advances to support the growth of their businesses.

### Key to consider:

Enables SBG to undertake credit assessments using non-traditional data | Connects traders to new markets and revenue streams through ecosystem partnerships | Upon sign-up to Trader Direct, traders either receive an Android device or download the app | SBG analyses 30 days of transactional and behavioural data. Operating in Nomanini's platform

By the mid-2022, over **12,000 small-scale traders** were using **Trader Direct** across four countries (Lesotho, Zambia, Kenya and Côte d'Ivoire). Zimbabwe and Ghana are in the process of implementing the platform.

**Enabled over 11 million** consumer-facing transactions year to date, worth over **R56 million**, these transactions included sales of airtime, electricity and pre-paid TV services.

The innovation enabled SBG to provide **28,454 stock advances to small-scale traders, most of whom do not have a formal bank account** and would not have been able to access credit from a commercial bank in the absence of this solution.

The utilisation of the platform, measured as a function of daily **activity is approximately 60%**, showing a high degree of product-market fit.





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## Few other examples of Standard Bank Impact

### BizFlex

An offering that offers short-term flexible cash flow linked lending solutions.

### Thundafund

A crowdfunding initiative which allowed four businesses impacted by the social unrest to create campaigns and receive contributions from members of the public.

### EZ Cash

Our instant lending offering in Nigeria.

### SME Health Score

Currently in pilot phase, SME Health Score is a credit scoring model incorporating a wide range of data from sources, including movement and sentiment data, together with bank data, into a credit score for small to medium-sized enterprises (SMEs), allowing us to expand our lending offering.

*Standard Bank is using behavioural scoring methodologies to improve access to funding in some countries of operation.*



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# THANK YOU

***“Digital lending is also about delivering personalized customer journeys on a scale never seen before.”***