



## SECTOR BRIEF

# Financial Technology

## SECTOR SPOTLIGHT

### One of the most developed in Sub-Saharan Africa and fast growing

- Over 71 fintechs, incubators, accelerators, etc.

### Competitive on the continent (and beating out other major markets: Kenya, Tanzania and Rwanda)

- 92% of adults already have the ID needed to open an account
- 91% have a mobile phone
- Mobile penetration is 129% (compared with 80% across Africa)

### Government committed to the sector

- Digitization of payments
- Cash-lite economy
- Financial inclusion (digitized operations of rural and community banks)

### Enabling fintech legislation and transparent guidelines

- Electronic Transactions Act, 2008 enabled mobile network operators to provide mobile money services
- Bank of Ghana regulatory revisions in 2015 promoted digital payment systems
- Electronic Money Issuers and Agents guidelines to reduce inherent risks without stifling innovation
- The Payment and Service Bill (2017) which is expected to improve the regulatory environment and provide additional support for emerging digital financial services will be passed into law in October, 2018
- The National Financial Inclusion Development Strategy sets out the governments targets and priorities for the fintech space
- The new Digital Financial Service policy is currently being drafted to guide the fintech space

### Strong local demand and growing

- Registered accounts increase to 10 million (2017)
- Mobile money has overtaken cheques as the main non-cash payment instrument in volume
- Cheques marginally led in value of transactions with GH¢179.6 billion/mobile money amounted to GH¢155.8 billion
- Of the 34% of adults with a bank account, 45% access it through mobile apps or the internet
- Grown with other financial electronic payment services that enable electronic cash transfers among other services

### Trusted by major global brands

- MTN represents 75% share (2017)
- Other major players: Tigo (Tigo Cash) and Airtel (Airtel Money) - merged to become AirtelTigo, and Vodafone (VodaCash)

### Mobile money growth has fuelled other services (i.e. insurance)

- BIMA, MicroEnsure, aYo and others (some partnering with MNOs and banks) offer one-month insurance policies that cover life, hospitalization, maternity and disability
- Leapfrog Investments (a leader in emerging markets) has placed over \$15 million in Ghana's insurance sector (since 2012)
- In 2011, MTN Ghana collaborated with Hollard Insurance, MicroEnsure and MFS Africa to roll out a micro-insurance product
- Tigo, Bima and MicroEnsure have since set up a similar product together, while customers of Fido Money Lending Limited (FIDO) can apply and receive short-term loans through their mobile device

### Dedicated public-private dialogue mechanism for fintech

- Fintech Chamber set up to improve the quality of public-private engagement
- Bank of Ghana already working with fintech firms on drafting guidelines for implementation of new legislation



### INVESTMENT OPPORTUNITIES

**Fintech innovations and solutions to reach large unbanked populations**

**Digital financial services for remittances**

**Other areas ripe for fintech investment:**

- Payments
- Mobile money and agency banking
- Savings and loans
- Loyalty
- Microfinance
- Equity finance
- Insurance
- Bitcoin and blockchain
- Crowd funding
- Agricultural finance
- Data analytics

### THE GHANA ADVANTAGE

**Second largest economy in West Africa**

- GDP growth rate: 6.8% (Q1 2018)
- FDI: US\$4.91 billion (2017)

**Business-friendly government**

- Attractive investment incentives
- Investor protection unrivalled in the sub-region
- 100% foreign ownership of companies
- World Bank Group Doing Business Ranking 2018: #1 in West Africa

**Access to key markets**

- International: Europe and USA (duty-free exports via EPA and AGOA)
- Sub-regional: Economic Community of West African States - ECOWAS (350+ million people)

**Growing labour force**

- Skilled and unskilled
- Sourced at low rates (minimum wage: GH¢ 10.65/day)

**Stable and democratic**

- Successful elections and peaceful transitions since 1992
- Global Peace Index: #4 in Africa
- Committed to good governance (Mo Ibrahim Index for Good Governance 2017: #8 in Africa)

#### CONTACT US

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