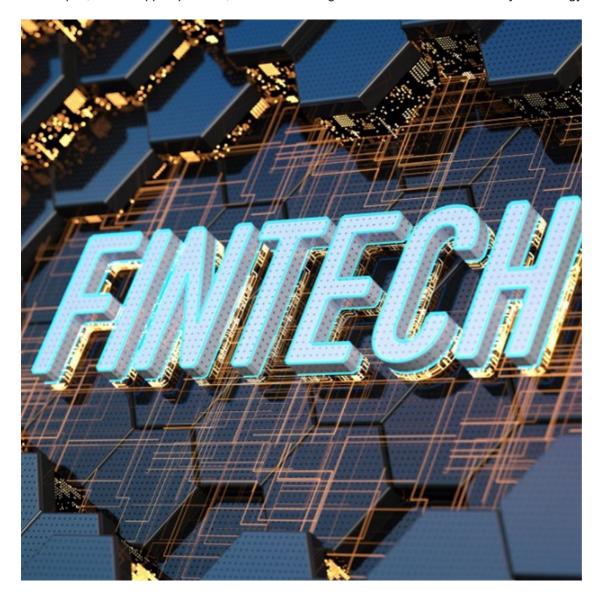


Unlocking Africa's fintech potential: Insights from Dentsu and McKinsey

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In all honesty, I have always had an intellectual crush on the McKinsey reports and having eagerly poured over their latest report and absorbed it almost word for word, I want to share the following, whilst Dentsu used different words and different angles to review the markets, we are definitely on the same road in Africa, our continent of vibrant cultures, diverse landscapes, and untapped potential, is now witnessing a financial revolution driven by technology.



McKinsey has recently released their report on <u>fintech in Africa</u>. It's great to see that when we released our own in-depth reports in late 2023 on <u>the future of finance and payments</u> and <u>future of fintech in Keyna</u>, to note how on the pulse we are and how our true understanding and hands-on experience in our 11 African markets shows our understanding and experience of these fintech burgeoning markets and how we find workable African solutions to African problems and become part of our clients brands with them as we grow business in Africa.

In these reports, we delve into the dynamic realm of African fintech, uncovering trends, challenges, and opportunities that could redefine financial services for millions.

Rapid growth and resilience - Despite infrastructural hurdles and socio-economic disparities, African fintech companies

are thriving. In 2020, they accounted for nearly half of all tech startups on the continent.

These agile players have demonstrated resilience, adapting to local contexts, and addressing unique challenges. Their revenues range between \$4bn and \$6bn annually.

Investment Hotspot - Investors are flocking to Africa's fintech scene. Deal sizes are increasing, and funding is pouring in. The sector's growth trajectory signals a promising future for African economies.

Venture capital firms, impact investors, and even global giants recognise the immense potential. They're betting on fintech to drive financial inclusion and economic empowerment.

Digital transformation and the cash conundrum - Despite technological advancements, cash remains king in Africa. Approximately 90% of transactions still occur in physical currency.

This presents a golden opportunity for fintech innovators. By digitising payments, remittances, and lending, they can revolutionise financial services. Imagine the impact of moving from cash to digital wallets!

The eightfold revenue leap - Projections indicate that African fintechs could multiply their revenues eightfold by 2025. As smartphone penetration grows and internet connectivity improves, the stage is set for transformative leaps.

Mobile money, micro-loans, and peer-to-peer lending platforms are gaining traction. These innovations empower individuals and small businesses, bridging gaps left by traditional banks.

Diverse landscape - The fintech landscape varies across countries. Let's explore:

South Africa: A mature market with sophisticated financial services. Here, fintech's focus on enhancing existing systems.

Nigeria: A bustling hub of innovation. Fintechs tackle challenges like remittances, payments, and credit access.

Kenya: A pioneer in mobile money (thanks to M-Pesa). Kenyan fintechs lead the way in financial inclusion.

Egypt: An emerging market with immense potential.

Africa's fintech journey is akin to a symphony—diverse instruments playing in harmony. As we witness this crescendo, let's celebrate the pioneers, the dreamers, and the disruptors. These reports invite you to explore further, to engage with the data, and to envision a financially inclusive Africa.

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