

Payments for Africa's digitally savvy consumers

 By [Ruhling Herbst](#)

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Innovation, entrepreneurial mindedness and the willingness to embrace change for the better characterise the spirit of Africa.



Source: Supplied. Ruhling Herbst, Programme Sponsor for TCIB at BankservAfrica

Africa is an exciting market of opportunity of risk and reward, chance encounters, and unexpected returns, as we found during our TCIB (Transactions Cleared on an Immediate Basis) adventure so far.

Still viewed globally as the 'next growth frontier' across sectors, a 2018 McKinsey & Company report summed up Africa nicely when it described the continent's banking sector as a 'hotbed of innovation'.

According to the report, one of the drivers of change is the digital-first African banking consumers who embrace digital channels. The mainly young, digitally-savvy consumers were found to be more connected than their developing country counterparts, accessed the internet on their mobile phones and used their mobile phones to do their transactional, servicing and sales banking. It's no surprise that mobile banking has been the golden key; its high usage is very much in line with the high mobile adoption across the continent.

Fast forward to the present

The global pandemic created new changes. Countries around the world quickly adapted to their new normal to recover what had been lost. Although banks experienced their drawbacks, the consumer story remains similar: consumers are expected to increase the use of digital banking either online or via their mobile.

By just looking at the expansion of mobile money and fintechs – it's safe to say the appetite for these services is alive and kicking. The Catalyst Fund's 'The State of Fintech in Emerging markets' report shows fintech funding increased in Africa from 2015 to reach \$1.350m in 2020 and continued to grow in 2021 (albeit to a lesser degree). These investments are mostly for payments followed by credit, insurance, financial infrastructure and neobanks.



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We're seeing exciting change in financial services as many expand their influence and range of offerings in new and innovative ways for the consumer. In September 2021, Absa teamed up with e-commerce company, JUMO and Tigo in Tanzania to enable greater access to a short-term credit product via a mobile lending product, according to a recent ITWeb Africa news report.

Other banks, such as the Standard Bank Group, are on an expansion drive to increase their following in African countries by targeting the younger but affluent population that are digitally active, according to a recent Moneyweb report.

Africa's largely youthful (of more than 60% under 25 years of age), digitally-savvy consumers are the reasons behind these changes. These youths would have grown up with mobile phones and are comfortable using digital channels to go about their everyday activities – from entertainment to retail to banking and other financial services.

The African consumer and payments

The exciting pace of digital changes in the ever-expanding African market for the African consumer of today and the future has been one of our design features in TCIB.

Now live, TCIB has been created with the SADC Banking Association as a mobile-based, cost-effective and interoperable real-time payments solution for low and high volume day-to-day payments in the Southern African Development Community (SADC) with the potential to reach other African trading blocs soon.

Understanding that the African consumer will want options for their specific payments needs – be it via money transfer operators, mobile network operators, or traditional banks – TCIB offers a simpler, less expensive and more convenient way to pay across countries. It means money can be transferred between a bank and a mobile money service in real-time.

TCIB is regulated by the region's 16 central banks and gives all parties, including end-users, peace of mind knowing that their money will arrive securely and on time.

This is revolutionising African payments and we are proud that the TCIB payments scheme is part of Africa's innovation story for digitally savvy consumers!

ABOUT RUHLING HERBST

Ruhling is responsible for leading BankservAfrica's growth efforts across the border and spearheading the implementation of a low value, cross-border payment scheme and operations in the Southern African Development Community (SADC). Ruhling is also supporting the organisation to plan the BankservAfrica transformation journey for extending the use of BankservAfrica's new, modern payments platform.

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