

# Financial technology & Islamic Finance in North Africa

17/04/2018

# Introduction

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## WHERE IS NORTH AFRICA in (PARTICIPATIVE) FINTECH ?

According to a report released by Disrupt Africa: “Finnovating for Africa: Exploring the African Fintech Ecosystem Report 2017” :

- The data shows fintech startups are spread across the African continent, with the Southern, West and East African regions equally active, while North Africa lags behind.

## HOW CAN FINTECH HELP PARTICIPATIVE FINANCE FLOURISH IN (NORTH) AFRICA?

# Brick & Mortar → 100% Online

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## Internet + Smartphones

...Changed the Way We Reach Out To Customers (Businesses/Consumers)

### How We Buy/Sell

- Goods: EBAY, AMAZON, ALIBABA
- Services: UPWork
- Transport: UBER, Grab, Lyft
- Banking/Financial Services:
  - Banking*: Fidor, N26, Revolut, etc...
  - Venture Capital*: KickStarter
  - Capital Markets*: Motif (Thematic Investing)
  - Lending*: LendingClub, FundingCircle, CrossLend

# New Business Model

**What do all these businesses have in common?**

Business Model NOT organized as a PIPELINE but as a...

PLATFORM or Think

Online MarketPlaces

Benefiting from a phenomenon theorized as

**NETWORK EFFECT**



# Exponential Development Supported by New Technologies



## **Started With:**

Internet + Smartphones → Borderless, Ubiquity, Speed, Cheaper (→ Inclusiveness)

## **Then Exponential Growth Brought by New Technologies:**

### **Access To More Data Points + Powerful Machines**

- Data Analytics: Precise (Predictive) Knowledge
- Artificial Intelligence: Better/Faster/Cheaper Decision Making
- Blockchain: Trust Machines Not Humans (Partial to Complete Disintermediation)

## **→ New Products:**

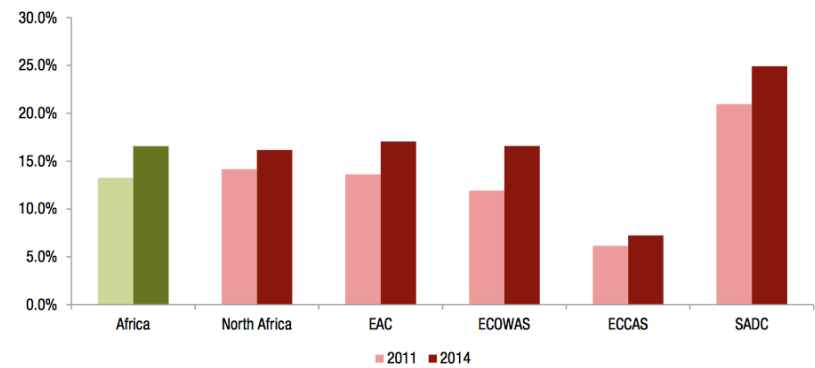
**Cryptocurrencies (Fractional Investment, Utility Tokens, Community Rewards)**

**RoboAdvisors**

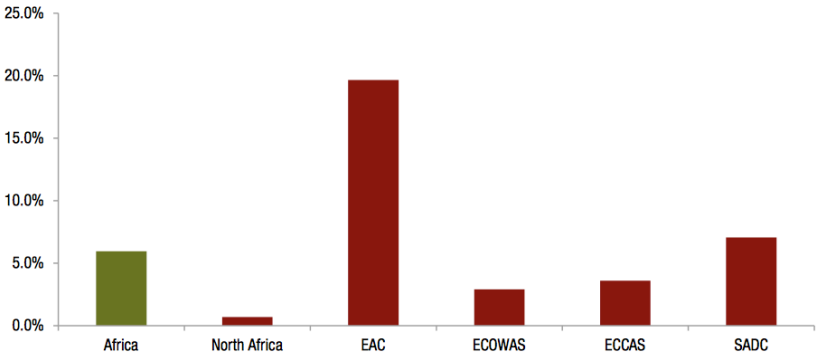
**Fractional Investment (Tokens/Blockchains)**

# Some Penetration Ratios For Africa

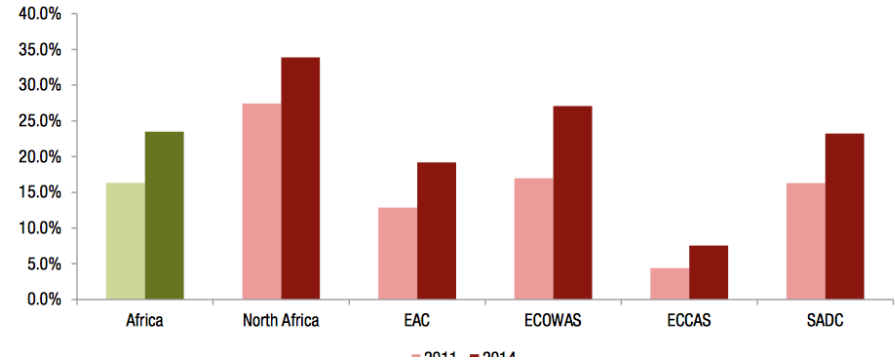
FINANCIAL INSTITUTION PENETRATION IN AFRICA BY REGION



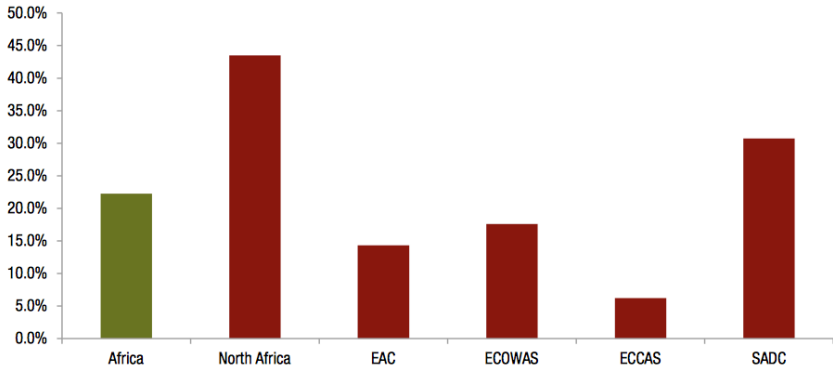
PENETRATION OF MOBILE PAYMENT ACCOUNTS IN AFRICA BY REGION IN 2014



INTERNET PENETRATION IN AFRICA BY REGION



MOBILE INTERNET PENETRATION IN AFRICA BY REGION IN 2015



# Fintech the new oil for North Africa Countries

## Market in Africa :

- 301 African Fintech start-ups are currently active
- Fintech start-ups have secured US\$92,679,000 in investment
- 9/10 Fintech start-ups seek collaboration with corporations to reach customers

## Fintech ecosystem is the key

- Tech Hubs & Incubators in North Africa is very important for the development and support of Fintech, some initiatives have been taken :
  - ❖ the AFD has launched in 2017 a program for North African start-up incubators making an innovative use of digital technology to build an inclusive business.
  - ❖ Echobank has also launched its challenge in January 2017 : Echobank Fintech Challenge
  - ❖ the Islamic bank IDB officially launches \$500M science fund, Fund to support scientists in finding solutions to challenges in Muslim World, two weeks ago in 43rd IsDB Annual Meeting in Tunisia,
- But no progress of the development of fintech in the region is possible without a discussion of the sizable degree of support from the leaders of countries in the area.

# How Fintech can help the Islamic Finance in North African Countries ?

**Current Situation :**

**Expectations changed:**

Clients WANT:

Anywhere Anytime

Tailored to My Exact Needs

Compared to Industrialized Countries, Fintech Offer In Africa is Disappointing (except in the payments sector)

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## Alternative/P2P Finance



## Banking Software



## Blockchain and Crypto Currency



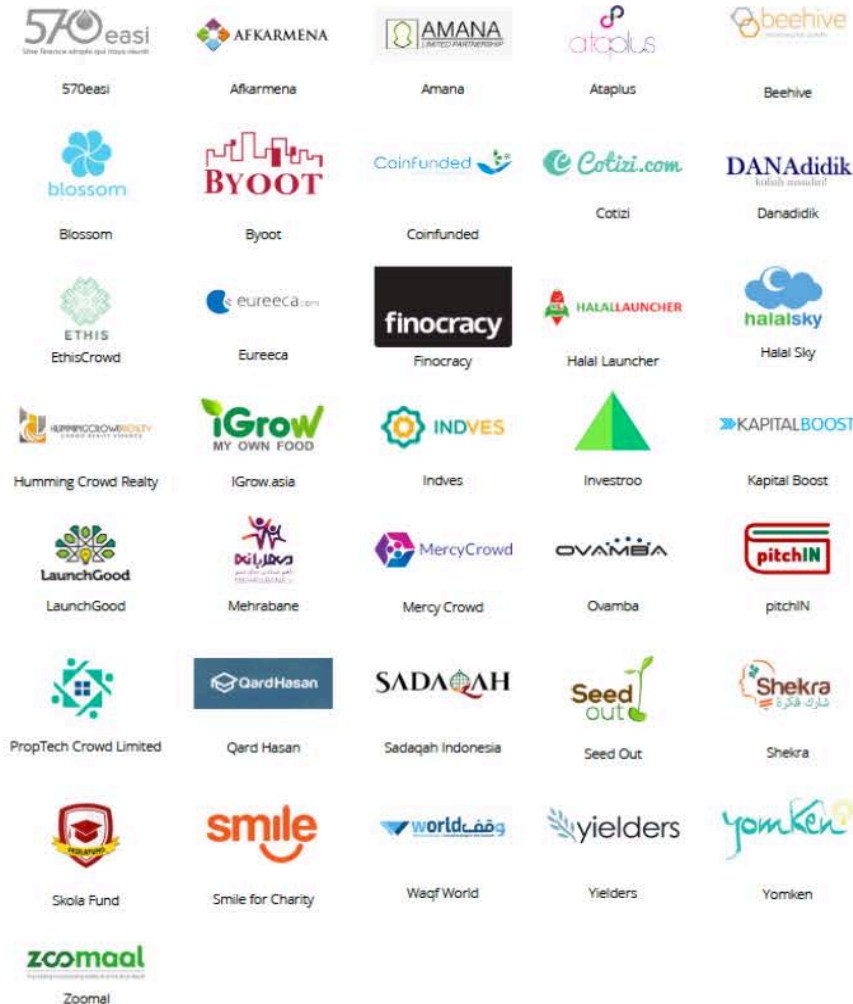
## Challenger/Digital Bank



## PFM, Trading and Investment



## Crowdfunding



## Payments, Remittance and FX



## Data and Analytics



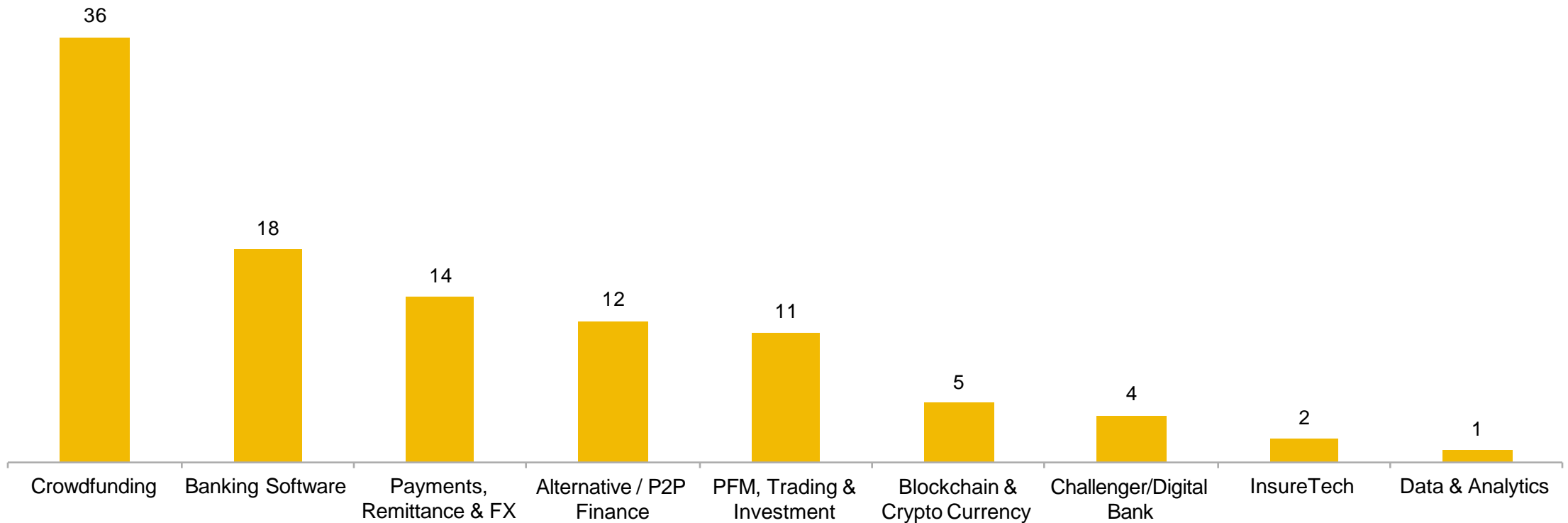
## InsureTech



# ISLAMIC FINTECH LANDSCAPE

## VERTICAL ANALYSIS

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# Among them some success stories we could take example of in the Middle-east & Gulf-Area

There are definitively success full stories in the Middle-East and Gulf Area  
Beam Wallet: the leading mobile wallet in the UAE => 500,000 users.



# Indeed, Crowdfunding & market place lending is also an efficient model for Nord-Africa countries:

Nord-African population faces the same Islamic sanctions against usury or charging interest and the society culture & environment is very similar as in the Middle-East

Islamic Fintech answers needs of customers :

- Crowdfunding, P2P and Marketplace lending: 50% of the market
- Peer-to-peer & market place lending match borrowers with lenders through online platforms
- Lower costs, practical & accessible online



Invest

Borrow



# Islamic Fintech Can Better Answer Consumer Needs

## Retail Consumer Needs:

- Realize My Dream Projects: Help Me Better Manage My Finances (Coaching/Education)
- Make Buying My Dream House Much Easier
- Insure My Assets in A Tailored and Easy Way
- Provide Me With A Smart Choice Of Investments

**Some Islamic Fintech around the world achieve these goals :**



ETHIS CROWD

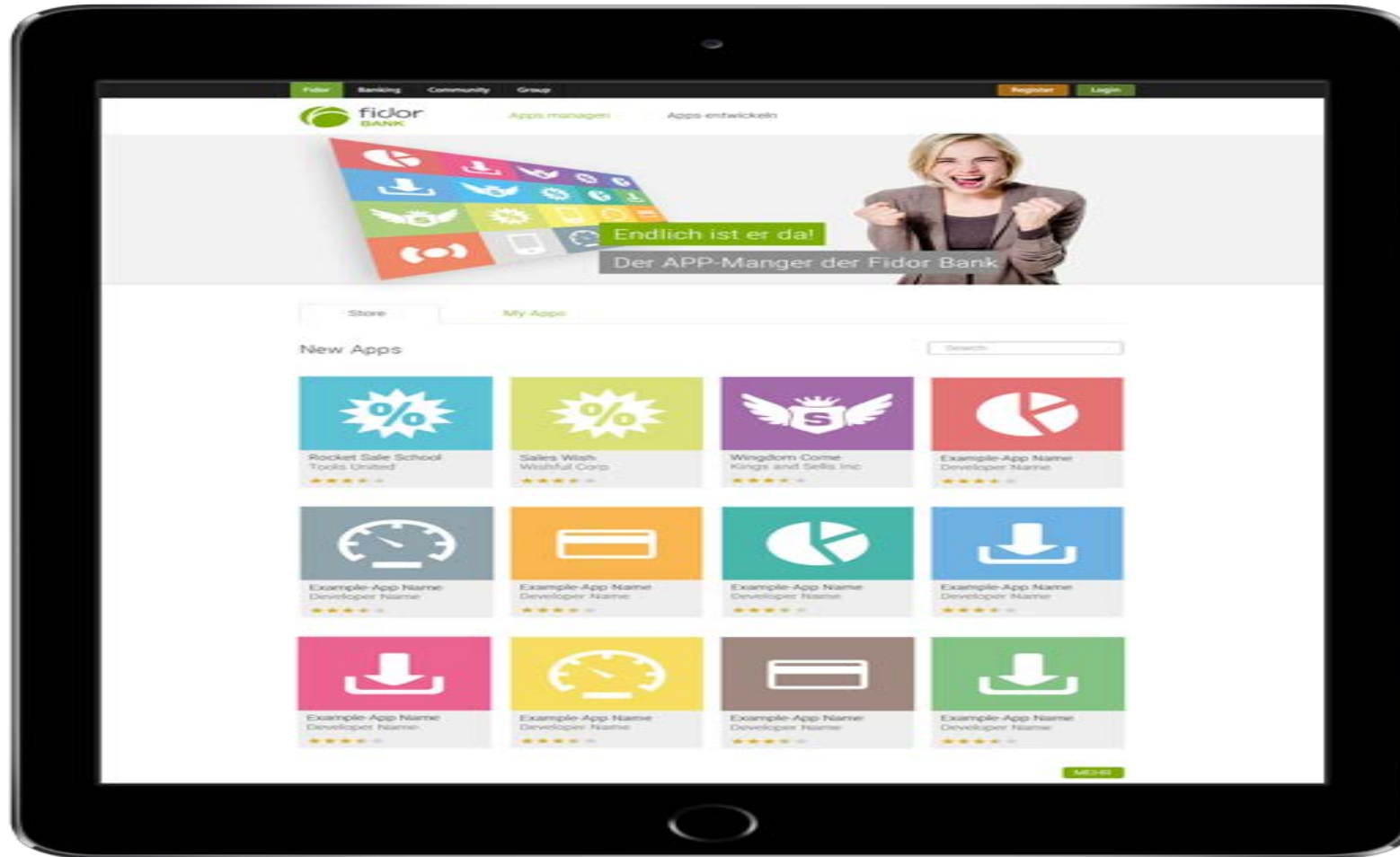
# What Can Fintech Do To Make Participative Finance Flourish In North Africa

- Improve **fintech ecosystem**
- Islamic Fintech could Develop with different **partnerships** with :
  - Financials institutions** like bank
  - Telecom Company** : an example is Orange with Afrimarket
  - Financial Support From **Multilateral Institution** like IDB

OR BY AN INCREASED COLLABORATION BETWEEN  
FINTECHS AND BANKS? OR EVEN BETTER....  
**BANKS AND BANKS AND FINTECHS**



# What Can Fintech Do To Make Participative Finance Flourish In North Africa



# Create an inclusive financial **ecosytem** for North Africa **based on islamic Principles and Muslim** lifestyles driven by Bank – Fintech **COLLABORATIONS**







Thank you for your attention

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