

## Advanced technology increasingly shaping Africa's financial sector

The African financial services industry is rapidly evolving as a result of advancing technology which is fueling innovation and growth in the sector.



Sumesh Rahavendra

While the sector is mature in most developed countries, it is less saturated in Africa, therefore offering many opportunities for new market entrants to challenge the status quo of how business has traditionally been conducted.

This is according to Sumesh Rahavendra, Vice President of Sales for DHL Express Sub-Saharan Africa who adds, "The burgeoning middle class and abundance of SMEs in Africa present great opportunities for financial services companies to provide retail banking services to individuals, as well as trade finance to SMEs. We see SMEs as the engine for growth in Africa and the lack of access to finance can often hinder their development. With one of the fastest growing middle classes in the world, there is a wave of consumerism for all types of goods and services such as FMCG, electronics and pharmaceuticals."

The future shape of financial services in Africa 2015(1) report by PwC describes the sector as a marketplace without boundaries. It explains that compared to global markets - where the outlook for financial services is more solid - the risk of disruption in traditional African financial services market has triggered the need for entities to reassess their strategies.

"While most international banks are moving towards e-commerce, in Africa, a number of local banks still share information and conduct business with hard copy documentation," adds Rahavendra.

An Accenture report titled African financial services come of age(2), suggests a promising future for the region's banking sector. It reveals that the development of consumer payment networks took years to become fully functional in mature economies, while many countries in Africa are now beginning to expand their traditional payments infrastructure to adapt to new international standards.

"The local retail banking sector is increasingly making use of new technology such as 'Mobile Money' platforms. Consumers have started to move away from physical cards, instead relying on their mobile phones to conduct day-to-day banking transactions."

"In addition to mobile money solutions, most African countries have made a concerted effort to improve their transactional security by moving from the traditional 'swipe card' form of retail banking to chip and pin."

"From a logistics point of view, while banking sector documents continue to present significant shipment volumes intra-Africa with the new technologies available, there is an increased need for equipment such as servers, ATMs and supplies to be moved into and around the continent, as banks expand into new countries and rural areas. As technology and requirements change, so do our supply chains, and we work very closely with our customers to ensure that we offer them the best possible solutions."

"The financial sector fueled DHL's expansion into Africa in 1978 when global banks needed to get documentation to Africa and it continues to help shape our service offerings on the continent as the sector matures. As the only logistics company be present in every country and territory in Africa, we not only have front row seats to witness the impressive growth of the sector, but are fortunate enough to work with some of the largest and emerging financial institutions on the continent and play our part in their growth story," concludes Rahavendra

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