

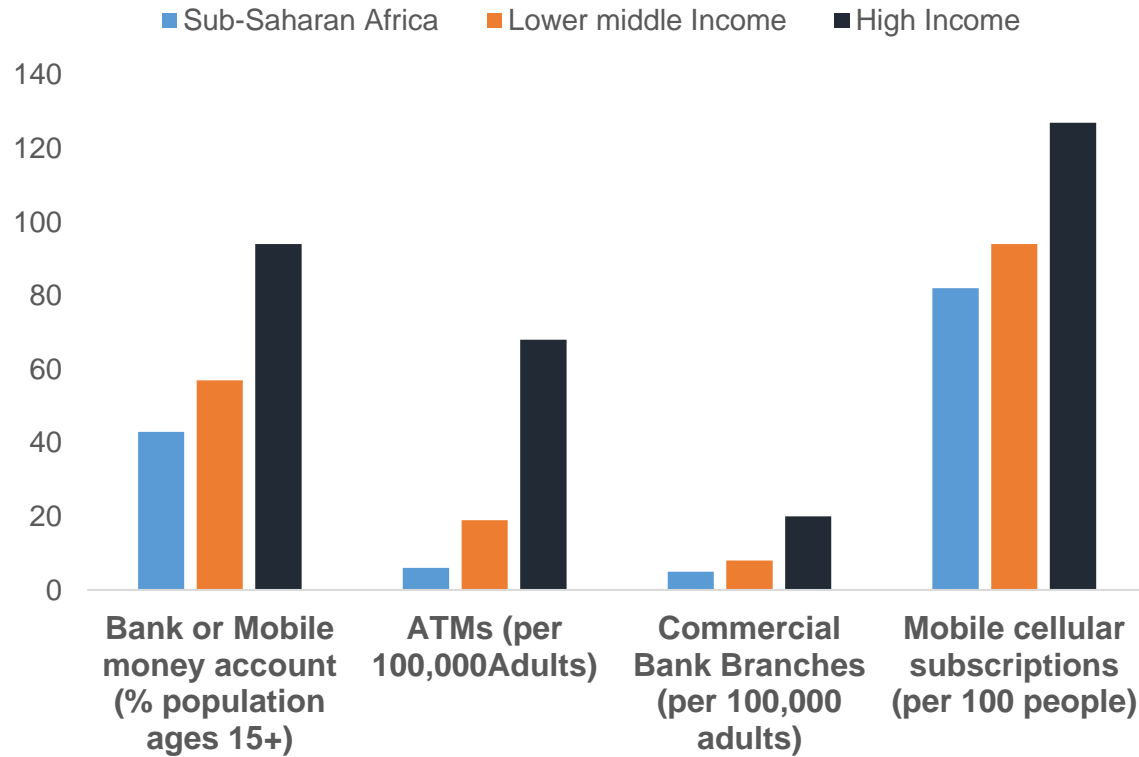
DIGITAL CREDIT IN AFRICA

A solution to increase financial inclusion in the largely unbanked African Market ?

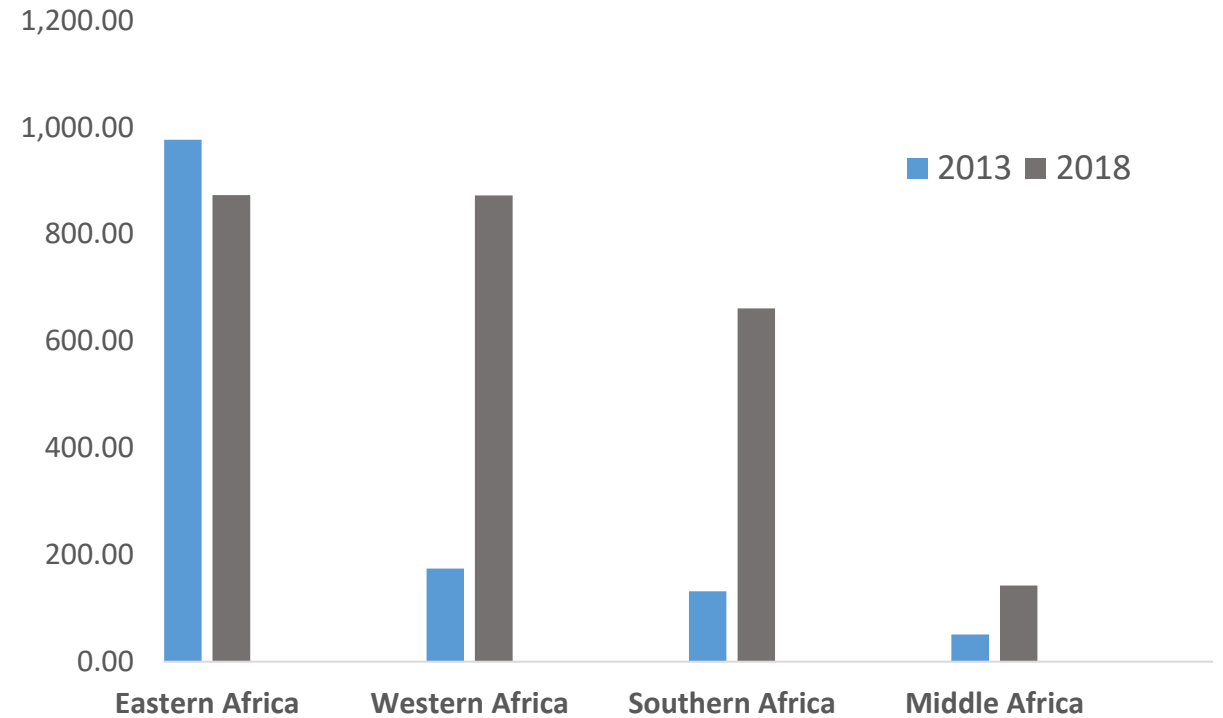


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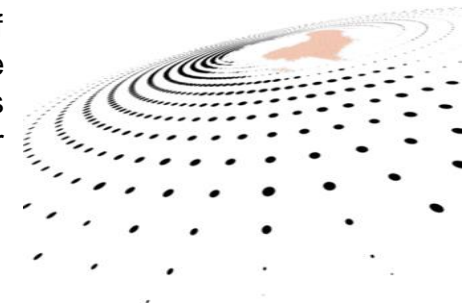
Financial Development indicators



Registered mobile money accounts in select African regions (number per 1,000 adults).



Research shows that while there is growth in digital financial services in Africa in the form of mobile money, the conventional forms of financial services remain relatively stagnant. This can be seen clearly when compared to the growth patterns of the Same in more advanced economies around the world. Commercial banks in Africa for instance have an average of 5 Branches per 100,000 adults compared to 20 branches per 100,000 adults in high income economies. The African market is therefore largely underbanked and ripe for interruption through digital financial services and lending.



Overview

By definition digital lending is the process of offering loans that are applied for, disbursed, and managed through digital channels, in which Lenders use digitized data to inform credit decisions and build intelligent customer engagement. We differentiate digital credit from conventional loans by identifying three key characteristics; digital credit is instant, automated, and remote .

Digital lenders take on a variety of forms, their operational lending models include; online lenders, P2P lenders, e-commerce and social platforms, Marketplace Platforms, Supply Chain Lender, Mobile Money Lender and Tech-enabled Lenders.

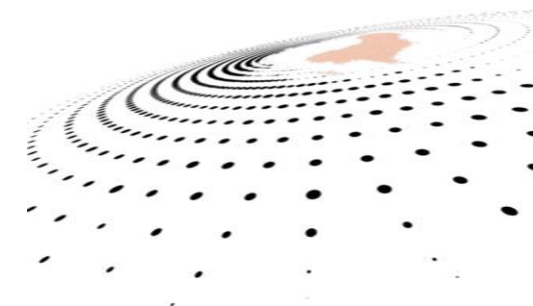
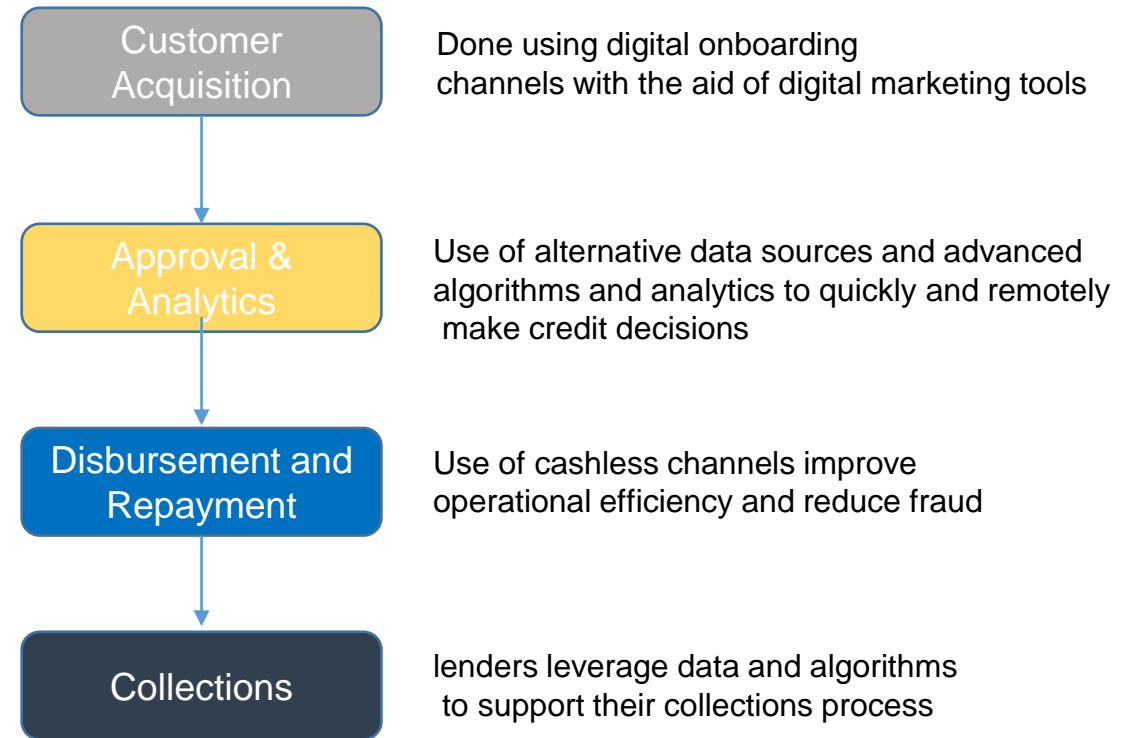
Limitations of Conventional lending in Africa

- Lengthy credit approval and loan disbursement process.
- High over head costs arising from manual processes.
- Inefficient manual credit scoring processes .

Advantages of Digital Credit.

- Speedy Approval of credit
- Use of alternative data in place of traditional asset-based data for credit scoring.
- Low overhead costs due limited manual operations.

Digital Lending Process



Digital Lending Business Models



Online Lender

These provide end-to-end digital lending products via a website or mobile application. The customer acquisition, disbursement, and account management processes are usually fully digital, and underwriting is conducted using advanced scoring and alternative data provided by the customer

P2P lender

These digital platforms that facilitate the provision of digital credit between many borrowers and lenders, typically playing an ongoing central role in the relationship between these parties

e-commerce and social Platforms

Digital platforms wherein credit is not their core business, but that leverage their digital distribution, strong brand, and rich customer data to offer credit products to their customer base

Marketplace Platforms

Digital platforms that originate and match one borrower with many lenders for an origination fee; the lender and borrower then enter into a bilateral agreement.

Supply Chain Lender

Non-cash digital loans for specific asset financing, invoice financing, or pay-as-you-go asset purchase within a supply chain or distribution network

Mobile Money Lender

Partnership model wherein lenders work with mobile network operators (MNOs) to offer mobile money loans to their customer base, leveraging mobile phone data for scoring.

Tech-enabled Lender

Traditional FSPs that have digitized parts of the lending process, either in-house or through partnerships.

AFRICAN FINTECH AND DIGITAL LENDERS

REST OF THE WORLD

M-KOPA SOLAR

 RainFin

 KOPO KOPO

 pesapal

 Lendable

 FutureLink TECHNOLOGIES

 Equitel

 airtel money

 mobicred

 M-PESA

 kiakia

 cellulant

 M-Shwari

 efactor

 FarmDrive

 TALA

 CREDITABLE

 jambopay
simple & secure...

 musoni
Next Generation Microfinance Software

 branch

 Safaricom M-PESA

 GetBucks

 TurnKey Lender

 finfind™

 tigô pesa

 JUMO

 Akello banker
My phone, My banker

 KOCELA
STRETCHING THE LIMITS

 xente

 Upstart

 JIMU 积木盒子

 Credit Karma

 commonbond

 Investopedia Review

 mimoni
contigo para lograrlo.

 Lendify

 AVANT

 sindeo
mortgages made simple

 auxmoney

 earnest

 Lenddo

 progressa

 peerform

 Borrowell

 LENDING WORKS

 LendUp

 Harmoney

 borro

 SocietyOne

 fruitful

 lendinvest

 EVEN EVEN
FINANCIAL

 Grow.

 LANDBAY

Contacts:

To discuss this brief and more, to access the more detailed report on digital lending in Africa and how to invest in this sector, please get in touch with us.



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