

DIGITAL TRANSFORMATION & FINTECH COLLABORATION IN FINANCIAL SERVICES

DANIEL AWE
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DIGITAL
transformation

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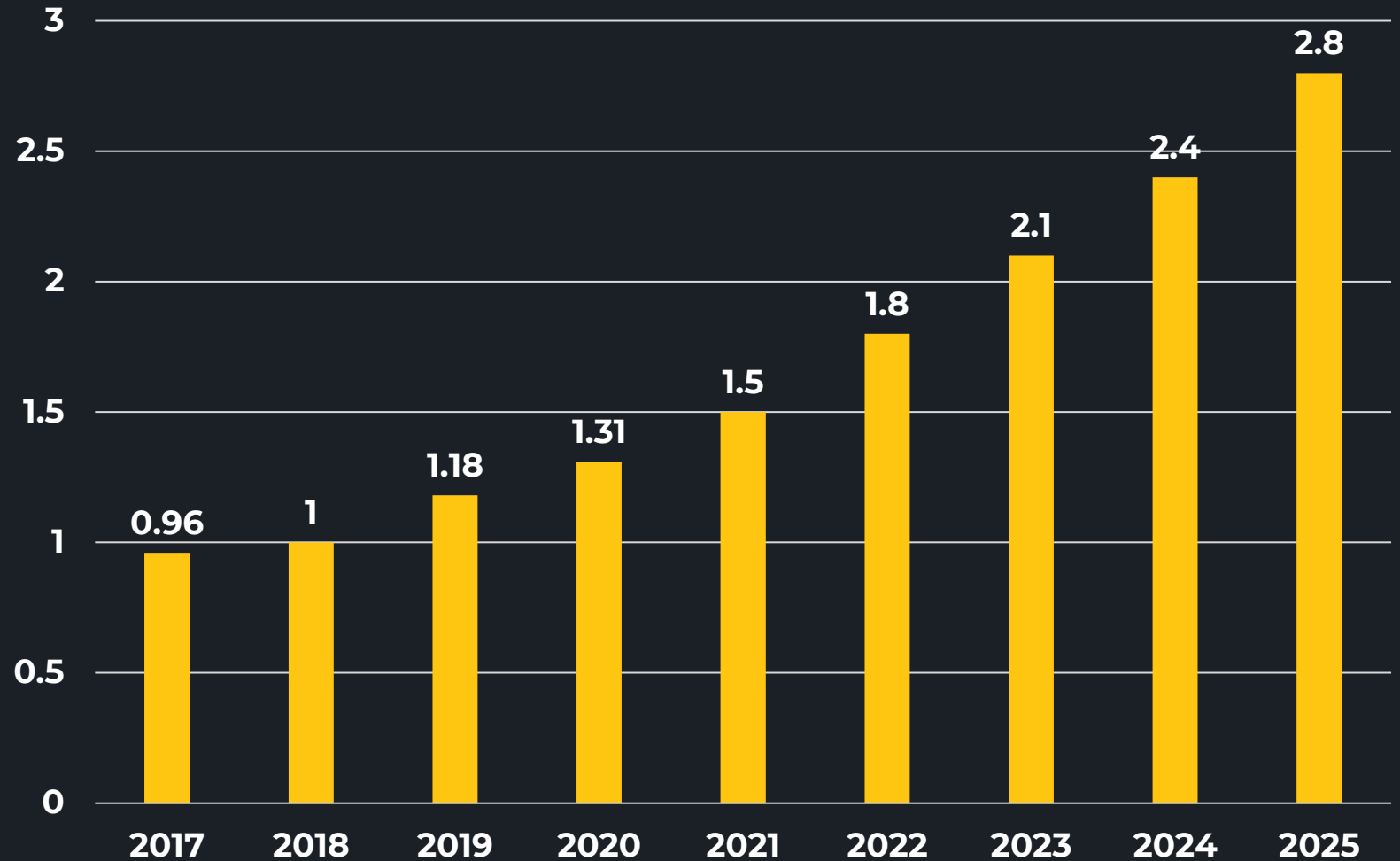
01

ABOUT DIGITAL TRANSFORMATION

BACKGROUND

Digital transformation in financial services is an innovative way of solving recurring problems in the industry, such as changes in customer needs, competition amongst banks both locally and internationally, and the need to streamline business processes.

Spending on Digital Transformation Technologies and Services Worldwide from 2017 to 2025 (In Trillion U.S. Dollars)



Source: Statista, 2022

Definition of Digital Transformation (DT)



The term "**digital transformation**" refers to the process by which a company restructures its operations and the value it provides to its consumers by adopting digital technologies.



With the advent of open banking and other digital systems, it is now possible for systems to easily incorporate novel platforms and apps.



There has been a dramatic shift away from traditional banking and paper systems, which have been replaced with digitized and interconnected networks.

Key Statistics on Digital Transformation

23%

The digital transformation market is expected to grow at a CAGR of 23% from 2019 to **\$3.3 trillion by 2025**.

68%

Of financial services companies have developed a digital transformation strategy compared to 63% of all organizations.

17%

Of financial services executives say that investing in innovative digital capabilities for anticipated business needs is a top digital priority.

WHY DO WE KEEP TALKING ABOUT DIGITAL TRANSFORMATION?



WHY DT IS A RECURRING THEME

With the rise of social media platforms and smart devices, there's a massive shift in how customers communicate with businesses. It has changed the expectations with regards to response times and multi-channel availability.

With the popularity of online payment systems, online commerce and web-based points of sale opportunities have increased. The focus is on mobile devices, which can leverage personalized customer data on a massive scale.

It is the need of the hour to better tailor your products, interactions, and communications to fit customers' specific needs. It is likely to continue massively affecting the global business landscape in decades to come.

KEY PILLARS OF DIGITAL TRANSFORMATION



CUSTOMERS

There should be comprehensive understanding of customer expectations.



PEOPLE

For digital transformation efforts to be successful, all team members must be on the same page.



CHANGE

Adaptability is crucial to the success of digital transformation.



PROCESS

Successful digital transformations also require the mining of business processes.



LEADERSHIP

Leaders must anticipate obstacles and opportunities.



TECHNOLOGY

Due to technical advancements, transitions are more feasible.

LEADING GLOBAL BANKS IN DIGITAL FINANCIAL SERVICES



ASIA THE DEVELOPMENT BANK OF SINGAPORE

DBS Group has been focusing on using artificial intelligence, cloud, big data, PSD 2 and open banking to digitally transform its operations. As at 2020, **99%** of applications have been migrated from physical servers to DBS virtual private cloud.



Annual Technology Spend (2021)
\$413 Million



UNITED STATES OF AMERICA CITIBANK

Citibank has around **30 million** digitally-active customers across North America and Asia. This large digital footprint is due to Citibank's use of innovative partnerships with brands such as Grab, Apple, Spotify, and Paytm, which integrates the bank with every aspect of its customers' lives.



Annual Technology Budget (2022)
\$11 Billion



EUROPE BANQUE NATIONALE DE PARIS (BNP) & PARIBAS

BNP Paribas started its digital transformation journey as far back as 2017, pioneering this space long before the pandemic. The bank is leveraging open banking and co-designing customer services with fintech companies to deliver value.



Annual Technology Spend (2021)
\$3.5 Billion



AFRICA ACCESS CORPORATION

Through partnerships with AFF and FinTech NGR, Access Bank was able to increase its retail deposits to **\$5.03 billion** in 2021. Of this new to bank deposits, **95%** were acquired through the bank's digital channels as a leader on the continent.



Annual Technology Spend (HY 2022)
\$61.3 Million

02

DIGITAL TRANSFORMATION IN FINANCIAL SERVICES

\$4.6
Trillion

THE RISE OF CONTACTLESS PAYMENT

Valued at **\$1.05 trillion** in 2019, contactless payment volumes have been hyper-charged by pandemic disruptions to consumer behaviour, and are projected to reach **\$4.6 trillion** by 2027, according to Forbes. The health benefits and convenience of contactless payment, are key drivers for it.

95%

LEAPS IN DIGITAL ADOPTION

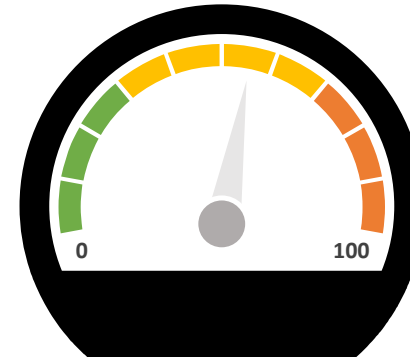
Consumer behaviour also changed, with significant increases in digital banking and online purchasing. A McKinsey survey of 200,000 Europeans during May 2020 revealed that digital adoption jumped from **81% to 95%**; under normal conditions, such a rise would take two to three years.

\$7
Trillion

SHIFT FROM CASH PAYMENTS

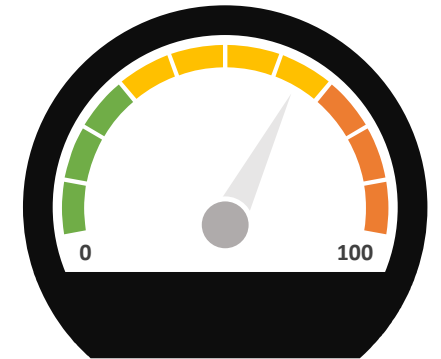
Accenture forecasts nearly **420 billion** transactions worth **\$7 trillion** are expected to shift from cash to cards and digital payments by 2023 – and increase **to \$48 trillion** by 2030. This rapid shift pressured banks, with **75%** admitting that the pandemic increased urgency to modernize payments.

COVID-19 CREATED A SENSE OF URGENCY AROUND DIGITAL TRANSFORMATION IN ORGANISATIONS



59%

Accelerated digital transformation



66%

Completed initiatives that previously encountered resistance

BENEFITS OF DIGITALISED FINANCIAL SERVICES

The Following Are Some Ways By Which The Digitalisation Of Financial Services Are Of Benefit:

IMPROVED OPERATIONAL EFFICIENCY AND REVENUE GENERATION



Deploying the right set of digital transformation tools streamlines operational processes by automating manual tasks and integrating data.

BOOST FINANCIAL INCLUSION AND GDP PER CAPITA



Financial inclusion helps to solve a number of societal issues, in both developed and developing countries. It is positively associated with GDP growth, by up to **14%**.

REDUCE CREDIT MARKET PROBLEMS



By adopting transformative solutions such as big data and machine learning, the cost of credit risk assessments goes down.

03

HOW AFF IS SUPPORTING DIGITAL TRANSFORMATION AND AFF ECOSYSTEM COLLABORATION

ABOUT AFRICA FINTECH FOUNDRY

AFF is a **Pan-African start-up accelerator** that consists of an ecosystem of founders, mentors, investors, and partners, whose aim is to find, curate, invest in and package Fintech start-ups for growth and scale. In addition to start-up acceleration, AFF is an **innovation hub**; sourcing for ideation to drive the **digital capability** of Access Corporation.

The primary focus of Africa Fintech Foundry is to **scout the start-up ecosystem, conduct open application processes, and leverage off partner networks** (global accelerators, financial and technology partners, government, and other agencies) in order to **propel start-ups to scale.**



THE KEY PILLARS OF AFRICA FINTECH FOUNDRY

01

DIGITAL ASSETS
COMMERCIALIZATION

02

DESIGN AND
INNOVATION LAB

03

DIGITAL INTEGRATION
AND CAPABILITY

04

THOUGHT
LEADERSHIP AND
STRATEGY

05

AFRICAN STARTUP
ACCELERATION/
VENTURE CREATION

AFF STRATEGIC ALIGNMENT WITH THE INDUSTRY



**Digital Capability Enablement
Across the Access Corporation**



**Venture Creation Across Key
Verticals to Support Ecosystem
Orchestration**



**Innovations that will Position
Access Corporation for the
Next 5-Year Journey**



**Strategic Sourcing and
Nurturing of Innovative FinTech
Companies to Support Key
Appreciation Within the
Verticals Across the Continent**

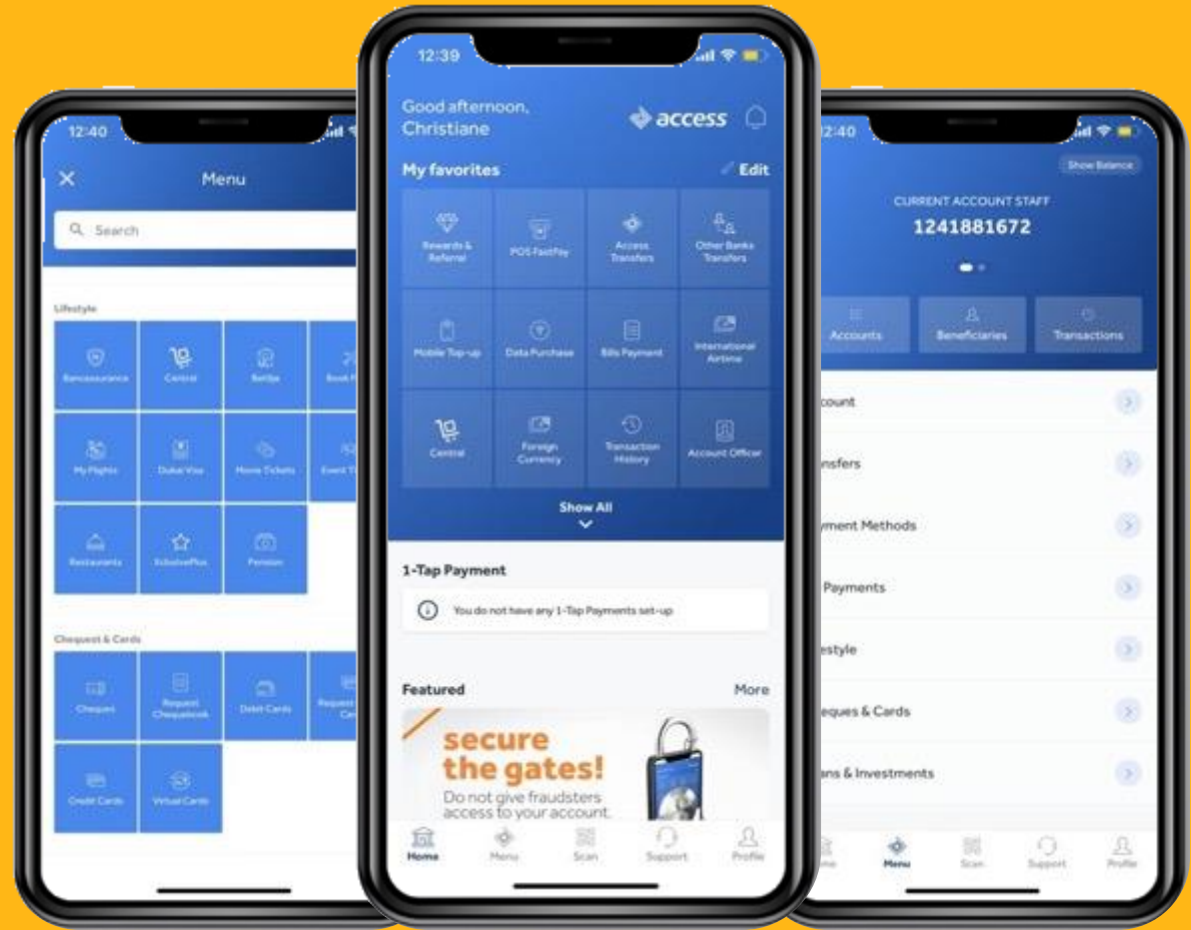


**Venture Creation Across Key
Verticals and AFF Innovations
to Support Capital Value
Creation**



**Taking the Lead By Innovating
and Transforming with
Emerging Technologies such
as Blockchain and Robotics**

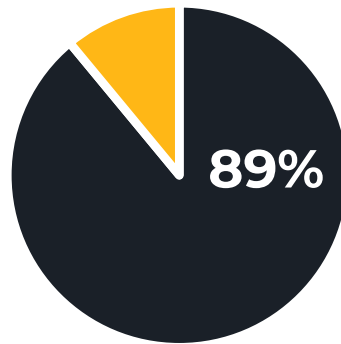
ACCESS MORE SUPER APP



ACCELERATING THE NEW CROP OF AFRICAN FINTECH START-UPS

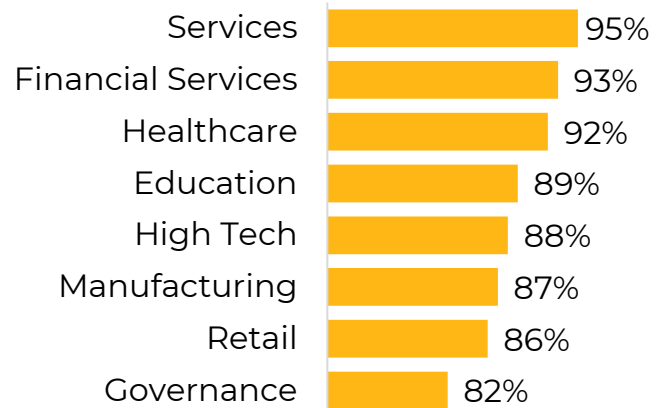
UNICORNS IN AFRICA

MOST INNOVATIVE INDUSTRIES IN AFRICA

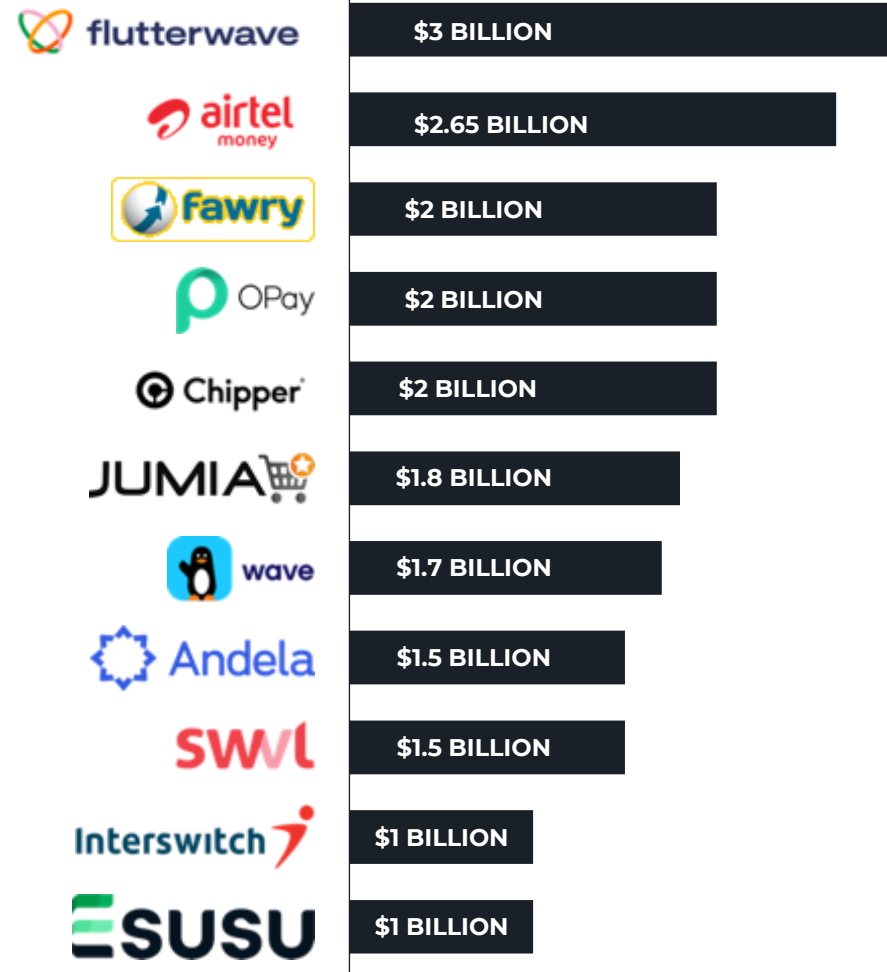


of organizations have adopted, or have plans to adopt a **“digital-first”** business strategy

By Industry:



UNICORNS OF AFRICA



ACCELERATING THE NEW CROP OF AFRICAN FINTECH START-UPS

FACTORS THAT PRODUCE UNICORNS



Economic Factors: Fluctuations in the level of economic activities (**Economic Growth, Interest Rates, Political Climate**) affect businesses in many ways including how much investment they attract.

Business Factors: When making an investment, VCs usually consider the company's **management team, product/service, size of the market, and financial return.**

Investment Factors: The more money that is invested in a startup, the more likely they can achieve unicorn status. Startups thrive to make their business model attractive to investors, to encourage **investments and acquisitions.**

Quantitative Factors: Startup companies that have a high transaction count and volume, and a wide customer base exhibit business continuity and therefore, attract the attention of VCs.

Regulatory Factors: VCs also take into consideration the risk of **regulations changing unfavorably** as well as invest in startups that have the **required licenses to practice the business.**

ACCESS BANK GROWING ON THE BACK OF FINTECH

WHY AFF IS POISED TO BUILD THE NEXT AFRICAN UNICORN



ACCESS BANK IS A KEY PARTNER

THE CUSTOMER BASE IN AFRICA



50M+

CUSTOMERS

THE BANK'S SUBSIDIARIES



12

AFRICAN
COUNTRIES

UAE, UK, including
representative
offices in China,
India, and Lebanon

THE BANK'S DIGITAL ASSETS

Owns digital asset infrastructure across the globe to support payments.



10M

MOBILE APP
CUSTOMERS

14M

USSD
CUSTOMERS

AFRICA FINTECH FOUNDRY'S MODEL





AFF is Raising the NEXT AFRICAN UNICORN

IDENTIFY

Identify challenges in the ecosystem and target key potential likely to solve the challenges.

Key into Being the Best



BUILD

Build stable curriculum and create facilities to harness talents in the ecosystem.

ACCELERATING THE NEW CROP OF AFRICAN FINTECH START-UPS

STARTUPS IN AFF's ECOSYSTEM



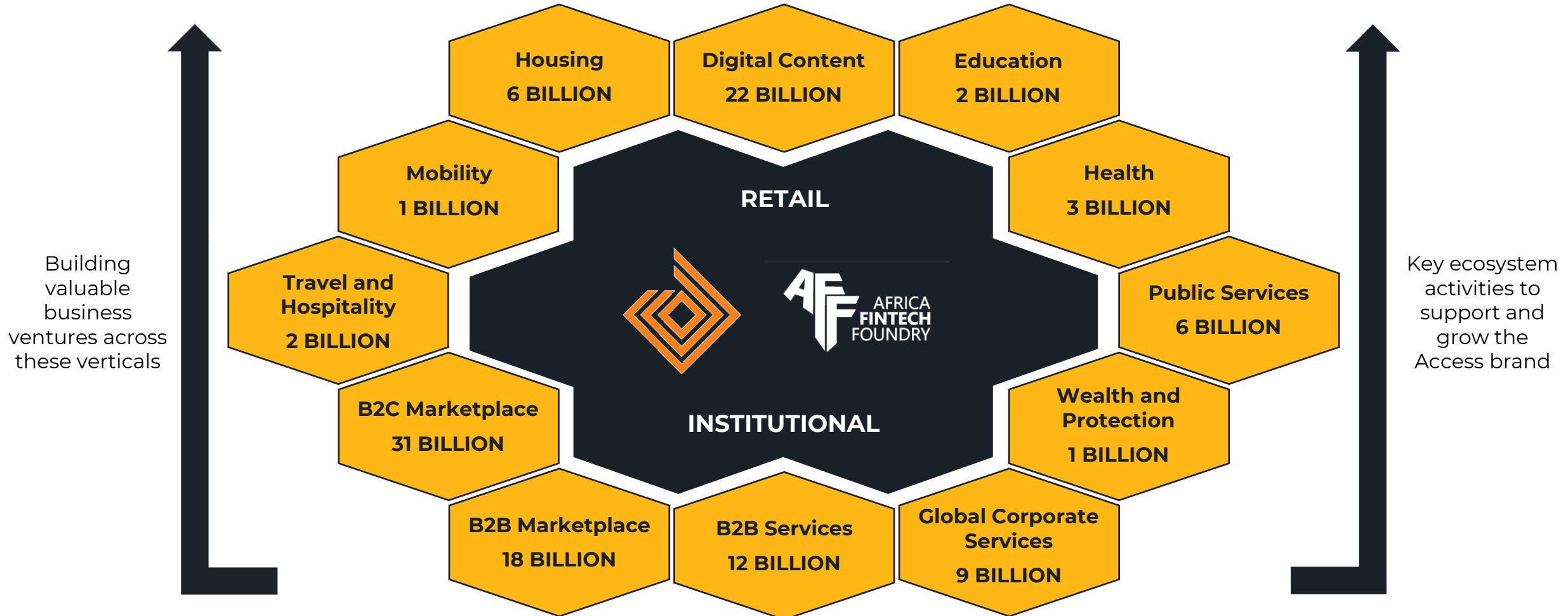
OTHER STARTUPS:
CAPITALX JOSLA AGRO AI OGAPOS

AFRICA FINTECH FOUNDRY'S VENTURE CREATION STRATEGY

HOW AFF IS SUPPORTING ACCESS CORPORATION



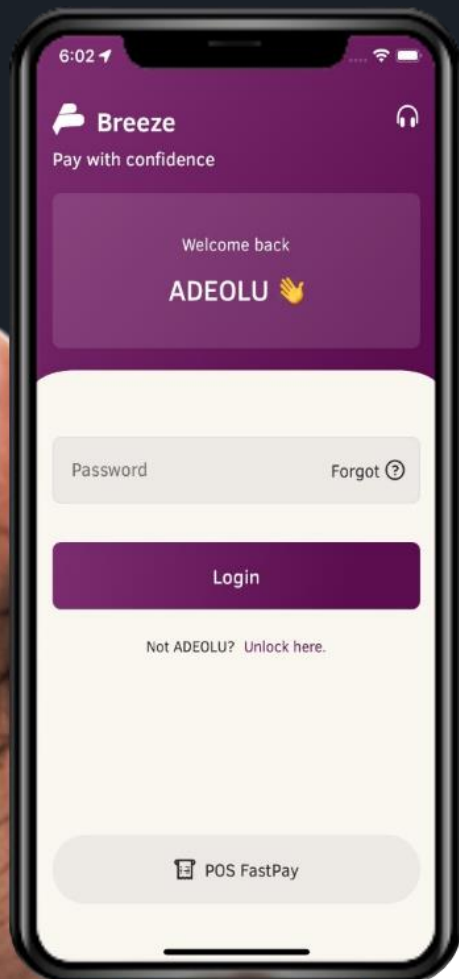
Innovation across the following industry verticals, and much more:



Creating Value Through Ecosystem Orchestration



BREEZEPAY



DRIVING DIGITAL PAYMENTS

BreezePay is the first-of-its-kind next generation payment services provider that offers multiple new and innovative digital payment solutions for end users to leverage on.



SEAMLESS



FAST



PERSONALIZED



SECURE



REWARDS

BreezePay will launch with an already significant presence in the digital payment ecosystem. It has access to the largest customer base in Nigeria, with already existing data about potential customers.

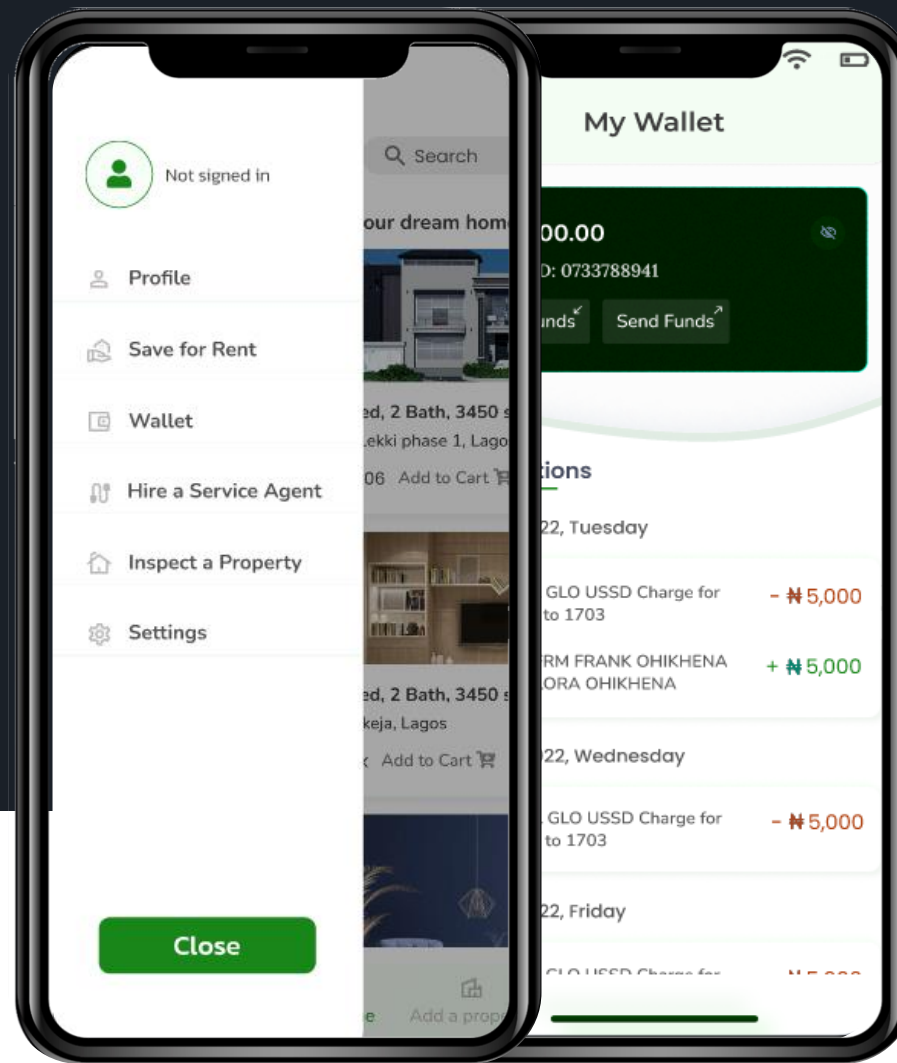
BreezePay has access to other distribution channels for its payments. These channels are: **USSD** and **banks' mobile application**. BreezePay is the first-of-its-kind digital solution with **incentives, customer attraction and retention is enhanced**.

HOME ZONE

LEADING THE PROPERTY TECH ECOSYSTEM

Access Homes is a one-stop platform for all housing needs. It connects landlords, agents and property developers with potential full year tenants, buyers and shortlet tenants.

Access Homes gives customers the opportunity to afford to own or rent their dream home.



WHY HOME ZONE

17M

In Nigeria, there is a housing deficit of more than **17 million** units mostly because of price - BBC

500K

In Nigeria, more than **500,000** people move to the city every year - BBC

CRACKING THE REGULATORY OBSTACLE

AFRICA'S FIRST CENTRAL BANK DIGITAL CURRENCY (CBDC)

ABOUT THE E-NAIRA

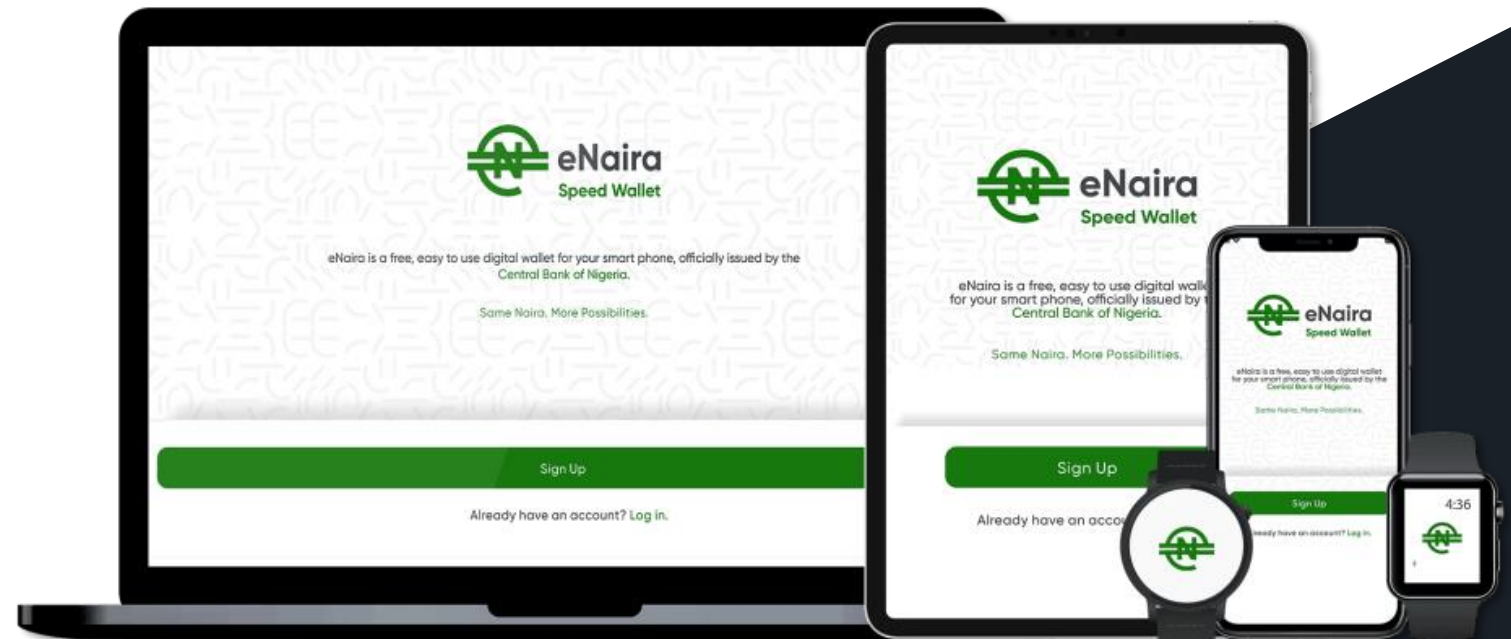
eNaira is the electronic or digital form of the Nigerian currency. It will be issued and regulated by the Central Bank of Nigeria.

eNaira was launched on
25 Oct. 2021

THE OBJECTIVE OF ENAIRA

Aid financial inclusion, improve payment efficiency, improve revenue and tax collection, targeted social interventions, amongst other objectives.

– Central Bank of Nigeria –



CRACKING THE REGULATORY OBSTACLE

AFF PARTNERED WITH THE APEX REGULATOR to conduct the First Ever eNaira Hackathon.

The **Hackathon** was to ideate on use cases for eNaira. The eNaira would be necessary in the future to ensure a competitive digital economy. More specifically, the eNaira can enable a vibrant and competitive digital economy.



AN OVERVIEW OF THE COMPETITION



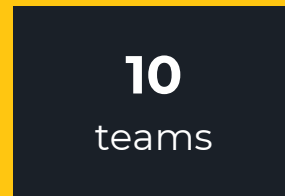
QUARTER FINALS



SEMI FINALS



FINALS



1st Position

5 MILLION eNaira

2nd Position

3 MILLION eNaira

3rd Position

2 MILLION eNaira

Top 17 Teams

500K eNaira Grant Each



CRACKING THE REGULATORY OBSTACLE

HOW THE PARTNERSHIP EXPOSED AFF'S RELEVANCE

THE E-NAIRA HACKATHON RESULTED IN THE FOLLOWING:



The hackathon was widely publicized via several channels to all parts of the Country, thereby driving eNaira awareness.



New innovations that drive financial inclusion, solve cross border payments issues as well as unlock blockchain capabilities and much more.



Increased startup attraction and access to exceptional talent. Startups from various industry verticals have joined our ecosystem.



The creation for new strategic partnerships with VCs and industry leaders, leading to an expansion of our ecosystem.



Generated positive brand image, increased brand reputation and awareness.

CRACKING THE REGULATORY OBSTACLE

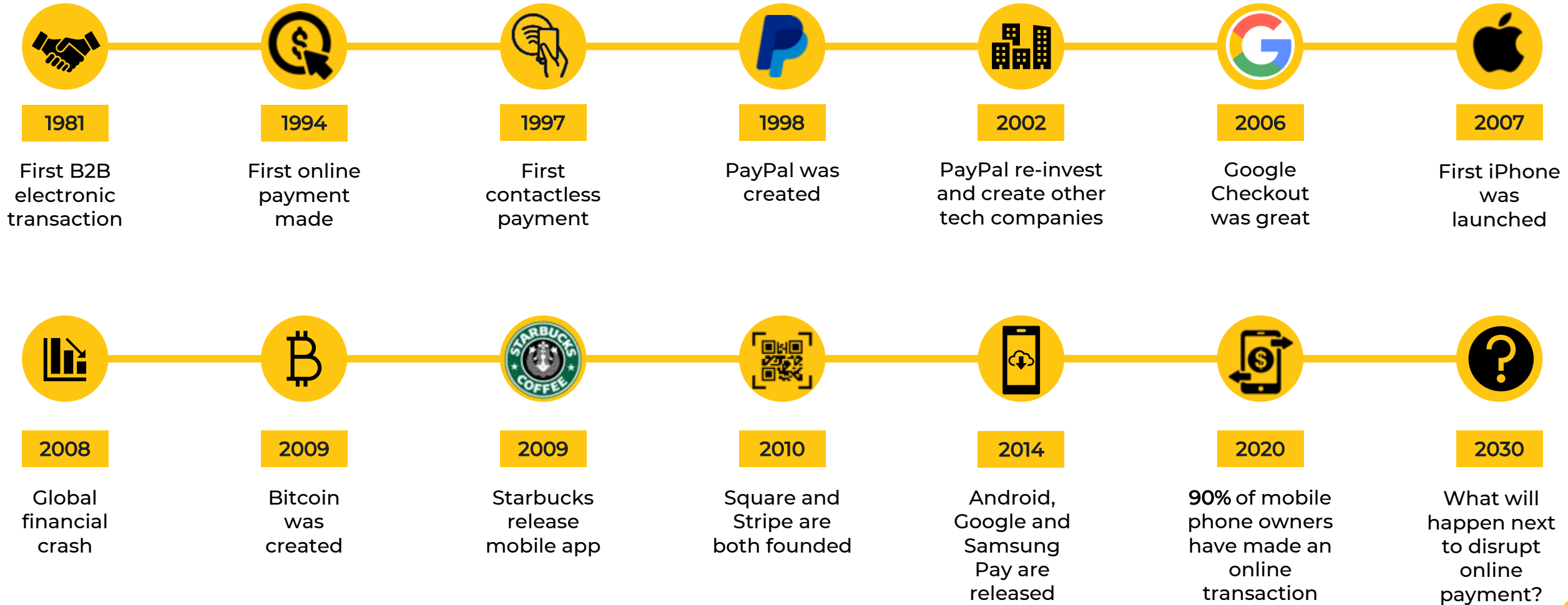
PHOTOS FROM THE E-NAIRA HACKATHON



04

THE FUTURE OF PAYMENTS: WHAT TO EXPECT IN 2023 AND BEYOND

A LOOK AT HISTORY: EVOLUTION OF ONLINE PAYMENT TRENDS FROM 1981 TO 2020



KEY DRIVERS OF DIGITAL TRANSFORMATION

EMERGENCE OF SOCIAL MEDIA & METAVERSE

\$3
Trillion



The **4.47 billion** social media users (Instagram, Twitter, TikTok, Facebook), and the rise of the metaverse economy offering the potential for new revenue streams stands as an evidence of digital transformation

YOUTHFUL POPULATION

71%



According to a report by All Africa, **71%** of young people see internet access as a basic human right. This mentality alone is a key driver for the adoption of digital transformation.

EMERGENCE OF 5G NETWORK

433



5G offers ultrafast data rates and massive traffic capacity. The broadest adoption is seen in developed markets, more than **443** telecom operators in 133 countries are accelerating investments into 5G digital transformation.

REGULATORY DRIVE FOR DIGITISATION

75%



A survey conducted by Global News Wire shows that **75%** of financial institutions are ready to work with RegTech providers on the subject of ICT Security when embarking upon their digital transformation journeys.

MOBILE MONEY TRANSACTION IMPACT

10%



Sub-Saharan Africa is the only region in the world where close to **10%** of GDP in transactions occur through mobile money. This compares with just **7%** of GDP in Asia and less than **2%** of GDP in other regions.

THE NEED FOR FINANCIAL INCLUSION

17%



About **17%** of nearly 2 billion unbanked adults in the world are located in Sub-Saharan Africa. Digital transformation is slowly but steadily finding ways to fill the large gap on continent.

DEEPER USE OF EMERGING TECHNOLOGY

There are now more than **26,000** FinTech companies operating internationally, and collectively they employ around **500,000** people worldwide.

**\$10
Billion**

Blockchain

Accenture estimates investment banks could save **\$10 billion** by clearing and settling processes to blockchain.

29%

Big Data

According to Statista, CAGR for the big data market will grow by **29%** in 2023.

70%

Robotics Process Automation (RPA)

According to Ernst & Young the use of RPA leads to a 70% cost reduction in financial services.

27.5%

Software as a Service

According to McKinsey, software sourced by companies from cloud-service platforms, open repositories, and software as a service (SaaS) is growing at a CAGR of **27%** from 2021 to 2028.

**\$1
Trillion**

Cloud Computing

McKinsey research shows that by 2030, cloud technology will account for EBITDA (earnings before interest, tax, depreciation and amortization) in excess of **\$1 trillion** across the world's top 500 companies

**\$80
Billion**

Virtual and Augmented Realities

According to Goldman Sachs Research expert Heather Bellini, virtual and augmented reality will be an **\$80 billion+ dollar** industry by 2025.

**\$54
Billion**

Near Field Communication (NFC)

According to Allied Market Research, the global NFC market size was valued at **\$15.5 billion** in 2019, and is projected to reach **\$54.5 billion** by 2028, registering a CAGR of **14.8%** from 2021 to 2028.

EXPECTED FUTURE PAYMENT TRENDS

BUY NOW PAY LATER (BNPL)



\$680B

TRANSACTION
VALUE

The COVID-19 pandemic's impact will lead the industry to rack up **\$680 billion** in transaction value worldwide in 2025. That forecasts a compound annual growth rate (CAGR) of **13.23%**.

- Insider Intelligence

\$20.4B

GLOBAL MARKET

The global buy now pay later market size was valued at **\$4.07 billion** in 2020 and is expected to reach **\$20.4 billion** by 2028, growing at a compound annual growth rate (CAGR) of **22.4%** from 2021 to 2028.

- Global BNPL Market Report

\$1.19B

NIGERIAN MARKET

The BNPL payment adoption in Nigeria is expected to grow steadily from 2021-2028, recording a CAGR of **20.4%** during the forecast period. Nigeria represents an interesting market for BNPL

- Research and Markets

BIOMETRIC PAYMENT SYSTEMS

Types of Biometric Authentication

01



Fingerprint Scanners

02



Facial Recognition

03

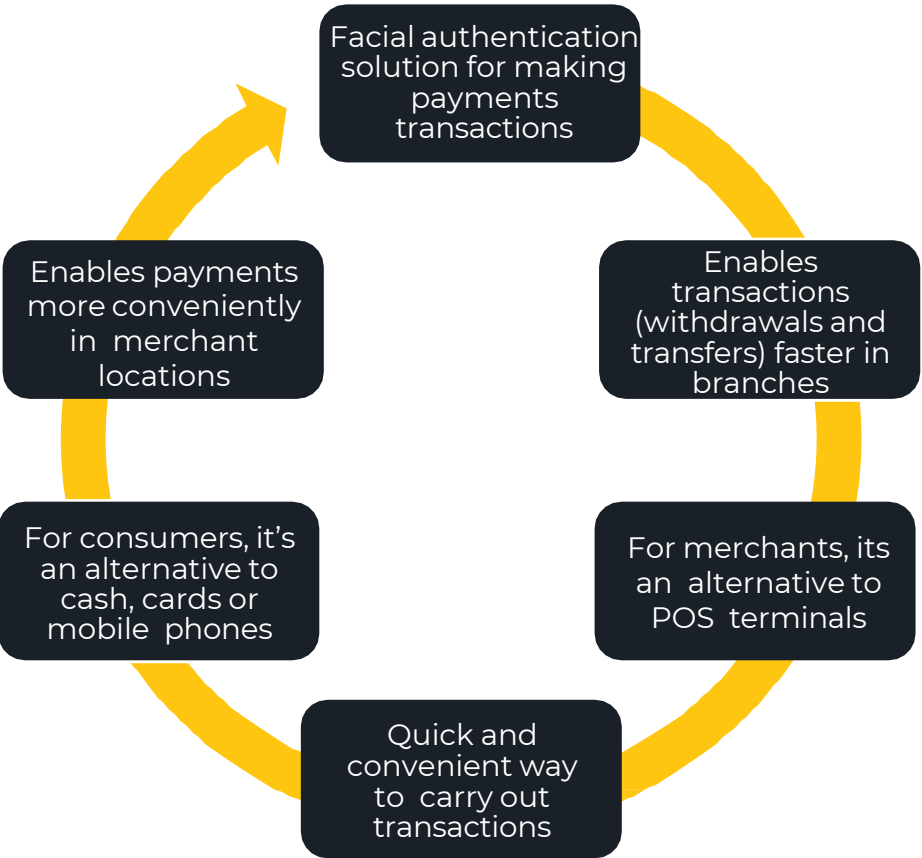
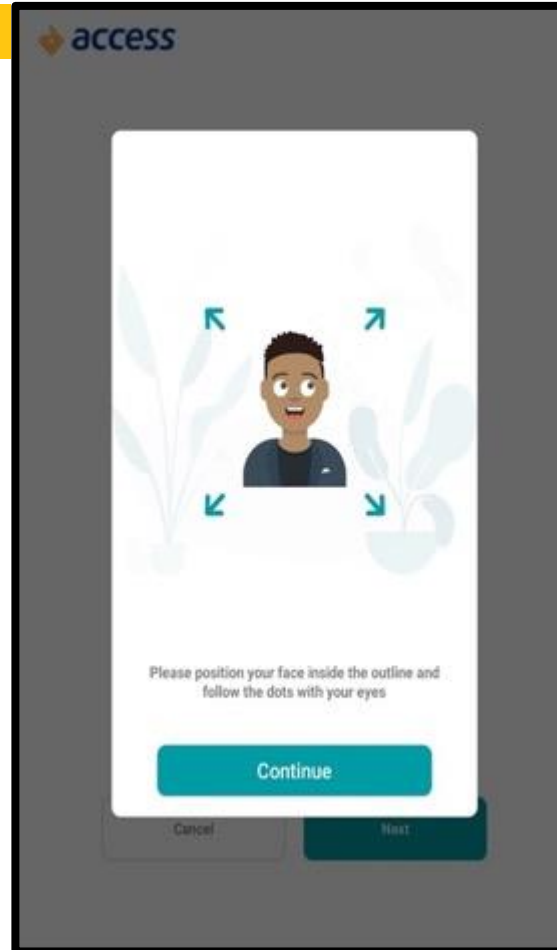


Voice Recognition

04



Eye Scanners



FacePay: Biometric Payment Solution By Access Bank

A recent study from Juniper Research predicts that mobile biometrics will authenticate **\$2 trillion** in remote and in-store payments in 2023, up from \$124 billion in 2018.



91.16%

Bankmycell estimates that there will be **7.26 billion** mobile phone users worldwide in 2022, or **91.16%** of the world's population.

Six
Billion

According to a 2021 report by Statista, over 4.26 billion people are using social media worldwide. This number is projected to reach almost **6 billion people** by 2027.

\$7.38
Billion

According to Maximize Market Research, the Global Social Media Payment Solution Market is expected to grow at a CAGR of 25%, reaching **\$7.38 billion** by 2027.

ARTIFICIAL INTELLIGENCE (AI) DRIVEN PAYMENTS

AMAZON GO CASE STUDY

amazon go

WHAT

In 2017, Amazon launched a new branch within their brand, in a new market. Groceries.

NEW

Amazon differentiated themselves from established food chains through their innovative “just walk out” technology.

HOW

Scan your phone when you enter the store, take the groceries you desire and simply walk out. The Amazon Go app will automatically register the items you pick up and charge you for the groceries when you leave the store.



JUST WALK OUT TECHNOLOGY

ARTIFICIAL INTELLIGENCE (AI) DRIVEN PAYMENTS

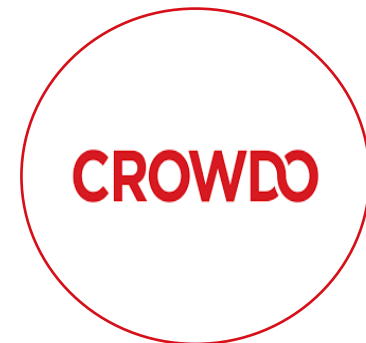
OTHER EXAMPLES



In Mexico, a platform called Konfio which combines data analytics and AI to help underserved small businesses in Mexico and Latin America access working capital. Mexican companies which have taken out loans with Konfio have increased sales by an average of **28%**



With over **214 million** mobile downloads, representing about 30% of Southeast Asia’s population. Grab provides inclusive financial solutions for the unbanked in the region. By creating alliances with many banking institutions, the app has facilitated the opening of over **1 million** bank accounts.

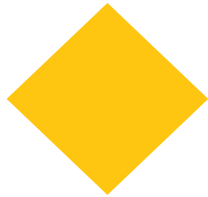


In Southeast Asia, an online marketplace for lending (P2P lending) and investments (crowdfunding), called Crowdo, utilizes an AI-driven due diligence system to give borrowers unable to receive a loan from traditional banks an equal opportunity to raise funds. Over **2000** women led enterprises have been supported and over **10,000** household supported



Currently, India has emerged as the world’s fastest growing digital payments market by utilizing AI to power low-cost digital payments solutions. The UPI platform recorded over **6.8 billion** transactions in September, amounting to over **\$135 billion**.

90% Of All The Data In The World Has Been Generated Over The Last Two Years



According to research by ScienceSoft, Financial services institutions use big data for customer analytics to personalize their offers **(93%)**, as well as for risk assessment **(89%)**, fraud detection **(86%)** and security threat detection **(86%)**



According to research by Xenonstack, the implementation of big data results in **30%** better access to insurance services, **40-70%** cost savings, and **60%** higher fraud detection rates

How Banks Are Using Big Data



Segmentation of the Customer Base

This information helps to offer clients the right services in the future. And this means that the financial institution's employees can better sell auxiliary products and attract customers with the help of individual offers.



Analysis of Clients' Incomes and Expenditures

This information is used to determine which sources of income have been more stable, what the expenditure was, which channels the client used to carry out certain transactions and the products suitable for each customer base.



Risk Assessment and Fraud Prevention

Big Data analysis help banks cope with processes that require compliance verification, auditing, and reporting. This simplifies operations and reduces overhead costs.

52.5% THE GROWTH OF WALLET PAYMENTS



By 2025 digital wallet use will account for just over half (**52.5%**) of e-commerce transaction value worldwide, versus **48.6%** in 2021, according to the FIS Global Payments Report.

TOP PROVIDERS OF WALLET PAYMENTS

Revolut

20M

REGISTERED USERS

250M

MONTHLY TRANSACTIONS

Chipper

4M

REGISTERED USERS

\$1.5B+

PROCESSED QUARTERLY



60M

REGISTERED WALLET USERS
ACROSS AFRICA

9.5B

TRANSACTIONS IN Q3 2022

\$5.6B



THE GLOBAL TOKENIZATION MARKET

The global Tokenization market size is to grow from **\$2.3 billion** in 2021 to **\$5.6 billion** by 2026, at a CAGR of 19% during the forecast period.

WHAT IS CARD TOKENIZATION

Card tokenization is a process of substituting **sensitive customer data** (such as card number, CVV, etc.) with an **algorithmically generated token** (encrypted) by a token service provider, which could be the card issuer or payment network.

BENEFITS OF CARD TOKENIZATION

- ✓ Increased customer protection
- ✓ Save money on cybersecurity
- ✓ Maintain Customer Trust
- ✓ Enhanced User Experience
- ✓ Regulatory Compliance



KEY TAKEAWAYS



REGULATORY ROLE

Regulation provides a useful framework (e.g. GDPR) to allow banks to safely leverage this untapped asset. This provides greater trust and transparency to customers about the value exchange taking place through more personalized, relevant, helpful engagement in exchange for using data to deliver that outcome.



OPPORTUNITIES WITHIN DIGITAL TRANSFORMATION

Fintech is a booming industry. And the explosion of fintech companies and start-ups isn't surprising. It is no more a choice to start the digital transformation journey, not starting may involve high risks of being outmoded and outranked.

In addition, Fintech should see the digital transformation era as a new opportunity to collaborate with the ecosystem for scale.



PERPETUAL LEARNING CULTURE

Advances in AI, machine learning, robotics, and other technologies have increased the pace of change tenfold. For companies to survive the highspeed transformation occurring digitally, perpetual learning culture is to be embedded into the corporate culture. This can be achieved through fora such as these and many more.

Business Domain Transformation

The financial industry is expected to transform from banks to technology companies providing banking services.

CONSUMER CULTURE TRANSFORMATION

Banking will continue to exist forever but Banks may cease to exist.

ENDLESS OPPORTUNITY TO ENHANCE CUSTOMER EXPERIENCE (CX)

Fully digital solutions offer opportunities to leverage big data, which allows for increased personalization, tailored digital products and services as well as lifestyle support. The speed and ease at which customers perform tasks has also been increased. Offering a modern digital experience platform to customers through an online portal attracts and retains customers, offers more value and gives customers the freedom to do what they want with your platform.

**KEY
TAKEAWAYS**

**THANK
YOU**