



SUB-SAHARAN AFRICAN **FINTECH** **STARTUP** **RADAR**

L.A_C_U_N_A

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THE CHANGING FACE OF BANKING AND FINANCE

The financial landscape is changing rapidly as technological advances increasingly allow for more efficient and cost-effective operations, with digital systems granting the consumer more control over their finances, not to mention far greater convenience. Mobile technologies have transformed what the word 'payments' means, and have placed financial advisors and wealth management tools in the pocket of every customer with a smartphone. Data analysis, artificial intelligence(AI) and the internet of things (IoT) are allowing for the automation of everything from account registrations and transactions to loans and claims approvals, to investing. Meanwhile, developments such as biometrics and distributed ledger (blockchain) systems are also allowing for transactions that are faster, cheaper, more transparent, and more secure.

The implementation of new directives governing the financial services sector has had a major impact on this industry, regulating factors such as authentication standards and encouraging the adoption of open banking. For example, the European Parliament's 2015 revised Payment Services Directive (PSD2) promotes the development of innovative online and mobile payment services through open APIs (application programming interfaces), which allow third-party developers to build and integrate applications using previously inaccessible customer data (with the customer's consent). Likewise, the 2016 ruling by the United Kingdom Competition and Markets Authority (CMA) requiring the nine biggest UK banks to grant licensed startups access to transaction data, has allowed numerous financial services startups to emerge, essentially by piggybacking on the infrastructure of established financial institutions and banks to offer customers new tools to manage their finances — usually via their smartphones.

The financial institution of today is more oriented towards the customer than ever before, and as such, a much larger proportion of its resources is being apportioned to making the customer experience as frictionless as possible. Traditional financial services providers like banks increasingly find themselves in competition with fintech startups and 'challenger banks', which are often entirely virtual, meaning they have lower overheads. Most banks simply cannot do what fintechs are capable of doing yet, and when they try, they often fail due to cumbersome legacy infrastructure and operational processes, outdated risk frameworks and overly conservative thinking. As a result, collaborations and partnerships are becoming commonplace while banks strive to implement digital transformation to deliver the services that consumers have come to expect.

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SUB-SAHARAN AFRICAN **FINTECH** **STARTUPS** IN THE SPOTLIGHT

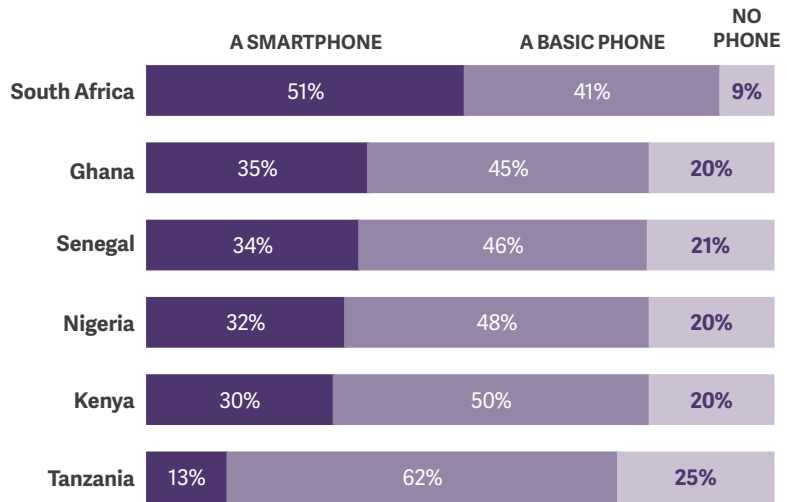
Sub-Saharan Africa (SSA) represents a new frontier for the finance industry. Finance technology startups and established companies alike are stepping up to take advantage of the enormous opportunity this emerging market represents. The reason this market is so rich with opportunity is twofold.

Firstly, it is a historically underbanked society, in which the vast majority of individuals do not have access to traditional banking services and there is enormous demand for seamless, affordable ways to transfer money, particularly in the case of individuals working in other countries and sending their earnings home to their families. Moreover, as African economies grow and entrepreneurship continues to rise, small business owners need access to credit through micro-loans, and without financial histories, there is a need for new means of assessing creditworthiness, as Branch International is doing in Kenya by analysing consumers' mobile data.

Secondly, mobile penetration is on the climb. Basic mobile phone ownership ranges from 40%-62%, while about one in three adults owns a smartphone in Ghana, Senegal, Nigeria and Kenya. Tanzania had the lowest smartphone adoption at 13%, but 62% of respondents reported having a basic mobile phone. In South Africa, 51% of adults reported owning a smartphone, while 40% owned a basic mobile phone. All told, mobile penetration in SSA averaged around 80% in 2017. It's probably safe to assume that this number has grown significantly since, given ownership trends of the preceding four years.

MAJORITIES ACROSS SUB-SAHARAN AFRICA OWN A MOBILE PHONE, BASIC PHONES ARE MOST THE COMMON TYPE

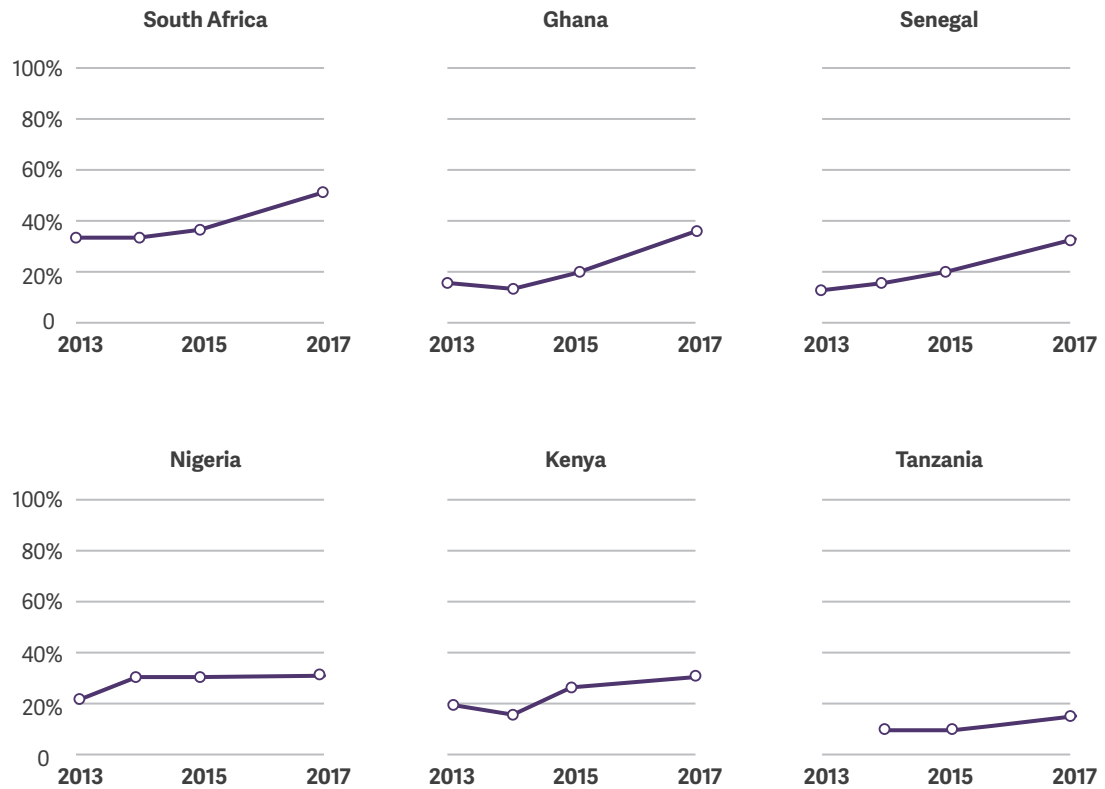
Adults reported owning ...



SOURCE: PEW GLOBAL

SMARTPHONE OWNERSHIP INCREASING ACROSS SUB-SAHARAN AFRICA

Adults who reported owning a smartphone ...



SOURCE: PEW GLOBAL

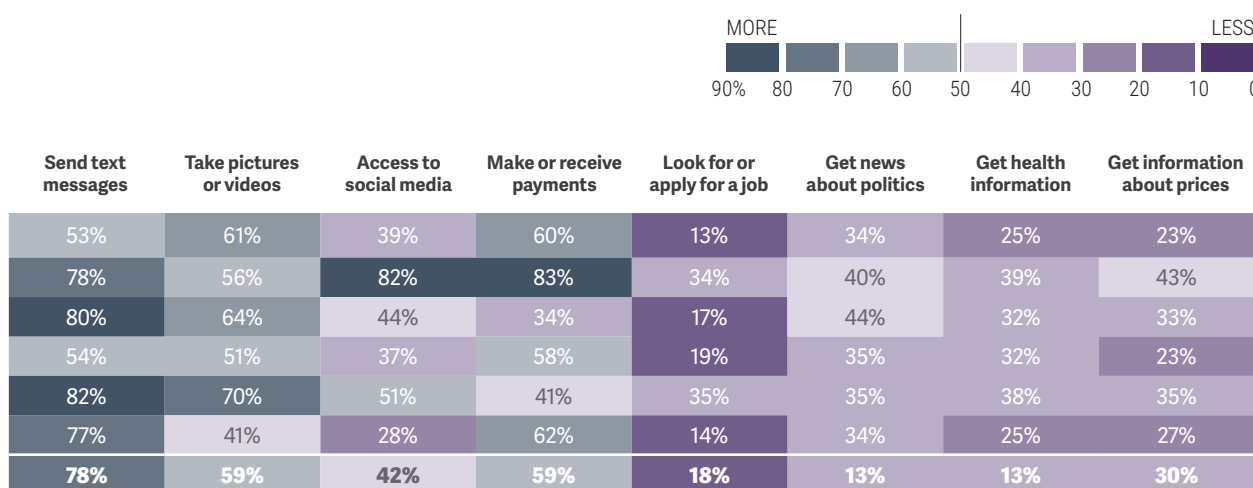
“Sub-Saharan Africa (SSA) represents sizeable opportunities for fintech investments due to its unique economic and demographic environment. The region is characterised by a less-developed financial infrastructure and a large portion (i.e. about 60%) of unbanked population. By providing access to financial services to this population, fintechs have the potential to profoundly change the financial services landscape and play a pivotal role in improving financial inclusion.”

– Jan-Erik Behrens, partner in the Transaction Advisory Services of EMEA Financial Services, EY Germany.

Most mobile users in Africa have come to rely on mobile payments to send and receive money, both domestically and, increasingly, internationally. According to the International Monetary Fund, SSA is the only region in the world where almost 10% of the GDP transactions take place through mobile money. In comparison, just 7% of GDP transactions in Asia are mobile-based less than 2% in other regions. In addition to peer-to-peer transfers, African users increasingly use mobile money to pay their bills, pay and receive wages, and to purchase goods and services.

TEXT MESSAGING, MAKING PAYMENTS AND TAKING PHOTOS ARE THE MOST POPULAR MOBILE ACTIVITIES IN SUB-SAHARAN AFRICA

Adult mobile phone owners who have used a phone to ___ in the past 12 months



SOURCE: PEW GLOBAL

These factors, combined, create a unique climate for fintech innovation. While advances like robo-advisors, IFTTT accounts and contactless payments — to name a few — are causing a stir in developed countries, in sub-Saharan Africa there is a need for basic financial services such as affordable payment infrastructure.

Africa's financial innovation landscape has grown at an annual rate of approximately 24% over the past 10 years, with this growth largely driven by South Africa, Kenya and Nigeria, as well as emerging hubs in Ghana, Uganda, Cameroon and Rwanda. There are more than 260 companies active in the SSA fintech sector. South Africa is home to about a third of all fintech firms in Africa, with Cape Town and Johannesburg being major hubs of innovation and the epicentre of the continent's fintech industry. Financial innovation is sweeping sub-Saharan Africa, with a rich startup culture emerging and drawing international investment as the world races to corner the African financial market. Kenya is the second largest hub in the SSA fintech space, playing host to around 20% of the sector, followed by Nigeria. Both hubs are dominated by startups in the payments space.

About 80% of SSA startups are local and 20% are international players hailing from the UK, US, Europe, Canada, India and China. Meanwhile, a number of African startups such as Flutterwave, Tala and Mines.io have chosen to set up their headquarters in California to be closer to investors and in the thick of Silicon Valley's lively tech startup culture.

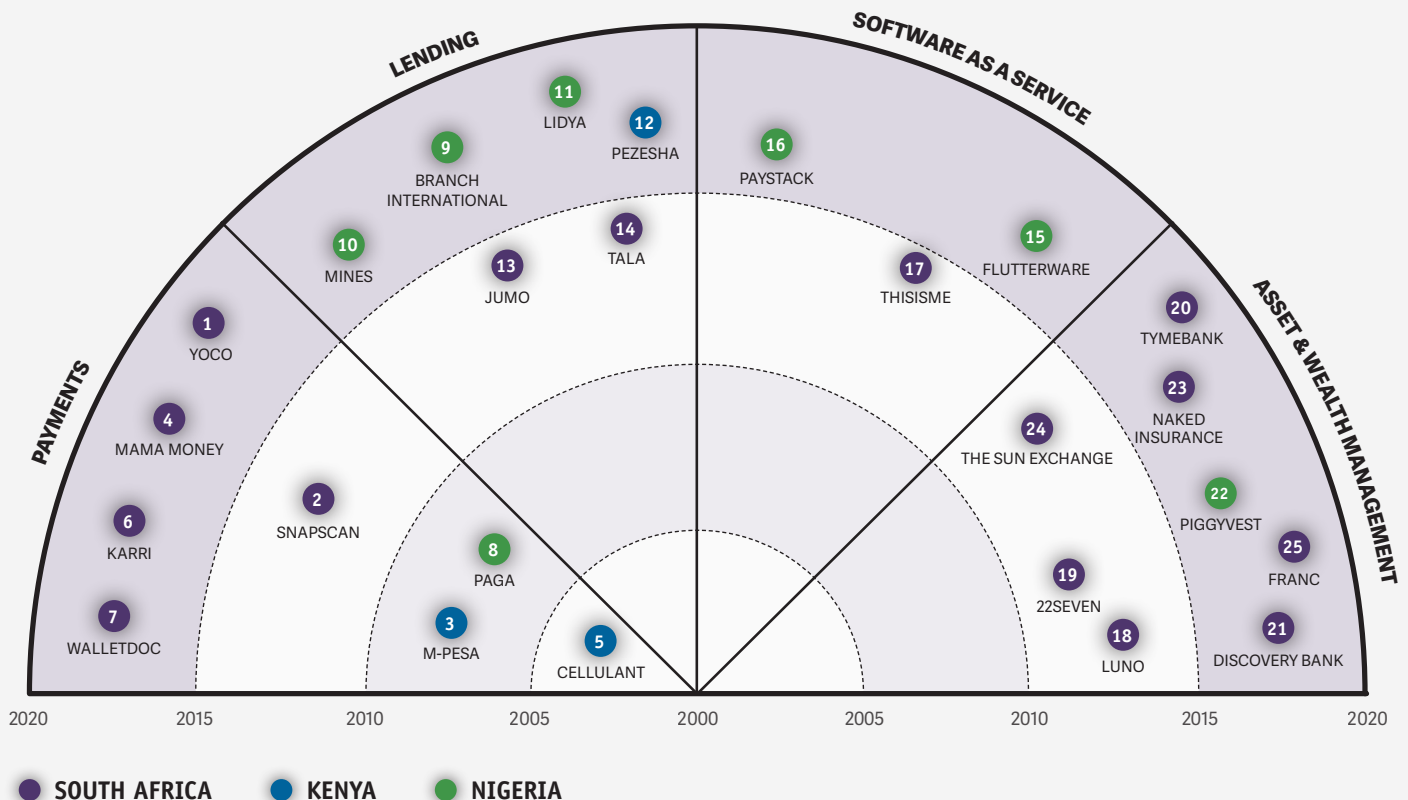
EY's Jan-Erik Behrens says, "International investors have overcome their reservations about the SSA sector and have started to invest at an increasing rate. Apart from seeking potentially high returns on investments, many investors are driven to the fintech segment by the opportunity to combine the growth potential of financial inclusion with the positive social impact, as well as a means of diversifying their portfolios."

While multinational telecoms like MTN Money, Vodafone's M-Pesa and Orange Money are currently dominating much of the SSA market, smaller players are steadily gaining a foothold through competitive rates and disruptive value propositions that take advantage of the latest technologies. We've unpacked a few of the most disruptive sub-Saharan finance startups.

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FEATURED SUB-SAHARAN AFRICAN STARTUPS

The Sub-Saharan financial innovation landscape is flourishing, particularly in the areas of payments, lending, software as a service and asset and wealth management. In the pages that follow, we explore some of the exciting players in this space.



1 YOCO | Payments

Country: South Africa

Milestone: As of 2019, more than 40,000 businesses use Yoco daily, making it South Africa's biggest small business payments provider.

Officially launched in October 2015, Yoco's wireless card machine was South Africa's first 100% locally-made mobile point-of-sale solution, created with the aim to enable entrepreneurs to accept credit card payments and promote financial inclusion. Businesses can purchase the device on a weekly payment plan over the course of 16 weeks and pay no monthly fees — only a small fee per transaction.

This is much more affordable than conventional card machines issued by banks, making owners of small, typically cash-operated businesses like 'spaza shops' far more willing to take the leap into accepting credit card payments, significantly broadening their potential customer base.

Customers can choose between entry-level devices 'perfect for the just starting out pop-up or on-the-go business' and a 'best in class card machine, made for any business, big or small'. Integral to Yoco's business model is its POS app, which customers gain free access to with their card machine purchase. The app allows users to add inventory and consolidates purchases into an intuitive dashboard that extracts insights to help customers grow their business. It also easily integrates with other software.

Yoco consistently positions itself as a resource to help entrepreneurs realize their dreams; a theme powerfully brought to life in its May 2019 'Just Start' ad campaign, alongside which it launched an online course and print booklet designed to help entrepreneurs to launch their businesses. In keeping with this approach, the recently startup launched a cash advance option to help registered merchants to grow their businesses.

2 SNAPSCAN | Payments

Country: South Africa

Milestone: Named Business App of the Year by MTN in 2013. Snapscan has more than one million downloads to date and is used by more than 50,000 merchants.

Snapscan was born of Stellenbosch-based incubator FireID in 2013. It was soon acquired by Standard Bank and made short work of becoming synonymous with seamless mobile payments. SnapScan is a payments app that provides a convenient way to conduct secure payments with a mobile phone, using quick response (QR) codes, which are essentially a type of barcode.

Users needn't be a Standard Bank customer to use the app – anyone with a Mastercard or Visa payment card can create an account. Their card information is stored securely. Once they've set up their account, which is free, customers simply open the (free) app and scan the QR code with their smartphone's camera to be instantly redirected to the merchant's payment gateway. In some cases, as with restaurant bills, the amount will be pre-entered, while other times, like at food markets, they will need to enter the amount themselves, and can choose to add a tip. Each payment is confirmed by entering one's pin code.

Transactions are free for the consumer. Snapscan makes its money by charging merchants a small transaction fee on each purchase. The company also gives its customers the option to access analytics and a loyalty programme add-on – each at an additional fee. The app has made it possible – and almost effortless – for small merchants to accept credit card payments, and for consumers to make them. As Snapscan co-founder Kobus Ehlers put it, "We have succeeded if we are so slick and convenient and fast that you don't even notice we are involved at all."



M-PESA | Payments

Country: Kenya

Milestones: In 2018, Safaricom launched Bonga, a "conversational and transactional social network" designed to augment its M-Pesa service. As of May 2019, M-Pesa has a monthly average of 15,387 app downloads and some 25 million users. In March 2019, Safaricom secured a deal with Ant Financial that will enable the use of M-Pesa on Alibaba's Ali-Express.com.

Launched in Kenya in 2007 by Vodafone, Safaricom and Vodacom – the three largest mobile network providers in the region – MPesa is a mobile money service that allows users to store and transfer money through their mobile phones. Since its inception, the service has expanded to India, Ghana, Tanzania, South Africa, Lesotho, Afghanistan, Romania and Albania.

M-Pesa customers can withdraw or deposit money through a wide network of agents including retail outlets and airtime resellers that act as banking agents, effectively making it a branchless banking service. Charges for transactions depend on the size of the transfer and whether the person on the receiving end is registered for this service. The service provides millions of unbanked people with access to a formal financial system and reduces vulnerability to crime in cash-based societies.

The fact that consumers need only a mobile phone – not a smartphone – to use the service makes it highly accessible, which has been a significant contributor to its success. Similarly, the service's ubiquity makes it the obvious choice: it's available at the corner market where the consumer buys their airtime, which demonstrates the advantage of a telecom moving into the payments business — it already has a network of agents in place to onboard customers to its products.

Kenyan Safaricom and South Africa's Vodacom are in the process of forming a joint venture to buy the intellectual property rights to M-Pesa from UK-based Vodafone, which will give the venture control over the future direction of the company.

4

MAMA MONEY, Powered by ELECTRUM | Remittance

Country: South Africa

Milestone: Within its first six months of operation, Mama Money offered the cheapest service to Zimbabwe, historically one of the most expensive corridors in Africa.

Raphael Grojnowski and Mathieu Coquillon conceived of the idea for Mama Money in March 2015 while undertaking a road trip through Africa. They realised how difficult it is for migrant workers – especially in the informal economy – to access affordable financial services to send money home to their families. As a result, they decided to start Mama Money, which initially allowed easy cross-border payments from South Africa to Zimbabwe, and has since expanded to include Nigeria, Malawi, Kenya, Ghana, Tanzania, Ethiopia, Uganda and India.

The service is easy and intuitive to use, making it highly accessible even to people who have never had a bank account. Members can register for Mama Money online, at Pep Stores or select agents using their ID, passport, asylum or refugee papers and proof of address. To use the service, the sender simply creates a money transfer order by completing a form, detailing the recipient's name and phone number and the amount to be sent. Next, they simply pay the specified amount, either electronically or at select retailers. The withdrawal process is very similar. Mama Money's low fees, charged on a sliding scale with a maximum of 5% per transaction, is far lower than the industry average of 12%.

In May 2018, Mama Money launched its Mama Payroll Card, which offers migrant workers all the ease of access and security associated with a bank card while complying with banking regulations. The card, underwritten by South Africa's Standard Bank, costs only R49 per month. Since its launch, the number of cards issued has doubled each month.

Mama Money is built on the infrastructure of value added services provider, Electrum.

5

CELLULANT | Payments

Country: Kenya

Investment and Milestones: Cellulant has raised a total of \$54.5m in funding over three rounds. In 2016, it was named the Best Payments and Transfer Fintech in Africa by Fintech 100.

Cellulant is a pan-African digital payments service provider based in Nairobi. The company was founded in 2003 by Bolaji Akinboro and Ken Njoroge – two men from opposite sides of the continent – with \$3,000 capital and a dream jotted down on a serviette in a coffee shop in Uganda. Its current products include Mula, Tingg and Agrikore. Mula is a payments platform available in 33 African countries, facilitating simple, fast and secure payments. The app offers multiple payment options and helps users to keep track of their bills and receipts through an intuitive dashboard. Tingg is a payment platform infrastructure provider that allows customers to digitise their value chains, enabling end-to-end payments to create digital ecosystems, while Agrikore is a blockchain-based smart contract, payments and marketplace platform that facilitates transparent business in the agriculture sector.

6

KARRI | Payments**Country: South Africa****Milestone: Karri announced in October 2018 that it was expanding beyond school collections to include collections for other organisations.**

The Karri app, launched in April 2017, has been adopted by around 300 South African schools, driven by parent and teacher demand for an easy solution to school payments. Due to the success of this collections platform, Karri has expanded its offering to include collections for just about any purpose or organisation or community that wants to collect money from its members. Karri is a safe and effective solution, enabling meaningful payments and collections. The app is powered by Nedbank, but users can use any bank for payments. Karri also offers a useful mobile wallet functionality that consumers can use as a budgeting tool.

7

WALLETDOC | Payments**Country: South Africa****Milestone: By March 2018, this startups app of the same name had been downloaded over 100, 000 times.**

In 2016, Absa Bank partnered with fintech startup, walletdoc, to make bill payments a more convenient process. Free to download and simple to use, walletdoc allows users to conveniently pay monthly subscriptions and utilities without the tedious filing and administration normally associated with payments. Notable features include notifications for bill arrivals or payment dates, the ability to store account or reference numbers for payments, and electronic bill storage. Because walletdoc enables users to pay bills with any Visa, Mastercard or Diners Club debit or credit cards, users are able to earn reward points or miles when paying their bills.

8

PAGA | Payments**Country: Nigeria****Investment: Paga has raised a total of \$34.7m in funding over four rounds. As of October 2018, Paga has 10 million users.**

Founded in 2009, Paga is a payments ecosystem provider that allows people to send and receive money using their mobile phones. Paga is the leading mobile payment provider in Nigeria, with more than nine million customers and some 170,000 agents – primarily retailers – that help to process payments when cash is involved. When used in conjunction with a bank account, Paga's transfer service is free. The service also makes it easy to send payment requests through the platform, and notifies recipients when the payment has been processed into their mobile wallet. In 2018, Paga announced that it plans to expand to Asia and Mexico.

9

BRANCH INTERNATIONAL | Lending

Country: Headquartered in San Francisco, with offices in Lagos, Mexico City, Mumbai and Nairobi

Investment: Branch International has raised a total of USD \$259.7m in funding over seven rounds. Its latest funding was raised in 2019 from a Series C round. In early 2019, it announced a partnership with Visa to launch prepaid virtual debit cards in Africa, Latin America and South Asia.

Branch International is a San Francisco-based company that offers financial services in emerging markets. The company, which launched in Kenya in 2015, is known for offering customers loans from as low as \$2. The company seeks to offer underbanked individuals fair financial access by leveraging the rapid spread of smartphones, and developed an algorithm that helps to determine individuals' creditworthiness and build credit profiles using their mobile phone data.

Branch is currently active in Kenya, Tanzania and Nigeria, and recently launched in Mexico and India. The company has more than three million customers, and has disbursed more than \$350 million through some 13 million loans to date. According to Branch CEO Matt Flannery, its future expansion plans could include Brazil and Indonesia. Branch reportedly expects to earn \$100 million in revenue in 2019, with about 70% of that generated in Africa.

Branch's partnership with Visa will open new doors for the company in countries like Nigeria, where cards have played an important role in onboarding underbanked individuals to financial services than mobile money, according to Techcrunch.

10

MINES | Lending

Country: Nigeria, with offices in California

Investment: MINES has raised a total of \$17.2m in funding over four rounds.

Launched in 2014, Mines is a technology startup that enables local institutions such as banks, retailers and mobile networks in emerging markets to offer their customers credit via their mobile devices – smart and USSD alike – making credit accessible to anyone with a mobile device. Mines uses its proprietary risk profiling algorithms to drive lending decision-making. It describes its comprehensive facilitation offering as 'credit as a service'. The company aims to expand to South America and Southeast Asia in the near future.

11

LIDYA | Lending**Country: Nigeria****Investment: Lidya has raised a total of \$8.2m in funding over two rounds.**

Launched in 2016, Lidya is a financial services startup that seeks to promote financial inclusion by providing access to credit in emerging markets, starting with Nigeria. The mobile-first company uses proprietary credit scoring algorithms to help small and medium-sized businesses to open online accounts in under 15 minutes. Using Lidya, SMMEs can apply for credit and manage their finances in order to grow their businesses. Lidya's platform features helpful tools like invoicing and user-friendly cash flow dashboards to give its customers greater control over their financial future.

12

PEZESHA | Lending**Country: Kenya****Milestone: In June 2019, Pezesh was selected as one of the Inclusive Fintech 50.**

Pezesha (which means 'financial empowerment') is a Kenyan digital marketplace launched in 2016 that brings together lending, financial education and debt counselling, as well as a number of services aimed at lenders, borrowers and investors, including 'credit decisioning as a service'. The company's social lending infrastructure facilitates a peer-to-peer network that connects lenders with financiers. Pezesha's 'Patascoré' platform enables customers to generate a credit score, either as an individual, institution or SMME.

13

JUMO | Lending**Country: South Africa**

Investment and Milestones: JUMO has raised a total of \$91.7m in funding over eight rounds. In January 2019, the company celebrated the milestone of having disbursed more than \$1bn to customers, 70% of which were small business owners.

JUMO is a financial technology platform designed to connect underserved markets with financial services by marrying data with financial inclusion in real time, via mobile phones. JUMO allows customers to leverage their digital footprint from everyday transactions, like mobile money usage, to give them a financial identity and make them eligible for financial services. Since launching in 2014, JUMO has expanded and scaled rapidly, serving over 10 million customers across seven African and Asian markets. Most recently, JUMO also partnered with Uber to create JUMO Drive, a first-of-its-kind digital vehicle asset financing product for Uber drivers.

14

TALA | Lending**Country: Kenya, headquartered in Santa Monica**

Investment and Milestones: Tala has raised a total of \$109.4m in funding over nine rounds and served more than 2.5 million customers globally in 2018.

First launched in Kenya as 'Mkopo Rahisi' in 2014, Tala is a mobile finance app that grants users instant access to loans through their smartphones. Available in Kenya, Tanzania, Mexico, India and the Philippines, Tala uses proprietary software to determine users' creditworthiness using their smartphone data, giving instant loan approvals or refusals. The company's aim is to provide financial access to the 31% of global consumers not currently served by credit bureaus and to help these underserved consumers to build a credit history.

15

FLUTTERWAVE | Software as a Service**Country: Nigeria****Investment and Milestones: Flutterwave has raised USD \$20.4m in funding over six rounds. In 2018, the company processed \$1bn in transactions and recorded a 550% growth in its customer base.**

Flutterwave is a Nigerian company based in San Francisco, founded by serial entrepreneur Iyinoluwa Aboyeji. Its core offering is the infrastructure to help banks and businesses process payments in Africa. Its APIs include its Rave international payments platform, Fly merchant marketplace, and Barter app, which helps users to manage their spending, pay bills and subscriptions, and easily facilitate peer-to-peer transactions. Flutterwave's infrastructure allows integrations with numerous major online tools, including Shopify, WooCommerce and Quickbooks, making it easy for budding businesses to create financial ecosystems that bring out the best their business has to offer.

16

PAYSTACK | Payments Infrastructure**Country: Nigeria****Investment: In late 2018, Paystack announced an \$8 million Series A round led by global payment company Stripe, with participation from Visa, Tencent and Y Combinator.**

In 2016, Paystack became the first Nigerian startup to be accepted into renowned Silicon Valley incubator, Y Combinator. Paystack provides developers with APIs to create payment tools that integrate with multiple payment processors that handle transactions for merchants and consumers. The company's rapid growth is partly due to its practice of catering for 'starter businesses', not requiring proof of incorporation or corporate bank accounts, lowering the barrier to entry for hundreds of fledgling businesses. It places limits on the number of transactions starter businesses can make, looking to encourage them to formalise their operations.

17

THISISME | Software as a Service**Country: South Africa****Investment and Milestones: ThisIsMe has raised a total of \$2.5m in funding over one round. In 2018, the company won Best Regtech Solution in the Benzinga Global Fintech Awards.**

South African identity verification startup ThisIsMe was founded in 2014 with the aim of making it easier to verify individuals' identity to meet FICA and KYC requirements. It currently holds the record for the fastest FICA verification, at three minutes. ThisIsMe offers a variety of verification and risk reduction products, including PEP (politically exposed persons), Sanctions and Adverse Media Screening, Deeds Checks, Company Lookup, and its core KYC tool, Risk Matrix, which includes ID Check, Bank Verification, Address Match and a number of other services.

18

LUNO | Asset & Wealth Management**Country: South Africa****Investment and Milestones: Luno has raised a total of \$13.8m in funding over four rounds. At the end of 2018, the company announced that two million customers had opened Luno wallets.**

Luno is an international cryptocurrency exchange platform founded in 2013. What makes Luno stand out is its focus on developing low- and middle-income countries. Nigeria, South Africa, Malaysia and Indonesia are some of the markets in which Luno operates. On the Luno Trading Platform, registered users can trade cryptocurrency with each other, with the company charging a commission on all sales. Through the Luno Brokerage service, users can instantly buy or sell Bitcoin and Ethereum at a quoted exchange rate, which includes a fee. Luno also provides users with a crypto wallet that its users can use to store their cryptocurrency and to send and receive payments. Luno hopes that cryptocurrencies represent a new global financial system that will make transactions — particularly international transfers — more efficient and affordable.

19

22SEVEN | Asset & Wealth Management**Country: South Africa****Milestones: 22Seven was formally acquired by Old Mutual in 2013. The app has an average of 9,828 monthly downloads.**

22Seven is personal finance management app designed to aid users in budgeting, tracking their spending, saving and investing. Launched in 2012, 22Seven uses a third-party service provider called Yodlee, which interacts with banking systems to extract transactional data. When a user provides their banking details into the 22Seven app, they are entering them directly into Yodlee's secure servers over an encrypted connection. A stand-out feature of the app is that users can also link to investment accounts, demystifying investments and lowering the entry barrier to personal financial investments. The drop-down option includes everything from 10X investments to Coronation Fund and Easy Equities.

20

TYMEBANK | Asset & Wealth Management**Country: South Africa****Investment/Milestones: Tyme Bank launched its first full-fledged bank in February 2019, and signed up 250,000 customers by April 2019.**

A newcomer to the banking sector, Hong Kong-headquartered TymeBank officially opened to the South African public after a soft launch in November 2018. TymeBank is South Africa's first fully digital bank with no physical branches. The bank promises ease of sign-up and lower fees due to reduced overheads, and the app gives consumers access to their credit report free of charge and also provides tips on how to make smarter financial decisions. The bank is primarily targeting people 16 years and older who fall into LSMs 5 to 7 and who are underserved by traditional banks. TymeBank deputy CEO Tauriq Keraan says out of a total addressable market of 21 million customers, roughly 17 million are underserved. The company has rolled out manned kiosks to Pick 'n Pay supermarkets and other retailers nationwide, to make it easy for prospective customers to sign up and receive their cards.

21

DISCOVERY BANK | Asset & Wealth Management

Country: South Africa

Milestone: Discovery Bank launched in March 2018 to some 2,000 customers signing up immediately.

In March 2019, Financial Services company Discovery Group, best known for its health insurance offering, launched Discovery Bank in South Africa. Claiming to be the world's first 'behavioural bank', the fully digital bank offers rewards and incentives to drive clients to 'healthier' banking options. The first of its kind in the South African banking industry, the service will link interest rates directly to the financial behaviour of an account holder. The bank has launched Vitality Money, an offering which seeks to help customers to improve their financial standing and educate them on how to make better financial decisions. The 'healthier' choices customers make, the better their Vitality Money score, which in turn rewards them with greater discounts and better rates.

22

PIGGYVEST | Asset & Wealth Management

Country: Nigeria

Investment and Milestones: PiggyVest has raised a total of \$1.2m in funding over two rounds. As of February 2019, the company has more than 200,000 registered users.

PiggyVest is a Nigerian app launched in 2016, initially under the name Piggybank.ng. and rebranded in February 2019. PiggyVest started as an online savings pocket and has since expanded to offer easy investment. Users can choose to save small amounts of money periodically (daily, weekly, monthly) towards a specific target or for a specified period, making it easier to reach savings goals by automating the process. Its SafeLock option truly removes temptation from the equation by not granting the user access to the funds until the target is reached, while it also offers a Flex sub-account, into which interest earned is paid. This can be withdrawn at will. Meanwhile, PiggyVest's 'Investify' offering demystifies investing, allowing users to invest in pre-vetted, low to medium risk primary and secondary investment opportunities. More recently, the company has even launched an insurance offering named AvonFlex.

23

NAKED INSURANCE | Asset & Wealth Management

Country: South Africa

Investment: Naked Insurance has raised a total of ZAR R50m in funding over two rounds.

Launched in 2016 as a Hollard-backed car insurance startup, Naked Insurance has become South Africa's first operative insurer to relinquish the underwriting profits inherent in insurance firms through a disruptive new business model. Naked takes a fixed portion of premiums to run the business, with the balance going into a pool to cover claims. At the end of each year, money left over in the claims pool goes to charities nominated by customers rather than towards company profits, meaning Naked's income doesn't depend on whether claims are paid or not. The use of AI-based algorithms also allows the startup to bring down the cost of insurance by removing the need for inefficient business processes such as call centres. Customers can also pause their cover whenever they wish, for example when they're not driving.

24

THE SUN EXCHANGE | Asset & Wealth

Management

Country: South Africa

Investment and Milestones: The Sun Exchange has raised a total of \$3.1m in funding over five rounds. In July 2018, it was named the 90th most disruptive business in the world, as voted by Google.

Since launching in 2014, The Sun Exchange has won several awards and widespread recognition for its innovative fintech platform and for promoting sustainable business practices by connecting conscious capital to commercial solar projects. The startup is essentially an online marketplace that sells units of solar panels – cells – and then lets the purchaser lease them to any of the solar projects on offer through the platform. Through The Sun Exchange, anyone in the world can own solar panels powering Africa and earn an income from them. Sun Exchange users can also choose to receive rental payments in Bitcoin or in their local currency.

25

FRANC | Asset & Wealth Management**Country: South Africa**

Milestone: Franc won the Seedstars World South Africa finals in November 2018.

Franc, a smartphone app, allows stokvel (a traditional savings community) members to invest in money market and exchange-traded funds (ETFs) for as little as ZAR R5 a month. Franc was founded by Discovery Health's former head of digital innovation Thomas Brennan in 2018, with the aim to promote a culture of saving and investment in South Africa, which he says has one of the lowest savings rates in the world. Access to Franc is free for the first six months – thereafter, a R5 monthly membership fee is charged – and there is no minimum investment amount. The app brings increased value and wealth creation via passive investments to anyone, whilst encouraging them to save more.

These are just a few of the opportunities emerging in the nascent cannabis industry. To find out more about how this industry is transforming and how your company can take advantage of these shifts, contact Lacuna Innovation. Our innovation experts can help you to identify unmet consumer needs and opportunities and help you map a path to implementation.

ABOUT LACUNA

Lacuna Innovation is a boutique consultancy that helps global organisations to sustainably innovate new products, services and business models by combining trend, insight and commercial expertise in one place. We identify new growth opportunities, immerse ourselves in markets and build in-house innovation capabilities to achieve lasting impact.

Harnessing an environment of tangible tech and creative collaborations, we can help you bring identified opportunities and concepts to life through experimentation and prototyping. With offices in Cape Town, Germany and Nepal, we have global recognition, credibility and reach, which allows us to be at the forefront of Front-End Innovation (FEI).

We are innovation architects in the business of building tangible and sustainable futures. We work with companies to facilitate their innovation efforts, using our proprietary innovation methodology.

We are not a branding or advertising agency. We seek opportunities for our clients to ensure that they remain competitively innovative. We identify and monitor trends that impact our clients' businesses, and assist them in identifying innovation opportunities to be pursued through focused research, a series of workshops, and a unique understanding of the unmet needs of consumers. Our proactive approach to FEI allows us to move beyond concept development to developing Proof-of-Concept design, prototyping and ultimately, commercialisation.

To find out how we can help you, reach us at hello@the-lacuna.com

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