



Advancing Financial Inclusion

Africa's digital platforms and financial services: An eight-country overview

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Established by



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About insight2impact

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Introduction

The platform economy and its potentially disruptive qualities have been a source of excitement and anxiety globally. In the African context, this debate has taken place largely in the absence of information on the size and nature of platform players. This focus note summarises key findings from a systemic review of virtual market places, also known as multi-sided digital platforms (see Box 1), that operate across eight sub-Saharan African countries. The countries were selected from Southern, East and West Africa and comprise Ghana, Kenya, Nigeria, South Africa, Rwanda, Tanzania, Uganda and Zambia. The platforms were identified and key information on these platforms collected between 26 June 2018 and 14 September 2018.¹

This focus note forms part of a series² of knowledge products that seek to inform the private sector of the opportunities in the platform economy and policymakers of the (potential) contribution of the platform economy to their markets. The note further highlights the interdependent relationships between the platform economy, the financial sector and inclusive economic participation:

- In Section 1 we present how an increasing digital Africa has supported the emergence of new platforms that connect providers and consumers of goods and services.
- In Section 2 we provide an overview of platforms, the nature of their matching activities, region of origin and the economic sectors they contribute to.
- In Section 3 we consider the six payment instruments that platforms rely on to enable transactions and how these vary by geography.
- In Section 4 we conclude with a discussion of the financial services distributed by digital platforms and the partnerships with financial services providers (FSPs) that make this possible.

The appendix to this note contains an overview of our key findings for each of our focus countries, as well as more information on the systematic review methodology we followed to conduct this research.

1 In March 2019, six platforms were removed from the Africa's digital platforms database, due to inactivity.

2 Hunter, R., Johnson, C., and Smit, H. (2019). How are African digital platforms shaping the economic development conversation? Rinehart, K., Johnson, C., and Chamberlain, D. (2018). The potential of digital platforms as distributors and enablers of insurance. Hunter, R., Johnson, C., Matthew, D. and Mothobi, O. (2018). African digital platforms and the future of digital financial services. Makuvaza, L., Johnson, C. and Smit, H. (2018). The rise of African digital platforms. Smit, H. and Johnson, C. (2018). African digital platforms and the future of financial products.

1 Digital Africa and the platform economy

The expansion of the internet and related technology investments has enabled the platform economy. Sub-Saharan Africa (SSA) has experienced rapid growth in internet penetration and related tech investment. The International Telecommunications Union (ITU)³ estimates that sub-Saharan Africans' internet usage increased from 7% in 2010 to 25% in 2017. The increase in internet usage has been accompanied by increased investments in data storage, processing power and innovation ecosystems. The number of secure servers per 1 million people in SSA increased from 3.6 in 2010 to 760.4 in 2018⁴, and the number of tech hubs in Africa has grown from 102 in 2013⁵ to 442 in 2018⁶. Moreover, venture capital funding to African tech start-ups increased from USD185.7 million in 2015 to USD334.5 million in 2018.⁷

Improved financial inclusion has enabled more individuals to transact in the digital platform economy. Financial services are often a prerequisite to transact in the digital economy. According to global Findex data, more individuals in SSA own an account (either at a financial institution, or with a mobile-money provider)⁸ than ever before: Account ownership increased from 23% in 2011 to 43% in 2017. Alongside this, the proportion of adults who made or received digital payments increased from 27% in 2014 to 34% in 2017.⁹ We unpack the relationship between platforms and financial services in Sections 3 and 4.

In 2016, the largest number of new-platform launches were recorded. Our systematic review of eight African countries¹⁰ documented the number of digital platforms launched per year (see Figure 1). Of the platforms we identify as active, only nine were launched in or before 2005. Over the last 13 years, this number grew rapidly to 277 (of which we could obtain the exact launch year for 268). In 2016, a record of 63 platforms were launched, originating predominantly from our focus countries, to match provider and consumers for the first time.

3 ITU. (2018). ITU releases 2018 global and regional ICT estimates.

4 World Bank. (2018). World Bank Development Indicators.

5 World Bank

6 World Bank (2016) and GSMA (2018)

7 Disrupt Africa. (2019). Record year for African tech startup as funding hits 334.5m.

8 World Bank. (2017). The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution.

9 Findex

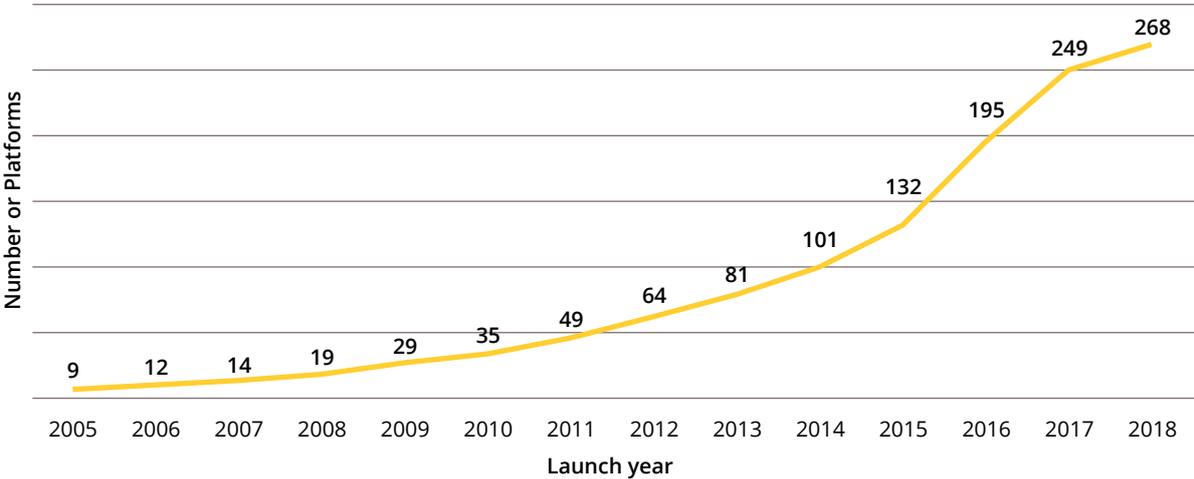
10 Ghana, Kenya, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia

Digital platforms provide new income-generating opportunities to millions of participants. In a 2016 survey undertaken by Research ICT Africa, on average 1.3% of adults in our focus countries¹¹ earn income through participating in the platform economy, and just over 50% of these platform participants (also known as microworkers¹²) reported that this source of income was essential for meeting their basic needs.¹³ The average rate of participation in the platform economies of our eight African focus countries compares well with more digitally advanced and developed countries, such as the USA where the JPMorgan Chase Institute estimated

that 1.6% of their account holders earned income from the platform economy in 2018¹⁴.

“ The average rate of participation in the platform economies of our eight African focus countries compares well with more digitally advanced and developed countries... ”

Figure 1: Cumulative number of digital platforms launched since 2005



Note: Countries included in scan: Ghana, Kenya, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia. Launch year unknown for nine platforms.

11 Based on data available for seven of the eight focus countries, as country-level data for Zambia were not available at the time of writing.
 12 Research ICT Africa’s survey frames microwork activity as follows, “Some people find paid jobs or tasks by connecting directly with people who want to hire them using a particular type of website or mobile app. These sites require workers to create a user profile in order to find and accept assignments, and they also coordinate payment once the work is complete.”
 13 Hunter, R., Johnson, C., Matthew, D. and Mthobi, O. (2018). African digital platforms and the future of digital financial services.
 14 JPMorgan Chase & Co. Institute. (2018). The online platform economy in 2018: Drivers, Workers, Sellers and Lessors.”



Box 1: What is a multi-sided digital platform?

Multi-sided digital platforms are virtual marketplaces that connect providers of goods and services with consumers. Platforms that connect buyers and sellers, such as village market squares, are as old as human economic interactions. The digital nature of emerging platforms allows for the matching of new services (e.g. e-hailing) with fewer geographic constraints (e.g. online shopping and freelance). Advances in online payment instruments also allow for the payment of goods and services on these digital platforms.

For this systematic review we defined multi-sided platforms (referred to in this note as digital platforms) as a company or organisation that derives revenue (or value) from facilitating interactions between two or more distinct groups of users (providers and consumers of goods and services). This review included platforms where interactions and transactions between buyers and sellers are settled on the platform. This excluded online classifieds or traditional advertising that makes buyers aware of a provider's goods and services but does not observe and facilitate the underlying transaction.

The possibility that there may be more than two users that are connected by a digital platform reflects the multi-sidedness of digital platforms. Consider, for example, a platform like Uber Eats. In any transaction on the platform, three types of users are involved: 1) the consumer placing the order, 2) the restaurants preparing the order, and 3) the driver delivering the order. In categorising digital platforms, the multi-sided features of the activities of each participant are considered. In the instance of Uber Eats, the platform is classified across more than one side: "online shopping (restaurants)" as well as "logistics/courier".

Based on our selection criteria, we included digital platforms that have the following capabilities to execute their business:

- Two or more distinct groups of users
- The ability to observe and record the transactions between users on either side of the platform
- The ability to facilitate secure payments between various types of users, often splitting out proceeds for different types of users from a single transaction
- The ability to extract value from these transactions (A common way of doing so is through charging commission on transaction values, but there are other options, depending on the exact model of the platform.)

2 Characteristics of Africa's digital platforms

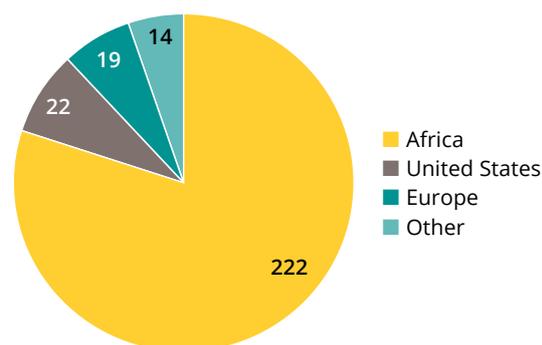
More than 80% of digital platforms operating in Africa are homegrown. Our review¹⁵ identified 277 unique platforms, of which 222 platforms are of African origin¹⁶ (see Figure 2). We further identified 39 platforms that operate in more than one of our focus countries. Of these multi-country platforms, 13 originated in one of the focus countries. We find that the greatest number of active platforms are found in South Africa (92) and Nigeria (87). When reviewing the growth of platforms by country, as depicted in Figure 3, we found that South Africa and Nigeria's platform growth started slightly earlier than the other countries in our search.

Platforms have emerged across several distinct economic activities. Our review categorises platforms according to the type of economic activities mediated. This includes logistics/courier, e-hailing, rental, online shopping, freelance and other (see Box 2 on Page 8 for descriptions of the types of platforms). Figure 4 shows that the most common platforms are online shopping (91 unique platforms identified across goods and restaurants) and freelance (75 platforms). Where online shopping platforms are overwhelmingly of African origin (97%), freelance platforms have more varied origins, with 16%¹⁷ originating outside of Africa, Europe or the United States.

Platforms are generally accessible via web interface and mobile apps. A large proportion of platforms are accessible via either a web browser (68%) or mobile app (55%), typically available in both Android and IOS in the case of mobile app.

In contrast, only a handful of platforms can be accessed via USSD, and these are mostly active in the agricultural sector. TROTRO Tractor is such an example; this platform connects owners of tractors with other farmers, allowing owners to lease out their tractors when not in use, giving other farmers expanded access to agricultural machinery. Farmers wishing to book and pay for the tractor can do so via the USSD menu on any cell phone, upon which the platform will pair them with the nearest tractor that is available on their requested date. Depending on levels of device ownership in a market, interface characteristics may make platforms more, or less, accessible to distinct target markets. In Tanzania, for example, mobile apps may be more appropriate, as 22.1% of the population own a smartphone, versus only 3.9% that have a personal computer (see Appendix for more details per country).

Figure 2: Platforms per region of origin



15 Desktop research conducted between 26 June 2018 and 14 September 2018 identified 283 platforms as active and operational in the set of eight focus countries. In February 2019, six platforms were found to be inactive or subsequently merged, leaving behind only 277 active digital platforms which form part of the analysis in this note.

16 Given that some platforms are operational in more than one of the eight countries, the sum of platforms in all eight adds up to more than 277.

17 Freelance platforms that originate outside of Africa, Europe or the United States are 99designs, Fiverr, Freelance, Freelancer, Hello Delivery, Mealsharing, PetBacker, Skooli, Truelancer, Tutoroo, Vconnect and Workana.



Figure 3: Cumulative platform launches per year, by country of operation

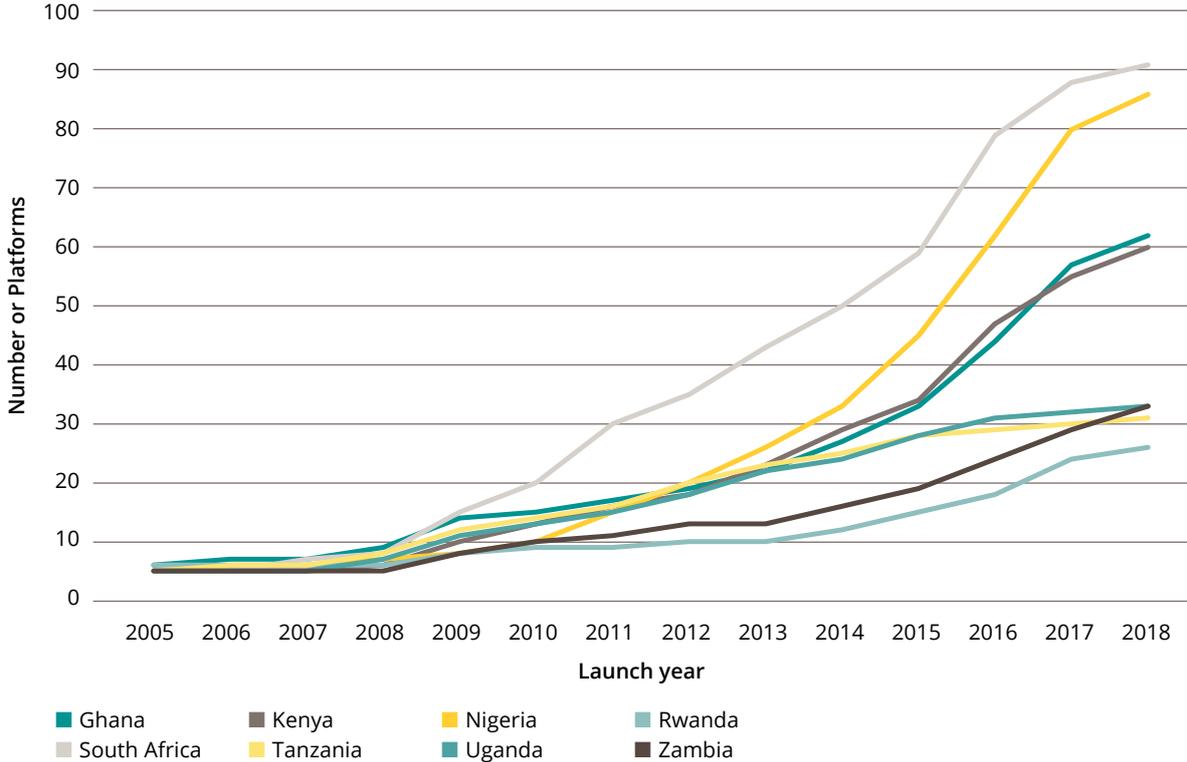
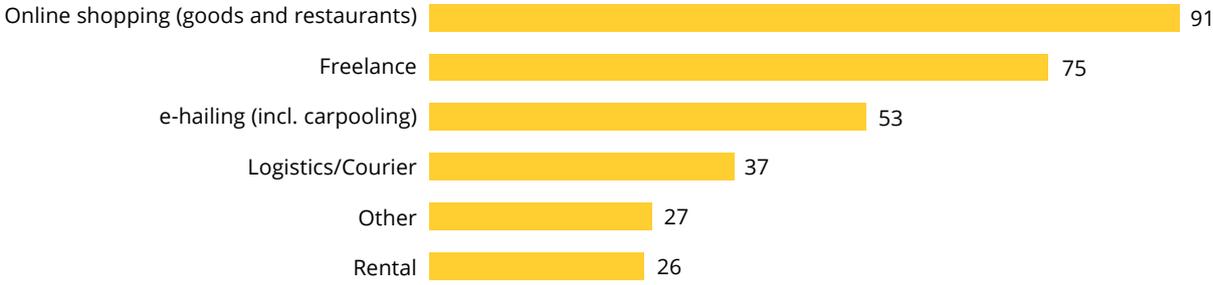


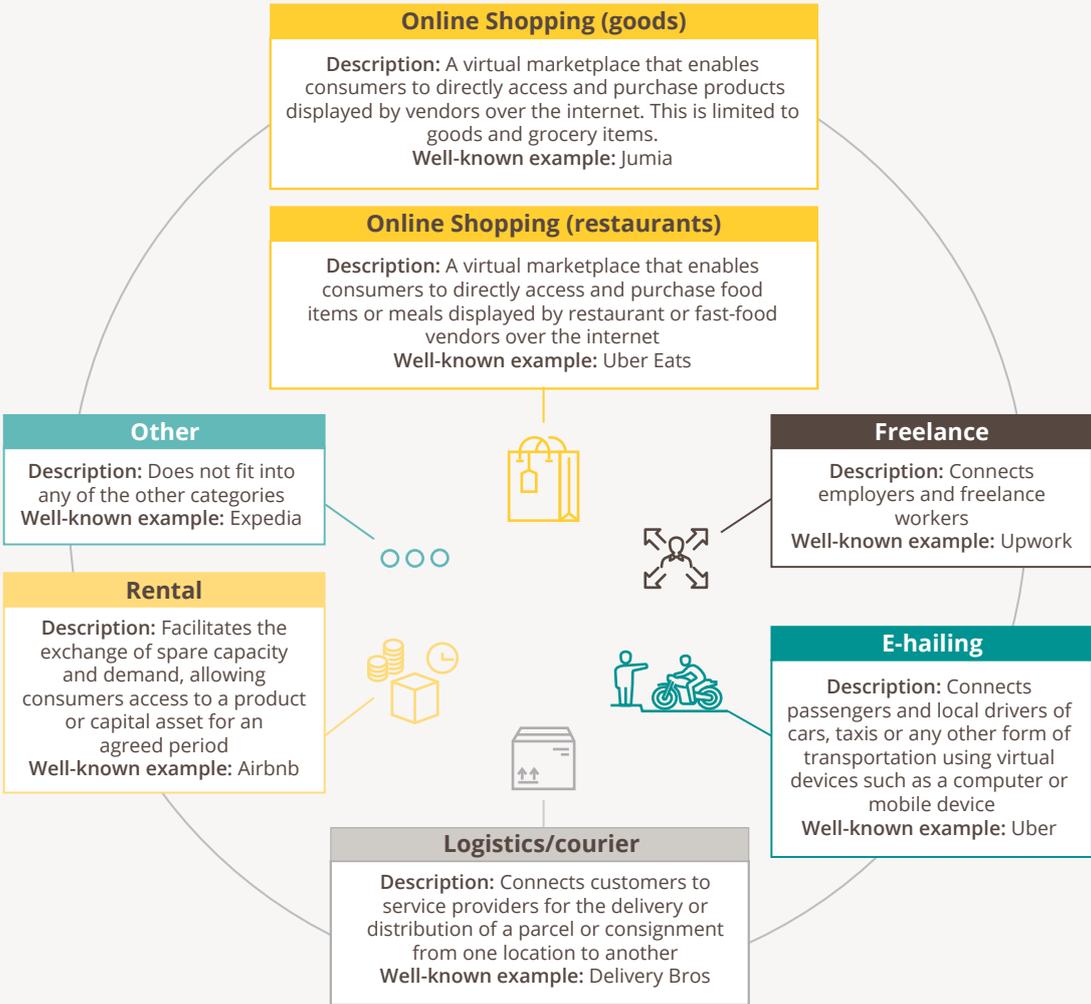
Figure 4: Platforms per type



Online-offline dynamics are a key feature of platforms in Africa. Although facilitation and payment for platform-mediated activities typically occur online, in some instances the consumer and supplier being matched need to be in close physical proximity based on the offline nature of the activity. For example, cleaning services or food orders will generally be delivered at the consumer's physical home. In other instances, platform participants

being matched never need to physically meet: cloud-based work (such as transcription, translation or web design) takes place completely online, and for some online-shopping platforms an order is shipped from a centralised storage facility, using a postal or delivery network that could be decentralised. The extent of how digital and/or analogue a platform-mediated activity is varied across platform types.

Box 2: Types of digital platforms



3 Payment mechanisms for participating in the platform economy

Our African Digital Platforms review and database have revealed several insights related to the payment mechanisms accepted by platforms across the eight countries¹⁸. The payments acceptance methods were captured by geography, sector and matching activity of the platforms. In this section, we provide an overview of the prominent payment instruments accepted by digital platforms.

Overview of payment instruments

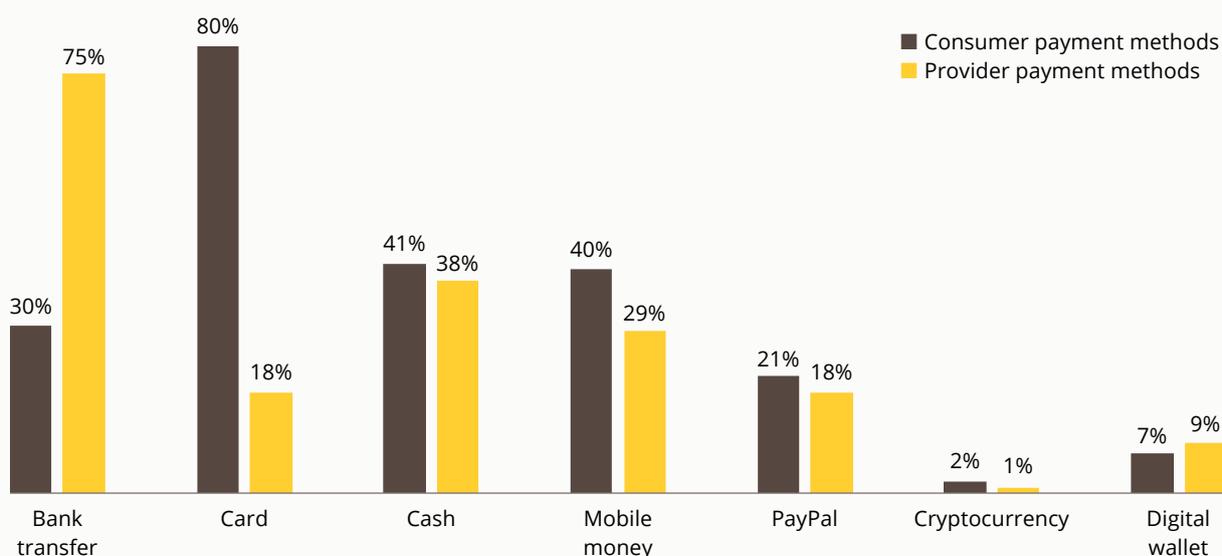
Platforms allow for at least six distinct payment instruments. We identified six payment instruments accepted by platforms. These were bank cards (including credit cards), bank transfers, cash, mobile money, digital wallets (including PayPal, which we report on separately due to

its universal presence) and cryptocurrency. We describe the acceptance of these payment instruments and compare payment-acceptance trends for both consumers and providers of goods and services on the platform (see Figure 5).

Credit and debit cards are the most widely accepted payment instrument for consumers.

Eighty percent (80%) of platforms offer some form of card acceptance for payments. Platforms are around four times more likely to accept this as a payment instrument from consumers than a payment instrument for providers. Transaction fees and the functionality of bank cards are likely factors for the disparity between card acceptance for consumer payments over that of provider payments. Another possible driver is the low ownership rate of debit and credit cards in the

Figure 5: Payment methods accepted by % of platforms



Note: Payment methods unknown for 20 platforms.

18 Global Findex (2017).

19 Ghana, Kenya, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia



focus countries, i.e. on average only 4% of the adult population own a credit card, while only 22% own a debit card¹⁹.

Bank transfers²⁰ are the most widely accepted payment instrument for providers. According to our data, 75% of platforms accept bank transfers as a method for suppliers of goods and services to receive income from the platform. This payment instrument is more prevalent for providers than for consumers. This is likely driven by business model considerations related to the desired consumer experience, managing fraudulent transactions and the size and frequency of the transactions on the platform.

Cash²¹ acceptance is prevalent across all platform types. Figure 5 shows that 41% of platforms accepted cash as a payment instrument for consumers, while 38% of platforms accepted cash as a payment instrument for providers. Our data further reveals that 62% of platforms operating in the transportation sector accept cash as a means of payment by consumers. This is often one of several accepted payments mechanisms. Little Cab, an e-hailing platform in Kenya, provides customers with the option of paying for their rides in cash, mobile money, through cards or via a bank transfer. Cash acceptance is likely driven by the

need for platforms to access consumers who do not have, or choose not to use, financial services for online purchases. On the provider side, cash transactions allow suppliers to instantly secure revenue from their services that can be used as working capital (e.g. fuel for e-hailing drivers) rather than experience delays of the settlement of funds through the platform and financial sector.

Mobile-money²² acceptance varies by geography and sector. In our scan, 40% of platforms identified accepted mobile-money payments from consumers, while 29% of platforms identified accepted mobile-money payments from providers. This payment mechanism was most prevalent for consumers in Kenya, Tanzania and Rwanda and most prevalent for providers in Ghana, Rwanda and Kenya. We also found that mobile-money acceptance was particularly prevalent for platforms operating in the agricultural sector. In Kenya, 40% of the agricultural platforms in operation accept mobile-money payments, while in Ghana this figure is higher at 67%. Countries where mobile-money solutions are more prevalent are also significantly more likely to have platforms that operate in the agricultural sector. This may suggest that mobile money could contribute to the viability of rural and/or agricultural platforms.

20 A bank transfer is an electronic payment that sends money directly from one bank account to another – see <https://www.worldremit.com/en/faq/payments/bank-transfers>.

21 In many domestic business transactions, a cash payment will typically be made in the currency of the country where the transaction takes place, either in paper currency, in coins or in an appropriate combination.

22 Mobile money is an electronic payment solution that allows users to store, send and receive money using their mobile phone. See <https://www.worldremit.com/en/faq/mobile-money>. This payment method appeals to users who may not have access to payment facilities at formal financial institutions, such as banks, and can be used on both smartphones and basic feature phones.



Digital wallets²³ are nascent, but platforms may be looking to change that. Digital wallets are a nascent payment option in the platform economy, when compared to cards, bank transfer and mobile money. We identified 18 platforms that accept digital wallets for consumer payments and 15 platforms that allow suppliers to receive income through a digital wallet. Several additional platforms, however, reported that they are working on, or would like to introduce, a mobile-wallet solution. This can largely be attributed to platforms seeking to decrease the cost and settlement time of transferring funds from consumers to providers. This solution can also assist platforms to attract new and unbanked platform participants.

PayPal is prevalent on professional services and cross-border matching platforms. PayPal²⁴ is a form of digital wallet, but we considered it separately due to its universal reach. It is accepted by around 20% of the platforms we identified. This payment acceptance option is particularly prevalent in the professional-services sector where it follows bank transfers as the second-most prominent payments acceptance channel. This could be driven by the cross-border nature of many of the platforms that are operating in this sector. The recent partnership between PayPal and M-Pesa (a mobile payments company) allows platform

participants to withdraw and deposit funds into their PayPal accounts through mobile money. These partnerships could further increase the desirability of PayPal to professional services platforms and their users.

Cryptocurrency²⁵ payment acceptance is the least prevalent. While cryptocurrency may have an important role to play in digital financial services in the near future, as a payment method it is the least adopted by platforms, being accepted for consumer payments by only 2% of the digital platforms we identified.

23 A digital wallet is an electronic instrument that allows consumers to virtually link to various payment methods such as bank accounts and credit cards to store value and make payments. Digital wallets can be used to store credit card, debit card and even loyalty card information on smartphones, wearables or mobile devices. While there are generally two types of wallets, the platforms identified in our database largely accept payments through branded or closed-loop wallets.

24 PayPal is a service that enables users to pay, send money and accept payments without revealing their financial details. Users can choose to make payments using a variety of methods, including PayPal balance, a bank account, PayPal Credit, debit or credit cards, and rewards balance.

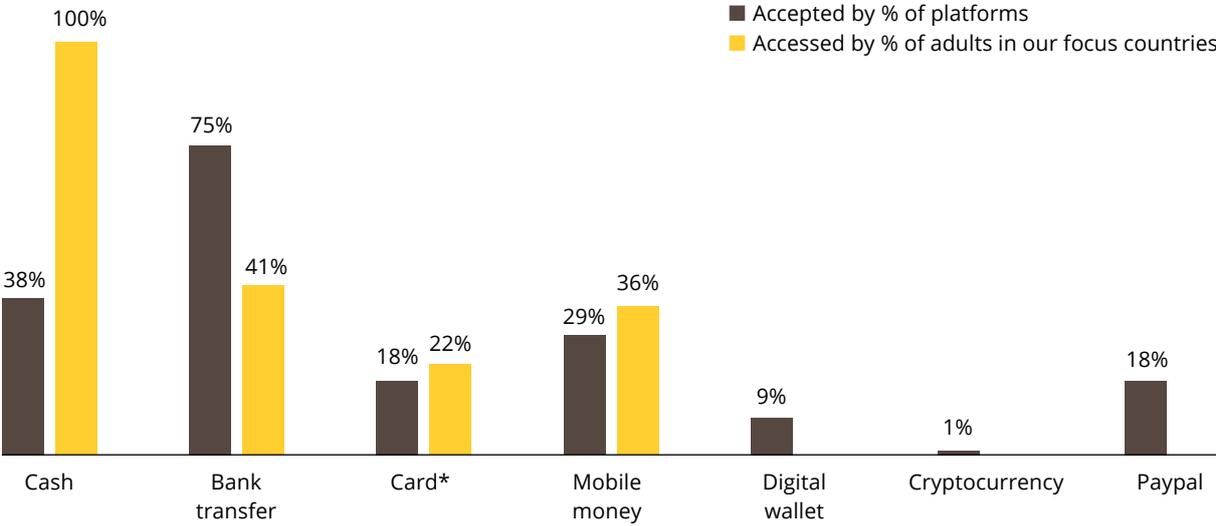
25 Cryptocurrency is a digital currency where transactions are recorded on a public digital ledger called a blockchain. Cryptocurrency works very similarly to credit and debit cards; however, in the case of cryptocurrencies, an algorithm keeps track of the settlement and guarantees related to processing a transaction, rather than a traditional FSP or government.

Comparison of payment acceptance and payment usage

All the platforms in this study required the consumer and provider to settle the payments of goods and services transacted over the platform through a payment channel accepted by the platform (see Box 1). It is thus possible to evaluate the inclusiveness of these platforms by comparing the payment instruments accepted by the platform to those used by the public.

The gap across the eight countries for providers' access to (i.e. uptake and usage of) a payment instrument and acceptance of a payment instrument by platforms is illustrated in Figure 6. Cash payments, accepted by 38% of platforms, is the most inclusive payment instrument allowing for nearly universal participation. The second is bank transfers, accepted by 75% of platforms and used by 41% of the population in our focus countries. Mobile payments, accepted by 29% of platforms, provide 36% of the population in our focus countries with access to digital platforms.

Figure 6: Platform acceptance of and access to payment methods, for providers



* Access to card refers to the percentage of the adult population that has access to a debit card.
 Note: Data is aggregated across the set of eight focus countries in our database.



The local payment landscape strongly correlates with platforms' payment acceptance options.

The payment instruments acceptance by platforms strongly correlated with the available products and payment system landscape in specific countries. Country-specific reporting of payment usage and acceptance for providers is contained in the appendix.

The key highlights are:

- **South Africa** benefits from an advanced financial sector, including well-established payment infrastructure and the highest levels of formal account ownership²⁶ (67% of adult population) across our focus countries. Most digital platforms in South Africa remunerate providers of goods and services into their bank account (86% of platforms) and allow consumers to pay using bank cards (84%). South Africa also has the lowest level of cash acceptance for providers and consumers across our focus countries. This is likely due to a combination of high cash-handling costs (associated to theft incidences) and the fact that there are well-established alternatives to cash.
- In **Ghana**, a country that also boasts a relatively high rate of account ownership (42%), a large proportion of platforms (68%) allows providers to receive income via bank transfers. Ghana has the second-lowest level of platform acceptance of cash as payment instrument for suppliers, across our focus countries.

- In **Nigeria**, more platforms are seeking to accept digital wallets as a payment mechanism. In fact, platforms that operate in Nigeria boast the highest rate of digital wallet acceptance for consumer (12%) and supplier (15%) payments.
- In **Kenya, Tanzania** and **Rwanda** a positive trend can be observed in mobile-money acceptance. According to data from the Global Findex (2017), 73% of Kenya's adult population had a mobile-money account. Digital platforms in Kenya have taken advantage of the prevalence of mobile money, with 57% accepting this payment method for consumers and 42% for suppliers. In Rwanda and Tanzania, where mobile-money usage is 39% and 31% of adults, respectively, just over 50% of platforms accepted mobile money as payment for goods and services.

Enabling financial access is key to including those who have been traditionally excluded or underserved in the digital economy. In Section 4 we go beyond a discussion of payment instruments that are accepted by platforms and put forward the potential of platforms to extend financial services to the excluded or underserved.

26 Global Findex (2017)

4 Financial services offered by digital platforms

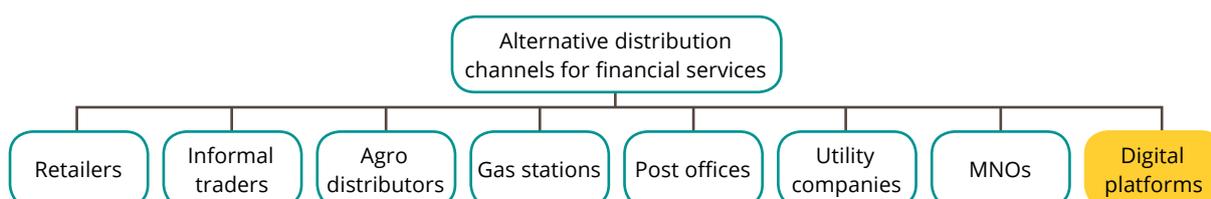
A growing number of African digital platforms distribute financial services. Of the platforms identified in our study, 15% offered one or more insurance, digital wallet, savings or credit product. These platforms have provided early demonstration cases that highlight the ability of platforms to extend the reach of several categories of financial services to new or underserved individuals and small enterprises.

Platforms follow on the success of partnerships between alternative distribution channels²⁷ and FSPs. The financial sector, and financial inclusion more broadly, has benefited from the participation of several distribution partners (see Figure 7) in extending access to financial services. These distribution partners typically provide FSPs with access to a large number of loyal customers, with whom they have an existing commercial relationship. And, they often provide unique insights into the lives and financial needs of their customers, thereby allowing for tailored financial services. Comparatively, African digital platforms appear particularly well positioned to offer a trusted brand, broad set of payment solutions and relevant data for the design and delivery of financial services to their customers.

Trends in the distribution of financial services by platforms

Digital wallets and insurance are more commonly distributed by digital platforms. Across the value chain of platform-mediated activities, financial services such as insurance, digital wallets, credit and savings can offer additional value to platform participants: insurance for risk events²⁸, consumption smoothing, convenience in making payments and access to productive credit, among others. Our systematic review identified 42 unique digital platforms that distribute financial products. Figure 8 shows that, by number of platforms, digital wallets (20) and insurance (20) are found to be most commonly offered, followed by credit (6) and savings (1). By country of operation, Nigeria has the highest number (23) of platforms that offer financial services, followed by South Africa (16) and Ghana (11).

Figure 7: Alternative distribution channels for financial services

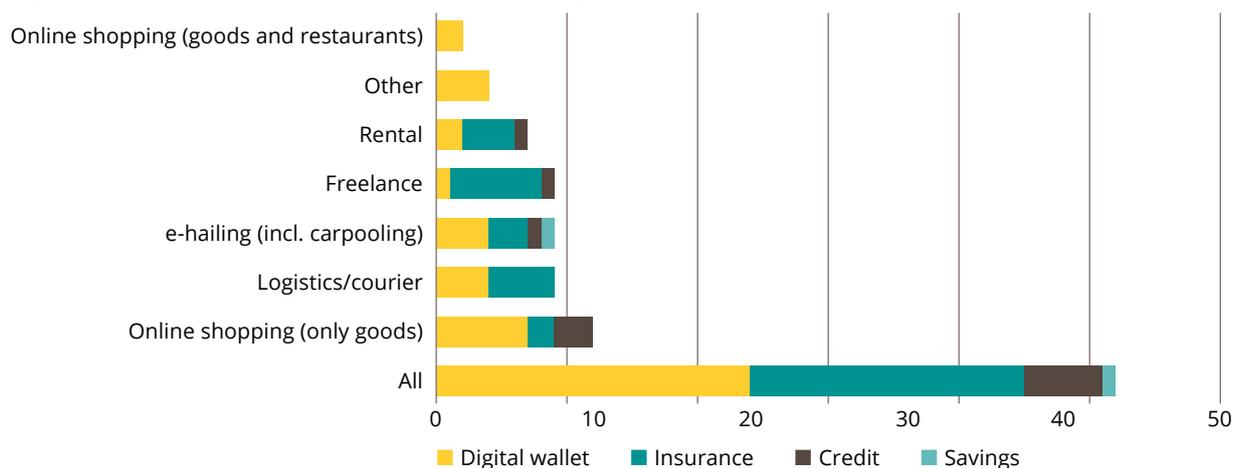


27 FinMark Trust. (2013). Mapping of potential financial services distribution channels in SADC; Smit, H., Denoon-Stevens, C., and Phelane, C. (2015). Un-networked retailers: A growing channel for financial services distribution.

28 Rinehart, K., Johnson, C., and Chamberlain, D. (2018). The potential of digital platforms as distributors and enablers of insurance in Africa.



Figure 8: Financial services distribution by platforms



Note: The total number of platforms reflected for all types of platforms in Figure 8 is more than 42, as platforms can offer more than one type of financial service..

Value-added financial services can enhance participation in the platform economy. Financial services such as insurance, digital wallets, credit and savings can allow for improved participation and functioning of platforms²⁹. Several of the distribution cases we identified, across matching activities, illustrate the value-add of different financial services to platform participants.

- Distribution of digital wallets by a large variety of platforms.** The distribution of digital wallets is most prevalent for online shopping, logistics/courier, e-hailing and other platforms. We have found that these digital wallets are for the most part targeted at the consumers of goods and services, rather than suppliers. For example, one of the leading homegrown online-shopping platforms in Africa, Jumia, launched a digital wallet in 2016³⁰. Jumia’s digital wallet, JumiaPay, provides a payment mechanism to

platform participants for making secure online payments for goods purchases through the platform. With JumiaPay, consumers who do not have access to a traditional bank account can participate on the platform in an unencumbered way.

- Distribution of insurance by freelance platforms.** Workers that operate in the informal sector often do not have access to defined benefits and/or liability protection, which are usually offered through traditional employment relationships. We identified seven platforms that offer insurance to platform participants operating in the freelance space. The following examples illustrate the variation of insurance distributed by freelance platforms:
 - The platform SweepSouth partnered with fintech Simply in 2017, to offer life and disability insurance to the household

29 Hunter, R., Johnson, C., and Smit, H. (2019). How are African digital platforms shaping the economic development conversation?

30 Tech-ish. (2016). Jumia launching wallet JumiaPay.



cleaners who participate on the platform in South Africa. The insurance is offered as an embedded product with no additional cost to its platform participants.

- Wesabi, a freelance platform operating in Nigeria, offers professional indemnity insurance for consumers against theft or damages to the consumer's property while the freelance worker carries out services. This professional indemnity insurance insures against property damage to the value of USD2,760 and lowers the financial liability potentially faced by freelance workers as they deliver services at customer's homes.
- **Distribution of insurance by logistics/courier platforms.** Theft and damage insurance for goods in transit reduces the risk associated to platform activities. We identified five platforms in the logistics/courier space which offer this type of insurance. One such platform is Droppa, a logistics/courier platform that operates in South Africa. It offers embedded insurance to consumers to the value of USD7,130 per consignment that is stored or delivered by a service provider on its platform. This insurance protects the value of the goods-in-transit from potential damage or loss, which minimises the potential liability to delivery personnel that are providing the service and offers the consumer peace of mind.
- **Distribution of insurance by rental and e-hailing platforms.** We identified seven cases of insurance distribution by rental and e-hailing platforms, and these insurance offerings typically seek to protect the value of the asset being rented to consumers or used in the service to consumers, matched on these platforms, at the cost of consumers. Two examples of platforms that distribute this type of insurance are VehiclePortal and Home2Go. VehiclePortal, which operates in Zambia, distributes comprehensive and mandatory insurance to consumers that seek to be matched to vehicle rentals on the platform. Home2Go, which operates in Ghana, has partnered with an international insurer, Allianz Global, to offer optional group insurance for travellers being matched to property rentals on the platform.
- **Distribution of credit by online shopping platforms.** We identified three cases of online shopping platforms that enable the distribution of credit products, and these offerings seem to be targeted at the consumer being matched on these platforms. For instance, AgroMart (formerly known as AgroTrade), an online shopping platform in the agriculture sector, has through its AgroPay platform partnered with Premium Bank, MTN and Vodaphone to distribute microcredit to dealers for purchasing farming inputs.
- **Distribution of credit by rental and e-hailing platforms.** The e-hailing platform Uber announced a partnership with fintech JUMO in December 2018, to provide drivers with cost-effective credit to finance the purchase of vehicles. Uber piloted the credit product in Kenya and intends to expand distribution efforts to other SSA markets in 2019³¹. Access to credit also enables platform participants to service running costs, especially during times where

31 JUMO. (2018). Uber partners with JUMO to provide driver partners with vehicle finance.



income streams are irregular: E-hailing platform Enshika partnered with fuel stations in Ghana to distribute subsidised credit to drivers, with the sole credit use defined for fuel expenditure.

- **Distribution of savings by e-hailing platforms.** The on-demand nature of many activities matched by platforms often means that the income streams of platform workers are irregular. Savings and pension products provide a mechanism for platform workers to withstand shocks to income and provide for retirement. The platform Dropping partnered with the People's Pension Trust and Gold Coast Fund Management in Ghana to offer an embedded pension product to e-hailing drivers. In the first three months of platform participation, Dropping services the pension fund contribution on behalf of drivers who achieve an average of 20 completed trips per week. Thereafter, drivers on the platform are encouraged to contribute voluntarily to the pension fund.

Platforms can benefit from distributing financial services. Platforms can use financial services to increase participation on the platform. The digital wallets, credit, insurance and savings products illustrated above can assist providers of goods and services to manage their risk and working capital requirements more effectively. In certain cases, platform providers can negotiate lower insurance premiums and interest charges for platform users, thus reducing the financial-services-related cost of participating on the platform and so increasing the take-home profits.

Partnerships between platforms and FSPs

Partnerships between digital platforms and FSPs enable distribution of financial services.

Our analysis of the demonstration cases shows that partnerships between digital platforms and FSPs result in more impactful distribution of financial services. Incentives for FSPs to partner with platforms can be summarised under reach, payment, data and brand. Through partnerships with platforms, FSPs can: (1) reach a greater audience by leveraging the scale achieved by platforms, (2) distribute financial services cost-effectively by utilising the digital infrastructure that platforms have established and the wide variety of payment mechanisms they allow for, (3) better understand potential customers by leaning on the (big) network data that platforms own, and (4) build trust with customers by associating with platform brands that are already strong.

Partnerships between FSPs and digital platforms are promising but still nascent.

Despite the potential advantages for partnering, the majority of digital platforms and FSPs have not entered into formal agreements. This could be driven by a number of factors, including a lack of awareness on the advantages of partnering with platforms, a view that platforms could be a competitive threat to the financial sector, FSPs not agile enough to partner with emerging tech companies, disparity in business models and cost structures of FSPs and platforms, and uncertainty around whether African digital platforms will reach sustainable scale.





Appendix

Country-level infographics

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Ghana: The digital platforms landscape

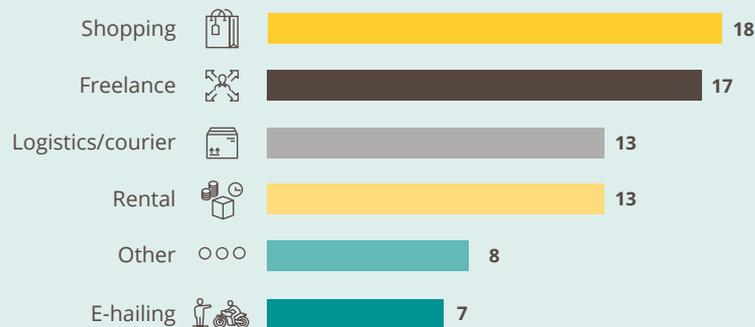
Ghana has 63 digital platforms that serve 28.8 million people. This places it third across our eight countries. Forty-eight percent (48%) of platforms that operate in Ghana are homegrown. "Shopping" platforms are the most common, followed by "freelance" platforms, with the least common being "e-hailing". Ghanaian platforms operate across eight sectors, with the most common sectors being transportation, and retail and wholesale. The most prevalent payment acceptance mechanisms are bank accounts for providers and bank cards for consumers. Consumers access platforms predominantly through web-browsers and smartphone apps.

Highlights

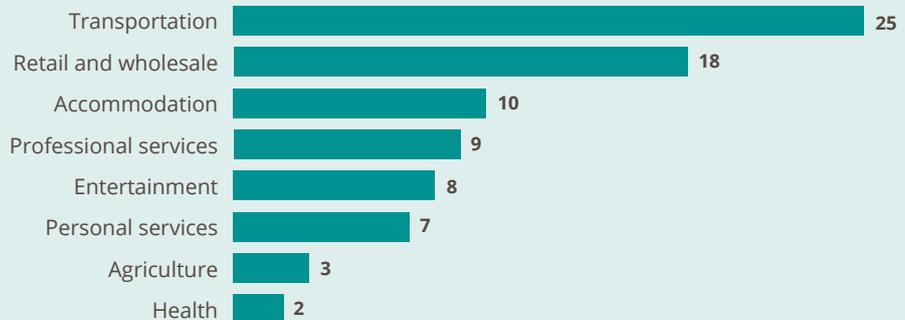


Key platform characteristics¹

What are the types of active platforms?



In which sectors are these platforms active?

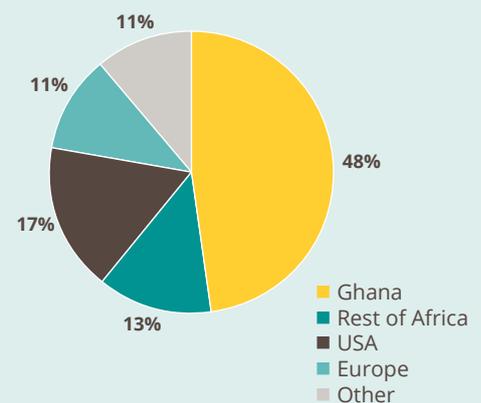


The following sectors have no platforms: construction, education, finance, manufacturing, mining, real estate and utilities

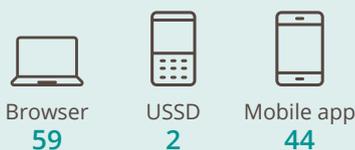


Insight: Homegrown platforms prevail in the Ghanaian platform economy, followed by platforms that originate from the USA, other African countries and Europe.

Where do these platforms come from?



How can consumers access the platforms?



Sources:

- ¹ insight2impact facility, African Digital Platforms database (2018)
- ² In constant terms based on 2010 prices
- ³ World Bank Doing Business
- ⁴ World Bank, Findex (2018)
- ⁵ UNCTAD, eCommerce Readiness Index (2018)
- ⁶ World Bank, Findex (2018), Finscope Ghana (2010)
- ⁷ Internet World Statistics (2017)
- ⁸ ITU, Measuring the Information Society Report (2017); Research ICT Africa, After Access Survey (2017)
- ⁹ Access to an account at a financial institution
- ¹⁰ Access to an account, including mobile money accounts



GHS
GDP
US\$52.3bn
(1,814 per capita)²



World Bank Development Indicators



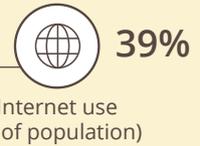
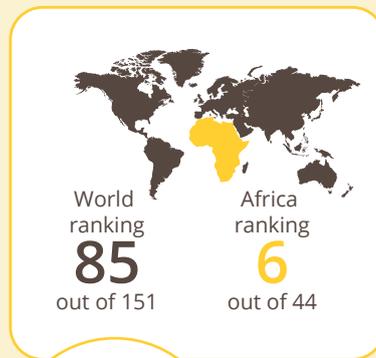
Insight: Ghana's sizeable population earns above-average incomes, experiences strong economic growth and has relatively low levels of unemployment.

Payment methods

	How consumers can pay ¹ (% of platforms)	How providers can receive payments ¹ (% of platforms)	% of adult population with access to these ⁴
Cash	30%	24%	100%
Account ⁹	23%	68%	42%
Mobile	43%	60%	39%
PayPal	30%	20%	Data not available
Debit card			19%
Credit card	83%	12%	6%

(based on 53 platforms) (based on 25 platforms)

Platforms' driving forces



Insight: Platforms in Ghana have started to offer access to additional financial services, with insurance being the most common.



Insight: Ghana's relatively low level of internet usage and high financial inclusion rates contribute to its average e-commerce readiness score.

Additional financial services

	Platforms that offer access to these services ¹	% of adult population with access to these ⁶
Insurance	5	46%
Credit	3	10%
Savings	1	16%
Digital wallet	3	Data not available

Which devices do people own?⁸



Kenya: The digital platforms landscape

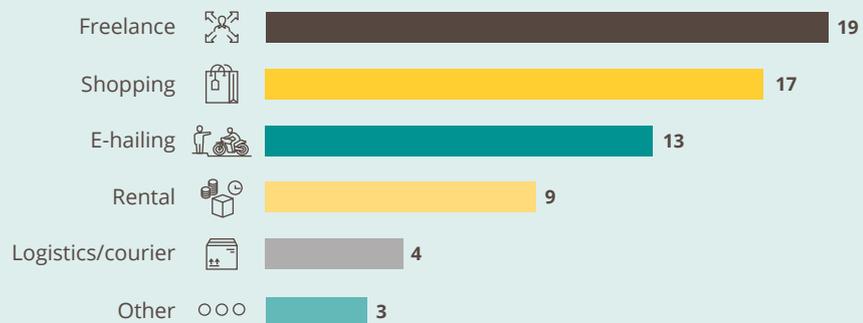
Kenya has 62 active digital platforms, which serve 49.6 million people. This positions Kenya fourth across our eight countries. Fifty percent (50%) of the platforms that operate in Kenya are homegrown. The most common platform type is “freelance” followed by “shopping”, and the least common types are classified as “other” and “logistics/courier”. Kenyan platforms operate across nine sectors, of which the most common are transportation, and retail and wholesale. The most prevalent payment acceptance mechanisms are bank accounts for providers and bank cards for consumers. Consumers access platforms predominantly through web-browsers and smartphone apps.

Highlights

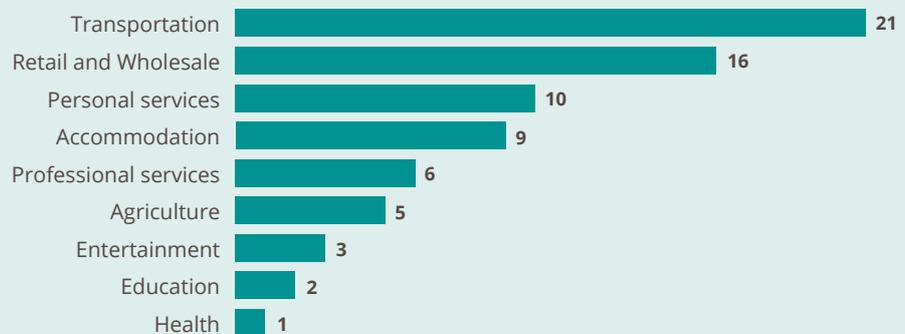


Key platform characteristics¹

What are the types of active platforms?



In which sectors are these platforms active?



The following sectors have no platforms: construction, finance, manufacturing, mining, real estate and utilities

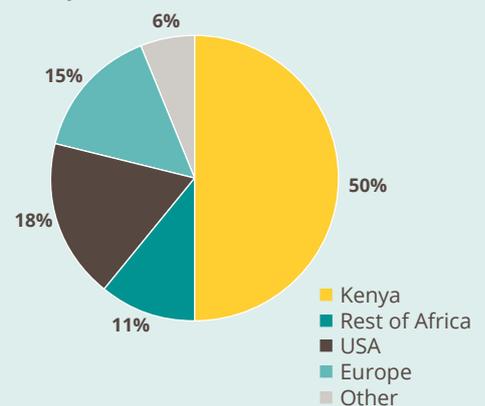
Sources:

- 1 insight2impact facility, African Digital Platforms database (2018)
- 2 In constant terms based on 2010 prices
- 3 World Bank Doing Business
- 4 World Bank, Findex (2018)
- 5 UNCTAD, eCommerce Readiness Index (2018)
- 6 World Bank, Findex (2018), FinAccess Kenya (2016)
- 7 Internet World Statistics (2017)
- 8 ITU, Measuring the Information Society Report (2017); Research ICT Africa, After Access Survey (2017)
- 9 Access to an account at a financial institution
- 10 Access to an account, including mobile money accounts

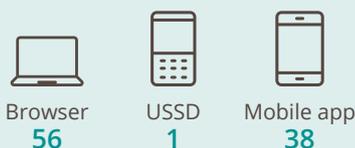


Insight: Multi-sided platforms have grown across many sectors, which has resulted in a diverse platform landscape. Homegrown platforms constitute half of the total platforms that operate in the country.

Where do these platforms come from?



How can consumers access the platforms?





Ksh
GDP
US\$58bn
(1,169 per capita)²

Insight: Kenya has a relatively high unemployment rate, and the majority of the population reside in rural areas. These factors provide both challenges and opportunities for platform participation.

4.9%
economic growth²

58%
employment

70
Ease of Doing Business score³
(out of 100)

World Bank Development Indicators

Payment methods	How consumers can pay ¹ (% of platforms)	How providers can receive payments ¹ (% of platforms)	% of adult population with access to these ⁴
Cash	39%	38%	100%
Account ⁹	9%	58%	56%
Mobile	57%	42%	73%
PayPal	31%	29%	Data not available
Debit card			38%
Credit card	83%	46%	6%

(based on 54 platforms) (based on 24 platforms)

Additional financial services	Platforms that offer access to these services ¹	% of adult population with access to these ⁶
Insurance	3	6%
Credit	1	17%
Savings	0	27%
Digital wallet	2	Data not available

(based on 58 platforms)

Insight: Platforms that operate in Kenya have already begun to offer insurance, digital wallets and credit as additional financial services.

Platforms' driving forces



UNCTAD eCommerce Readiness Index⁵
46.2 out of 100

82%
Access to accounts (% of adult population)¹⁰

38%
Internet use (% of population)

37
Secure servers per 1 million people

27
Postal reliability score

16%
Facebook⁷ (% of internet users)

Insight: Kenya has relatively high levels of internet penetration and is well ranked on the e-commerce readiness index. Moreover, the consumer payment methods accepted by digital platforms closely match the payment products that are accessible to the general population.

Which devices do people own?⁸

PC 14.8%

Basic and/or feature phone 72.4%

Smartphone 27.6%

Nigeria: The digital platforms landscape

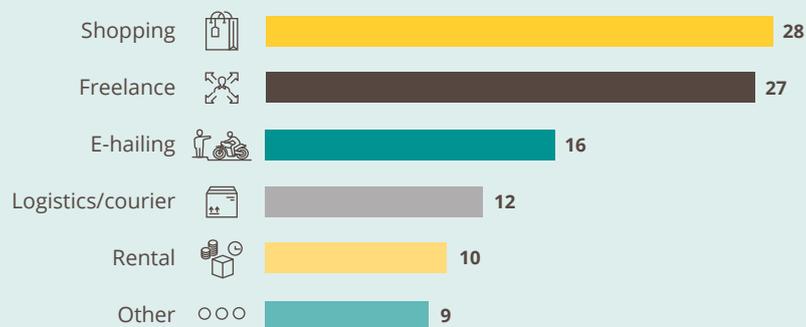
Nigeria has 87 active digital platforms, which serve 191 million people. This positions Nigeria second across our eight countries. Seventy-six percent (76%) of the platforms that operate in Nigeria are homegrown. The most common platform type is “shopping”, followed by “freelance”, and the least common types are “rental” and “other” platforms. Nigerian platforms operate across eight sectors, of which the most common sectors are “transportation”, and “retail and wholesale”. The most prevalent payment acceptance mechanisms are bank accounts for providers and bank cards for consumers. Consumers access platforms predominantly through web-browsers and smartphone apps.

Highlights

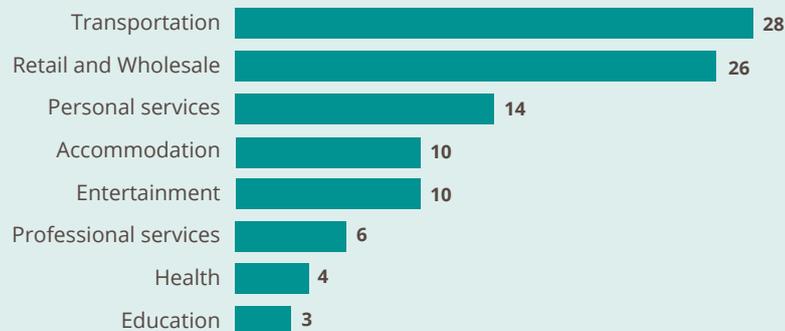


Key platform characteristics¹

What are the types of active platforms?



In which sectors are these platforms active?

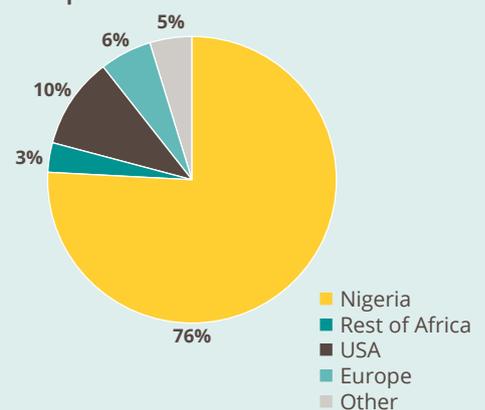


The following sectors have no platforms: agriculture, construction, finance, manufacturing, mining, real estate and utilities

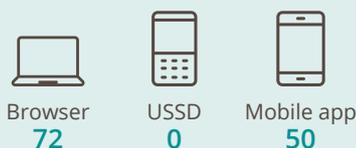


Insight: Nigeria boasts the highest percentage of homegrown platforms across our focus countries.

Where do these platforms come from?

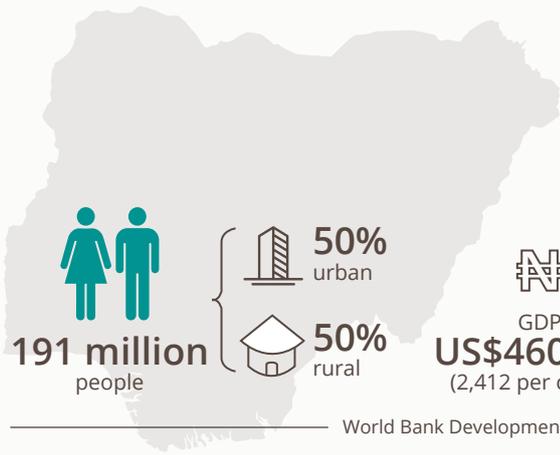


How can consumers access the platforms?



Sources:

- 1 insight2impact facility, African Digital Platforms database (2018)
- 2 In constant terms based on 2010 prices
- 3 World Bank Doing Business
- 4 World Bank, Findex (2018)
- 5 UNCTAD, eCommerce Readiness Index (2018)
- 6 World Bank, Findex (2018), Access to Financial Services Nigeria (2018)
- 7 Internet World Statistics (2017)
- 8 ITU, Measuring the Information Society Report (2017); Research ICT Africa, After Access Survey (2017)
- 9 Access to an account at a financial institution
- 10 Access to an account, including mobile money accounts



Insight: Nigeria is the most populous country in Africa, with a large urban-based population. Despite relatively low employment levels and slow economic growth, Nigeria enjoys a comparatively high GDP per capita.

GDP
US\$460.5bn
(2,412 per capita)²

0.08%
economic growth²

51%
employment

53
Ease of Doing Business score³
(out of 100)

World Bank Development Indicators

Payment methods

Payment methods	How consumers can pay ¹ (% of platforms)	How providers can receive payments ¹ (% of platforms)	% of adult population with access to these ⁴
Cash	39%	36%	100%
Account ⁹	35%	68%	39%
Mobile	21%	11%	6%
PayPal	15%	4%	Data not available
Debit card			32%
Credit card	86%	6%	3%

(based on 84 platforms) (based on 53 platforms)

Platforms' driving forces



UNCTAD eCommerce Readiness Index⁵
54.7
out of 100

40%
Access to accounts (% of adult population)¹⁰

42%
Internet use (% of population)

52
Secure servers per 1 million people

85
Postal reliability score

17%
Facebook⁷ (% of internet users)



Insight: Several platforms in Nigeria are distributing additional financial services, largely digital wallets and insurance.



Insight: Despite financial account access being below average in Nigeria, the country's e-commerce readiness score is high, placing Nigeria second on the continent.

Additional financial services

Additional financial services	Platforms that offer access to these services ¹	% of adult population with access to these ⁶
Insurance	11	1.6%
Credit	2	4%
Savings	0	21%
Digital wallet	12	Data not available

(based on 86 platforms)

Which devices do people own?⁸



Rwanda: The digital platforms landscape

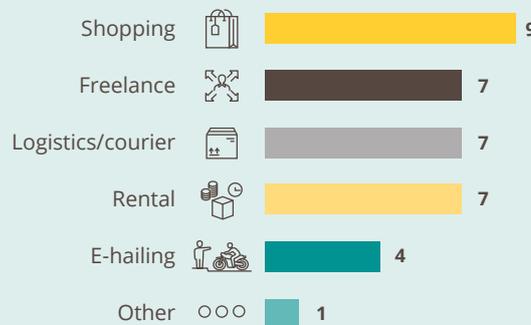
Rwanda has 27 active digital platforms, which serve 12.2 million people. It is the lowest ranking on number of platforms in operation across our eight countries. Thirty percent (30%) of the platforms that operate in Rwanda are homegrown, and the most common platforms are “shopping” platforms, while the least common ones are classified as “e-hailing” and “other”. Rwanda’s platforms operate across seven sectors, of which the most common sectors are transportation, and retail and wholesale. The most prevalent payment acceptance mechanisms are bank accounts for providers and bank cards for consumers. Consumers access platforms predominantly through web-browsers and smartphone apps.

Highlights

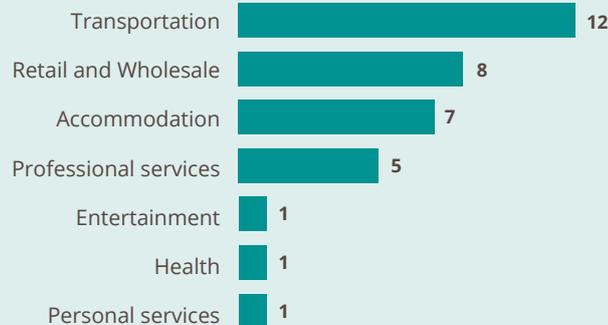


Key platform characteristics¹

What are the types of active platforms?



In which sectors are these platforms active?



The following sectors have no platforms: agriculture, construction, education, finance, manufacturing, mining, real estate and utilities

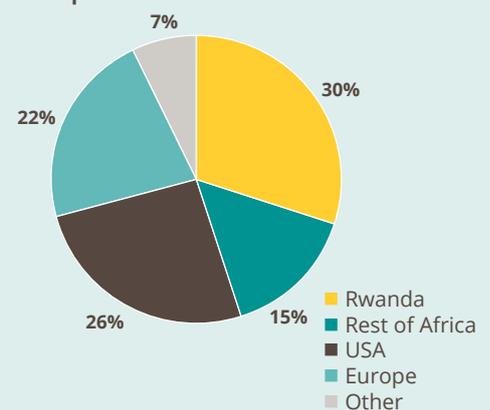
Sources:

- 1 insight2impact facility, African Digital Platforms database (2018)
- 2 In constant terms based on 2010 prices
- 3 World Bank Doing Business
- 4 World Bank, Findex (2018)
- 5 UNCTAD, eCommerce Readiness Index (2018)
- 6 World Bank, Findex (2018), Finscope Rwanda (2016)
- 7 Internet World Statistics (2017)
- 8 ITU, Measuring the Information Society Report (2017); Research ICT Africa, After Access Survey (2017)
- 9 Access to an account at a financial institution
- 10 Access to an account, including mobile money accounts

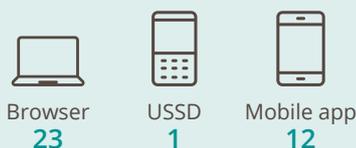


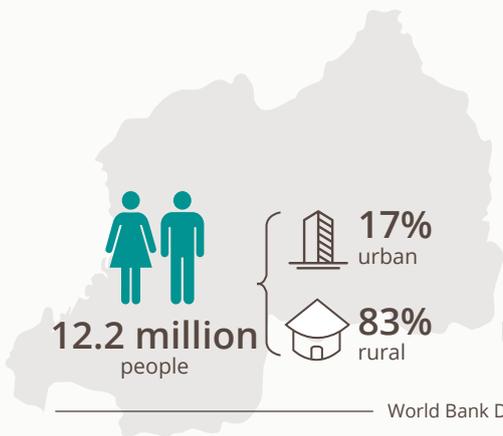
Insight: There is a relatively high presence of non-African platforms in operation – predominantly from Europe and the USA – with only a few homegrown platforms.

Where do these platforms come from?



How can consumers access the platforms?





Insight: Rwanda has relatively high levels of employment and economic growth, and its population resides primarily in rural areas.

RWF
GDP
US\$9.3bn
(765 per capita)²

6.1%
economic
growth²

85%
employment

78
Ease of Doing
Business score³
(out of 100)

World Bank Development Indicators

Payment methods

Payment methods	How consumers can pay ¹ (% of platforms)	How providers can receive payments ¹ (% of platforms)	% of adult population with access to these ⁴
Cash	44%	46%	100%
Account ⁹	19%	85%	37%
Mobile	52%	54%	31%
PayPal	33%	15%	Data not available
Debit card	78%	0%	5%
Credit card			1%

(based on 27 platforms) (based on 13 platforms)

Platforms' driving forces



UNCTAD
eCommerce
Readiness Index⁵
32.7
out of 100

50%
Access to accounts
(% of adult population)¹⁰

20%
Internet use
(% of population)

31
Secure servers per
1 million people

30
Postal reliability score

Facebook⁷
(% of internet users)
13%



Insight: Rwanda's e-commerce readiness ranking is constrained by low levels of internet penetration.

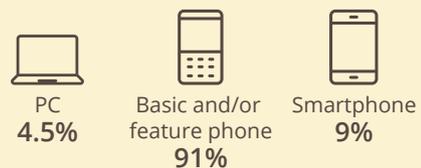
Additional financial services

Additional financial services	Platforms that offer access to these services ¹	% of adult population with access to these ⁶
Insurance	3	8.5%
Credit	0	8%
Savings	0	19%
Digital wallet	1	Data not available



Insight: Of the platforms that operate in Rwanda, we find three instances of insurance being distributed and one instance of a digital wallet being offered to platform participants.

Which devices do people own?⁸



South Africa: The digital platforms landscape

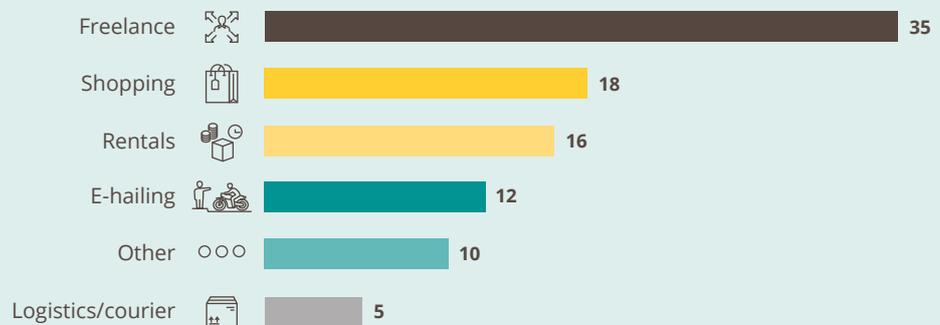
South Africa has 92 active digital platforms, which serve 56.7 million people. It ranks first across our eight countries. Fifty-nine percent (59%) of the platforms that operate in South Africa are homegrown, and the most common platforms are “freelance” followed by “shopping”, while the least common are “logistics/courier” platforms. South African platforms operate across 11 sectors, of which the most common sectors are transportation, and retail and wholesale. The most prevalent payment acceptance mechanisms are bank accounts for providers and bank cards for consumers. Consumers access platforms predominantly through web-browsers and smartphone apps.

Highlights

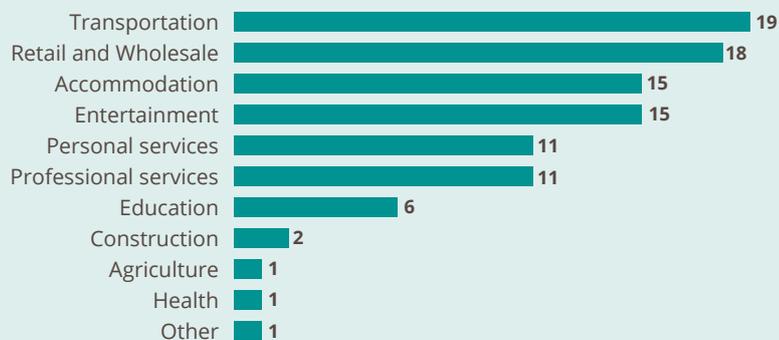


Key platform characteristics¹

What are the types of active platforms?



In which sectors are these platforms active?

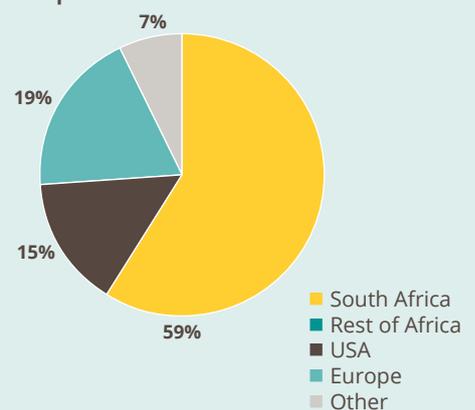


The following sectors have no platforms: finance, manufacturing, mining, real estate and utilities

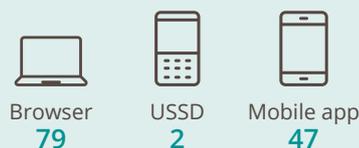


Insight: Most platforms in South Africa are homegrown, followed by platforms that originate from Europe and the USA. None of the platforms that operate in South Africa originate from the rest of Africa.

Where do these platforms come from?



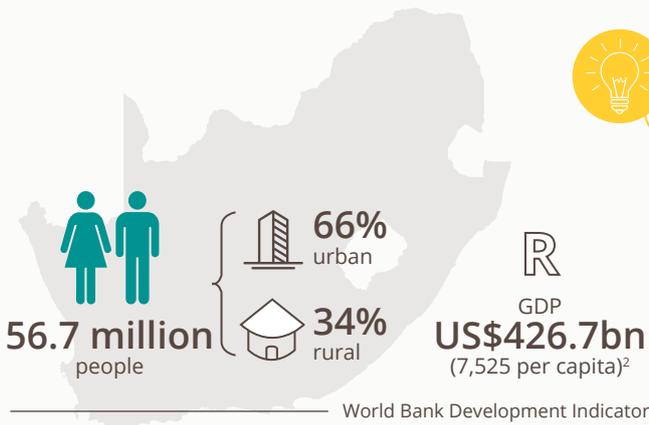
How can consumers access the platforms?



(based on 91 platforms)

Sources:

- 1 insight2impact facility, African Digital Platforms database (2018)
- 2 In constant terms based on 2010 prices
- 3 World Bank Doing Business
- 4 World Bank, Findex (2018)
- 5 UNCTAD, eCommerce Readiness Index (2018)
- 6 World Bank, Findex (2018), Finscope South Africa (2016)
- 7 Internet World Statistics (2017)
- 8 ITU, Measuring the Information Society Report (2017); Research ICT Africa, After Access Survey (2017)
- 9 Access to an account at a financial institution
- 10 Access to an account, including mobile money accounts



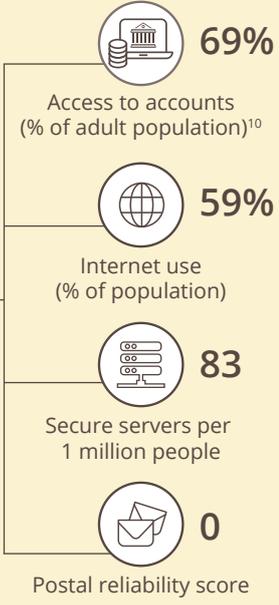
Insight: South Africa's relatively high GDP per capita is growing slowly, with low levels of employment; and the population is found to be predominately urban.



Payment methods	How consumers can pay ¹ (% of platforms)	How providers can receive payments ¹ (% of platforms)	% of adult population with access to these ⁴
Cash	19%	20%	100%
Account ⁹	32%	86%	67%
Mobile	11%	2%	19%
PayPal	29%	33%	Data not available
Debit card	84%	20%	34%
Credit card			9%

(based on 91 platforms) (based on 66 platforms)

Platforms' driving forces



Insight: With high levels of account access and internet usage, South Africa has a high level of e-commerce readiness – despite a complete lack of postal reliability.

Additional financial services	Platforms that offer access to these services ¹	% of adult population with access to these ⁶
Insurance	9	55%
Credit	0	9%
Savings	0	22%
Digital wallet	8	Data not available



Insight: We have found a number of platforms that offer additional financial services to platform participants: Nine platforms offer insurance and eight offer digital wallets.

Which devices do people own?⁸



Tanzania: The digital platforms landscape

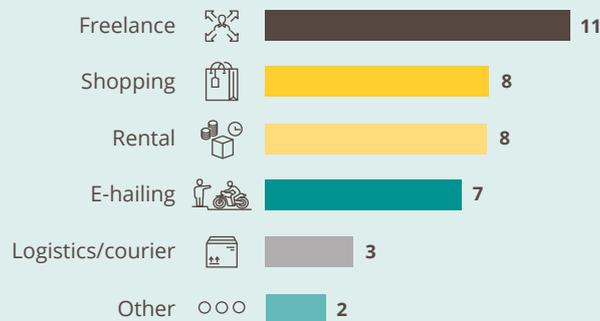
Tanzania has 38 active digital platforms, which serve 57.3 million people. This positions Tanzania fifth across our eight countries. Twenty-one percent (21%) of the platforms that operate in Tanzania are homegrown. The most common platforms are “freelance”, followed jointly by “shopping” and “rentals”. The least common platforms are classified as “logistics/courier”. Tanzanian platforms operate across seven sectors, of which the most common sectors are transportation, retail and wholesale, and accommodation. The most prevalent payment acceptance mechanisms are bank accounts for providers and bank cards for consumers. Consumers access platforms predominantly through web-browsers and smartphone apps.

Highlights

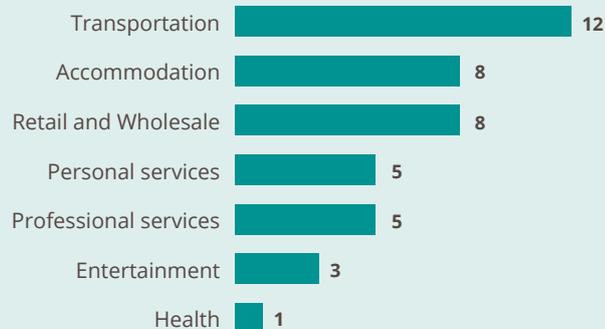


Key platform characteristics¹

What are the types of active platforms?



In which sectors are these platforms active?

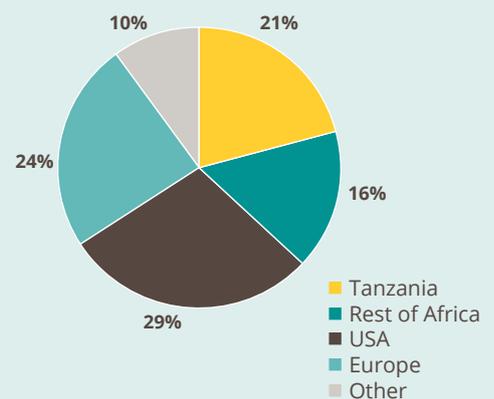


The following sectors have no platforms: agriculture, construction, education, finance, manufacturing, mining, real estate and utilities

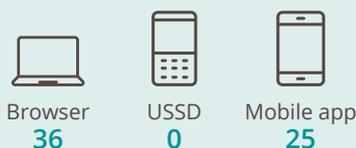


Insight: The majority of platforms that operate in Tanzania originate from the USA and Europe. Tanzania hosts a number of Pan-African platforms that originate from outside of its borders.

Where do these platforms come from?



How can consumers access the platforms?



Sources:

- 1 insight2impact facility, African Digital Platforms database (2018)
- 2 In constant terms based on 2010 prices
- 3 World Bank Doing Business
- 4 World Bank, Findex (2018)
- 5 UNCTAD, eCommerce Readiness Index (2018)
- 6 World Bank, Findex (2018), Finscope Tanzania (2017)
- 7 Internet World Statistics (2017)
- 8 ITU, Measuring the Information Society Report (2017); Research ICT Africa, After Access Survey (2017)
- 9 Access to an account at a financial institution
- 10 Access to an account, including mobile money accounts



TZS
GDP
US\$50bn
(901 per capita)²

Insight: Tanzania experiences low levels of unemployment and relatively high rates of economic growth, despite its low GDP per capita.

7.1%
economic growth²

81%
employment

54
Ease of Doing Business score³
(out of 100)

World Bank Development Indicators

Payment methods	How consumers can pay ¹ (% of platforms)	How providers can receive payments ¹ (% of platforms)	% of adult population with access to these ⁴
Cash	38%	33%	100%
Account ⁹	19%	42%	21%
Mobile	57%	17%	39%
PayPal	30%	33%	Data not available
Debit card	81%	17%	13%
Credit card			1%

(based on 37 platforms) (based on 12 platforms)

Additional financial services

Additional financial services	Platforms that offer access to these services ¹	% of adult population with access to these ⁶
Insurance	2	15.5%
Credit	0	5%
Savings	0	6%
Digital wallet	1	Data not available

(based on 37 platforms)

Insight: In Tanzania, two platforms offer insurance and one offers a digital wallet as additional financial services.

Platforms' driving forces



UNCTAD eCommerce Readiness Index⁵
36.5 out of 100

47%
Access to accounts (% of adult population)¹⁰

25%
Internet use (% of population)

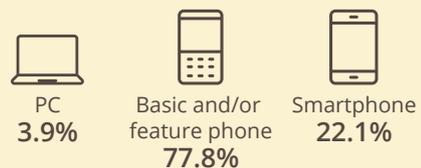
32
Secure servers per 1 million people

42
Postal reliability score

27%
Facebook⁷ (% of internet users)

Insight: Uptake of bank accounts is relatively high in Tanzania. However, platform activity is visibly constrained by low levels of internet penetration and a low associated score in the e-commerce readiness index.

Which devices do people own?⁸



Uganda: The digital platforms landscape

Uganda has 35 active digital platforms, which serve 42.8 million people. This positions Uganda sixth across our eight countries. Fourteen percent (14%) of the platforms that operate in Uganda are homegrown. The most common platforms are “shopping” and “freelance” and the least common platform classifications are “other” and “logistics/courier”. Ugandan platforms operated across seven sectors, of which the most common are transportation, retail and wholesale, and accommodation. The most prevalent payment acceptance mechanisms are bank accounts for providers and bank cards for consumers. Consumers access platforms predominantly through web-browsers and smartphone apps.

Highlights


35
platforms

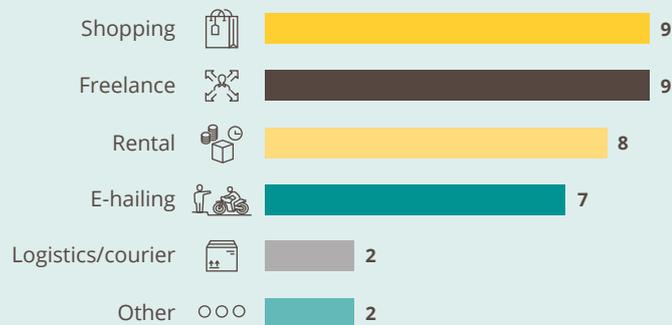

freelance & shopping
Most common type of platform


5
homegrown platforms

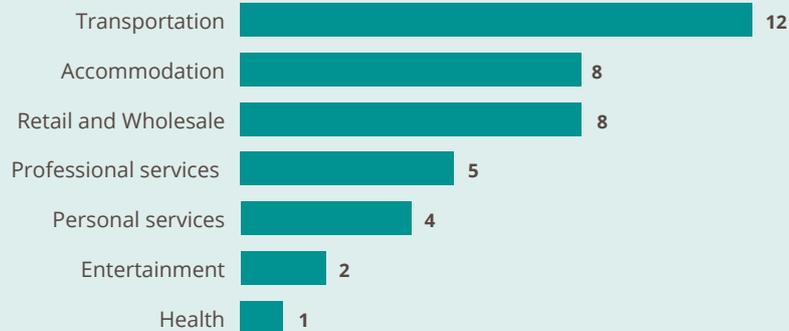

3
platforms offering additional financial services

Key platform characteristics¹

What are the types of active platforms?



In which sectors are these platforms active?



The following sectors have no platforms: agriculture, construction, education, finance, manufacturing, mining, real estate and utilities

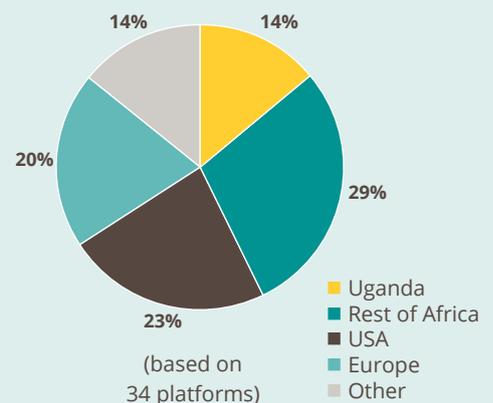
Sources:

- 1 *insight2impact facility, African Digital Platforms database (2018)*
- 2 *In constant terms based on 2010 prices*
- 3 *World Bank Doing Business*
- 4 *World Bank, Findex (2018)*
- 5 *UNCTAD, eCommerce Readiness Index (2018)*
- 6 *World Bank, Findex (2018), Finscope Uganda (2018)*
- 7 *Internet World Statistics (2017)*
- 8 *ITU, Measuring the Information Society Report (2017); Research ICT Africa, After Access Survey (2017)*
- 9 *Access to an account at a financial institution*
- 10 *Access to an account, including mobile money accounts*

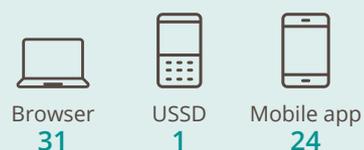


Insight: The Ugandan platform market originates primarily from other African countries, the USA or Europe. Homegrown platforms only constitute 14% of the platforms in operation.

Where do these platforms come from?



How can consumers access the platforms?





Insight: On a relative basis, Uganda has moderate levels of economic growth and low per capita income.



UGX
GDP
US\$28.6bn
(667 per capita)²

3.9%
economic growth²

69%
employment

57
Ease of Doing Business score³
(out of 100)

World Bank Development Indicators

Payment methods

	How consumers can pay ¹ (% of platforms)	How providers can receive payments ¹ (% of platforms)	% of adult population with access to these ⁴
Cash	41%	38%	100%
Account ⁹	15%	46%	33%
Mobile	44%	23%	51%
PayPal	26%	31%	Data not available
Debit card	79%	23%	17%
Credit card			2%

(based on 34 platforms) (based on 13 platforms)

Additional financial services

	Platforms that offer access to these services ¹	% of adult population with access to these ⁶
Insurance	2	1%
Credit	0	14%
Savings	0	13%
Digital wallet	1	Data not available

(based on 34 platforms)



Insight: Two platforms in Uganda provide insurance products to platform participants. One platform offers access to digital wallets.

Platforms' driving forces



UNCTAD eCommerce Readiness Index⁵
41.5
out of 100

59%
Access to accounts (% of adult population)¹⁰

17%
Internet use (% of population)

31
Secure servers per 1 million people

58
Postal reliability score

14%
Facebook⁷ (% of internet users)



Insight: About 44% of platforms allow consumers to pay using mobile money, while 41% of platforms allow consumers to pay using cash.

Which devices do people own?⁸



Zambia: The digital platforms landscape

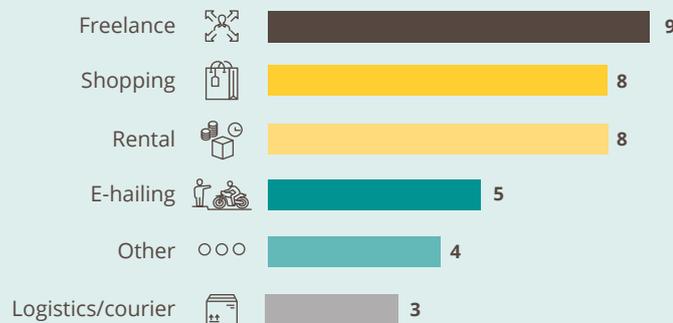
Zambia has 34 active digital platforms, which serve 17 million people. This positions Zambia seventh across our eight countries. Forty-four percent (44%) of the platforms that operate in Zambia are homegrown. The most common platform type is “freelance” and the least common platform type is “logistics/courier”. Zambian platforms operate across nine sectors, of which the most common sectors are transportation and accommodation. The most prevalent payment acceptance mechanisms are bank accounts for providers and bank cards for consumers. Consumers access platforms predominantly through web-browsers and smartphone apps.

Highlights

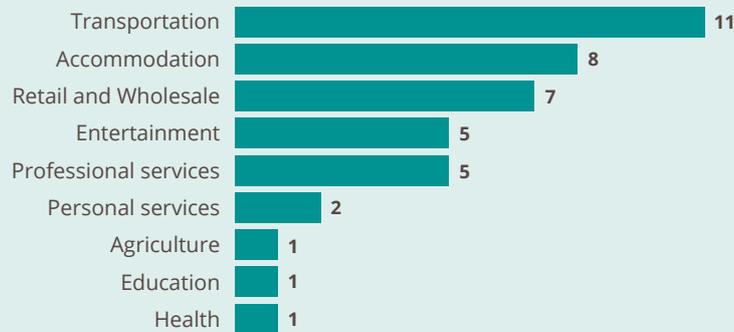


Key platform characteristics¹

What are the types of active platforms?



In which sectors are these platforms active?

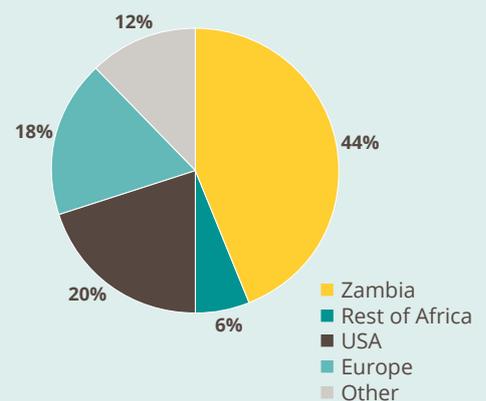


The following sectors have no platforms: construction, finance, manufacturing, mining, real estate and utilities

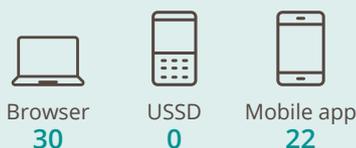


Insight: Half of the active platforms in Zambia are either homegrown or originate from other African countries.

Where do these platforms come from?

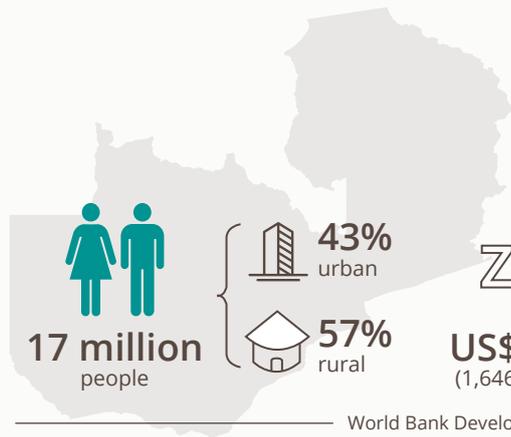


How can consumers access the platforms?



Sources:

- 1 insight2impact facility, African Digital Platforms database (2018)
- 2 In constant terms based on 2010 prices
- 3 World Bank Doing Business
- 4 World Bank, Findex (2018)
- 5 UNCTAD, eCommerce Readiness Index (2018)
- 6 World Bank, Findex (2018), Finscope Zambia (2015)
- 7 Internet World Statistics (2017)
- 8 ITU, Measuring the Information Society Report (2017); Research ICT Africa, After Access Survey (2017)
- 9 Access to an account at a financial institution
- 10 Access to an account, including mobile money accounts



Insight: Zambia has a relatively small yet significantly urbanised population and an average level of GDP per capita.

ZMK
GDP
US\$28.1bn
(1,646 per capita)²

4%
economic growth²

69%
employment

65
Ease of Doing Business score³
(out of 100)

World Bank Development Indicators

Payment methods	How consumers can pay ¹ (% of platforms)	How providers can receive payments ¹ (% of platforms)	% of adult population with access to these ⁴
Cash	30%	32%	100%
Account ⁹	18%	68%	36%
Mobile	36%	21%	28%
PayPal	48%	37%	Data not available
Debit card	91%	11%	20%
Credit card			4%

(based on 33 platforms) (based on 19 platforms)

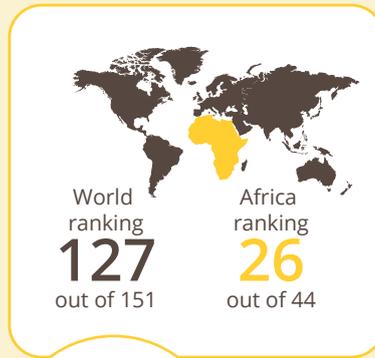
Additional financial services	Platforms that offer access to these services ¹	% of adult population with access to these ⁶
Insurance	4	2.8%
Credit	0	9%
Savings	0	14%
Digital wallet	1	Data not available

(based on 32 platforms)



Insight: Four platforms offer insurance to their participants, and one platform provides access to digital wallets.

Platforms' driving forces



UNCTAD eCommerce Readiness Index⁵
27 out of 100

46%
Access to accounts (% of adult population)¹⁰

24%
Internet use (% of population)

38
Secure servers per 1 million people

0
Postal reliability score

22%
Facebook⁷ (% of internet users)



Insight: Zambia has a relatively low e-commerce readiness rating. This is largely due to low levels of internet usage and a lack of postal reliability.

Which devices do people own?⁸

8.1%
PC

55.8%
Basic and/or feature phone

8.7%
Smartphone

Methodology for the systematic review of African digital platforms

1. Data collection

1a. Search criteria and duration of study

Between 26 June 2018 and 14 September 2018, we undertook a systematic review to identify multi-sided digital platforms (as defined in Box 1 of Section 1) that are operating in Ghana, Kenya, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia. Data was primarily collected through desktop research and, where data was not readily available through a desktop scan, email and/or telephonic surveys of platforms. Our desktop scan included web searches for platforms and, to ensure consistency in the search strategy across countries, a list of defined search terms³² was used to find and populate data for platforms operating in each country. The search terms were structured to identify initiatives that included the following three terms: the country, digital (virtual) platforms and type of platform, as shown in Figure 9.

Data on active platforms was primarily sourced from the websites of the platforms and

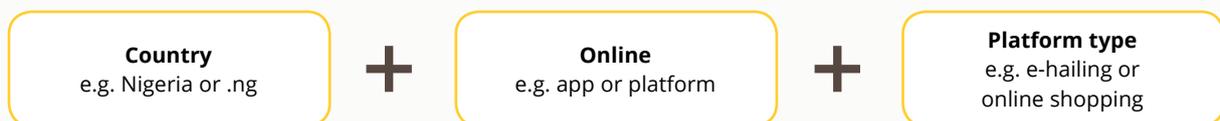
supplemented by social media pages (LinkedIn, Facebook, Instagram and Twitter) and, where available, platform applications in Google Play and Apple's App Store. The platforms identified were also contacted via email and phone survey in the period 22 October to 21 November 2018 to supplement the data, particularly for platform attributes that were not commonly available online.

1b. Information collected

We captured a range of characteristics for each of the platforms identified. Figure 10 shows the variables that were captured³³ along with a short description of each variable.

Entries were “multi-tagged”, or captured under more than one category where applicable, e.g. a digital platform that is categorised as online shopping may simultaneously be categorised as logistics/courier if this platform also matches delivery services. Similarly, on payment methods, a platform can offer a combination of various payment methods, e.g. cash and mobile money.

Figure 9: Search terms illustration



32 For a full list of search terms please contact our team at info@i2ifacility.org.

33 In addition to the variables shown in the table, variables we have limited information for and therefore do not report are sign-up requirements (for consumers and providers), sign-up fees (type and amount) and benefits or rewards (for both consumers and providers).

Figure 10: Information captured for each platform in each country of interest

Variable	Description
Platform name	The name of the platform
Countries of operation	The countries of operation: Ghana, Kenya, Nigeria, Rwanda, South Africa, Tanzania, Uganda and/or Zambia
Within-country limitations (cities)	Any city restrictions to operations with the country. Many platforms are limited to a few cities within a country. For example, Uber in Nigeria is restricted to Lagos and Abuja.
Country of origin	The country that the platform originated from
Launch year	The year that the digital platform launched. For some platforms this differed from their operational launch year, as the business was in operation prior to launching an online matching service. For example, Mr Delivery in South Africa operated for decades prior to moving to an online platform.
Weblink	The link to the official website of the platform, or social-media page if no website was available
Self-description	A short, often self-reported, description of the platform extracted from the platform website or social media page
Classification	A broad classification of the platform across the categories of asset sharing, product and/or service
Sub-classification	A narrow classification of the platform across emerging platform types: logistics/courier, e-hailing (including carpooling), rental, online shopping (goods only), online shopping (restaurants only), freelance and/or other (see Box 2 in Section 1)
Sector	A classification of the platform across traditional economic sectors (which are based loosely on standardised industry codes ³⁴)
Twitter handle	The Twitter handle of the platform, where available
Consumer payment method	Payment methods available to consumers on the platform: bank transfer, card, cash, mobile payment, PayPal, cryptocurrency and digital wallet
Provider payment method	Payment or payment acceptance available to providers: bank transfer, card, cash, mobile payment, PayPal, cryptocurrency and digital wallet
Does the platform offer additional financial services?	Does the platform provide financial services outside of payment options? (Yes or no)
What specific financial service(s) does the platform offer?	The specific financial service or set of financial services that the platform offers outside of payment options: savings, credit, digital wallet and/or insurance
Consumer interface	The interface that consumers could use to access the platform: mobile app, web-based and/or USSD
Provider interface	The interface that providers could use to access the platform: mobile app, web-based and/or USSD
Location tracking	Can and/or does the platform track the location of users? (Yes or no)
Open API	Does the platform offer an open API? (Yes or no)
Availability of platform application	The online location where users can download the platform application: Google Play, Apple's App Store or Microsoft Store

34 http://www.statssa.gov.za/classifications/codelists/Web_SIC7a/SIC_7_Final_Manual_Errata.pdf



Data collation and database format

Data was collected by country for each of the focus countries. This data was then aggregated across the eight countries and concatenated per variable. This was done using the name of the platform as a unique identifier for each platform. In this way, we avoided double-counting platforms that are operational across more than one of our focus set of countries.

If a platform was categorised as having a specific attribute in at least one of the countries, this information was included in the central database per unique identifier. This approach limited potential loss of granularity in the data collected for each variable under consideration. There are two exceptions to this principle: Firstly, for the launch year of the platform, we utilised the earliest year registered across all countries in populating the central database. Secondly, the classification and sector of platforms were required to be the same in different countries. This restriction was to ensure consistent application of these variables as the nature of platforms was not expected to change in different countries.



How to find us:

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