

# Namibia joins Africa's mobile phone banking boom

Namibia is among the few African countries with money account penetration greater than 10%, a study done by rating agency Moody's Investors Service said. Namibia's penetration is 48% while that of South Africa is 58%.



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In terms of the percentage of use of mobile accounts by those over 15 years, Namibia ranked 10%, Kenya just below 58% and Uganda 38%. Namibia has a penetration of 60% in terms of adults with access to financial services.

## Technology the root of expansion

Moody's noted that the rapid expansion of mobile banking technology has driven an increase in access to formal financial services. According to the World Bank, about 34% of adults in Africa now have a bank account with a formal financial institution, up from 24% in 2011. Among countries around the world where the share of adults with a mobile money account is greater than 10% of the total, all are in Sub-Saharan Africa.

Moody's said Africa has seen the world's fastest rise in people opening new bank accounts, fuelled by mobile phone banking. Kenya has the highest level of people with mobile phone bank accounts, with Uganda, Tanzania, the Ivory Coast, Zimbabwe, Botswana, Rwanda and South Africa all well-positioned to benefit from mobile money growth.

The report said the fast growth of mobile phone banking across Africa has driven an increase in access to financial services and has the potential, with time, to boost economic growth and create opportunities for banks to expand across the continent, Moody's Investors Service said.

## Financial inclusion benefits

"Mobile phone banking technology is helping to include more and more people in sub-Saharan Africa into the formal financial sector and the economy more broadly. This has the potential to support sovereign credit quality in the region, whether the result of a more financially resilient population who are able to maintain a steady contribution to domestic demand and economic growth, or a healthier, more profitable banking system," said Rita Babihuga, a Moody's AVP analyst and co-author of the report. "Low levels of economic development are a key constraint on credit ratings in sub-Saharan Africa."

Sub-Saharan Africa is experiencing the world's fastest rise in new bank accounts, fuelled by the growth in mobile banking. About 12% of adults in the region had a mobile money account at the end of 2014, compared to just 2% globally, according to World Bank figures.

For banks, a stronger macroeconomic environment offers greater opportunities for growth. "Mobile phone technology also allows banks to target new customers directly with minimal transaction and overhead costs and without an extensive network of branches" said Constantinos Kypreos, Moody's vice president, senior credit officer and co-author of the report. Banks are also able to boost their revenues by offering users access to a wider array of banking products on the mobile platform.

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