

African digital platforms and the future of financial services



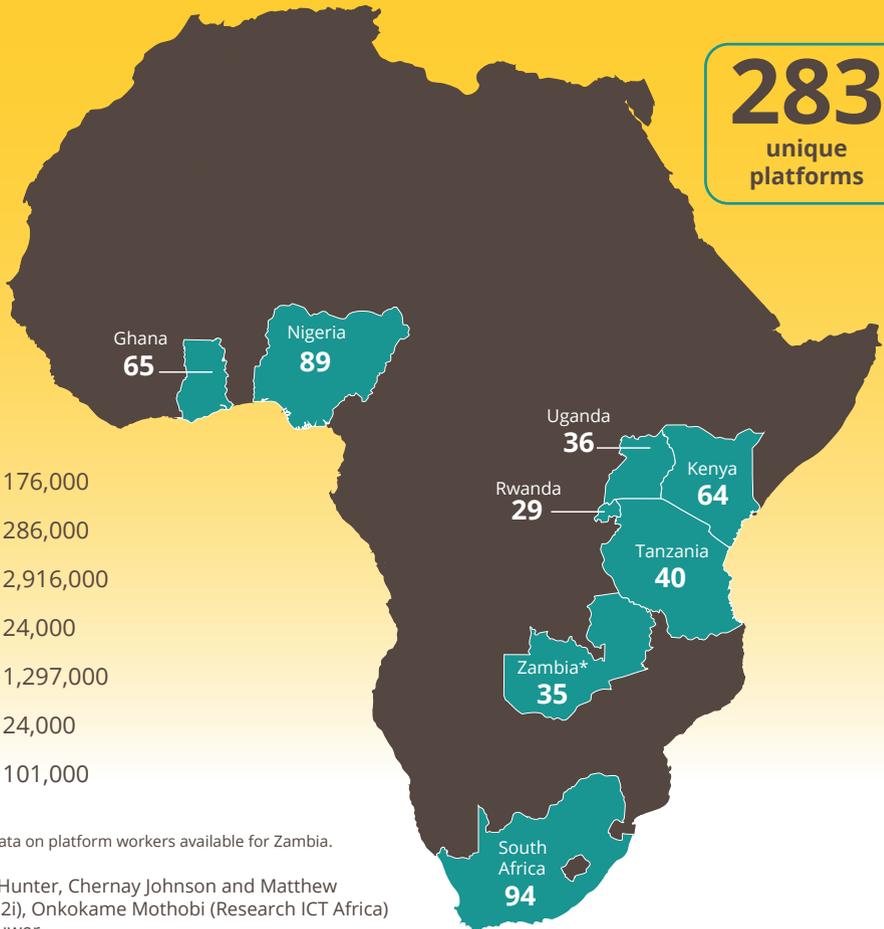
4.8
million
platform
workers

Ghana:	176,000
Kenya:	286,000
Nigeria:	2,916,000
Rwanda:	24,000
South Africa:	1,297,000
Tanzania:	24,000
Uganda:	101,000

*No demand-side data on platform workers available for Zambia.

Authors: Renée Hunter, Chernay Johnson and Matthew
Dunn (i2i), Onkokame Mthobi (Research ICT Africa)
Design: Lisa Bruwer

Sources: i2i, African Digital Platforms database (2018); Research ICT Africa, After Access Survey (2017)



Types of digital platforms

Online Shopping (goods)

Description: A virtual marketplace that enables consumers to directly access and purchase products displayed by vendors over the internet. This is limited to goods and grocery items.
Well-known example: Jumia

Online Shopping (restaurants)

Description: A virtual marketplace that enables consumers to directly access and purchase food items or meals displayed by restaurant or fast-food vendors over the internet
Well-known example: Uber Eats

Other

Description: Does not fit into any of the other categories
Well-known example: Expedia

Rental

Description: Facilitates the exchange of spare capacity and demand, allowing consumers access to a product or capital asset for an agreed period
Well-known example: Airbnb

Logistics/courier

Description: Connects customers to service providers for the delivery or distribution of a parcel or consignment from one location to another
Well-known example: Delivery Bros

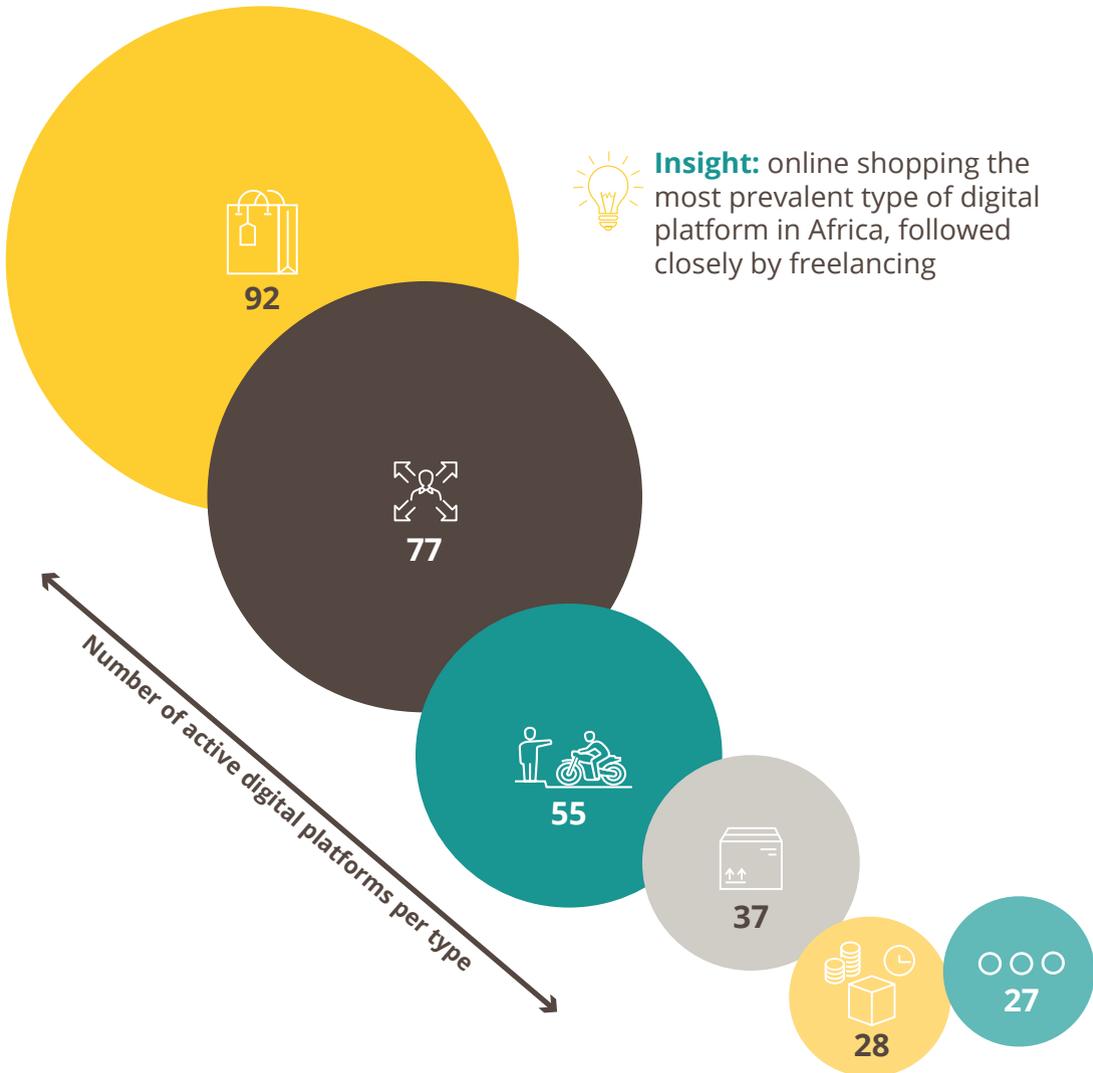
Freelancing

Description: Connects employers and freelance workers
Well-known example: Upwork

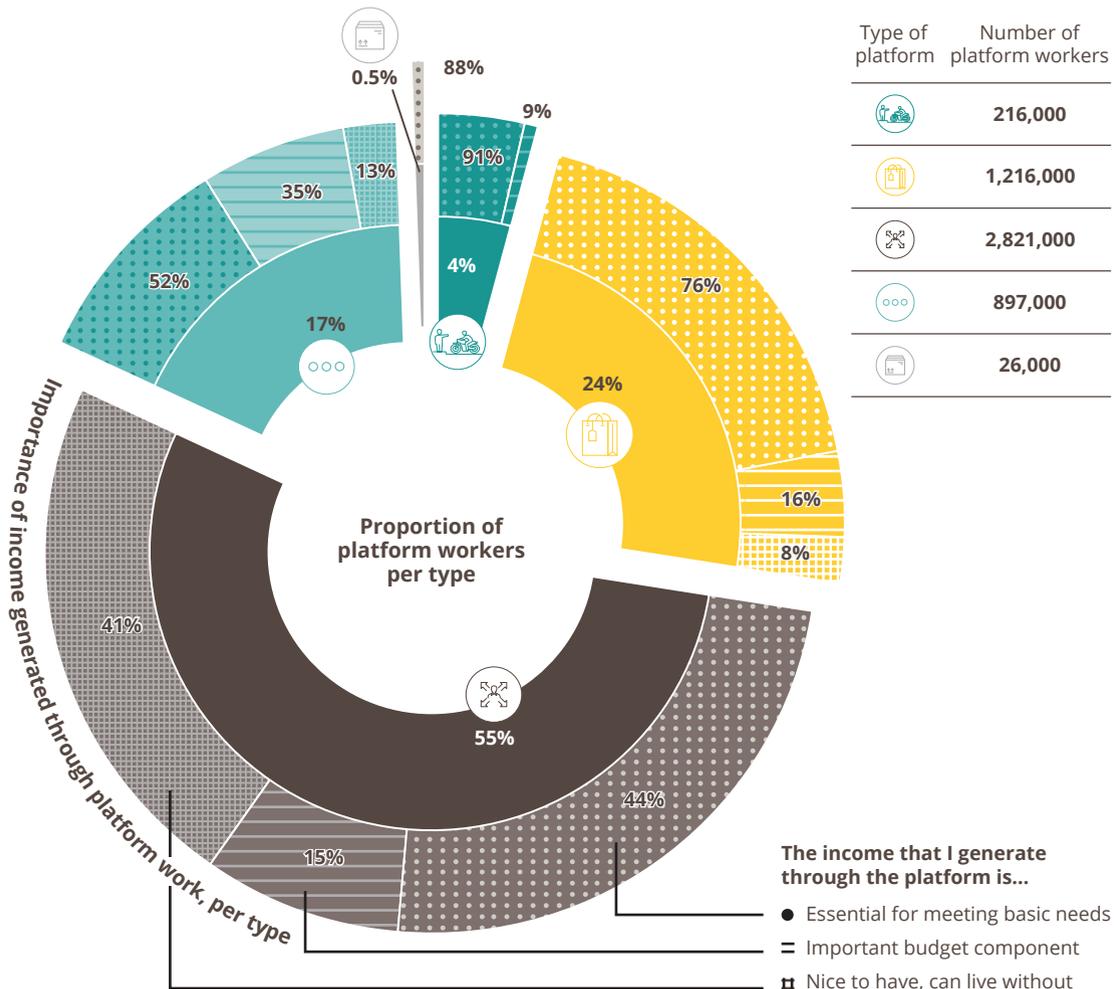
E-hailing

Description: Connects passengers and local drivers of cars, taxis or any other form of transportation using virtual devices such as a computer or mobile device
Well-known example: Uber





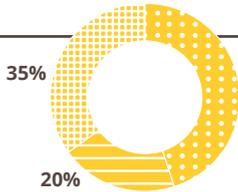
Source: i2i, African Digital Platforms database (2018)



Source: Research ICT Africa, After Access Survey (2017)



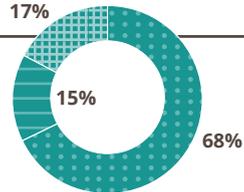
Insight: platform workers evenly split across gender, but with significantly different characteristics



45%

The income that I generate through the platform is...

- Essential for meeting basic needs
- ▬ Important budget component
- ▣ Nice to have, can live without



17%

15%

68%

The platform worker

54%
Male



Most common platform used:

Freelance



Most common level of education
Tertiary (Bachelors)



72%



14%



37%

Most common platform used:

Online shopping



Most common level of education
Secondary



81%



20%



67%

46%
Female



The non-platform worker



Most common level of education
Secondary



41%



19%



29%



Most common level of education
Secondary



30%



17%



22%

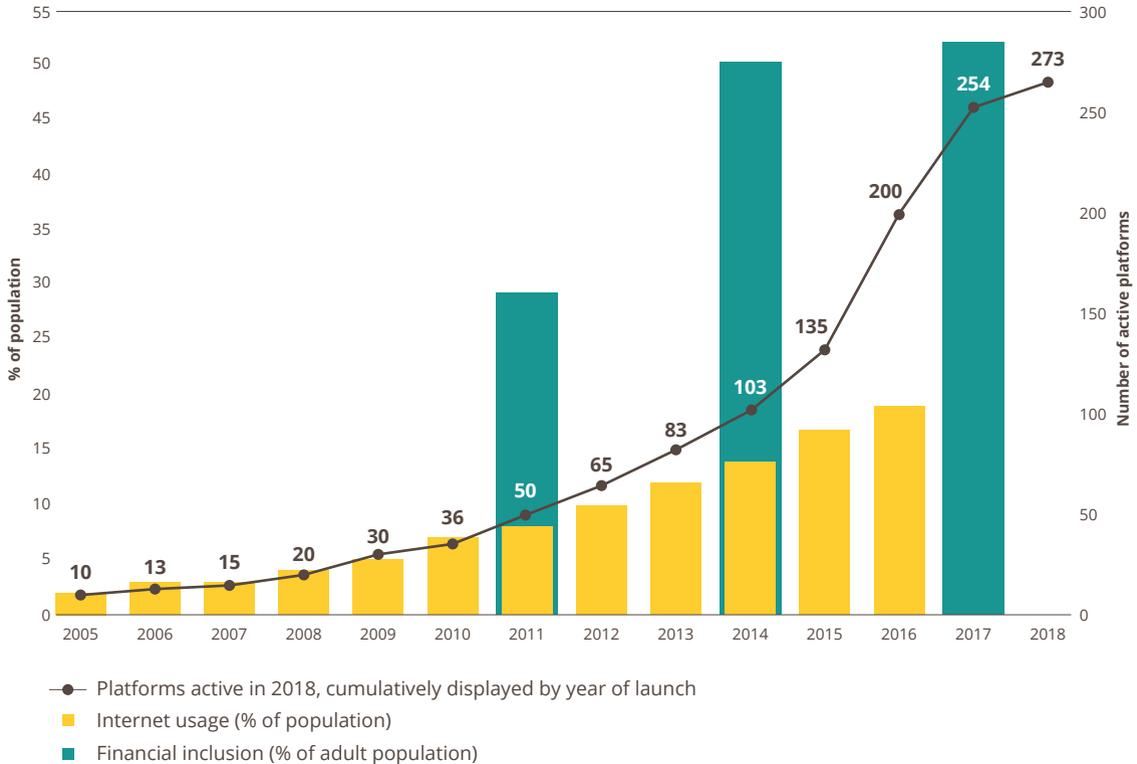
% with access to account

% with access to mobile money

% owning a smartphone



Insight: increasing financial inclusion, internet penetration and launches of platforms



Data aggregated across Ghana, Kenya, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia
Launch year unknown for 10 platforms

Sources: i2i, African Digital Platforms database (2018)
World Bank, Findex (2017)
World Bank, World Development Indicators



Insight: opportunities to close financial barriers to platform usage



Cash



Bank transfer



Mobile payments



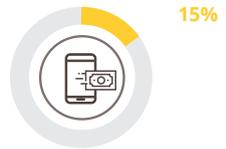
Debit card



Credit card



PayPal



Digital wallet

- Accessed by % of adult population in focus countries
- Provider payment methods utilised by % of platforms

Data available on 163/283 platforms
No demand-side data available on PayPal and digital wallet usage

Sources: i2i, African Digital Platforms database (2018)
World Bank, Findex (2017)

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In partnership with



communications@researchictafrica.net
@RIAnetwork
researchictafrica.net
+27 21 447 6332

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i2i African Digital Platforms database: Definition and selection criteria

Definition

Multi-sided¹ Digital Platforms (MSPs) are a virtual space (the “platform”) that facilitates direct interactions between consumers and providers² of goods and services. For example, Jumia: A prominent Pan-African platform and virtual marketplace, which derives value primarily from connecting multiple buyers and sellers of products. Jumia facilitates payments for goods purchased and observes the transfer of monetary value and subsequent completion of transactions.

Additional selection criteria

We applied various criteria for identifying and capturing the MSPs in our study. Our criteria are summarised as follows:

1. The platform must operate within the eight focus countries considered: Ghana, Kenya, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia.
2. A platform should monitor the completion of transactions or observe the transfer of value.³
3. A platform should have a limited matching intention.⁴
4. Re-seller platforms⁵ are disregarded.
5. Our focus is on platforms that operate within the real economy, i.e. platforms that facilitate the exchange of tangible goods, services and labour, rather than the provision of financial services.
6. Platforms are considered active if they were operational at the time that desktop research was conducted.⁶

Research ICT Africa After Access Survey: Methodology

The 2017/18 Research ICT Africa After Access Survey is a nationally representative survey that was conducted in 10 African countries, including Ghana, Kenya, Nigeria, Rwanda, South Africa, Tanzania and Uganda.⁷

1 Multi-sidedness in this context relates to a platform that is able to connect more than two distinct sides in an interaction. Depending on the attributes across all matched sides, an MSP can simultaneously fall under a number of different classification types.

2 Consumers and providers are distinct user groups affiliated with the platform. A consumer will engage with the platform to find a good, service or opportunity for asset sharing. Providers seek to exchange goods and services or to rent out assets across the platform for monetary compensation.

3 Observability of transactions on the platform among user groups allows platforms to charge fees per transaction (Filistrucchi, et al., 2014).

4 The matching intention is the maximum number of units of an item that a producer can exchange at a given time. YouTube and Netflix are examples of platforms that have an unlimited matching intention, as one video can be consumed by an infinite number of people (Moazed, 2017).

5 Re-sellers are firms that sell their own product or service directly to consumers or buy products or services from third-party providers and re-sell them under their own name. They do not enable direct interaction between these parties but rather act as a middle-man between them (Haigu & Wright, 2011).

6 Desktop research was conducted between 26 June 2018 and 14 September 2018.

7 Other countries covered which are not part of this study are: Lesotho, Mozambique and Senegal