

Digital finance 'vital for Africa'

The prevalence of cash in sub-Saharan African economies continues to fuel financial exclusion, preventing small businesses from accessing credit and driving inefficiencies at government level, says Daniel Monehin, MasterCard's division president for sub-Saharan Africa.

BUDAPEST - Giving people access to financial services products, such as savings accounts and insurance policies, does not go far enough to attend to financial inclusion, which requires looking at the entire ecosystem, Monehin said at the MasterCard Innovation Forum in Budapest, Hungary.

The widespread use of digital finance could boost the annual GDP of all emerging economies by 6% - or \$3.7-trillion - by 2020, according to research released this month by the McKinsey Global Institute.

About two-thirds of the increase would come from improved productivity as a result of digital payments, the study found. It said digital finance would boost lending and save governments \$110bn a year by cutting leakage in spending and tax revenue.



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Monehin said the launch of Masterpass QR by Ecobank Nigeria would enable merchants to better keep track of business volumes and revenues, in turn boosting access to credit.

Masterpass QR enables users of the platform to pay for online and in-store purchases by scanning a QR code on their smartphones, or entering a merchant identifier into their feature phones.

A number of other Nigerian banks were at various stages of testing the application, he said.

MasterCard was also working with governments in Kenya, Rwanda, Nigeria and Ghana to digitise their payment receipts. Changing mindsets remained the biggest obstacle to the uptake of digital payments, he said. "Governments need to see electronic payments as a tool for development."

nZiady was a guest of MasterCard at the Innovation Forum.

Source: Business Day

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