

NEW LANDSCAPE STUDY HIGHLIGHTS PROGRESS IN FINTECH REGULATION IN SUB- SAHARAN AFRICA

CAMBRIDGE, UK, November 25, 2021 /EINPresswire.com/ -- The Cambridge Centre for Alternative Finance (CCAF) at the Cambridge Judge Business School today published the [report](#) of findings from its “FinTech Regulation in Sub-Saharan Africa” study, which provides one of the first overviews of the regulatory landscape in the region, assessing where sectoral and cross-sectoral regulatory frameworks have been established.

With foundational funding from the UK’s Foreign, Commonwealth and Development Office and support from FSD Africa, the study focused on regulatory frameworks for payments, e-Money (including Mobile Money), international remittances, peer-to-peer (P2P) lending and equity crowdfunding (ECF). Additionally, the study identified existing frameworks for important cross-sectoral themes impacting FinTech, such as data protection, cybersecurity, open banking, financial consumer protection, anti-money laundering and electronic Know-Your-Customer (eKYC).

The report, which is the first in a series of three regional studies, draws on structured interviews with regulators, previous data from CCAF research (Global COVID-19 FinTech Regulatory Rapid Assessment Study & Regulating Alternative Finance) and a primary review of regulatory frameworks in Sub-Saharan Africa (SSA).

Most notable amongst the findings were that 35% of sampled jurisdictions have a framework relating to the regulation of P2P lending – with a further 15% of jurisdictions planning to introduce one. This compares to 58% of jurisdictions in the Middle East North Africa (MENA) region and 72% in the Asia Pacific (APAC) region that have a regulatory framework for P2P lending.

Similarly, 34% of sampled jurisdictions in SSA have a regulatory framework for ECF, which is relatively low in comparison to MENA (77%) and APAC (78%). Despite this low coverage, there has been notable growth of ECF frameworks from 12% of jurisdictions in 2019 to 34% in 2021. Further, 33% of sampled jurisdictions stated that they were planning to introduce a regulatory framework for ECF.

Establishment of frameworks for the regulation of e-Money in SSA is more prevalent with all sampled jurisdictions confirming that this was in place. This is, in part, confirmation of the leading position of SSA in the development and adoption of e-Money.

In terms of the cross sectoral frameworks, of the jurisdictions sampled, the SSA region has only two open banking frameworks (with a further five planning to implement) and ten covering eKYC (with a further five planning implementation).

“Across Sub-Saharan Africa (SSA), regulators have responded to the rapid growth in the FinTech market through a range of regulatory innovation initiatives and bespoke FinTech regulations,” says Robert Wardrop, Co-Founder and Director of the CCAF. “Timely data on emerging regulatory approaches to FinTech, as presented in this report, allows for more effective regulatory benchmarking and knowledge sharing between regulatory practitioners and the wider FinTech ecosystem.”

“The FCDO is delighted to partner with the Cambridge Centre for Alternative Finance (CCAF) to support their work on financial innovation and regulatory environments,” says Moazzam Malik, Director General Africa, Foreign, Commonwealth & Development Office. “Effective and enabling regulation is critical to promote innovations that reach the financially excluded and help accelerate economic growth.”

“Regulators in SSA are increasingly appreciating the role that FinTech plays in supporting policy and regulatory objectives, not only in relation to financial inclusion, but inclusive economic development more broadly,” says Juliet Munro, Director Digital Economy, FSD Africa.

“Understanding this current state of innovation-focused regulatory activity is certainly helpful to FSD Africa as we advance our financial sector deepening work in the region, as I’m sure it is for many others working in this field.”

“It is clear that the COVID-19 pandemic has accelerated changes in the efforts of regulators to create an enabling regulatory environment,” says Dr Alexander Apostolides, MENA-MED Regulatory Researcher at the CCAF. “This shift can be attributed to the substantial growth in FinTech transaction volumes and customer acquisition in the SSA region during the pandemic – which in some FinTech verticals it was higher than the global average.”

Regulators do see FinTech as supportive in terms of financial inclusion (76% considered it supportive), market development (52%) and the adoption of digital financial services (52%), but 40% of regulators in the Sub-Saharan African (SSA) region perceived increased consumer protection risks related to FinTech during the pandemic (far higher than the global average of 13%).

The study further identified hurdles faced by regulatory authorities when establishing frameworks and innovation initiatives. SSA regulators reported that obstacles in forming regulatory frameworks include limited technical skills (reported by 75% of surveyed regulators), lack of clear mandates, and limited resources (reported by 65% and 50% of regulators respectively). For regulatory innovation initiatives specifically, the identified challenges included coordination with other agencies (55%), reprioritisation of resources (41%) and difficulty with external communications (41%).

Copies of the “FinTech Regulation in Sub-Saharan Africa” report can be downloaded freely from <https://www.jbs.cam.ac.uk/faculty-research/centres/alternative-finance/publications/fintech-regulation-in-sub-saharan-africa/>

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Notes to editors:

About the CCAF

Driven by its mission to “create and transfer knowledge addressing emergent gaps in the financial sector that supports evidence-based decision-making”, the Cambridge Centre for Alternative Finance (CCAF) is a research centre at the University of Cambridge Judge Business School. Established in 2015, the CCAF has 40 full-time staff and researchers and is dedicated to the study of technology-enabled and innovative instruments, channels, and systems emerging outside of traditional finance. The Centre has published 40 high-impact industry and regulatory reports and surveyed more than 5,000 FinTech firms in over 185 countries. The CCAF has also collaborated with more than 120 regulatory authorities and central banks worldwide on FinTech regulation and regulatory innovation research. Through its Cambridge FinTech and Regulatory Innovation (CFTRI) online education programme, the Centre has successfully delivered online capacity building and education to more than 1200 regulators and central bankers from 300 institutions in over 140 jurisdictions. The CCAF has now deepened its regional research activities with embedded teams in Sub-Saharan Africa, the Middle East and North Africa and the Asia-Pacific Region through the establishment of its Cambridge Alternative Finance Collaboration Network (CAFCN), a cross-regional and multi-sectoral FinTech knowledge network funded by the UK Foreign Commonwealth and Development Office (FCDO).

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