FITSPA ANNUAL FINTECH CONFERENCE 2021

THEME:

BUILDING A SAFE AND REGULATED ECO-SYSTEM

COMPREHENSIVE REPORT

September 2021

[1]Preamble

The Financial Technologies Services Providers Association (FITSPA) is an independent non-profit member based association founded 4 years ago. The Financial Technologies Services Providers Association (FITSPA) is the umbrella body for fintechs in Uganda with over 190 members to-date. FITSPA aims at supporting Uganda's fintech community by creating a conducive environment to stimulate innovation in the financial services sector.

It works to increase access to affordable financial services through ICT for the promotion of sustainable financial inclusion.

FITSPA's operations are centered on 3 core values i.e.

- **Community:** It brings together diverse parts of fintech community to encourage open dialogue, collaboration and communication.
- **Innovation:** Promotes learning from one another to address the communities we serve
- **Policy address:** It creates a unified voice for the Uganda fintech system to engage varying stakeholders on policy and regulation.

In the recent past FITSPA has been able to build partnerships with all sector regulators across the board that have increased its capacity to serve the members. It has bridged the talent gap through partnerships with different stakeholders.

The FITPSA Annual Fintech Conference 2021 - "Building a safe and regulated eco-system"

As an organization in its infant years, the Association hosted the Africa Fintech Festival in November 2019, which was attended by fintech member states under the Africa Fintech Network under the theme. *"The Role of Fintechs in Africa's Digital Economy."* In September 2020, FITSPA hosted yet another successful Fintech Symposium, a gathering that facilitated the discussion amongst stakeholders on the National Payments System bill, shortly before it was passed. On 8th September 2021, the Financial Technologies Service Providers Association (FITSPA) hosted the "FITSPA Annual Fintech Conference" under the theme, "*Building a Safe and Regulated Eco-system."*

The conference converged stakeholders within the industry to primarily discuss:

- How fintechs can better navigate the shifting landscapes.
- What strategies will help businesses embrace and drive transition to a digital economy while unmasking the power of technology?

The Conference provided a platform for open engagement and knowledge transfer as well the strengthening of the indigenous fraternity in the wake of the exponential growth witnessed in the industry. Stakeholders highlighted the need for the fintech community to further entrench itself by taking advantage of the opportunities that are continually presenting themselves in the form of challenges and gaps in delivery of services to the market. The FITSPA Annual Fintech Conference proved instrumental in reviewing progress, registering growth and consolidating efforts to explore and entrench the indigenous fintech industry. Connections were made and collaborations expanded as minds met.

The FITSPA Fintech conference maintained a hybrid approach with some panelists who are able to be present physically at the venue for their respective sessions coming in, while others delivered their sessions online. The discussions were informative and the time accorded was sufficient for speakers to deliver their thoughts and also talk back to participants who shared questions online.

About the Event
The FITSPA Annual Fintech Conference 2021 was held at the Addis Room at the Kampala Serena Conference center with a break out room in the Press Gallery.

Attendance
400 participants logged in via Hubilo conferencing platform to follow the proceedings. Pre-registration and timely sharing of the log in details enabled participants to take part in discussions on-line and the virtual exhibition.
FITSPA Annual Fintech Conference featured 40 speakers comprising of FITSPA members and representatives from the broader fintech eco-system within the region. All discussions were structured into 8 panel sessions delivered in an 8 hour program. These were complimented by 3 key presentations and 2 moderators, Michael Niyitegeka and Rukh-Shana Namuyimba who ably steered the discussions.

Communication
The FITSPA Annual Fintech Conference communication was channeled via social media platforms, mainly twitter, in collaboration with partner support, under the hashtag #FINTECHUG2021. Over the period of the event, the channel witnessed organic growth and authentic following Britain, North America, South Africa and Asia with most falling under "Business development" category.

Bonuses
Upto 20 new members signed up to join the Association as a result of the conference.

FITSPA ANNUAL FINTECH CONFERENCE 2021

THEME:

BUILDING A SAFE AND REGULATED ECO-SYSTEM

1 DAY VIRTUAL CONFERENCE

8TH SEPT 2021

9AM - 5PM

THE FITSPA ANNUAL FINTECH CONFERENCE 2021 HAS BEEN ENABLED BY:

MTN MoMo

UNCDF Unlocking Public and Private Finance for the Poor

aBi

Yo! YO UGANDA LIMITED

Interswitch

RAXIO The data centre company

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SMILE IDENTITY

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FITSPA Chairman and General Manager, Interswitch Group, Peter Kawumi officially opened the FITSPA Conference 2021 whilst the sessions were managed by different panel moderators but mainly by Michael Niyitegeka and Rukh-Shana Namuyimba.

Highlights

FITSPA prides itself in a 190+ membership, the majority of which are Fintechs actively serving customers in Uganda. Ever since it was established 4 years ago. FITSPA has grown to a membership of 160 members. The members come from pool of different operators in the industry who believe that to be able to achieve their work, they have to work hand in hand.

As an organization, FITSPA exists to bridge the gap between the fintech community, partners and the regulators. In the past year, FITPAS prides itself in having built partnerships with the industry players, banks, insurance companies and other key stakeholders to seek out collaboration, build partnerships and pursue investment opportunities.

2020 was the year the world was largely hit by the covid-19 pandemic and Uganda was not spared. The effects of the pandemic were both positive and negative. They manifested as challenges but also as opportunities. Covid-19 presented us with both challenges and opportunities in the fintech space. There was loss of business on one side and the other side we had a lot of innovations coming through. Notable among them was the increase in digital payments which were taken up by the people.

FITSPA lobbied for the development of policies that would guide players in the fintech space. This includes the long awaited National Payment Systems Act 2020, which finally came through. The Central Bank worked in partnership with FITSPA to make sure that the regulations that were presented in the bill, which has since March 2021 passed to become an act have the interest of the industry at heart. This collaboration between the regulators together with FITSPA has improved our relationship.

FITSPA will continue working with Central Bank to help more members to get regulated now that the act is in place. By the time of the conference, only 5 of the fintechs had been fully licensed. However, there was overwhelming support from the Central Bank to help more fintech that require to be regulated.

The fintech industry is on a growth trajectory regardless of the current environment of the ecosystem.

With the National Payment Systems Act 2020 in place, the playing field was levelled. Investors should now have confidence in the systems in which their businesses operate well knowing it is regulated.

As the organization takes on its 5th year, the chairman of FITSPA promised dedication to protect the interests of the parties concerned. These include the consumers, fintechs and the regulations.

Keynote Address

Ken Njoroge, Co-Founder & Director, Cellulant Corporation

Highlights

Regulation is good for the FINTECH space. However, innovation always comes before regulation. Regulators should always keep the same mind-set that if you are going to be able to build an ecosystem that is safe, it must be thriving and it is always a balance between keeping the financial systems safe , keeping the consumers safe and allowing space for innovation. We need to understand the mindset of the regulators. If you are going to regulate, regulate what you understand. Regulators should keep an open mind because the fintech keeps evolving. The sandbox model is good. The different regulators need to come together to publish common sandboxes. The fintech industry has grown beyond payment platforms. That will create engagement that creates a strong relationship between regulators and fintechs.

The fintech ecosystem cannot grow without the entrepreneurs (Talent). They are the engine of growth. They need to operetta in an enabling environment. The talent pool needs to understand what scale looks like but should also be able to build it from the trenches and from the ground up. There should be mentoring and mentoring frameworks that will groom the right talent fit for the job. Talent is as important. There is a great need to build an environment of able and knowledgeable people especially managers. That is why we need hubs to be supported.

In the past, there has been little to no capital raised from Africa. Most fintechs raise their capital from America and Europe. Africans need to come into the mix. African capital is tied in real estate. The pension funds should come and play in the fintech space too. There is a lot of unused money that needs to be brought out of the funds into the fintech industry. 50% of the next capital needs to come from Africa for the fintech ecosystem to blossom. Bodies need to be incentivized to invest in such areas other than the real estate.

It is important that fintechs work together. There is no growth in isolation. Fintechs should take associations like FITSPA serious. As the industry grows, more associations will come on board but for now, there is need to be organized. That is how regulators will give you attention. Today there are about 400 fintechs, five years from now, the number could have doubled. This is the best time to build the foundation for the current players and those that are yet to come. That time in the future should find the fintech space already organized.

Panel Session 1:

Topic: Focus on National Payment Systems Regulation

Panelists

Mackay Aomu, Director National Systems Payments Dept., Bank of Uganda

Wilbrod Owor, Chief Executive Director, Uganda Bankers Association.

Edith Kutesa, Managing Director, MCash.

Questions:

- How do supervisors exercise appropriate oversight over the rapid growth of fintech?
- The current licensing and regulatory sandbox. What does it mean and whom is it meant for?
- How does Bank of Uganda intend to keep an eye on Fintech innovation trends and their impact on economic growth, analyzing and assessing the risks of new innovations while also delivering regulation and carrying out best practices for the financial sector? How are you going to do all this?
- How is the new regulation influencing bigger players like banks who manage the larger customer numbers to collaborate with start-ups who steer the innovation?
- We would like to see more mentorship roles from the established financial institutions for fintech start-ups. How do you suggest this is achieved? How do we build a mutually beneficial eco-system where we can support each other, fight for each other and not against each other?

- What has your experience in getting the license?
- As a business entity, what are the real tangible benefits of acquiring and operating under this license?

Moderator: Michael Niyitegeka

Highlights

Before, fintechs had the opportunity to do what they desired because the ecosystem was new and every player did as they pleased. The regulators had no idea on how to handle fintechs. This is why the Central Bank pushed for the National Payment Systems Act (NPSA) which was passed in 2020. NPSA was made to guide the fintechs on how to safely play in this space. It is in the interest of every fintech to take keen interest in reading and understanding the act.

The intent of NPSA is to have an orderly conduct into the payment space. It guides one on how to operate, what they are expected to do and how they can exit. It makes it easy for the fintech to design in line with the law. You can no longer say you did not know when the act is now in place.

The National Payment Systems Act is not only targeting fintechs. It is for all the regulators and players in the space. It covers banks, MBIs and all issuers of electronic money.

NPSA is an opportunity by the Central Bank for fintechs to streamline their operations and processes and to reorganize themselves. This has been a missing link as different players went by their own rules. And for the lack of regulation, it was hard to call them out.

Regulation always comes with obligation. FITSPA has to take it upon itself to make sure that its members take this into account. Regulation comes with standards which they are supposed to meet. This is in addition to creating a profile that shows their contribution through job creation, tax and other multiplier enablers.

In all this, fintechs should not feel threatened. The regulators especially the Central Bank come with good intentions. The regulations are there to help, guide and build the fintech ecosystem as well as the entire line of the payments systems. It is as good for the fintechs as it is for the consumers and regulators at the same time. Trust the regulator and they will deliver on it.

Panel Session 2:

Topic: The Role of Fintechs in the Financing of National Development Priorities & the SDGs

Panelists

- Gerald Begumisa, Managing Director and Co-Founder of Yo-Uganda Limited
- Aiaze Mitha, Fintech / Digital / Blockchain advisor and investor. Digital Ambassador to UNCDF. Board Member. Co-Founder at CoqonutCC.
- Doreen Lukandwa, Vice President, Global Enterprise, MFS Africa.

Moderator: Richard Ndahiro Inclusive Digital Economy Expert, UNCDF Uganda

Highlights

Covid-19 pushed for more innovations and increase in the use of online platforms. However, there are still so many gaps in the payments systems. The challenge at hand is that the online payment solutions are competing with the offline payments which are considered seamless. Whereas there are still gaps in the payment systems especially offline payments, online payments are still considered time consuming. Cash transactions are almost instant. There are diverse opportunities to create instant offline electronic payments on the market.

Every business is looking for customers. Through collaborations, fintechs can reach more customers. Fintechs enable the customers to have choices. However, to achieve this, one may need to build partnership across the line. For example mobile operators and insurance companies to offer mobile insurance.

It is one thing to acquire a subscriber and another to retain a user. Users need a reason to use a given service. For this to happen they need to have information. They need to find a reason to stay and to use your product. This calls for people centered innovation. Fintechs play the role of the enabler. That way, the customers will be willing to work with you. The platforms should be able to connect more than one service providers for the user to have options.

No fintech can do it on their own, they need development partners especially for fintechs involved in long term innovations. Partnerships are very important. They bring the ability to de-risk ventures which fintechs cannot deal on their own. Most fintechs are profit driven and are more likely to make mistakes that might drive them out of business. With development partners on board, fintechs are able to stay in business, to stay innovation.

The government pays a big role in consuming fintech solutions. They are enabled to hire staff for a long term which means they are able to pay more taxes. Fintechs and government ought to work together. Fintechs will be motivated to know that they have government support not only as a customer but also to promote their solutions across the region.

Fintechs are knowingly or unknowingly contributing to the achievement of SDGs especially on poverty, education and health. Fintechs are in unique positions to create solutions in positions to create solutions in areas it was not possible before. For example solutions that leverage micro transactions. Solar energy is one example that has been taken as a pay as you. For every MSME, you are for an addressable market, customers. To be able to reach all these customers there will need to be collaboration.

Fintechs have become enablers. The best example is school fees payment where parents have since been liberated from queuing up at banks. They now pay school fees online including fractional payments and seamlessly. That way, fintechs are able to provide business beyond cash.

Panel Session 3:

Big Data, Open APIs & Security

Panelists

Chris Lukolyo, Digital Country Lead, UNCDF Digital.

John Mark Ssebunya, Head Fintech Architecture, MTN Group Technology.

Roselyn Najjuma, Country Head, Transaction Banking, Standard Chartered Bank

Arnold Mangeni, Director, Information Security, NITA

Ali Hussein, Chairman, Kenya Fintech Association.

Questions:

- What is the role of development funds such as UNCDF in catalyzing secure innovation and financial inclusion?
- From a privacy perspective, where are the missing gaps in mapping and scoping of the Ugandan fintech ecosystem and how can we close those gaps?
- What has been MTN's experience with open APIs and lessons you can share with fintechs?
- What's MTN's game plan to harness Big Data in mobile financial services and what complementary roles can fintechs play in the various processes you are executing?
- How is the journey to branchless/digital banking coming along? And what has it meant to your digital transformation journey as a bank?
- How has your entity positioned information security and privacy as part of its innovation strategy and what is the role of the consumer in this process?

- What are the latest updates on implementation of the Data Protection and Privacy Act, 2019 and what does this mean for the fintech ecosystem?
- How can the fintech association/community partner with NITA-U to drive infosec compliance and ease of doing business in a symbiotic manner?
- What are some of the recommended best practices you would recommend to balance innovation and regulatory interests in early stage ecosystems like Uganda?
- What has been the Kenyan experience of big data and open APIs as innovation catalysts for fintech players in Kenya?

Moderator: Silver Kayondo, Lawyer and social entrepreneur; Technology, innovation, Venture Capital & Private Equity fund, Ortus Advocates

Highlights

There is need for the players to have open APIs so that users can be able to access them publicly. This will highly reduce on time to value. Before people had to travel to get the API owner locations to have access to the API details, this is convenient for the users. People should not wait for a year to do what they want to do today because of technology.

There is need to invest more in big data. Many times financial services use big data to serve communities in cases where there is no collateral. Data breaches need to be talked about and addressed the more. We are still in early days when it comes to data privacy but is going to be major concern going forward especially in Africa. We all must understand the data dynamics of environments we play in.

Risk is one element we cannot afford to do without. There are different risks which come with serving the corporates and different risks when it comes to SMEs. Even among fintechs the risks differ. That calls for a solid discussion on risk especially at a bigger level like FITSPA

We need to innovate for the SMEs. There has been a lot of innovation for consumers, we need to move to the SMEs. SMEs are very pertinent to the growth of the economy. There is need to digitize the supply chain of

SMEs. Covid caused a lot of disruptions but not much digitization had been done in the SME space.

The fintech landscape keeps changing. What is available today is not what was available yesterday. The landscape keeps evolving. There are (security) challenges which calls for always working together. This is what innovators should take time to understand. There is need for innovators to have time to understand the policy environment to guide them on their innovations.

In the fintech space, innovation always comes before innovations. This calls for regulators to understand the innovators and also the innovators to understand the regulators. FITSPA exists to largely bridge this gap but every player has a role to play. Regulators are more interested in protecting consumers than innovators. Regulators ought to understand that most of the innovators are young and hungry entrepreneurs who may not know why it is important to regulate innovations. The best example is the National Payments Systems Act. FITSPA pushed for better regulations, but it should be the responsibility of each member to read and understand the act.

The future of the economy growth is based on the partnership between the key players, that is; fintechs, actors and the regulators. There is need to unlock various constraints a mantle that various stakeholders have taken on and should continue pursuing. The youth, women and refugees are integral members of society who should not be left behind. Fintechs can extend services in places where traditional services providers may not be comfortable. There is need to innovate for more of such access.

There is need to have a holistic look at innovation. Today, what we mostly have is balkanization of information. Innovation, like the internet, is no longer borderless. This is seen through internet consumption in different countries. For this to be solved, there is a need to have continuous conversations and answer the WHY. That way, consumers will be protected and the tech ecosystem will grow.

Every time you digitize, there is less money to spend. There is a big opportunity in the SME sector if the fintechs can innovate for them. We should look at how open APIs to can enable more innovations for SMEs. There is need to have the right data which can only be availed by fintechs and NIRA. That way, more growth shall be registered.

Panel session 4

Topic: National IP Policy, Data Storage & Data Privacy

Panelists

Stella Alibateese, National Data Protection Director, NITA

James Byaruhanga, General Manager, Raxio Data Center.

Mercy K Kainobwisho, Registrar General, Uganda Registration Services Bureau

Maxime Dieudonne, Co-Founder, Safeboda

Questions:

- The Govt of Uganda has recently released the Data Protection and Privacy regulations 2021; what can you tell us about these regulations and who should know about them?
- Many innovations are being built by fintechs in Uganda but many may be oblivious of the need to register/patent these innovations. What would a fintech need to know about innovations and intellectual property?
- How is Raxio supporting sector players to comply with all these changing regulations and ensure safety of consumer data?
- How does data management improve overall governance and control of an organization?
- How do you embed data privacy in your overall product strategy?
- How do you reduce the chances of error in data management and privacy of customer information?

Moderator: Josephine Olok, Co-Founder & Director, LumJo Consultants

Highlights

You can only protect and distinguish your product by having it registered with URSB which is the Intellectual Property local office. Intellectual property is an asset. You have to protect it. URSB register does not have so many fintechs registered as IP.

Fintechs, in most cases rely on analyzing and utilizing lots of and in most cases it includes personal data. The law provides certain rights to data subjects. Fintechs collect personal data before they provide a service. However they much be accountable, transparent and protective of all the data they collect.

URSB gives protection to inventions and works of creativity to all intellectual properties. When the inventions are made, they are taken subjected to inspection and protection. IP is attributed to the human ingenuity. It comes in different ways. Fintech can be protected under patent. Patents are innovations which are new. Many fintechs skip the stage of registering for IP.

Part of the regulations point into the sovereignty of data. Fintechs should be able to comply with the regulations. We can no longer afford to be unavailable. We provide 7 layers of security for our data.

The future is more data centric than infrastructure centric. For you to stay afloat, you must be able to collect data. In addition to that, if you have a certified facility for data privacy. Every fintech should have a private policy that shows the type of data they collect and why they need it.

Fintechs should be compliant. They should be registered with the Data Protection Office. The certification should be publicly available. Registration is very important. Whoever collects data has to register.

Data is very essential. It should be very well protected. There are rules governing data therefore, one should be used well. Data is the new oil but it has to be used appropriately lest it becomes the new oil.

Fintech is the biggest disruption in the country. Its growth is promising. It should be taken serious not in the geeky or startup space but rather as a massive pillar that is changing things. This is the space to be. While competing with each other, we need to work together, fintech should be taken seriously.

FITSPA should help the members with a toolkit when it comes to data privacy. There is a lot of legal advice that is needed when it comes to data. This will help in protecting the customers.

Train your staff to know the regulations on data. Self-regulation is very important especially for the customer. Compliance should be voluntarily done. FITSPA should work together with the various regulators who will guide on the compliance.

Panel session 5

Topic: Emerging Technology: How the diversity in Technology is shaping the digital economy

<u>Panelists</u>

Moses Rutahigwa, Head, Consumer, Private & Business Banking, Standard Chartered Bank

Noha Shaker, Vice President Africa Fintech Network/Digital Innovation Lead, FSD Africa

Andre Van Zyl, Co-Founder Clic.world

<u>Questions:</u>

- Technology means a shift in the way an organization handles its business, both internally and externally. Moses, the bank has, in many ways, led the industry in digitizing many of the operations your customers would typically come to the branch for. How are your customers responding positively to this shift?
- What are the real threats and opportunities for businesses that are embracing technology?
- Noha – With the dawn of new business models: Is there room for diversity?
- What structures need to be in place to support women in tech?
- What do Artificial Intelligence, Machine learning and IoT mean for financial services?
- Andre, how can Financial Service Players navigate their changing roles in the market: the need for banks to play a greater role in the customer's digital eco-system and also feature in the platform space. Can they play both roles satisfactorily?

Moderator: Henry Kevin Wava, Sunbelt Holdings Ltd

Highlights

Banks need to realise that the ecosystem has changed. Fintechs have focused on closing the gap of being customer focused. This is something that banks need to pay attention now. Customers are looking for multipurpose services. Banks need to evolve to provide more than just banking if they are to play competitively in an ecosystem that is lifestyle driven.

Today, the customer is global. They require the same standards wherever your service operates. You have to get to a place where you build a one for many platform. The customer will be able to enjoy the benefits wherever you are. Only then can you improve your service.

Previously, banks were not for everyone but that has changed because of technology. Technology is inclusive. Technology presents the opportunity to serve everyone. Unlike before, there were spaces for example where women were underserved, technology has since bridged that gap. 80% of the growth that is going to be achieved on the continent in the next 10 years is going to be driven my M/SMEs. This is where the opportunity is.

It is no longer about competition, all financial institutions are going to need tech solutions because their clients are going online. Fintechs will offer the service of collaboration.

For the very first time in very many years, the attention has shifted to customers. Fintechs are customer focused. Initially banks were mainly profit driven but now they have to focus on the customer. They have to be part of the customer's life.

The evolution that banking is undergoing is massive and bankers have to adjust. More clients need financial services, a real need for affordability is key. Banks have to play in both the platform and ecosystem market.

Affordability and accessibility are key for the future of banking. Bank charges are a thing of the past. Customers want something cheaper and accessible. But to the banks, it is 30 times cheaper to serve clients digitally than it would physically. Value is what the client wants.

There is a great need to revise the models. Instead of farmer coming to the bank, the bank should got the farmer. A group of 1000 farmers can become a micro bank. With the technology at hand, one only needs to embrace it and apply. The future of the banking industry is in social economic financing.

For anyone to be an industry leader, they have to be ready and willing to learn. Technology will help with closing gaps that exist. Always be willing to find a solution. Always look forward, not just winning the game.

Presentation:

Disruptive Leadership by Dr Haruna Mawanda

Highlights

Disruptive leadership is about seeking to develop competitive advantage. It is the leadership that seeks to see a forest and not a tree. It associates itself with the way people think and not how things are done. We need to spend time solving problems which have not yet happened. Focus on what the organization can become rather than what it is now. Often times, we are fixing broken pieces. Disruption is about fixing problems which are not yet existing.

For you to lead others, you have to know yourself. You have to lead with confidence and humility. If and when you know yourself, can you lead yourself. Lead with action and reflection. Until you can lead yourself, can you lead your team. Once you can lead a team, you can lead a business. And once you can lead a business, you can lead the industry. For you to get here, you will be ready to unlearn, learn and re-learn.

You need to release the past where our strategies have focused on protecting, defending and growing your status quo. There is no more need of defending the current cash cows. You cannot hold on something we see is failing. Fintech is coming in, you need to embrace it.

Shift from protect and grow and turn to partner and extending. At team level you need to subscribe to the 4P Principle where we are persistent, patient, persevering and passionate about everything we do.

Disruption is the new normal, what are those disruptions that as a leader, individual possess? You need to become your own disruptor. Disrupt yourself or someone else will.

Panel session 6

Topic: Digital Identity and KYC

Panelists

Stephen Mutana, Managing Director, MTN Mobile Money Uganda Limited.

Mark Straub, Co-founder and CEO Smile Identity

Lucrezia Biteete, Consultant at Laboremus Uganda Ltd, D4D Hub Senior Expert GIZ.

Questions:

Many sector players are leveraging new technologies to improve their onboarding and interaction with customers. Businesses are treading new terrain e.g. with loan facilitation to customers using digital platforms. Because of the potential, it's an area that is growing fast.

- How do businesses ensure they are doing it properly? What are the opportunities that exist for businesses that get the KYC right?
- How do we offer customers more security and comfort to transact using digital channels?
- How does customer feedback look like in the digital world?
- How to digitize the customer experience with KYC and anti-money laundering Innovation?
- What is the emerging role of digital identity verification in KYC, anti-money laundering and on-boarding customers?
- How do we use RegTech to improve anti-money laundering and financial crime risk; screening, sanctions and reduce false positives?
- How do we create digital ID for Inclusive development?
- What must be gotten right with user interfaces?

- When is it best to automate and when is it best to have human interfaces in managing user experience? How do you strike a balance between too much or less?

Highlights:

Every business has a beginning and there is a (human) process of growth which should be validated. Too often we are always presented with technology as a silver bullet. Tech is only as good as the humans that interact with it. Capacity building is key for both the customers, the banks and the design/ user experience.

For any organization to be as customer centric as possible, it should not give up on improving on its innovation both on the customer side and in the back end. The principles should be in place to be able to validate a source of truth.

Companies have to shift their attention to digital processes to make up for the 3 Ps; people, process and paperwork. Digital processes are the way to go. Users don’t have to fill many forms or have to recall so many passwords. They want ease and speed.

Digital ID is not only about verifying identity. It covers for signing in for e-banking platforms and authorization. More services rely on this digital ID infrastructure.

There needs to be rules and a vetting process on who accesses the information of digital IDs. This governance structure need to be done and done well.

The digital ID is a multibillion business of its own that, if well handled, be a great income stream for the ID authorities.

Customer safety starts with the customer. There is need to deal with digital literacy and the general literacy. There is a lot of education around PIN that has to be done for customers especially in languages they understand.

So much of security is about design. You are only as safe as your weakest link. You have to build with these checks in mind. Once you have a functional ID system they become accessible and useful.

Access to KYC comes with a responsibility. It has to be done in the auspices of the Data Protection and Privacy Act. The player must work within these boundaries. They have to be compliant and produce a sustainable service.

Keynote on Funding & Capital for Fintech by Patrick Mweheire, Standard Bank Group Regional Chief Executive

Highlights

There has never been an urgent need for skill like it is today. Fintechs often times work is small and fragmented spaces.

Fintechs need to raise risk capital to be able to improve their investment climate.

Local fintechs face very larger competitors like banks and telecoms.

In the recent past, there was been more innovation around payment platforms and remittances. Close to half a million dollars. This is followed by lending and financing. It's time to innovate around other areas like insurance and block chain technology.

The covid-19 pandemic opened up more funding than there has ever been before. It is an opportunity that needs to be harnessed. Before most of the funding was going to South Africa, Nigeria, Tunisia and Kenya.

Fintechs should go back to the drawing board to repackage their pitches. Funding is available but the pitches to attract it are lacking. African unicorns include: Jumia, Interswitch, Fawrie and Flutterwave and Chipper Cash

The fintech opportunity areas in Uganda are digital scoring platforms to ease underwriting, Online market places like Jumia and Xente, online digitization savings and savings plans, mobility like uber and safe boda, health tech solutions, agrictech solutions, SACCOS and digital saving platforms.

Panel session 7

Topic: Funding & Capital for Fintech: Shared Experiences & Strategies

<u>Panelists</u>

Pardon Mujakachi, Vice President Strategy & Partnerships, Chipper Cash

Mark Mutaahi, Managing Partner, Bid Capital Partners

CK Japheth, Co-Founder, The Innovation Village

<u>Questions:</u>

- What is the importance of financial inclusion as a value proposition, when a start-up is positioning itself for funding?
- What other factors have led to the success of ChipperCash?
- A study on capital and funding in African start-ups ranked Uganda no.6 by share of funding rose between 2019 and May 2021 and projected this to continue to rise.
- What lessons can we learn from other regions like West Africa, Northern Africa or even Kenya about attracting funding?
- The venture capital scene has grown phenomenally; start-ups that took up-to 10 years to score funding are turning this around in 3 years on average after start-up, with fintech leading ahead of health tech and others. What do you think has brought about this shift in investor confidence that we are seeing?
- Japheth – In-order to attract funding, some businesses have changed their visions and business models in-order to meet investor expectations. To what extent should a business change its model to suit investors' needs or "bend over backwards" to be able to qualify for funding?
- What are the key factors to consider for investor readiness?

Moderator: Rashmi Pillai, Executive Director, FSD Uganda

Highlights

Every business succeeds on a certain advantage. Fintechs need to combine their ambition with execution. The fintech should be able to demonstrate their vision can be demonstrated. That way, they are able to attract the right talent.

Whatever you are planning to take to the market must be able to convince the funder

The ecosystem is not going to build itself. Hope is not a strategy in this case. Building the angel network is very slow. But to get to the point, it has to start with what we have. Local investment has been happening but in a different language. Today, there are investment clubs that are willing to become local investors.

Until we have enough local angel investors, the foreigners will always determine the outcome of their investment. On the contrary, having local investors gives confidence to the foreign investors to come too. There is need for local angel investors investing in local enterprises.

If you don't have understand the right type of funding you need, you will spend time running around to the wrong investors. As you build your fintech, surround yourself with the right details. Know the right policies and the law. Do not waste time in the wrong place.

Entrepreneurs need to know that the investment they are seeking is earned money. They should be knowledgeable and humble. They should be able to articulate what they the money need will do.

Raising money is not an achievement rather, it is an obligation. You need to understand what obligation you want and are ready for. Plan well to look for the money as well as getting the work done. Create value, it's what speaks about your readiness and attracts the investor.

As you innovate, solve a problem for your customer.

Panel session 8

Topic: The Role of the last mile in digital transformation

Panelists

Stella N Lugalambi Chief Executive Officer, Hamwe East Africa

Emmanuel Emodek, Chief Executive Officer, Chap Chap

Vincent Tumwijukye, Chief Executive Officer, FutureLink Technologies

Twesigye Brian, Business Development Manager, Uganda Central Co-operative Financial Services Ltd (UCCFS)

Questions:

- Why is there more attention being drawn to the "last mile" phase of digital transformation?
- Do fintechs need to pay more attention to last mile interventions in order to realize more lasting customer conversion?
- What are the key last mile elements of digital transformation that fintechs should adopt into their business models?
- How are you supporting start-ups to deliver on non-core business functions?

Moderator: Ann Marie Mwaka Sabana, Head of Business Development, aBi Finance

Highlights

Fintechs need to understand the challenges of the people they are innovating for. Once you have understood, you will be able to design and develop the right solutions for these people. Digitizing for the farmers on ground helps with improving the service for the last mile. Fintechs should focus on what the customer needs and design a solution in that line and not what the investor is willing to put in money.

The private sector needs to focus on the people doing the work in the communities. Those are the women and the youth. They need to be the ones to access the services because they are the ones who do the work. It has to be a deliberate effort.

Access to credit has been identified as a more compelling driver to fintech than convenience regardless of what cost it comes with. But if we don't address affordability we won't be able to have sustainability.

Digital-phobia is a real problem in the last mile. Today, there are agents who encourage farmers to make use of their phones for the service. It is one way of de-risking the farmers and turnaround their transformation.

There is need to appreciate that when you talk about fintech, you are equally talking about digital inclusion. It is the key enabler of that transformation. The essence of fintechs ought to be financial empowerment of the people which should begin with cost reduction of maintenance infrastructure.

There is need to have affordable fintech software. Previously fintechs have focused on convenience which ends up being costly for the last mile. Most people in the last mile cannot afford the fintech costs.

Fintechs should have a social impact in their work. Monthly costs limit farmers from using platforms. The costs should be reduced because they are not necessary. That way there will be more users of the platform. Today, using production records, farmers are able to access credit in form of input.

Majority of businesses are able to access credit without collateral. It is important to keep up with technology, once it leaves you, it may be hard to catch up.

The last mile are the majority in the country but they need to be helped to move forward. Without systems, there cannot be transformation.

Closing Remarks

The FITPSA Annual Fintech Conference closing remarks were delivered by the Representative of the Deputy Governor, Richard Byarugaba who emphasized that the fintech community that the Central Bank is interested in the work of Fintechs and that regulation is in the best interest for all actors. He reiterated the fact that the fintech office at

Central Bank is open for all fintechs and aims to being of service to the fintech space.

He highlighted that data integrity and privacy are key and should be upheld. He mentioned that a national switch is in the offing to help with the efficiency of regulation for fintechs. He mentioned the need to continue to strengthen collaboration between the Central Bank and Fintechs.

Highlights

BOU has played the role of both promotion and regulation but also ensured safety efficiency and risk management. Regulation is important for all actors; consumers, providers and the economy.

BOU has built ecosystem trust which has enabled the investment and partnership opportunities for fintechs

The fintechs innovation office at BOU that guides fintechs on regulation and licensing is open to anyone. It has all the answers relating to the regulation.

Fitenchs should take the liberty to be duly informed about the regulatory sandbox framework

Fintechs should also interest themselves more with the National Intellectual Property Policy, Data Privacy and Data Storage elements

The Central Bank through the Central Bank Digital Currencies (CBDCs) is working on creating an atmosphere where emerging technologies can find a fair play ground.

BOU will establish a national switch to support retail payments ad to engage MDAs to increase broadband coverage

BOU will foster innovations, competition and consumer protection and scale up digital financial literacy of the population

The Central Bank is committed to strengthen arrangements with fintechs, Supervised Financial Institutions (SFIs), Government MDAs and Development Partners.

Comprehensive Report: FITPSA Annual Fintech Conference 2021