

CASE STUDY:

Tanzania Bank Realizes Its Financial Inclusion Objective Using Innovative Digital Solutions

*“Our strategic partnership with FMO FinForward program and association with FINCONNECTA helped in identifying and delivering **Bank-Genie™**, an innovative and quick to market digital transformation solution in record time. This is a game changer for us and a signature product for the Bank and establishes visibility in the Digital space of Banking in Tanzania. We are optimistic of this innovative offering which enhances the market presence and accessibility of banking services to a larger audience through simplification of banking access and contributing to the financial inclusion objectives of the country.”*

---- Baseer Mohammed, CEO of I & M Bank (T) Limited

Mission-critical Digital Transformation

I&M Bank Tanzania is wholly owned subsidiary of I&M Holdings Limited, a publicly quoted company at the Nairobi Securities Exchange (NSE). I&M is a strong and well-reputed Tier 2 bank offering a full range of corporate, SME and retail banking services. With increasing competition and only eight branches, I&M Bank's Board and Senior Management team formalized the strategy to transform themselves digitally and embrace FinTechs to help them enhance their services and expand their product offerings.

The scope that the Board and Senior Management identified covered seven focus areas, ranging from payments and collections, to automation of loan applications for SME clients. Among such, customer acquisition was identified as the top priority. In order to tackle various hurdles present while providing a superior banking experience to clients, I&M Bank Tanzania joined the FinForward program sponsored by FMO and executed by FinConecta. The program offered the Bank not only a technology platform to integrate with third-party FinTechs, but also provided strategy and learning tools. I&M Bank expressed that they aspired to drastically acquire more customers to deepen their reach and provide indispensable financial services to people in the rural areas, at the lowest possible cost of acquisition and servicing. As such, the solution needed to circumvent the cost from a traditional model.

The Innovative Agency Banking Model

The agency banking model is not new. It originated in parts of the world where formal banking infrastructure was lacking. It has gained popularity in India, Kenya, West Africa and many more thanks to its cost-effectiveness. After evaluating I&M Bank's imperatives, FinConecta came up with a branchless banking strategy for I&M Bank. This would allow I&M Bank to leverage a network of authorized agents as an extended arm of the bank and provide financial services at customers' doorstep. The agents use a secure app on an electronic device to onboard customers, perform KYC and basic financial transactions. I&M Bank recognized the model had

massive potential to help them realize their financial inclusion goal and received approval from the Central Bank of Tanzania to carry out the project.

Borderless FinTech Partner

Contrary to the traditional mindset that FinTech partners are best to be formed within the same geography, FinConecta's platform enables banks to go borderless and successfully connected I&M Bank with Bank-Genie™. Bank-Genie™ is a FinTech partner based in Singapore who provides a comprehensive and complete Digital Transformation Suite, that can be deployed modularly, to scale as business grows and matures. They provide the micro banking application which is the critical tool for agents to onboard new clients, verify their identities with one single API call to Tanzania's national ID system (NIDA), check balances, and perform cash-in and cash-out for clients. The combination of biometrics and one-time password feature ensures extra security for clients' identity access and management. The geo-location and the reporting module gives I&M Bank's management team easy access and central management of agents, reducing fraud and risk rates. By tackling the security and cost concerns, the agency banking model has huge potential in increasing penetration of financial services in the deeper pockets in Tanzania.

The partnership with Bank-Genie™ through FinConecta's platform is just I&M Bank's first step towards the borderless approach. The second project, a partnership with Finnovation Labs based in Dominican Republic, is expected to go live in the following weeks which will directly address the automation of loan, remittance and central account opening processes.