

The Big Five in a Technology Safari

Mobile banking, Blockchain, AI, IT Modernisation and? Wait, is Physical Banking the 5th one? Africa has, for long and quite-deservedly, been brave about exploring the wild forests of banking innovations and on-ground solutions that fit the region's limitations and untapped opportunities to the T. How do you make sure you stay gutsy, relevant and on the right track in such a region? How do you make IT your navigator when you want to be the top pan-African bank? **Johnson Idesoh**, Group Chief Information and Technology Officer at Absa Group takes us around and gives a peek on what customers here are actually hunting for.

By Pratima H

A Mckinsey report shows that customer acquisition costs in Africa are higher than revenues per customer. And the Global Findex report from World Bank shows that sub-Saharan Africa has only 55 per cent adults in the formal banking system (the global average is 76 per cent)? Is digital banking there inclusive for all age-groups and demographics? It is important to note that there is no 'one-size-fits-all' approach when it comes to some of the unique Pan-African issues we face. Simply stated, issues and opportunities vary from market to market. For example, if one considers the complexity of the South African situation, it remains one of the most unequal countries on Earth – for some segments of society using technology to transact conveniently is non-negotiable. For others, there is no substitute for the tangibility of cash.

Broadly across the continent, a lot of ground needs to be covered in creating a universal and inclusive banking system. Financial institutions have a lot of work to do in order to build on the progress made thus far, which has led to 49 per cent of our African population joining the formal banking sector between 2011 and 2022. Digital solutions are critical in enhancing financial accessibility; however, challenges still persist across the countries with differing levels of infrastructure development, including internet and mobile phone networks and ultimately connectivity. These factors have contributed to what we are seeing in terms of the differing levels of acceptance of digital banking across Africa. One has to realise that the factors influencing differing levels of acceptance of digital banking across Africa are not just complex but are also interconnected. Infrastructure quality, economic conditions, regulatory frameworks,



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financial literacy, cultural attitudes and market dynamics – all shape the distinct banking environments in the countries and digital adoption.

Can you help us understand some unique issues, opportunities and regulatory aspects of the Africa



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region for your industry? Specially on mobile network issues, financial literacy and on-ground efficacy.

In regions characterised by widespread mobile adoption but limited traditional banking infrastructure, innovations like mobile money and app-based banking solutions have become essential in enabling millions to access financial services for the first time, fostering financial inclusion, boosting small and medium enterprises, and accelerating economic growth. Such advancements are directly aligned with the African Union's Agenda and Digital Transformation Strategy, which envisions the continent achieving parity with the global community as an integrated e-economy and information society.

East Africa was one of the areas in the world to pioneer mobile money, this has become more ubiquitous across the continent. Today Africa is home to 12 of the world's economies in which more adults have only a mobile money account than have a traditional account with a bank. This now extends into mobile payments where merchants, often small sole traders, rely on low-cost point of sale solutions to run their businesses.

What is Absa going through right now- what's exciting, what's challenging and what's confusing, if anything, in the tech-age, context and place that the bank is presently in?

Absa, as a Pan-African bank, will continue to build an ecosystem centred on customers to make

banking available and affordable to more and more customers, both retail and businesses. We have partnerships with telcos that extend the breadth of financial offerings to loans, insurance. For example, we have mobile wallets and pioneer low-cost point of sales solutions such as Absa Pay and MobiTap. All broaden financial inclusion using technology to lower the cost to service. We go further with programs like the one we run in Zambia where our innovation hubs offer locations for the community to increase their digital acumen; the programs on offer cater to school learners all the way to SME customers of the bank.

How is digital banking shaping up in this region?

As long as banks service individuals in dynamic

markets like many in Africa, there will never be a universal solve. Each customer's financial situation is unique and the transactional relationship between banks and customers will vary quite substantially. While many transactions can be performed via a bank's digital and self-service channels, as bankers we need to understand that some customers simply prefer to bank in a branch. While working towards migrating them to self-service platforms, catering for both digital and physical banking customer needs, holistically, is the smarter route to go.

Absa recently signed a multi-million dollar contract extension. What were the highlights of the 17 years with LTIMindtree? What were some main challenges, lessons and outcomes that you can reflect upon?

Pursuing constant innovation and adopting sustainable technology practices through collaborative partnerships remain key focus areas for Absa. Underpinning this is a strong commitment to leveraging internal expertise while bringing in external resources to create effective solutions. One such partnership is with LTIMindtree, which Absa has now extended for five years. Since establishing the partnership, LTIMindtree has already helped Absa achieve a 40 per cent improvement on performance in its programme management, analysis, and data migration in key services, while maintaining 100 per cent platform availability in recent years. It is important you have partners whose purpose, values and objectives align with your own and you maintain these at the most senior levels in both organisations.

Was it easy to undergo digital transformation at the scale you did- where exactly did technology from LTIMindtree help?

It is important to note that the macro environment in the context of digital banking in Africa is shifting rapidly. Africa is continent of 1.4 Billion people, with an average age of 19, it is a young digitally native population. We are seeing a surge in digital dependencies that bring both tremendous opportunities and heightened vulnerabilities. Against this background, LTIMindtree has proven to be an instrumental partner on Absa's digital transformation

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journey. Significant progress has been made over the last few years in achieving market-leading operational stability and delivering new technology stacks in core business units across the continent.

Will this underline modernisation and core banking in particular?

The five-year extension arrives amid the Group’s ongoing efforts to continuously upgrade core banking systems, enhance digital channels and platforms, and implement innovative fintech solutions to continuously improve customer experience, streamline processes, and enhance operational efficiency.

Going forward, the partnership will also advance the use of cutting-edge technologies such as Generative Artificial Intelligence, machine learning, and data analytics to improve service delivery and customer engagement.

As the first bank in Africa to join the R3 Consortium, what has your journey with Blockchain been like?

Absa’s journey with blockchain started in 2016, when we were the first bank in Africa to join the R3 Consortium which was established with numerous Global Banks to collaborate on developing blockchain solutions for the financial industry. In that same year, Absa facilitated one of the first blockchain-enabled cross-border trade finance transactions, which proved the technology can dramatically reduce time, effort and cost of trade transactions.

After a brief pause in working with blockchain technologies while we safely separated the Absa business from Barclays Plc, we picked up again in 2020 to create a blockchain-based digital identity platform that enables the verification and sharing of identity information among Absa and its customers and partners.

Absa was one of a number of participants in the South Africa Reserve Bank (SARB) project Khokha, where we developed a cross border payment solution with blockchain, and this was pivotal in us starting to further develop our skills and infrastructure to learn and scale our ambitions. Creating awareness and educating our colleagues on blockchain use-cases and

opportunities has accelerated in the last 18 months.

We expect to see blockchain-enabled use-cases to grow as regulations continue to become clearer and awareness of the benefits grows among our customer base, alongside networks in Africa and wider-improving in acceptance of the technology and how it can create value across a whole host of use cases.

How influential are geo-political factors for BFSI, in particular, specially now when you are eyeing Middle East, China etc. Do you consider technology-fit in this due diligence?

This is a vital consideration for Absa, given our multi-geography aspirations. In today’s globalised economy, companies must stay updated on geopolitical shifts in every country they operate in. Each country’s unique challenges can significantly impact a company’s ability to operate, and ultimately its profitability. The rapidly shifting geopolitical landscape means that understanding global politics is no longer optional for corporates; it’s the requisite for creating sustainable operations.

What is on your IT roadmap ahead- for 2024 and 2025, in particular?

At Absa, our ambition is to be a leading Pan-African bank. For us, digital transformation is all about delivering value – whether it’s to our customers, our clients, our employees, or to our business as a whole.

We’ve crafted a technology roadmap designed to enhance our core capabilities. This roadmap is centred around four key areas: Firstly, we are dedicated to delivering seamless experiences that delight both our clients and employees. Secondly, we’re leveraging data and applied AI to shape the future of banking. Thirdly, we’re transforming our technology landscape to stay at the cutting edge. Lastly, we aim to make Absa the go-to place for Africa’s top technology talent.

Clients benefit from faster, more accurate services, such as real-time financial insights and personalised product offerings that align with their lifestyle and financial goals. ¹⁰⁰

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Multi-million and multi-year deals are back- both for first-timers and mature outsourcers

With IT budgets tightening and global uncertainties rising, multi-million, multi-year outsourcing deals are making a comeback.

By Pratima H

Srinivas Rao, Executive Vice President & Chief Business Officer, LTIMindtree spells out the contours of IT outsourcing in a climate of tightened IT Budgets, geo-political turmoil and emergence of new hot regions beyond staple segments like the USA and Europe. Are Indian IT Majors adapting fast with new offerings, regional pivots and niche practice-verticals? Let's find out.

LTIMindtree has recently inked a multi-million dollar contract extension with Absa Bank- an African financial services group. How crucial are such contract renewals?

These contract renewals are extremely critical for organisations like LTIMindtree as it demonstrates continued partnership with our strategic clients. They also help in exploring opportunities for further optimisation and enhanced business value for our clients while maintaining steady and predictable business for us.

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SRINIVAS RAO
Executive Vice President & Chief Business Officer,
LTIMindtree

“ CONTRACT RENEWALS HELP IN EXPLORING OPPORTUNITIES FOR FURTHER OPTIMISATION AND ENHANCED BUSINESS VALUE.



Are multi-million and multi-year deals back in the IT landscape?

We are seeing an increased flow of multi-million and multi-year deals in areas of business transformation and cost optimisation both from matured outsourcers and firms outsourcing for the first time.

Any specific lessons that you are picking from other BFSI clients?

The enhanced offerings that we take to our clients are based on our learnings from various global clients both within BFSI sector and other industries. In particular the use of transformational technologies like GenAI which help in providing enhanced customer experience to the end client while improving productivity and reducing total cost of operations for our clients.

Can you share something more on the idea behind, and the success of, Banking Transformation Practice (BTP)?

BTP will play a huge part in our BFSI growth story. Today, our clients look for an end-to-end solution for their key business imperatives and that requires us to bring in our collective expertise in platforms, services and operations. On the back of a large acquisition that we did few years back, we decided to bring all of our BFS platform expertise within one practice called BTP. This will help us in making appropriate investment in

building further capabilities and offering a true end-to-end solution to our clients.

What's your unique formula for BFSI as a segment?

BFSI clients have always been at the forefront of using cutting-edge technology solutions to drive business outcomes and bring in efficiencies in their operations. BFSI contributes to roughly 40 per cent of our global revenues and we are making significant investments in building domain and technology capabilities to differentiate us from our competition and to continue growing in this sector. We are also focusing heavily on ensuring we have constant flow of talented associates to support the demand in this segment.

What's different about catering to regions like Africa?

Regions like Africa require us to make investment locally in the region to support frameworks such as B-BBEE in South Africa. There are also unique regulatory requirements in the region that need to be catered to in our solutions. There is a significant talent pool available in such regions which we are capitalising on to create unique and differentiated solutions for our clients.

Anything about the JV for IT Services in MENA region that you can share here?

The JV for IT Services in MENA is in incubation stage and we will share more details about this in due course ¹⁰

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