



Combining Capitalism and Charity to Empower Africa's Poor

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Political reconciliation in South Africa may have been easy compared to the challenge of more fully bringing those who suffered systematic discrimination and exclusion fully into the economic marketplace.

The poor typically are creative and entrepreneurial, but lack access to many of the essential tools of economic development. The rural poor are at a particular disadvantage since whatever economic infrastructure exists is concentrated in cities. McKinsey reported that worldwide some 2.5 billion people don't use banks or other formal financial institutions.

Such difficulties are ever evident in Africa. Perhaps the continent's greatest hope, beyond the resourcefulness and tenacity of Africa's diverse peoples, is the commercial advance of technology.

For instance, MyBucks, a FinTech (or financial technology) firm, is turning the smartphone into a portable bank. It's an explosive growth area.

Of course, traditional financial enterprises have gone online. But their web activities tend to be an extension of existing practices. It is "hard for traditional banks to change traditional operations," MyBucks CEO Dave van Niekerk told me. His objective was "taking online banking to the next level."

Especially important for a continent like Africa, new technologies mean leapfrogging an existing model that has never served millions of people. Traditional banking for "so many people and so many small accounts" simply is not "economically viable," said van Niekerk.

The potential market is huge. MyBucks is mixing capitalism and philanthropy, seeking to financially empower those who long lacked access to financial services. Van Niekerk said his vision was "In the very near future, the poorest of the poor will use technology to educate themselves and access financial products and services, anywhere and at any time."

The individual benefits are obvious. But so are the larger economic gains. With Africa finally starting to enjoy sustained economic growth, FinTech acts as a financial accelerant.

The firm recently brought me to their South African headquarters to chat about the company and its operations. Tim Nuy, MyBucks Deputy CEO, noted that "in mid-2015 we had an opportunity to buy" Opportunity International's financial enterprises. OI backs local microfinance organizations, offers savings accounts and micro-insurance, and provides financial education, as

well as non-financial services and training, all to those in poverty to promote business development.

The partnership has proved mutually beneficial. OI now is better able to serve those in need. At the same time, OI's banks and microfinance lenders allowed MyBucks to enter new national markets, which are still dominated by traditional regulatory structures.

The company wouldn't exist but for new technologies. MyBucks offers as its objective delivering what it officially terms "a basket of financial products that meets the financial needs of our customers throughout all geographies, through technology."

Imagine a farmer in a field conducting business that once required a trip to a bank in the city. MyBucks is working on a plan to give a simple cellphone as part of its financial package.

First, the firm offers a mix of traditional financial services: banking, lending, and insurance. Second, MyBucks provides financial services digitally, without maintaining a large physical presence where it operates.

Credit information is gathered electronically. Much of it comes, with the consumer's consent, from their phone. Artificial intelligence allows almost instantaneous assessment of creditworthiness, with money disbursed typically within 15 minutes. Nuy explained that the technological leapfrog has "taken away any need for infrastructure."

Customers can access MyBucks products through the web or with mobile devices. However, the firm recognizes that access to technology is not uniform. So MyBucks provides "internet service points," or kiosks, in what amount to small branches with trained personnel to assist customers.

The company emphasized its support for corporate social responsibility and community empowerment. However, MyBucks' normal profit-making activity may be its most powerful impact on the poor. The company has brought many un- and under-served Africans into the larger economy.

MyBucks continually looks beyond today's technological achievements. "We don't want to just keep up with technology," van Niekerk told me. "We want to understand what other companies are doing and leapfrog them."

FinTech is enriching the lives of people around the world. MyBucks is an important part of this dramatic economic and social change. It is demonstrating entrepreneurial capitalism's positive economic and social impact on developing nations and disadvantaged peoples.

The problem of international poverty remains enormous. And aid through the independent sector can help.

But the ultimate solution for those currently left behind economically requires expanding the reach of markets to the least among us. MyBucks helps do so, and thereby is doing good while doing well.

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