KEY INSIGHTS FROM THE 2024 BOTSWANA FINTECH LANDSCAPE MAPPING SURVEY REPORT

Introduction

The global financial ecosystem is undergoing profound transformation driven by the rapid rise of financial technology[1] (fintech). This shift is particularly evident in Sub-Saharan Africa, where mobile money, digital lending, and innovative payment solutions have become key drivers of financial inclusion and economic growth. Underpinning this momentum is high mobile phone penetration and improving internet connectivity, which together provide a strong foundation for fintech innovation. Built on this infrastructure, the financial services sector has expanded beyond traditional banking to include digital payments, contactless and QR code-based solutions, blockchain applications, instant digital lending, and embedded finance. Much of this innovation is often enabled through Application Programming Interface (API) integrations between banks and mobile money providers. As financial service providers expand into new market segments, risks to consumers and financial system stability also grow in parallel, making regulatory oversight and consumer protection frameworks not just important, but indispensable. It is against this backdrop that regular survey of the fintech landscape becomes an essential policy tool, amid a rapidly evolving financial services sector. The 2024 Botswana Fintech Landscape Mapping Survey was designed to serve this purpose.

The survey provides critical insights into fintech activities in Botswana, the technologies enabling these services, and the policy frameworks that support their safe, secure, and efficient delivery. The survey helps policymakers identify regulatory gaps, risks of regulatory arbitrage, and potential systemic vulnerabilities. Furthermore, it supports the development of a comprehensive repository of fintech activities, facilitating evidence-based policymaking, guiding appropriate regulatory responses, and promoting the growth of innovative financial products and services.

Conceptual Framework

The 2024 Botswana Fintech Landscape Mapping Survey adopted an integrated conceptual framework that combines the Bank for International Settlements (BIS) Fintech Tree Conceptual Framework[2] with the Cambridge Centre for Alternative Finance[3] (CCAF) fintech classification system. Figure 1 illustrates the BIS Fintech Tree, which provides the foundation for the survey framework and defines fintech based on three core pillars: Fintech activities, Enabling technologies, and Policy enablers. Fintech activities include services such as payments, lending, capital raising, asset management, insurtech, and crypto assets. Enabling technologies, such as Application Programming Interfaces (APIs), cloud computing, artificial intelligence, and Distributed Ledger Technology (DLT), underpin the provision of these services, while policy enablers, including digital ID, data protection, and open banking frameworks, support their development.

To enhance analytical depth, the survey incorporates CCAF's detailed segmentation of fintech activities. This combined approach allows for both a high-level view of Botswana's fintech ecosystem and a more granular analysis for specific market segmentation.

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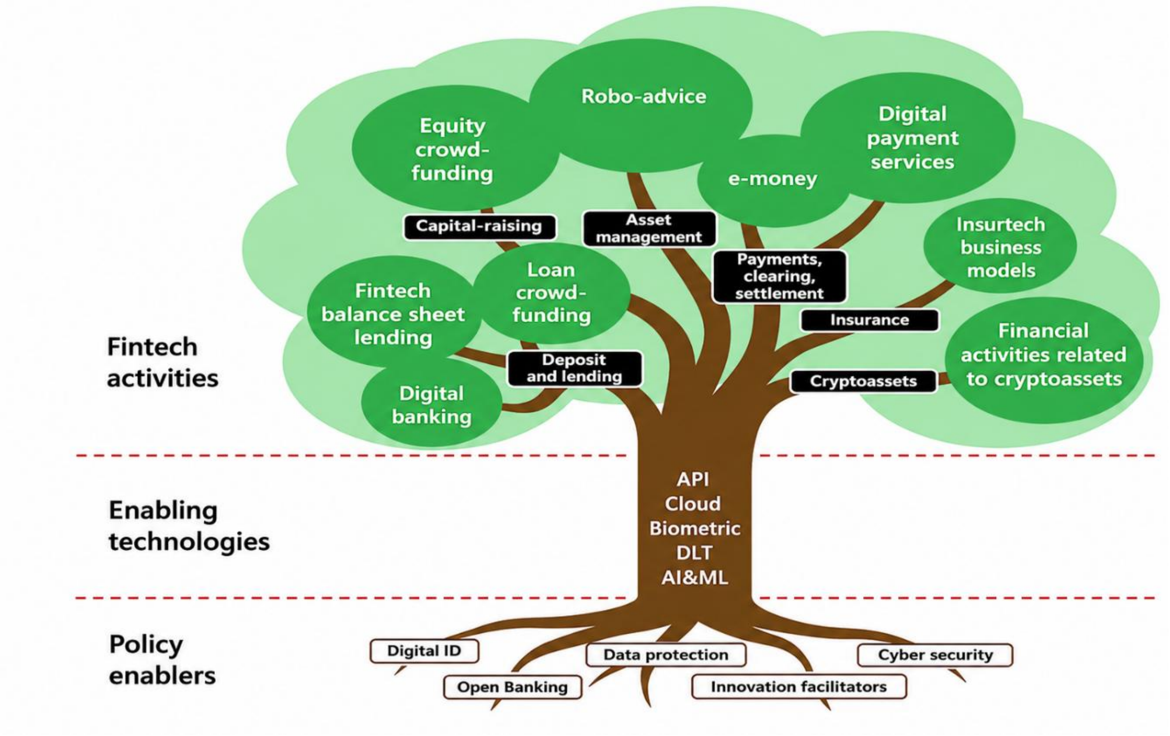
[1] Fintech refers to technologically enabled financial innovation that could result in new business models, applications, processes or products with an associated material effect on financial markets and institutions and the provision of financial services (Financial Stability Board, 2017)

[2] The Fintech Tree is a conceptual framework developed by the Bank for International Settlements (BIS) Financial Stability Institute (FSI) in 2020 (Ehrentraud et al., 2020 Available at https://www.bis.org/fsi/publ/insights23.pdf). It was designed to help policymakers and regulators systematically analyse and respond to fintech developments.

3 The CCAF fintech classification system comprehensively categorise fintech by business models. Its taxonomy covers 14 market segments, subdivided into 63 subsegments, and 118 categories (Cambridge Fintech Ecosystem Atlas. Available at https://ccaf.io/atlas/methodology)

Figure 1: Fintech Tree Conceptual Framework



Source: Bank for International Settlements

Key Survey Metrics

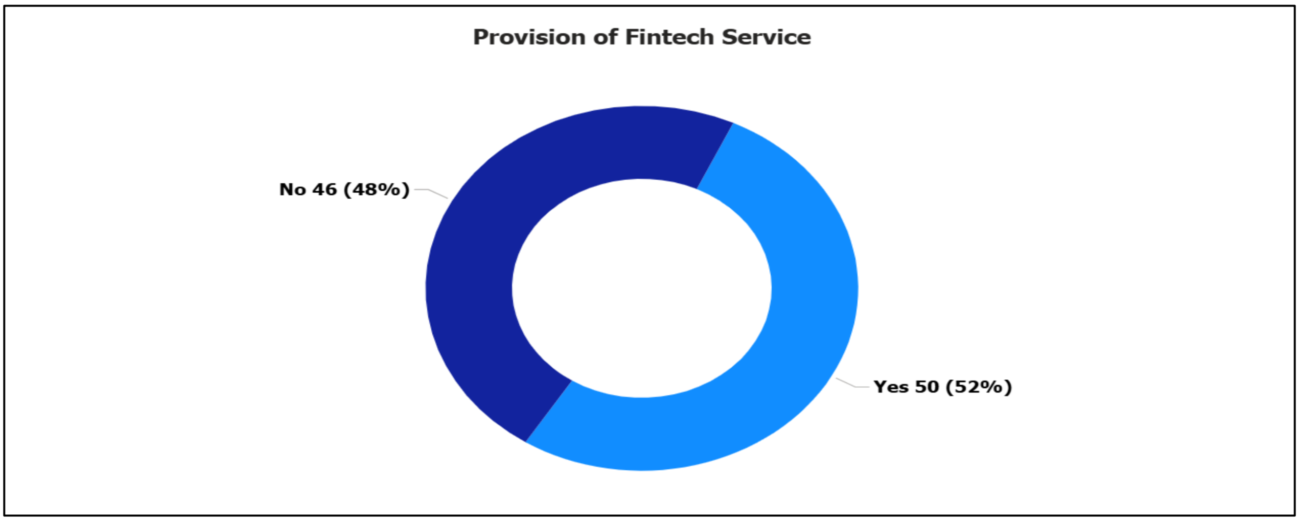
Key data collected captured the core elements of the fintech conceptual framework, encompassing three dimensions: fintech activities, enabling technologies, and policy enablers. The survey also assessed perceived risks associated with the use of these technologies. In addition, it examined the broader socioeconomic impact of fintech in Botswana, focusing on employment generation, financial inclusion infrastructure (such as branches and agent networks), and account ownership metrics.

The Bank received 96 survey responses from across the financial sector, including banks, non-bank financial institutions, and unlicensed entities registered with the Fintech Association of Botswana (FAB). This comprised 11 banks and 22 Electronic Payments Service/Money and/or Value Transfer Service (EPS/MVTS) providers regulated by the Bank of Botswana, as well as 60 entities by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA), including insurers, microlenders, asset and investment managers, and virtual asset service providers (VASPs). In addition, the survey captured responses from 3 unlicensed fintech startups, providing insight into emerging innovations shaping Botswana's digital financial landscape.

Key Findings of the Survey

The survey reveals a sector building towards digital maturity, though gaps remain. Of the 96 entities surveyed, 66 entities (69 percent) have a Digital Transformation Strategy (DTS) guiding their digital efforts, while nearly a third operate without a DTS, underscoring the uneven pace of strategic readiness across the financial services sector. In terms of fintech activity, 50 entities (52 percent) are actively providing fintech services (see Figure 2). For the 46 entities not yet providing fintech services, 22 percent have indicated the existence of plans to introduce at least one fintech solution within the next two years, suggesting continued momentum towards broader adoption.

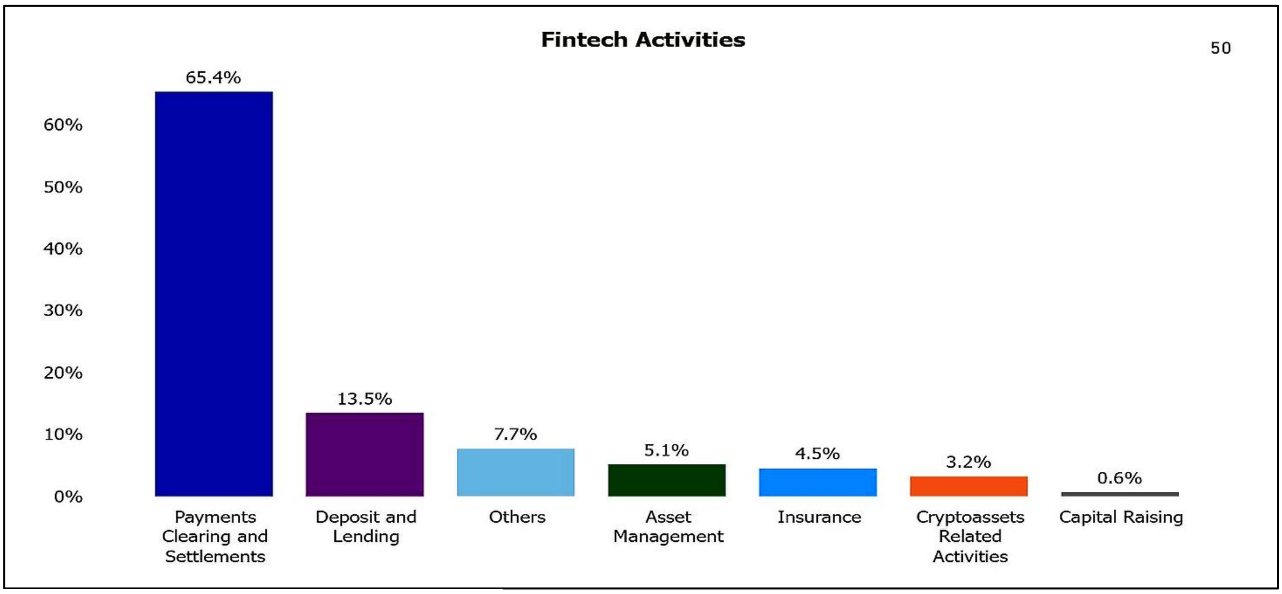
Figure 2: Provision of Fintech-Driven Services



Source: Bank of Botswana

Payments, Clearing and Settlements dominate the fintech landscape, accounting for 65.4 percent of all activity, reflecting their central role in facilitating consumer and business transactions (see Figure 3). Deposit and Lending follow at 13.5 percent highlighting the growing use of digital credit and savings solutions. Asset Management (5.1 percent), Insurance (4.5 percent), Crypto asset-related activities (3.2 percent), and Capital Raising (0.6 percent), collectively account for 13.4 percent of the fintech landscape. Other fintech activities, which collectively account for the remaining 7.7 percent, include a range of emerging solutions such as Artificial Intelligence (AI) enabled financial tools, remote onboarding technologies, and digital Know Your Customer (KYC) systems. Overall, fintech activity is concentrated in core transactional services, with emerging segments showing strong potential for future growth.

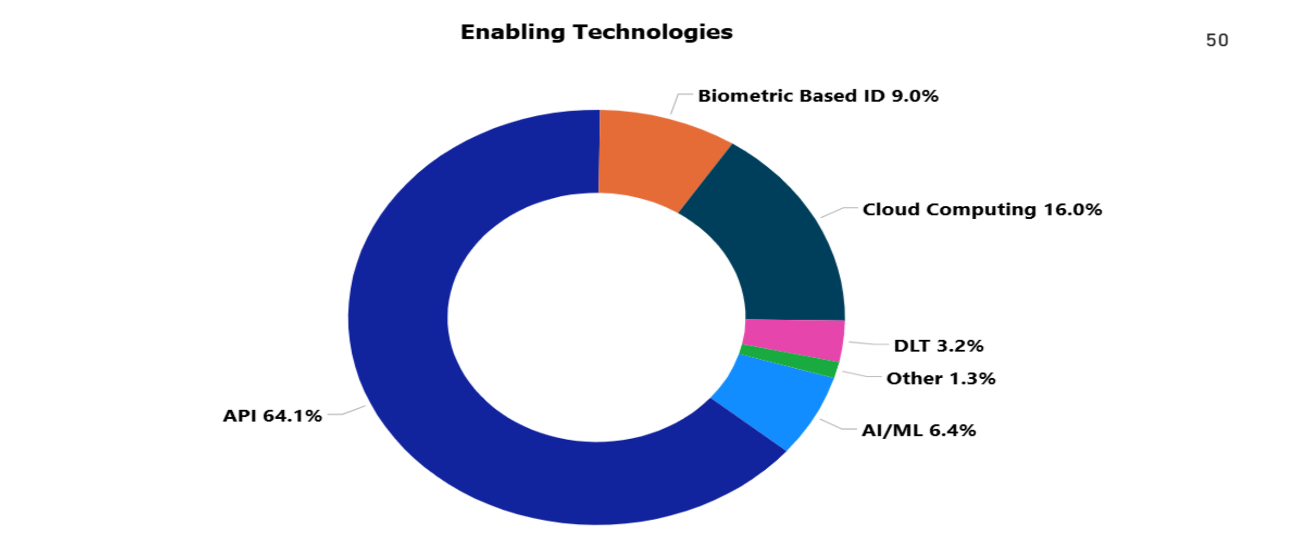
Figure 3: Fintech Activities Across the Botswana Financial Services Sector



Source: Bank of Botswana

Application Programming Interfaces (APIs) are the most widely used technology for delivering fintech services, accounting for 64.1 percent of adoption. This underscores a strong emphasis on interoperability, modular service delivery, and integration with third-party platforms, enabling scalable and customer-centric solutions. Cloud computing follows at 16.0 percent, supporting digital transformation through scalable infrastructure, efficient data management, and system resilience. Biometric-based identification accounts for 9.0 percent, reflecting an increasing focus on secure and user-friendly authentication, particularly for onboarding and regulatory compliance. Artificial Intelligence and Machine Learning represent 6.4 percent, indicating early but cautious adoption. Distributed Ledger Technology (DLT) accounts for 3.2 percent, reflecting limited and largely experimental use, while other emerging technologies make up 1.3 percent of adoption.

Figure 4: Enabling Technologies Across the Botswana Financial Services Sector



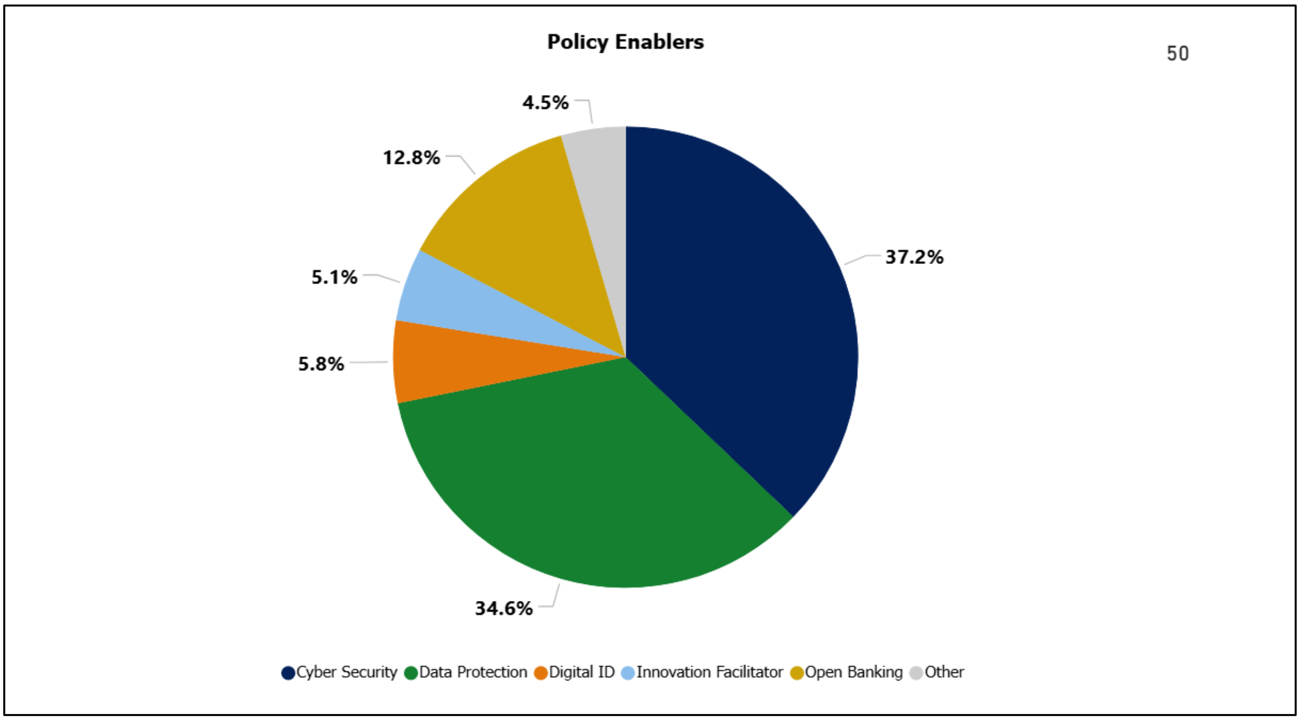
Source: Bank of Botswana

Of the 50 entities providing fintech-driven services, 42 identified enabling technologies, particularly APIs and cloud computing as a significant source of operational risk. This is a notable finding as APIs are foundational to digital financial innovation. Their use also introduces security vulnerabilities. Similarly, the growing reliance on cloud computing introduces additional concerns, especially around data privacy and third-party exposure. Both technologies share a common thread; they deepen dependence on external vendors, including cloud service providers, API partners, and technology service providers, whose failures or security weaknesses can cascade into disruptions to core operations.

Figure 5 illustrates that the most prominent policy enabler identified is Cyber Security (37.2 percent), reflecting a strong consensus among entities on the need for robust measures to protect digital financial infrastructure from cyber threats. As fintech services increasingly rely on interconnected systems and real-time data exchange, the risk of cyber-attacks grows, making cybersecurity a top priority for ensuring operational resilience and consumer protection. Closely following, is Data Protection (34.6 percent), which underscores the importance of safeguarding personal and financial information in digital environments. Effective data protection policies are critical for maintaining user trust, ensuring compliance with data privacy regulations, and enabling secure data-driven innovation.

Open Banking (12.8 percent) is also recognised as a key enabler, particularly in contexts where regulatory frameworks support secure data sharing between financial institutions and third-party providers. Open banking policies facilitate greater competition, innovation, and customer choice by enabling interoperability and access to financial data under controlled conditions. Digital Identification (5.8 percent) and Innovation Facilitators (5.1 percent) are viewed as important policy areas. Digital ID systems are essential for secure and efficient customer onboarding, especially in remote or mobile-first environments. Innovation facilitators, such as innovation functions and regulatory sandboxes provide a structured environment for providing regulatory guidance and testing new fintech innovations while managing associated risks.

Figure 5: Policy Enablers Across the Botswana Financial Services Sector



Source: Bank of Botswana

Opportunities for Innovators in the Financial Services Sector

The 2024 Botswana Fintech Landscape Mapping highlights a sector in transition, driven by the expansion of digital payments, emerging lending models, and increased partnerships between incumbent financial institutions and non-banks. While incumbents continue to dominate, there are growing opportunities for startups and other players to innovate and scale solutions that enhance financial inclusion, efficiency, and resilience.

Digital payments remain the most developed segment, with opportunities to enhance interoperability across networks, expand blockchain-based remittances, and integrate payment solutions into sectors such as e-commerce, logistics, agriculture, and healthcare. The lending and capital segment is also gaining traction, particularly in marketplace microlending. Opportunities exist to expand inclusive finance through alternative credit scoring using non-traditional data (e.g., mobile money and utility payments) to better serve SMEs and underserved groups. Additional potential lies in online crowdfunding and capital-raising platforms.

Although still nascent, crypto assets-related activity is gradually expanding, evidenced by Bitcoin teller machines and centralised crypto exchanges. This creates opportunities to explore blockchain-based applications in the tokenisation of Real-World Assets, cross-border remittances, and settlements solutions.

Conclusion and Strategic Interventions

The 2024 Botswana Fintech Landscape Mapping Survey provides a data-driven assessment of Botswana's digital financial services ecosystem, revealing a sector undergoing rapid transformation. While notable progress has been made in digital payments and lending, structural imbalances persist, particularly the uneven adoption of advanced technologies and limited participation of non-bank institutions. Licensed institutions in the banking and EPS/MVTS segments have led fintech adoption, leveraging APIs and cloud computing to drive scalability and interoperability. However, the low uptake of AI/ML and DLT signals significant untapped potential. Risk exposure linked to APIs and cloud computing further reinforces the need for robust cybersecurity frameworks, data protection policies, and third-party risk management practices. Beyond technology risks, the absence of Digital Transformation Strategies in many institutions raises concerns about the financial services sector's long-term strategic coherence. The lack of an Open Banking framework further limits the potential for data sharing and collaboration between banks, non-banks, and third-party providers consistent with provisions of the Digital Services Act (2025). More broadly, the fragmented nature of fintech developments across the ecosystem points to the need for a coordinated National Fintech Strategy to align regulatory, institutional, and innovation efforts under a common direction.

Drawing on these findings, the Bank in collaboration with the National Fintech Working Group has embarked on the following strategic interventions to strengthen regulatory oversight, enable responsible innovation, and safeguard long-term financial stability within Botswana's evolving fintech ecosystem:

(a) **Issuance of an Analytical Assessment Framework** – to guide the identification of economic activities that are fintech activities; licensing and designation of fintech activities for prudential supervision, regulation, and oversight; identification, analysis and management of emerging risks that may not be effectively addressed by existing legal and regulatory frameworks; and promotion of legal certainty for emerging innovative fintech services not provided for in existing legal and regulatory frameworks to safeguard the stability and integrity of the financial system.

(b) **Development of a National Fintech Strategy** – to provide strategic direction in the coordinated development of the Botswana fintech ecosystem consistent with the National Economic Transformation objectives, leveraging opportunities provided by fintech to bring the necessary efficiencies in the financial services ecosystem, deepen financial inclusion, and provide a blueprint for interventions, ecosystem wide consistency, coordination and implementation discipline.

(c) **Establishment and Operation of a Central Bank Regulatory Sandbox** – to foster innovation in financial services; provide a controlled framework for live experimentation of novel financial services, products, and business models under supervision; eliminate barriers to market entry for startups, facilitating orderly market entry; and inform the necessary policy, legal and regulatory responses for emerging fintech innovations.

(d) **Development of an Open Banking Framework** – to provide a governance framework, standards and guidelines for the open sharing of data while safeguarding consumer rights, consistent with provisions of the Digital Services Act (2025) and the Data Protection Act (2018), laying a foundation for interoperability across the financial services ecosystem.

(e) **Annual Fintech Festival** – to provide a platform for Fintech policy dialogue and engagement between regulatory authorities and regulated entities, innovators, Government, policy makers, investors, scholars and the public with a view to enhance Fintech awareness and financial literacy.