Genie Capital

Africa Fintech Evolution - Botswana 2026

An Integrated Assessment of Botswana's Digital Financial Services Ecosystem

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ABOUT THIS REPORT

Africa Fintech Evolution - Botswana 2026

Prepared for	Governments, Policymakers, Investors, Executives, Development Finance Institutions, the People
Prepared by	Genie Capital Ltd
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Part I — The Setting places Botswana in global context, sets out the rules of the game, and introduces the players. **Part II — The People and the Money** follows the customer, the agent and the merchant, and arrives at the report's central insight: digital money in Botswana is still largely a rail for cash. **Part III — The Way Forward** maps opportunities, risks, Botswana's place in Africa, and concrete recommendations for every stakeholder.

PART I

THE SETTING

01
Background

Every fintech story begins somewhere. This chapter places Botswana on the global map, traces how the country arrived at today's ecosystem, and introduces the paradox that shapes everything that follows.

1.1 The Global Fintech Evolution

Globally, fintech is understood to have evolved in three major waves:

FinTech 1.0 (1866–1967) was about infrastructure and electrification. It began with the transatlantic telegraph cable in 1866, linking global financial markets, and saw innovations like Fedwire in 1918.

FinTech 2.0 (1967–2008) marked the shift from analogue to digital. Traditional banks led with landmark innovations like the first ATM (1967) and the SWIFT messaging network (1973). The term "Fintech" itself was coined in 1993 by Citibank.

FinTech 3.0 (2008–present) was triggered by the 2008 global financial crisis and the advent of the smartphone, characterised by the rise of mobile technologies, startups, and new entrants challenging traditional banks. More recently, it has evolved into an era of large digital platforms.

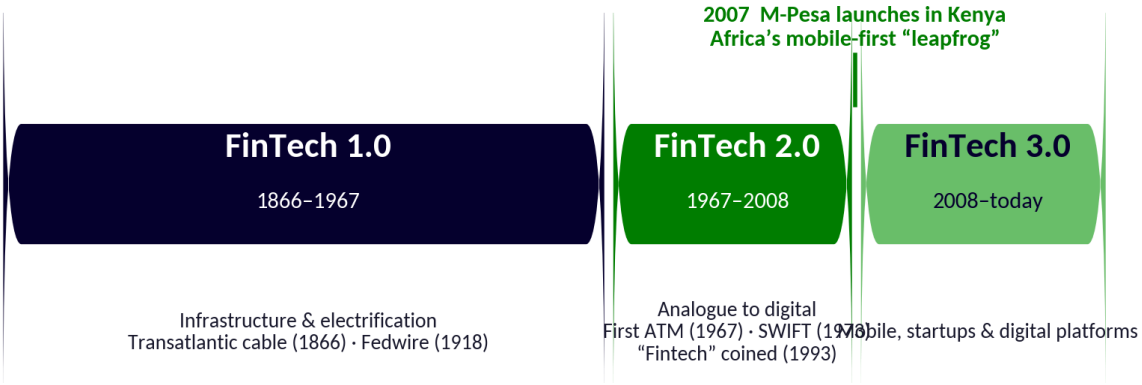

Figure 1 — Three waves of global fintech, and the 2007 African inflection point

For Africa specifically, a crucial turning point was the 2007 launch of M-Pesa in Kenya. It demonstrated a "leapfrog effect," using basic mobile phones to deliver financial services and bypassing the need for extensive traditional banking infrastructure, establishing Africa as a mobile-first market.

1.2 Botswana's Fintech Evolution

Botswana's journey reflects a gradual, deliberate emergence from a stable financial system, driven by mobile technology and adaptive regulation.

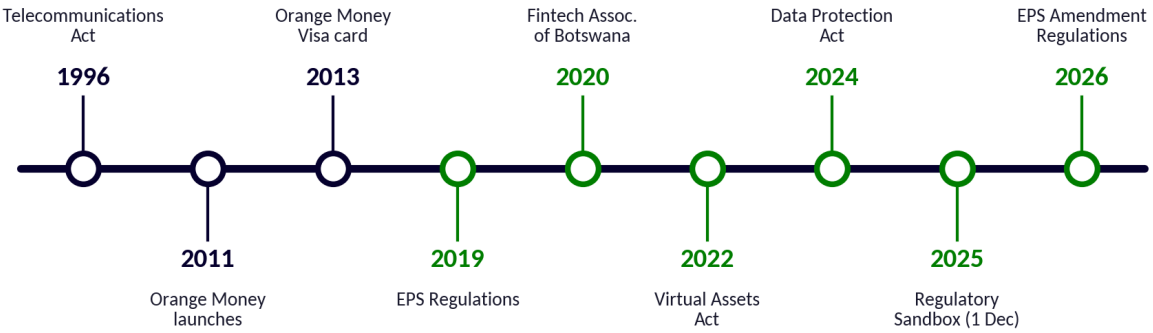

Figure 2 — Milestones in Botswana's fintech and regulatory evolution

The Pre-Fintech Foundation (Pre-2010)

For much of its history, Botswana's financial system was characterised by stability and strong institutional governance, with a resilient banking sector. Financial innovation was largely confined to traditional banks. A key early step was the Telecommunications Act of 1996, which began reorganising the sector and set the stage for future digital growth. By 2009, financial exclusion began to decline, setting the stage for more inclusive models.

The Mobile Money Era Begins (2011–2018)

This period marked Botswana's FinTech 2.0/3.0 transition, driven by mobile network operators rather than banks.

- **2011 – The Launch:** Orange Botswana launched Orange Money, the country's first mobile money service, aiming to serve the unbanked and informal sector. Mascom followed with MyZaka shortly after.
- **Early Growth:** Adoption was initially slow but began to take off around 2015, with transactions jumping from around 5,000 in 2010 to over 1.1 million by 2018.
- **Key Innovation (2013):** Orange introduced the Orange Money Visa Card, a first for Botswana, providing a tangible bridge between mobile wallets and the formal financial system.

Maturing Regulation and Ecosystem Growth (2019–present)

The sector's growth prompted crucial regulatory developments to formalise and expand the ecosystem.

- **2019 – A Regulatory Milestone:** The Electronic Payment Services Regulations were enacted, creating a framework to license non-bank entities like MNOs as payment service providers.
- **2020 – Industry Organisation:** The Fintech Association of Botswana (FAB) was founded to provide a unified platform for all ecosystem players and advocate for the industry.

- **2021–2025 – Institutionalisation:** The Bank of Botswana established a Fintech Monitoring and Strategy Group and a Digitalisation and Innovation Hub to engage with startups and study innovations like Central Bank Digital Currencies (CBDCs).
- **2025 – The Sandbox:** A major step was the launch of the Bank of Botswana's Regulatory Sandbox on 1 December 2025, allowing startups to test innovations under supervision. The Virtual Assets Act was also strengthened, providing a legal framework for crypto assets.

1.3 The Central Paradox

Botswana presents a distinctive paradox in Africa's fintech landscape. With a population of just 2.5 million, the country has achieved 166% mobile penetration — roughly 4.2 million connections — yet an estimated 38–42% of adults remain unbanked. This is not a story of exclusion but of a banked-unbanked hybrid: FinScope's 2024 survey found that while 42% of adults have no bank account, only 6% are financially excluded altogether, with 75% using mobile money, including a third of those with no bank account.

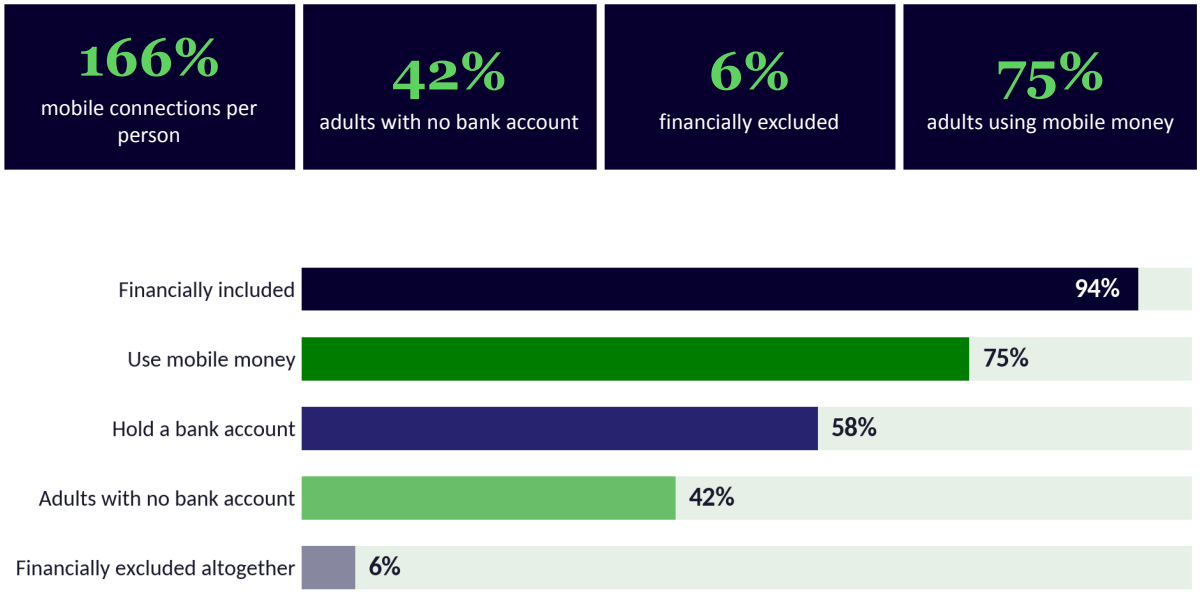

Figure 3 — The banked-unbanked hybrid: financial inclusion in Botswana (FinScope 2024)

People are pushed out of banking by job losses, irregular income, and unemployment — the unbanked adult is often someone whose financial life does not fit a product built for salaried workers. This is the foundational insight for understanding Botswana's fintech trajectory.

The digital payments market is projected to reach US$2.79 billion in 2025, growing at a 10.29% CAGR to US$4.55 billion by 2030, with Mobile POS Payments representing the largest segment at US$1.93 billion. Mobile money transaction values alone reached P42.3 billion as of March 2025, while combined mobile and internet banking transactions hit P85.6 billion in 2024.

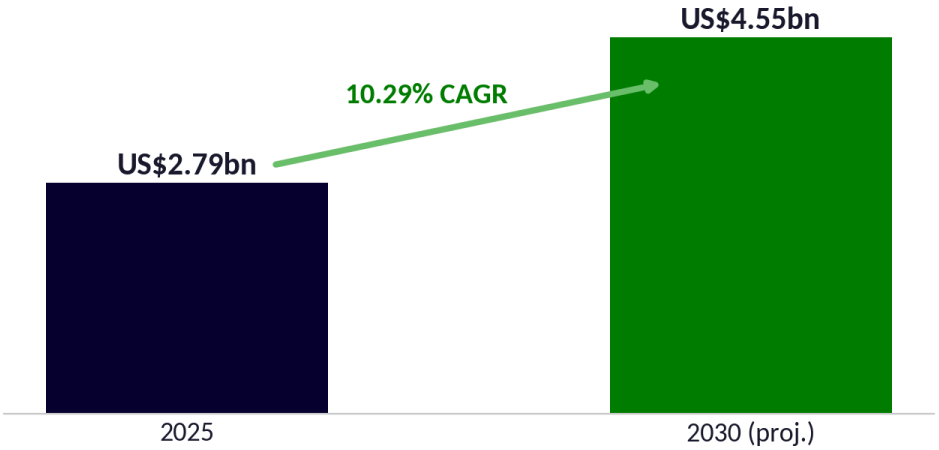

Figure 4 — Botswana digital payments market outlook (Statista, 2025)

02

Regulatory Environment

With the setting established, we turn to the rules of the game. Regulation is where Botswana's deliberate, institution-first character is most visible — and where its most important gaps remain.

2.1 How It Got Here: A Timeline of Regulatory Evolution

The regulatory framework was not built overnight. Key milestones show a deliberate transition from foundational laws to fintech-specific oversight:

Year	Instrument	Significance
1996	Telecommunications Act	Began reorganising the telecom sector, setting the stage for digital growth
2003	National Clearance and Settlement Systems (NCSS) Act	Foundational law for payment system oversight; gave BoB legal authority to oversee the national payment system
2019	Electronic Payment Services (EPS) Regulations	Created licensing framework for non-bank entities (like mobile money operators), moving beyond a bank-only model
2022	Virtual Assets Act	First African country to issue crypto licences; designated NBFIRA as VASP regulator and brought crypto under AML/CFT supervision
2024	Data Protection Act (No. 18 of 2024)	Modern data privacy standards essential for digital finance
2025	Banking Act (re-enacted, August 2025); National Registration (Amendment) Act	Updated banking framework; digital ID legal basis
2025	Virtual Assets Act (strengthened); Regulatory Sandbox launched (December 2025)	Strengthened VASP framework; controlled testing of innovations
2026	Electronic Payment Services (Amendment) Regulations	Interest-bearing e-money; tiered merchant and KYC frameworks aligned with the Financial Intelligence Act

2.2 The Current Regulatory Architecture

Today, the framework is characterised by shared oversight and a risk-based approach.

Key Regulators

- **Bank of Botswana (BoB):** Oversees the National Payment System (NPS), licenses Electronic Payment Service (EPS) providers (e.g., mobile money, remittances), operates the Regulatory Sandbox, and maintains the Fintech Portal and Digitalisation and Innovation Hub.
- **NBFIRA (Non-Bank Financial Institutions Regulatory Authority):** Regulates non-bank financial institutions, including licensing and supervising Virtual Asset Service Providers (VASPs) and other fintech activities outside the BoB's direct purview.

Core Legislative and Regulatory Instruments

- **National Clearance and Settlement Systems (NCSS) Act (2003):** The bedrock law for payment system oversight.
- **Electronic Payment Services (EPS) Regulations (2019, amended 2026):** Governs licensing and conduct for payment service providers. Key updates include interest-bearing e-money and a tiered KYC framework for small merchants.
- **Virtual Assets Act (2022, strengthened 2025):** Provides the legal framework for crypto assets. It mandates that VASPs implement travel rule compliance, sharing data between originator and beneficiary institutions.
- **Financial Intelligence Act (2022):** Imposes AML/CFT obligations on regulated entities, including VASPs.
- **Data Protection Act (2024):** Regulates personal data protection, crucial for digital financial services.

The Regulatory Sandbox

Launched on 1 December 2025, with applications opening on 4 March 2026, under the theme "Unlocking an Inclusive Digital Economy through Digital Banks, Inclusive Payments, and Interoperability Solutions". The sandbox is designed for real-world live experimentation, with participants hosting their own platforms and dealing with customers in a controlled regulatory environment. The Bank explicitly seeks solutions in three areas: Inclusive Payment Solutions, Digital Banks, and Interoperability Solutions. The sandbox received 50 applications in its inaugural intake.

1 Dec 2025	4 Mar 2026	50	3
sandbox launched	applications opened	inaugural applications	priority solution areas

Industry Voice

The Fintech Association of Botswana (FAB) acts as the official representative of the digital finance industry to both the BoB and NBFIRA, and holds full membership in the Africa Fintech Network and the Alliance for Digital Finance Associations.

The Digitalisation and Innovation Hub

Established within the Bank of Botswana to facilitate regulatory engagement with fintech startups and promote legal certainty. It has run fintech sandbox training covering mobile payments, micro-lending, and Insurtech.

2.3 Key Characteristics and Gaps

- **No Dedicated "Fintech Licence":** Botswana lacks a single fintech licence. Entities must fit into existing categories (like EPS provider or VASP), which can be complex for novel business models.
- **Digital Lending in a "Nebulous Legal Zone":** Many mobile lenders operate in a legally ambiguous space, exposing consumers to risks like excessive indebtedness and data privacy breaches.
- **Open Banking is Unregulated:** There is no open banking framework or mandate for data sharing via public APIs, which limits interoperability and collaboration between banks and third-party providers.
- **Enforcement Lags Innovation:** Industry experts caution that the pace of innovation often outstrips regulatory adaptation, meaning even well-designed frameworks suffer from weak enforcement.
- **Fragmented Oversight:** The lack of a coordinated National Fintech Strategy means efforts across the Bank of Botswana and NBFIRA remain fragmented. The National Fintech Working Group is addressing this.
- **Proactive but Layered:** The regulatory stance is clearly proactive, but the environment is enabling yet layered, requiring fintechs to navigate multiple regulators and existing legal categories while awaiting further integration through policies like open banking.

> *In summary, Botswana's regulatory journey has moved from establishing basic payment system oversight to creating specific rules for digital payments and crypto assets, and finally to building institutional capacity for innovation.*

03
Players

Rules shape behaviour. Here we meet the players who operate within them — from the mobile-money giants to the startups still waiting for a licence.

3.1 Competitive Landscape: A Tiered Market

The market can be grouped into three tiers:



Figure 5 — Botswana's three-tier fintech market

- **Market Leaders (Mobile Money):** Orange Money and MyZaka dominate user reach and transaction volume.
- **Established Banks and Remittances:** Major banks (FNB, Absa, etc.) have large customer bases, while players like Mukuru and Kazang serve specific niches like remittances and merchant payments.
- **Emerging Startups:** Innovative new entrants like N2 Pay and Motshelo Mobile are building the next wave of services.

3.2 Tier 1: The Mobile Money Dominators

1. Orange Money

- **Market Share:** Dominant leader with ~78% market share by customers (2025), processing P33.5 billion in the year to March 2024.
- **Reach and Users:** 884,000 subscribers (2025), surpassing the customer base of major banks like FNB (650,000). In 2026, Orange Money celebrates 15 years with over 1.3 million customers.

- **Product Stack:** “Max it” super-app and USSD offering P2P transfers, bill payments, international remittances, and micro-loans (“N’stakolle”) with Access Bank. Launched DuelaEasy merchant payment solution in 2024. Cardless ATM transactions with Access Bank (59 ATMs).
- **Technology and Leadership:** Leveraged a first-mover advantage by launching a Visa card in 2013 (6 years ahead of Mascom) and registering as a separate business in 2019. Partnered with Visa and Access Bank.
- **Revenue and CAC:** Specific figures are not publicly available. Its massive scale suggests a relatively low CAC due to network effects and telco bundling.

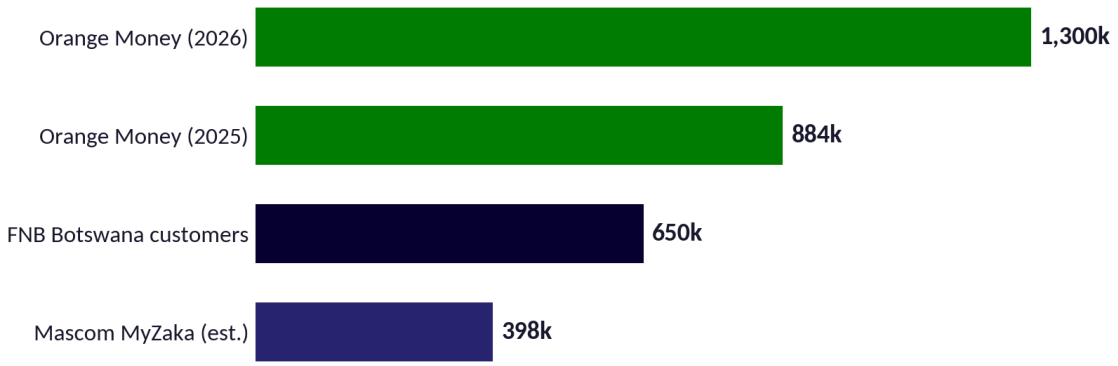

Figure 6 — Orange Money’s customer base versus FNB Botswana and Mascom MyZaka (thousands)

2. Mascom (MyZaka)

- **Market Share:** Second-largest mobile money provider, with a mobile subscriber market share of around 40–42%.
- **Reach and Users:** An estimated 398,000 mobile money subscribers.
- **Product Stack:** P2P transfers, bill payments (electricity, DSTV), airtime purchase, and a loan product launched in partnership with Letshego in 2023.
- **Technology and Leadership:** Partnered with Telepin Software for its mobile financial services platform. It has been seen as a slower follower to Orange’s innovation.
- **Revenue and CAC:** Not publicly available.

3.3 Tier 2: Established Financial Institutions and Remittance Players

3. Commercial Banks (FNB, Absa, Standard Chartered, etc.)

- **Reach:** FNB Botswana has a customer base of 650,000. FNB’s eWallet recorded 17.4 million transactions in FY2025, and its banking app reached 384,000 users. Bank Gaborone launched a digital self-onboarding platform in 2026 allowing customers to complete account opening online with automated KYC screening against the national citizen database.
- **Product Stack:** Digital banking apps (e.g., Spark by Absa, SC Mobile) offering full banking services. FNB’s CashPlus agent network, eWallet, and Motshelo Savings Account.

- **Technology:** Adopting digital channels, but their core business remains traditional banking. Absa launched MobiTap soft-POS integrating with Orange Money.

4. Mukuru

- **Reach:** Licensed as an Electronic Payment Service Provider (EPSP) by the Bank of Botswana.
- **Product Stack:** Specialises in cross-border remittances and launched a Visa-branded Companion Card linked directly to its wallet, enabling cashless spending without a traditional bank account. The wallet and card work across all mobile networks.
- **Leadership and Technology:** A major player in the remittance corridor, using its own technology platform to facilitate transfers.

5. Kazang (Lesaka Technologies)

- **Reach:** A South African fintech with a significant footprint in Botswana, operating a vast network of ~90,000 terminals across Southern Africa (including Botswana).
- **Product Stack:** Provides electronic vending solutions and payment acceptance for merchants, allowing them to sell prepaid services (airtime, electricity) and accept card payments.
- **Technology:** Specialises in point-of-sale (POS) terminals and merchant acquiring technology.
- **Leadership:** Part of JSE-listed Lesaka Technologies, providing strong corporate backing.

3.4 Tier 3: The Emerging Startup Ecosystem

6. N2 Pay

- **Status:** Pre-launch; a promising digital wallet startup.
- **Product Stack:** Digital wallet targeting the banked/unbanked gap with instant bank-to-bank transfers, crypto payments at POS, and a USSD access option. It has partnered with Visa and Absa and is in talks with mobile operators.
- **Technology and Leadership:** Founder Ntungamili Keagile. Plans to use blockchain for stablecoin transactions and AI for fraud detection. It is currently stalled awaiting a banking licence that costs P2 million (~$150,000).
- **Revenue and CAC:** Pre-revenue.

7. Motshelo Mobile

- **Status:** Active; a licensed EPSP.
- **Product Stack:** Digitises traditional community savings groups (motshelo). The app allows users to save, lend, borrow, and manage rotational savings. Hosted on AWS with double authentication and permanent records for up to 20 years.
- **Reach and Technology:** Targets a deeply embedded cultural practice, with over half of surveyed users expressing high interest in a digital version. 53% of respondents gave a perfect 10/10 score for interest in a digital motshelo app. It has partnered with Botswana Post for cash-in/cash-out. Plans to launch an insurance product and expand into South Africa by 2027.
- **Leadership:** A local startup focused on financial inclusion through cultural relevance.

8. Nkitsi

- **Status:** Early-stage startup seeking P1.5 million in seed funding.
- **Product Stack:** A blockchain-secured KYC platform enabling businesses to verify identities via API at P1.00 per transaction, with an offline digital card at P50. It targets Botswana's 1.68 million consenting adults.
- **Technology:** Uses blockchain for identity verification. The platform is designed to scale across financial services, telecoms, and insurance.
- **Leadership:** A Botswana-built solution addressing the digital ID and eKYC gap.

9. Pathetic Inc.

- **Status:** Early-stage startup.
- **Product Stack:** A sustainability-focused startup that rewards eco-friendly actions with digital loyalty points convertible to monetary value, collaborating with financial institutions and telecoms on Visa-enabled debit cards.
- **Leadership:** Takes a unique approach by merging fintech with incentivised sustainable behaviour.

10. BotswanaPost (Poso Money)

- **Market Share:** A smaller player with a mobile money market share of around 4%.
- **Reach:** Leverages its extensive national postal network to offer financial services, particularly in rural areas.
- **Product Stack:** Poso Money mobile wallet offering basic transfers and payments.

11. BTC (Smega Money)

- **Market Share:** Holds a smaller share of the mobile money market (around 7–11% in recent years).
- **Product Stack:** Smega Money mobile wallet, which includes a unique "Motshelo Club" feature for group savings, directly digitising the traditional savings culture. Partnered with Hollard Botswana on the Karabo Funeral Plan — accessible via USSD code 173# without a bank account — which won international recognition at the 2025 Tokio Marine Group Awards.
- **Technology:** As the state-owned telecom, it has a national network but has been slower to innovate in the mobile money space compared to Orange.

3.5 Key Takeaways

- **Orange Money's Dominance is Unmatched:** Its 78% market share makes it the single most important fintech player in the country, effectively functioning as Botswana's largest "bank" by user numbers.
- **Data Scarcity is a Feature:** The lack of public data on revenue and CAC for most players reflects the early-stage and private nature of the sector.

- **Startups Face Funding and Regulatory Hurdles:** As N2 Pay's experience shows, access to capital and the high cost of licensing are significant barriers for new entrants.
- **The Battle is for the "Unbanked" and "Underbanked":** The core opportunity for all players, from Orange to the newest startup, is capturing the large segment of the population that remains outside the traditional banking system.

PART II

THE PEOPLE AND THE MONEY

04
Customer Dynamics

Behind every wallet is a person. This chapter asks who the customers are, what they want, and what makes them stay, switch, or walk away.

4.1 Customer Profiling and Demographics

- **Youthful and Urban-Centric:** The median age is 24, and 66.6% of those interested in financial services are aged 25–34. Digital banking usage is concentrated among younger, urban residents.
- **Financial Inclusion Paradox:** While 94% of adults are financially included, only 58% have a traditional bank account. Mobile money is a primary driver, used by 75% of Batswana.
- **Gender Dynamics:** Financial exclusion is similar for men (18%) and women (19%), but women in the informal sector face digital exclusion due to literacy gaps, device access, and social norms.
- **The Unbanked Profile:** People are pushed out of banking by job losses, irregular income, and unemployment. The unbanked adult is often someone whose financial life does not fit a product built for salaried workers.

4.2 Preferences and Behaviour

- **Mobile-First:** Over 70% own smartphones, driving demand for mobile-first commerce. Customers increasingly prefer digital channels for transactions.
- **Value Shift:** While data affordability remains important, fintech value-adds (payments, credit, insurance) are now key differentiators for mobile network choice.
- **Demand for Convenience:** Consumers want faster, more convenient, and personalised services, pressuring banks to innovate.
- **Specific Feature Desires:** For savings groups (motshelo), top requested features include easy savings tracking (14.6%), interest calculations (13.2%), legally binding agreements (13%), and mobile money integration (10.8%). 82% would pay ~P5/month for a valuable digital solution.



Figure 7 — Most requested features in a digital motshelo app

4.3 Pain Points and Barriers

- **Interoperability Gap:** Orange Money and MyZaka do not offer complete interoperability, forcing consumers to split funds and increasing complexity and costs.
- **Cost Sensitivity:** High transaction fees for mobile money and cards are prohibitive for low-income users, discouraging frequent use.
- **Trust and Security:** Users are wary of fraud, data breaches, and unclear legal protections. Social media scams erode confidence.
- **Digital Literacy and Infrastructure:** A considerable portion lacks digital skills. Rural areas suffer from poor network service and fewer smartphones.
- **The Trust Barrier:** A bad digital experience doesn't just lose a sale — it teaches customers the digital route is unsafe, often pushing them back to cash permanently.

4.4 Switching Probabilities

- **Price as a Trigger:** Promotional pricing has a strong positive relationship with customer brand switching, indicating a historical tendency to migrate for better deals.
- **Ecosystem Lock-In:** The friction of switching mobile networks — and losing access to a familiar financial ecosystem — increases switching costs substantially.
- **Bank Switching:** One study found 33% of respondents had switched their principal bank, while 67% had not.
- **Trust is Decisive:** Trust, more than price, determines whether a customer stays in the digital system at all.

4.5 Key Expectations

- **Reliability Over Features:** The feature customers actually buy is reliability. A payment that clears and a confirmation that arrives are the trust signals that convert curiosity into habit.
- **Frictionless Experience:** Customers value solutions that are easy to access, require minimal infrastructure, and work without a traditional bank account.

- **Security and Privacy:** Robust security protocols (PIN/OTP, encryption) and transparent privacy policies are critical to overcome adoption barriers.
- **Inclusive Design:** Offline options like USSD and SMS remain crucial for older and rural members who lack reliable internet.

> *In summary, Botswana's fintech customer base is young, mobile-first, and increasingly demanding. While mobile money has achieved remarkable reach, the next phase of growth hinges on solving interoperability, reducing costs, and — most critically — building trust through reliable execution. The market rewards dependability over novelty; a single clumsy rollout can turn a potential lifelong digital customer back to cash for good.*

05

Agents, Merchants and Banking Roles and Relations

Customers do not meet fintech in the abstract; they meet it at a shop counter, a kiosk, a till. This chapter examines the human distribution layer — and how banks and fintechs are learning to live together.

5.1 The Role of Agents

Agents are local businesses — supermarkets, kiosks, and community shops — empowered to offer basic banking services like cash-in/cash-out, bill payments, and account queries. They are the primary distribution network for reaching rural and low-income populations that traditional bank branches fail to serve.

9.3m	P7.8bn	1,794	38%
CashPlus transactions (FY2025)	transactional value	active agents	turnover growth, year on year

Key agent networks in Botswana:

- **FNB's CashPlus:** The most dominant agent network. In 2025, Botswana recorded over 9.2 million CashPlus transactions — the highest volume in FNB's entire network. Turnover grew 38% year-on-year, with active agents growing 28%. In FY2025, CashPlus handled P7.8 billion in transactional value across 9.3 million transactions with 1,794 active agents. Over half of these agents are women-owned businesses, and 20 agents collectively hired 55 new employees. Since inception, approximately P25 million in cumulative commission income has been paid to agents. Cash@Till processed 285,032 withdrawals worth P101 million across 348 partner stores.
- **Standard Chartered's Eazy Pula:** Launched in partnership with Botswana Post and Motovac, scaling from 36 to a targeted 150 sites. It enables card-based deposits and withdrawals at partner locations nationwide.
- **BSB's S'kgwama:** Botswana Savings Bank's agency banking platform, targeting over 200 merchants as agents in its first year.
- **Absa's Spark Agency Banking:** Utilises 66 Spark agents, primarily major retailers, to enable deposits and withdrawals for Spark digital wallet users.

- **Orange Money's Agent Network:** Leverages retail chains like Choppies, Sefalana, and Spar as cash-in/cash-out points, alongside independent distributors. Agent exclusivity is not allowed, and larger retailers service multiple providers.

5.2 The Role of Merchants

Merchants are the acceptance side of the payments equation. Their adoption of digital payment tools is what makes a cashless ecosystem viable.

How merchants accept payments

- **Orange Money's DuelaEasy:** Launched in 2024, this merchant payment solution allows businesses — from tuck shops to large retailers — to accept Orange Money payments via the Maxit App or USSD. Orange is aggressively onboarding merchants across all sectors.
- **Absa MobiTap:** A soft-POS solution that turns a merchant's smartphone into a payment terminal, eliminating the need for bulky card machines. It currently integrates with Orange Money, with plans to onboard additional mobile network operators. Absa also opened cashless payment and business loans of up to P60,000 for taxi operators affiliated with the Yellow Light Taxi Association through the MobiTap platform.
- **Standard Bank and UnionPay:** Expanded e-commerce acceptance across nine African markets including Botswana, enabling online merchants to accept UnionPay card payments from international customers.
- **Biometric POS:** Botswana's Universal Electronic Payment System (UEPS) infrastructure supports biometric-enabled smart cards for offline payments, particularly for government grant beneficiaries.

Merchant adoption remains a challenge. Mobile money is still largely used for person-to-person transfers, with limited use for payments at physical or e-commerce merchants. Limited interoperability between mobile money accounts and bank accounts further constrains merchant acceptance.

5.3 The Relationship Between Banks and Fintechs

The dynamic is best described as "coopetition" — banks and fintechs compete for the same customers while increasingly recognising the need to collaborate.

The power imbalance

Orange Money, with 884,000 subscribers and 78% market share (and over 1.3 million customers in 2026), has effectively become Botswana's largest "bank" by user numbers, surpassing FNB's 650,000 customer base. This has forced banks to respond. Pilane, Orange Money's CEO, noted that mobile money's success has driven commercial banks to launch their own wallets and similar services.

Collaboration is accelerating

- **FNB Botswana (FNBB):** Actively seeking to collaborate with fintech firms and MNOs to accelerate innovation.

- **Access Bank:** Views fintechs and wallet providers as potential partners as much as competitors, with a strategy of plugging into their infrastructure to reach consumers banks haven't reached.
- **FCB Botswana:** Partnered with PayInc to integrate the TCIB cross-border platform, becoming the first bank in Botswana to process inbound cross-border payments through it.
- **Absa:** Partnered with Orange Money to enable MobiTap, directly integrating a bank product with a competing mobile money wallet.
- **FMB Capital Holdings:** Signed a five-year strategic partnership with Visa to accelerate digital payments across Southern Africa including Botswana.

The structural barrier to deeper collaboration

The most significant obstacle is the absence of an Open Banking framework. The 2024 Botswana Fintech Landscape Mapping Survey found that this absence limits the potential for data sharing and collaboration between banks, non-banks, and third-party providers. Without mandated API access, banks have little incentive to open their systems to fintechs, and fintechs cannot build products that rely on bank data.

5.4 Key Takeaways

- **Agents are the new branches:** FNB's CashPlus network alone handles more transactions in Botswana than in any other market in its African network, proving that the agent model is the most effective tool for financial inclusion.
- **Merchants need a stronger value proposition:** Mobile money is still primarily a P2P tool. Getting merchants to accept digital payments at scale requires interoperability and a compelling cost-benefit case.
- **Banks and fintechs are learning to coexist:** The relationship is shifting from pure competition to strategic partnership, but the lack of Open Banking means these collaborations are ad-hoc rather than systemic.
- **Orange Money holds the cards:** As the dominant player with the largest user base, any bank seeking to scale digital payments must ultimately engage with Orange Money — whether as a partner or competitor.

06

Cash — Digital Dance

This is the heart of the report. Everything so far — the regulation, the players, the customers, the agents — converges on a single tension: cash and digital money, locked in a dance neither is leading.

The "dance" between cash and digital cash in Botswana is less a straightforward replacement and more a tense, ongoing negotiation. The paradox at the heart of it is that while Botswana has near-universal mobile penetration (94%) and 75% of adults use mobile money, cash usage actually increased by over 100% between 2011 and 2023 — an unusual trend in an increasingly digitalising world.

6.1 The Resilience of Cash

Cash remains dominant for several deeply rooted reasons:

- **Cultural and behavioural habit:** Cash has historically been the primary payment method, and shifting long-established habits requires consistent incentives. It is especially persistent in rural areas, open-air markets, and among older age groups.
- **A trust barrier:** Many citizens, particularly in rural areas, are unfamiliar with digital systems. This lack of understanding reduces trust and reinforces reliance on cash.
- **The informal economy:** The informal sector relies heavily on cash. 70% of surveyed informal entrepreneurs use their own funds, with less than 1% borrowing from banks — a cash-based operating model that digital tools have yet to fully serve.
- **Network effects favouring incumbency:** A doctoral thesis from the University of Essex found that while mobile money's network effects boost its adoption, network effects favouring cash and bank deposits act as mitigating factors, leading to slow mobile money adoption despite low switching costs.

6.2 The Rise of Digital Cash

Despite cash's resilience, digital payments are growing in specific segments:

- **Mobile money's reach:** As of March 2025, mobile money transaction values reached P42.3 billion, while combined mobile and internet banking transactions reached P85.6 billion in 2024.
- **Digital wallet growth:** FNB's eWallet recorded 17.4 million transactions in FY2025, up from 14.4 million, used to send funds to any mobile number including unbanked recipients. FNBB's banking app reached 384,000 users.

- **A counter-trend in card swiping:** EFTPOS values dropped to P85.4 billion in 2025 from P120.6 billion in 2024 — the first year-on-year decline. Quarterly average swiping values fell to P21.4 billion from P30.2 billion, and quarterly transaction volumes dropped to 34 million from 63 million, linked to tighter liquidity and lower consumer spending.

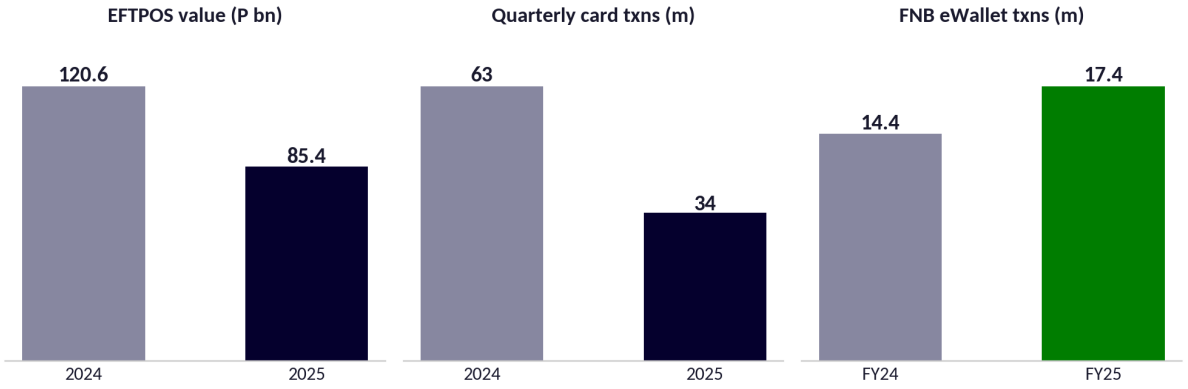

Figure 8 — Card swiping contracts while wallet transactions grow

6.3 The Friction Points: Where the Dance Gets Stuck

The friction between cash and digital is concentrated in several structural barriers:

- **Interoperability gap:** Botswana's two main systems, Orange Money and MyZaka, do not offer complete interoperability. This forces consumers to split finances across wallets, increasing complexity and costs. There is also limited interoperability between mobile money accounts and bank accounts.
- **Cost sensitivity:** Transaction fees for mobile money and cards are prohibitive for low-income users, making digital payments less appealing than cash.
- **Digital literacy and infrastructure:** Gaps persist, particularly among rural and older populations, with uneven connectivity affecting service reliability.
- **Merchant acceptance lag:** Merchant acceptance lags behind consumer wallet adoption. Mobile money is still largely used for person-to-person transfers, with limited use for payments at physical or e-commerce merchants.
- **A cultural trust gap:** A bad digital experience doesn't just lose a sale — it teaches customers the digital route is unsafe, pushing them back to cash permanently.

6.4 The Structural Flaw: Digital as a Cash Rail

A critical structural flaw is that digital payments currently serve primarily as a delivery mechanism for physical cash. Value enters the digital system, travels a short distance, and exits back into notes and coins. The float doesn't stay in the system, the data doesn't accumulate, and the economics of digital never compound.

The evidence for this pattern is scattered across the ecosystem:

- **Agent banking is cash distribution:** FNB's CashPlus handled 9.3 million transactions worth P7.8 billion — but these are predominantly cash-in/cash-out, not digital commerce.

- **Cardless ATM access extends the same logic:** Orange Money and Access Bank's ATM service lets users deposit and withdraw cash at 59 ATMs. Useful, but it deepens the cash rail rather than replacing it.
- **Motshelo Mobile's partnership with Botswana Post:** It is for cash-in/cash-out — necessary for adoption, but it means the savings cycle terminates in physical currency.
- **Mobile money is still largely P2P:** The 2024 survey found limited use for payments at physical or e-commerce merchants.
- Cash usage rose over 100% between 2011 and 2023 despite 75% mobile money adoption: the clearest signal that digital is not displacing cash, it's serving it.

> *The result: mobile money transaction values hit P42.3 billion, but a large share of that is the same money moving in and out of the system repeatedly. That's churn, not circulation.*

6.5 Why This Matters More Than It Seems

When digital is just a cash rail, four things fail to materialise:

1. **The float stays thin:** If users cash out immediately, operators must maintain physical cash liquidity everywhere — expensive, risky, and capital-intensive. If balances circulate, the operator holds float, earns interest on it, and can lend against it. Interest-bearing e-money, now permitted under the 2026 EPS Amendment Regulations, only pays off if balances stay in the wallet.
2. **Transaction data never accumulates:** Embedded credit needs transaction histories to underwrite. If every flow ends in a cash-out, there's no merchant data, no spending pattern, no income signal. You can't build a credit score from cash-out receipts.
3. **Merchant acceptance never reaches critical mass:** Merchants won't accept digital payments if customers immediately withdraw and pay in cash anyway. And customers won't keep balances if merchants don't accept them. It's a coordination failure that only breaks when digital spend becomes more useful than cash spend.
4. **The cost advantage evaporates:** Digital payments are cheaper than cash only at volume. If the system constantly cycles through physical cash handling, the cost structure never improves — and high transaction fees stay high, which is exactly the pain point low-income users cite.

6.6 Bridging the Divide: The Convergence Strategy

Rather than waiting for a full leap to digital, the ecosystem is developing services that bridge cash and digital, meeting users where they are:

- **Cardless ATM transactions:** Orange Money and Access Bank launched a service allowing cash-in and cash-out directly at 59 Access Bank ATMs without a card, secured by PIN and OTP. Customers can deposit up to P8,000 and withdraw up to P2,000.

- **Agent banking networks:** FNB's CashPlus network handled P7.8 billion in transactional value across 9.3 million transactions in FY2025, with 1,794 active agents. Since inception, approximately P25 million in cumulative commission income has been paid to agents. Cash@Till processed 285,032 withdrawals worth P101 million across 348 partner stores.
- **Digital wallets with card functionality:** Mukuru launched a Visa-branded Companion Card linked to its wallet, allowing cashless spending at Visa-accepting merchants without a traditional bank account. The wallet and card work across all mobile networks.
- **National Retail Payments Switch (NRPS):** A planned infrastructure reform designed to enable inclusive, low-cost, real-time retail transactions across platforms. It will support fintech integration via open APIs and ensure interoperability across banks, mobile money operators, and other payment service providers. The National Payments Switch Act has been drafted to enable implementation and reduce reliance on South African-based services.

6.7 The Digital Velocity Imperative

The goal is not merely "more digital transactions" but more digital circulation — value that moves through multiple digital hops before converting to cash, if it converts at all. This requires four conditions to be true simultaneously:

1. **Closed-loop utility for essentials:** The fastest way to stop cash-out is to make the balance spendable on things people must buy. Airtime, electricity, water, DSTV, school fees, government services. Every utility that accepts mobile money is a reason not to withdraw.
2. **Merchant acceptance at the daily-necessity layer:** Not just large retailers like Choppies and Sefalana — but combis, tuck shops, fuel stations, and market vendors. These are where cash actually changes hands daily. Absa's MobiTap soft-POS model, which turns a merchant's smartphone into a terminal and integrates with Orange Money, is the right technology. But it needs to reach the informal merchant layer, not just formal retail.
3. **Universal interoperability:** A wallet balance is only as useful as the number of places it can be spent. Until a P2B payment works regardless of which wallet or bank either party uses, merchants must hold multiple acceptance relationships, and customers must hold multiple balances. The National Retail Payments Switch is the fix — but it must deliver open APIs, not just a settlement layer.
4. **Pricing that rewards digital spend and taxes cash-out:** If cash-out is free and digital spend is free, users default to cash-out because it's familiar. A structure that makes P2B and P2P free or near-free, while charging a small premium for cash-out, changes behaviour at scale. This is not about punishing users — it's about making the digital path the path of least resistance.

6.8 The G2P Lever: Botswana's Biggest Single Opportunity

The government aims to grow digital payments from 27% to 80% of all transactions by 2026. The most powerful way to do this is G2P digitisation — paying grants, pensions, salaries, and subsidies directly into digital wallets or accounts.

Why this is decisive: recipients of government payments are disproportionately low-income, rural, and unbanked — exactly the cohort that cashes out. If a pension or grant arrives in a wallet and can be spent on electricity, airtime, groceries, and transport without withdrawal, the flow stays digital. If it arrives in cash, nothing changes.

Botswana already has the infrastructure. The Universal Electronic Payment System (UEPS) supports biometric smart cards for government grant beneficiaries offline. The Digital ID target of 90% by 2026 will streamline verification. What's needed is the political decision to make digital disbursement the default, with cash as the exception rather than the norm.

6.9 B2B and P2G: The Flows Nobody Talks About

The focus is usually on consumer payments, but business-to-business and person-to-government flows are where large value moves and where cash still dominates.

- **Merchant-to-supplier payments:** If a merchant accepts digital payments but pays their supplier in cash, the flow still terminates in cash. Digitising the supply chain — even just the first hop — keeps value in the system.
- **Wage payments:** Employers paying wages in cash forces workers to cash-in to pay bills digitally, or stay entirely in cash. Digital wage payment is a direct lever.
- **Tax and fee payments:** If citizens can pay tax, licence fees, and utility bills digitally with the same balance they receive payments into, the loop closes.

6.10 The Reframe

The goal is not "more digital transactions." It is more digital circulation — value that moves through multiple digital hops before converting to cash, if it converts at all.

The metric that matters is not transaction volume, but digital velocity: how many times a unit of value moves digitally before it exits the system. Botswana's current velocity is close to one — money enters a wallet and immediately leaves as cash. The ambition should be to raise that to three, four, five hops: salary in, electricity paid, groceries bought, motshelo contribution made, insurance premium deducted, savings retained.

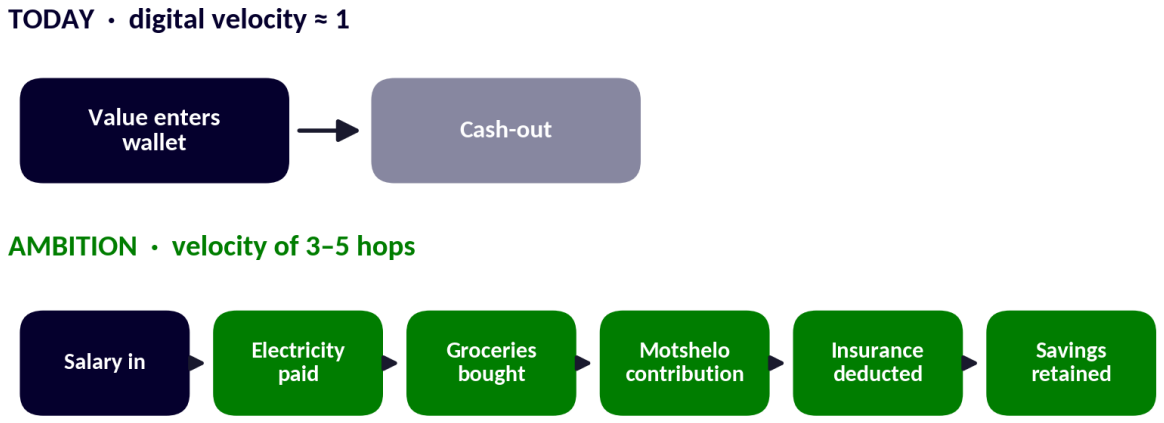

Figure 9 — Digital velocity: from on-ramp to circulatory system

> *Everything — the NRPS, interest-bearing e-money, embedded finance, USSD-first design, agent networks, Digital ID — converges on this single objective. Digital must stop being the on-ramp to cash and start being the circulatory system for money in Botswana.*

PART III

THE WAY FORWARD

07
Opportunities for Growth

If digital velocity is the goal, where will it come from? This chapter maps the infrastructure shifts and the vertical plays that can make money circulate.

Botswana's fintech growth opportunities are concentrated in a few foundational shifts — most notably the National Retail Payments Switch (NRPS), the National Fintech Strategy, and the push toward Digital ID — that will unlock adjacent opportunities across lending, savings, insurance, agriculture, and cross-border payments.

7.1 Foundational Infrastructure Opportunities

1. National Retail Payments Switch (NRPS)

The NRPS is the single most transformative infrastructure project. It will provide a unified platform for seamless, secure electronic payments across all financial institutions and mobile operators, with a Special Purpose Vehicle (SPV) established under the Bank of Botswana to oversee procurement and implementation. It will support fintech integration via open APIs and ensure interoperability across banks, mobile money operators, and other payment service providers. This directly addresses Botswana's biggest structural barrier — the lack of interoperability between Orange Money and MyZaka — and will create a level playing field for fintechs to build on.

2. Digital ID and KYC

Botswana targets 90% Digital ID enrolment by 2026 and has near-universal coverage of the Omang national ID. The financial sector already connects to Omang for verification, and the system is being enhanced into a full-fledged digital ID. This creates opportunities for blockchain-secured KYC platforms. Nkitsi, a local startup, has developed a platform enabling users to store personal information and businesses to verify identities via API at P1.00 per transaction, with an offline digital card priced at P50. It is seeking P1.5 million in seed funding to scale across financial services, telecoms, and insurance. The Bankers' Association of Botswana has launched a national eKYC project allowing banks to verify customer identities electronically against the national citizen database.

3. Open Banking (Future Opportunity)

There is no open banking framework in Botswana and no published roadmap. However, the NRPS's open API mandate and the Data Protection Act (2024) provide the technical and legal foundations for eventual open banking, creating a significant long-term opportunity for API-based financial infrastructure providers.

7.2 Embedded Finance — The Priority Play

Given Botswana's small population, the opportunity is not acquiring more users but embedding more financial services into the transactions and platforms people already use. The 2024 Botswana Fintech Landscape Mapping Survey already flagged embedded finance as a live area of innovation, alongside digital lending and QR-based payments. The Africa embedded finance market is growing at 11.2% annually to US$13.2 billion in 2025, with a 15.7% CAGR over 2021–2025, and is projected to reach US$18 billion by 2030. The fastest-growing mobile money use case globally is merchant payments, which grew 42% to US$155 billion in 2025 — meaning the transaction layer is already there; what's missing is the financial layer riding on top of it.

Embedded Credit: Underwriting the Transaction, Not the Person

The most immediate opportunity is merchant-embedded credit and income-linked advances. Access Bank Botswana's SalaryAdvance — delivered via app and USSD, offering up to 200% of monthly salary with automated repayments — is already a working model of embedded credit inside a salary flow. The award recognition it received signals that regulators and the market are comfortable with this structure.

The more scalable version is merchant cash-flow lending. Kuunda, operating across Tanzania, Uganda, Kenya, Malawi, and Mozambique, tracks informal and small businesses' sales transactions to underwrite 1-to-14-day credit disbursed directly through mobile money operators like Wave and M-Pesa. It has disbursed US$3 billion in credit to over 10 million users by embedding liquidity where commerce happens — at the edge. Botswana's merchant payments growth creates the same raw material: transaction data that can become a credit score.

Embedded Insurance: Already Working, Needs Scale

Botswana already has a proven embedded insurance model. Karabo Funeral Plan, developed by Hollard Botswana in partnership with BTC and Smega mobile money, requires no bank account — users dial USSD code 173# and pay premiums via mobile wallet. It won international recognition in 2025 for financial inclusion. The next layer is micro-covers embedded into wallet activity. Axion Life notes that Botswana's consumers are increasingly choosing financial services ecosystems that bundle payments, savings, credit, and now insurance, with insurers embedding funeral, hospital cash, and device covers into everyday digital flows. Orange Money already offers hospital cash in partnership with Metropolitan, illustrating how telco–insurer collaborations lower acquisition costs.

Embedded Savings and Investment: Digitising Motshelo at Scale

The most culturally embedded savings vehicle in Botswana is motshelo — rotational savings groups used by 38% of Batswana, with 53% giving a perfect 10/10 interest score in a digital motshelo app. Motshelo Mobile, licensed under the Bank of Botswana's EPS regulations, digitises the entire cycle: saving, lending with interest, borrowing, and group management, all hosted on AWS with double authentication and permanent records for up to 20 years. It has partnered with Botswana Post for cash-in/cash-out, bridging digital and physical. FNB Botswana has launched a Motshelo Savings Account with digital member management and competitive interest rates.

Bayport Financial Services launched an investment-embedded loan product for women, where a 25% discount on administration fees is invested on the borrower's behalf.

7.3 The Technology Stack: USSD, AI, and Blockchain KYC

The technologies that enable embedded finance in Botswana are not futuristic — they're practical and already deployed:

- **USSD remains the killer channel:** Nthoppa, a digital financial advisor, serves low-income and informal workers via app and USSD, integrating AI-powered personalised advice with financial education and bundling insurance, microfinance, and utility payments into one platform. Access Bank's SalaryAdvance, Karabo insurance, and Motshelo Mobile all run on USSD.
- **Blockchain for identity, not speculation:** Nkitsi has developed a blockchain-secured KYC platform that allows businesses to verify identities via API at P1.00 per transaction, with an offline digital card at P50. This is the kind of infrastructure that makes embedded credit and insurance viable at low cost.
- **AI/ML is the untapped layer:** The Fintech Landscape Survey found that while APIs and cloud computing are widely used, AI/ML and DLT uptake remains low, signalling significant untapped potential. The embedded finance play is precisely where AI matters: credit scoring from transaction data, fraud detection in real time, and personalised product recommendations inside the flow.

7.4 Key Vertical Opportunities

4. Digital Lending

Mobile lending and fintech innovations are driving rapid expansion of Botswana's digital credit sector. Market forecasts highlight AI-driven lending systems, cloud-based platforms, and mobile lending apps as key growth areas, driven by increasing smartphone penetration and demand for quick credit access.

5. Insurtech and Agri-insurance

Botswana's insurance sector is heavily concentrated around traditional products, leaving room for specialised risk coverage linked to technology, climate, and digital transformation. Lord's Insurance, a new citizen-owned insurer, is rolling out agricultural insurance across the country, describing it as an underdeveloped niche despite growing climate-related risks, and preparing cyber liability cover ahead of the Cyber Security Act. A national initiative is protecting 30,000 farmers through parametric insurance tailored to local communities.

6. Agritech and Farmer Inclusion

37% of Botswana's population depends on farming for their livelihoods. Brastorne has developed a USSD mobile application connecting rural farmers with information, tools, and market access. There is also space for epidemic insurance and data platforms linked to farmer compensation databases.

7. Micro-investing and Wealth

Pulaspace is a micro-investing platform connecting startups with investors, offering investment readiness training, market entry support, and investor-matching services to fintech startups like Ipachi Capital, Unipay, and Tribease. Equity crowdfunding connects early-stage founders to retail investors at a minimum investment of BWP 150. mystocks.africa enables dollar-denominated investing across African stock exchanges including the BSE.

7.5 Cross-Border and Regional Expansion

8. SADC Cross-Border Payments

First Capital Bank Botswana partnered with PayInc to integrate the TCIB multi-currency, cross-border platform, enabling real-time inbound remittances from South Africa and Zimbabwe. Xago secured a VASP licence in Botswana to expand digital asset and cross-border payment infrastructure across Southern Africa. Unipesa and Mobipay Botswana formed a strategic partnership (October 2025) to enhance cross-border payments, remittances, and merchant payment solutions. These are early steps toward Botswana becoming a regional fintech hub for cross-border digital trade.

9. VASP and Digital Assets

The Virtual Assets Act provides a legal framework for crypto, with NBFIRA as the regulator. Licensed VASPs like Xago are building compliant digital asset infrastructure for businesses and financial institutions.

7.6 Funding and Ecosystem Support

10. Access to Capital

The Botswana Tech Fund (BTF) launched with a £50 million target focused on B2B startups solving infrastructure challenges in payments, e-commerce, logistics, and digitisation across Botswana, Namibia, Zambia, Zimbabwe, and neighbouring markets. It is anchored by Pula Investments and managed in partnership with Launch Africa Ventures. Investments run from pre-seed to Series C. Pre-seed investments are £100,000 per company (in two tranches), with Seed to Series C investments ranging from £250,000 to £2.5 million.

The Scalar Botswana Innovation Programme supports 10 climate and digital technology startups with potential access to Scalar's US$150 million Africa Decarbonisation Fund I.

11. Regulatory Sandbox

The Bank of Botswana Regulatory Sandbox allows innovators to test new financial products under supervision. The current theme is "Unlocking an Inclusive Digital Economy through Digital Banks, Inclusive Payments, and Interoperability Solutions", with applications open to both licensed and unlicensed entities.

7.7 Priority Matrix

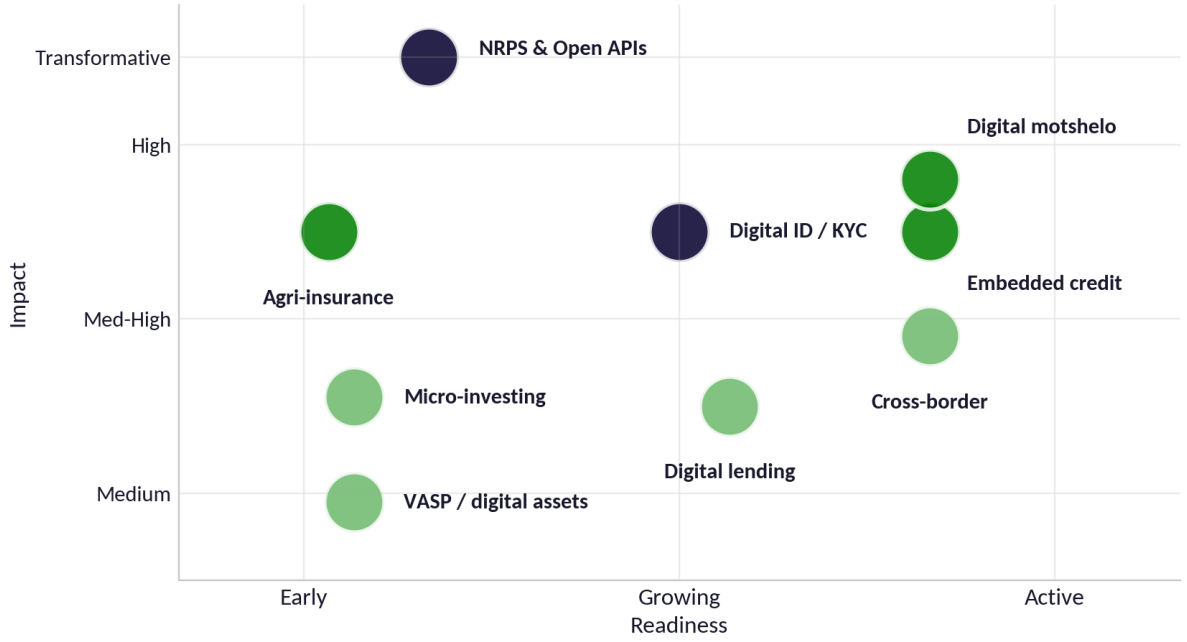

Figure 10 — Opportunity priority matrix: readiness versus impact

Opportunity	Readiness	Impact	Key Enablers
NRPS and Open APIs	In progress	Transformative	BoB, SPV, private sector
Digital ID/KYC	Near-term	High	90% enrolment target, Omang
Embedded Credit	Active	High	Access Bank, Kuunda model
Digital Motshelo	Active	High	Motshelo Mobile, FNB, cultural demand
Agri-insurance	Early	High	Lord's Insurance, 30k farmer initiative
Cross-border payments	Active	Medium-High	TCIB, PayInc, SADC integration
Digital lending	Growing	Medium	Smartphone penetration, sandbox
Micro-investing	Early	Medium	Pulaspace, crowdfunding
VASP/Digital assets	Early	Medium	Virtual Assets Act, NBFIRA

> *The NRPS and Digital ID are the two foundational enablers that will unlock the most adjacent opportunities. The motshelo digitisation and agri-insurance verticals are uniquely Botswana — culturally and economically embedded — and have demonstrated clear consumer demand. The funding ecosystem is finally maturing, with dedicated vehicles like the BTF and Scalar programme beginning to address the capital gap that has historically stalled startups like N2 Pay.*

08

Challenges, Obstacles and Risks

No honest account of opportunity is complete without its shadow. Six families of risk stand between Botswana and digital velocity.

Botswana's fintech sector faces a complex web of challenges that can be grouped into six categories: regulatory ambiguity, funding scarcity, infrastructure gaps, socio-cultural barriers, cybersecurity threats, and structural market frictions.

8.1 Regulatory Challenges and Ambiguity

- **No Dedicated Fintech Licence:** Botswana lacks a specific "fintech" or "e-money" licence, forcing entities into existing categories (like EPS provider or VASP), which is complex for novel business models.
- **Digital Lending in a "Nebulous Legal Zone":** Many mobile lenders operate in a legally ambiguous space, exposing consumers to risks like excessive indebtedness and data privacy breaches.
- **Enforcement Lags Innovation:** Industry experts caution that the pace of innovation often outstrips regulatory adaptation, meaning even well-designed frameworks suffer from weak enforcement.
- **Fragmented Oversight:** The lack of a coordinated National Fintech Strategy means efforts across the Bank of Botswana and NBFIRA remain fragmented.

8.2 The Funding and Capital Gap

- **A "Catch-22" for Startups:** Investors demand quantifiable results, which are unattainable without regulatory clearance — but regulatory clearance requires capital.
- **Banks Won't Lend, Grants Are Slow:** Banks want established cash flow and collateral, while government grants are competitive and slow. Foreign investment targets only proven models, creating a "capital gap" for early-stage founders.
- **High Licensing Costs:** A banking licence costs around P2 million (~$150,000), a prohibitive sum for bootstrapped startups like N2 Pay.

8.3 Infrastructure and Interoperability Gaps

- **The Interoperability Problem:** Orange Money and MyZaka do not offer complete interoperability, forcing users to split funds across wallets and increasing complexity and costs. The EPS regulations mandated interoperability in 2019, but implementation has been slow.

- **High Infrastructure and Transaction Costs:** The high cost of infrastructure deployment hampers expansion, while elevated transaction fees are prohibitive for low-income users.
- **Rural Connectivity Deficits:** Despite high mobile penetration, network reliability is inconsistent in rural areas, discouraging digital transactions.
- **Fragmented Customer Data:** Difficulties in building partnerships with incumbent financial institutions and fragmented customer data are significant barriers for smaller entrants.
- **Low Uptake of Advanced Technologies:** While APIs and cloud computing are widely used, the uptake of AI/ML and Distributed Ledger Technology (DLT) remains low — signalling significant untapped potential.

8.4 Socio-Cultural and Demographic Barriers

- **Digital and Financial Literacy Gaps:** Many citizens, particularly in rural areas, are unfamiliar with digital systems, which reduces trust and reinforces reliance on cash.
- **Gendered Digital Exclusion:** Women face exclusion due to literacy gaps, limited device access, and social norms.
- **The Trust Barrier:** Users worry about fraud, data breaches, and unclear legal protections.

8.5 Cybersecurity and Fraud Risks

- **AI-Powered Fraud is Escalating:** Fraudsters are leveraging AI, impersonation tactics, and social engineering to exploit gaps in verification and awareness.
- **Account Creation is the Weakest Link:** Botswana recorded its highest rate of suspected digital fraud at account creation (2.6%), followed by account login (0.8%) and financial transactions (0.5%).
- **Regulatory Infrastructure is Lagging:** The regulatory infrastructure for effective oversight is lacking and lagging financial innovation, creating pockets of vulnerability.
- **VASP Sector Classified High-Risk:** Botswana has internally classified the VASP sector as high risk for money-laundering and terrorism financing.
- **Rising Fraud Losses:** The Botswana Police Service recorded 175 cases of fraudulent transactions in 2024, with losses exceeding P8 million. Pensioners are increasingly targeted through SIM swap fraud, phishing, fake investment schemes, and OTP theft.
- **Stablecoin Conversion Costs:** Stablecoin conversion costs in Botswana reached 19.4% — among the highest in Africa — creating additional consumer risk.

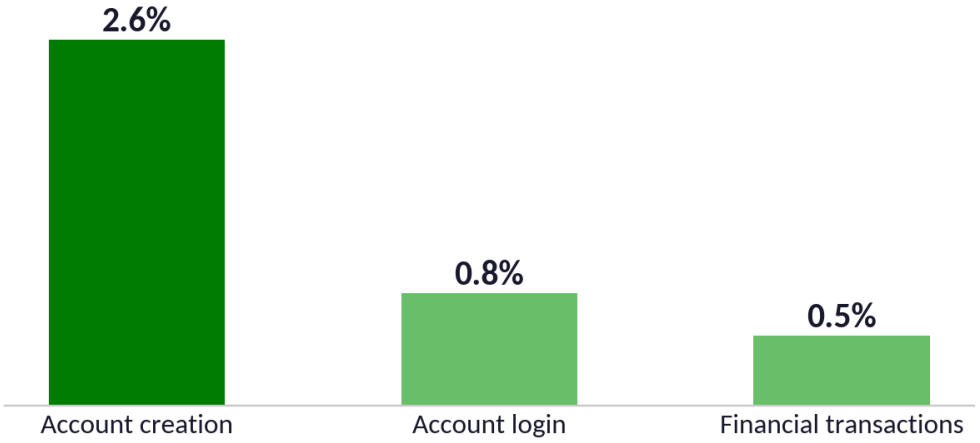

Figure 11 — Suspected digital fraud rate by stage of the customer journey (TransUnion, 2025)

8.6 Structural Market Frictions

- **Merchant Acceptance Lags:** Mobile money is still largely used for person-to-person transfers, with limited use at physical or e-commerce merchants.
- **Network Effects Favour Cash:** Network effects favouring cash and bank deposits act as mitigating factors, leading to slow mobile money adoption despite low switching costs.
- **No Open Banking Framework:** The absence of an open banking framework limits data sharing and collaboration between banks, non-banks, and third-party providers.
- **Uncompetitive Market Structure:** Orange Money's 78% market share creates a concentration risk that can stifle competition and reduce incentives for interoperability.

8.7 Summary: The Most Critical Systemic Threats

> *The most critical systemic threats are the interoperability gap (which fragments the market and raises costs), the startup funding catch-22 (which prevents new entrants from scaling), and the regulatory ambiguity around digital lending and VASPs (which exposes consumers to harm and creates systemic vulnerability). These are compounded by cybersecurity risks that are accelerating faster than regulatory oversight can adapt.*

09
Position in Africa

Zooming out: how does a country of 2.5 million compare with the continent's giants? The answer is not scale — it is something arguably more durable.

Botswana occupies a distinctive position in the pan-African fintech landscape: it is not a scale leader, but it is increasingly recognised as an institutional readiness leader. The country's fintech ecosystem is small by continental standards, yet its regulatory foundations, digital infrastructure, and governance quality position it as a "steady foundation" market — one that may be better placed to attract sustainable, high-quality investment than some larger but more volatile peers.

9.1 Continental Positioning

In the 2025 Digital Entrepreneurship ranking, Botswana placed 101st globally and 7th in Africa, ahead of Kenya (104th) and Ghana (105th) — a ranking that captures institutional quality and digital adoption rather than raw startup volume. In the Digital Evolution Index 2025, Botswana ranked 76th globally, behind Mauritius (62nd) and South Africa (66th) but ahead of several larger economies.

The gap between Botswana and the continental leaders is stark in scale:

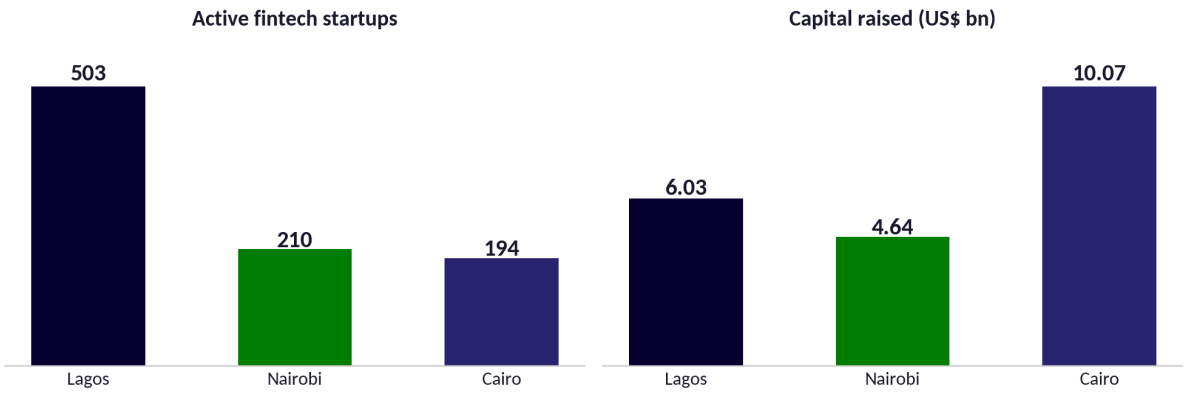

Figure 12 — Scale of Africa's leading fintech hubs (Lagos, Nairobi, Cairo)

- Lagos, Nigeria hosts 503 active fintech startups, with US$6.03 billion raised across 116 funded companies.
- Nairobi, Kenya has 210 startups, with US$4.64 billion raised across 59 funded companies.
- Cairo, Egypt has 194 startups, with US$10.07 billion raised across 49 companies.
- Botswana, by contrast, had only one recognised fintech startup as recently as 2023, with a small number of entities now active.

9.2 Comparative Strengths

1. Regulatory Clarity and Institutional Credibility

Botswana has moved faster than many peers in establishing fintech-specific regulation. It was the first African country to issue crypto licences, passing the Virtual Assets Act in 2022, with NBFIRA as supervisor. Its approach has been described as a model of decisiveness, bypassing the sandbox phase to implement a full licensing regime — in contrast to Nigeria's more cautious sandbox-first approach. The Bank of Botswana has also launched a Regulatory Sandbox (December 2025) and a Digitalisation and Innovation Hub to facilitate engagement with startups.

2. Governance and Stability Premium

Botswana maintains an investment-grade sovereign credit rating, sound legislation, and trusted governance — attributes that are increasingly valuable to institutional investors and fintech firms seeking regulatory predictability. The 2024 Botswana Fintech Landscape Mapping Survey noted that licensed institutions have led fintech adoption, leveraging APIs and cloud computing to drive scalability.

3. Digital Infrastructure Readiness

Botswana ranks 3rd in Southern Africa for market readiness and 26th in Africa for infrastructure. Internet penetration reached 81.4% in 2025, placing it among Africa's most connected countries. Mobile penetration exceeds 94%, creating a strong foundation for digital financial services.

4. Mobile Money Adoption Relative to Income

Botswana stands out in SADC for its high adoption of mobile money, and has been an early adopter of contactless and Tap-to-Phone technology powered by VisaNet. Orange Money's dominance (78% market share) has driven transaction values to P42.3 billion as of March 2025.

5. Regional Payment System Integration

Botswana is connected to SADC-RTGS and TCIB, the low-value cross-border instant payment system. Botswana-based commercial banks settled P107.9 billion through SADC-RTGS in 2025, demonstrating active participation in regional financial infrastructure.

9.3 Comparative Weaknesses

1. Scale Deficit and Thin Startup Pipeline

The most obvious weakness is the small number of startups and limited investment flows compared to continental hubs. As The Fintech Times noted, Botswana's ecosystem remains relatively small compared with larger African fintech markets such as Nigeria, Kenya or South Africa. The survey captured responses from only 3 unlicensed fintech startups, with 50 entities (52% of respondents) actively providing fintech services.

2. Mobile Money Transaction Volume Lags Penetration

Despite high mobile penetration and bank coverage, mobile banking transaction volumes remain surprisingly low in Botswana compared to Kenya, Tanzania, and Uganda. The European Investment

Bank noted that in Botswana and Namibia, mobile banking operation volumes are surprisingly low despite more mobile subscriptions than inhabitants. This suggests that mobile infrastructure alone is not the bottleneck — trust, usability, and merchant acceptance are.

3. Absence of Open Banking Framework

Botswana has no open banking framework, which limits the potential for data sharing and collaboration between banks, non-banks, and third-party providers. This is a structural disadvantage compared to Nigeria, which has a published open banking roadmap, and Kenya, where API-based collaboration is more advanced.

4. Low Uptake of Advanced Technologies

While APIs and cloud computing are widely used, the uptake of AI/ML and Distributed Ledger Technology (DLT) remains low. This places Botswana behind peers like South Africa and Kenya in the adoption of next-generation fintech technologies.

5. Fragmented National Strategy

The 2024 survey concluded that the fragmented nature of fintech developments points to the need for a coordinated National Fintech Strategy to align regulatory, institutional, and innovation efforts. This fragmentation is a competitive disadvantage in a continental landscape where countries like Rwanda and Nigeria have more centralised innovation agendas.

6. Limited Non-Bank Participation

The survey found limited participation of non-bank institutions in the fintech ecosystem. This concentration of activity within licensed banks and EPS providers limits the diversity of innovation and the range of business models that can emerge.

9.4 The Trust Dimension: A Double-Edged Sword

Absa's research highlights a crucial cultural difference: clients in Botswana (along with South Africa, Mauritius, and Ghana) prefer their banks to help them with digital investment needs, whereas Kenyans trust their fintech market and exchanges significantly more. This trust in traditional institutions is a strength for bank-led innovation but a weakness for standalone fintech disruption. It means fintechs in Botswana are more likely to succeed through bank partnerships than through direct-to-consumer disruption.

9.5 Strategic Outlook

Botswana's position in the pan-African fintech evolution is best understood as a quality-over-quantity play. Its comparative advantages — regulatory clarity, institutional credibility, digital infrastructure readiness, and governance quality — are precisely the factors that increasingly matter to institutional investors, multinational fintechs seeking regulatory predictability, and development finance institutions.

The Botswana Tech Fund (£50 million) and the Scalar Botswana Innovation Programme are early signals that this positioning is beginning to attract capital. The Digital ID target of 90% enrolment by 2026 and the National Retail Payments Switch will further strengthen the foundational layer.

However, the country's scale deficit and thin startup pipeline mean it will not compete with Lagos, Nairobi, or Cairo as a volume hub. Its more realistic trajectory is as a regional hub for regulatory-compliant fintech infrastructure — a jurisdiction where fintechs can build and test products under clear rules, and where banks and fintechs collaborate rather than compete. The decisive factor will be whether the National Fintech Strategy can convert fragmented institutional readiness into a coherent, investable ecosystem proposition.

10

Stakeholder Recommendations

The story now turns from diagnosis to action. Each stakeholder holds a piece of the answer; together they hold all of it.

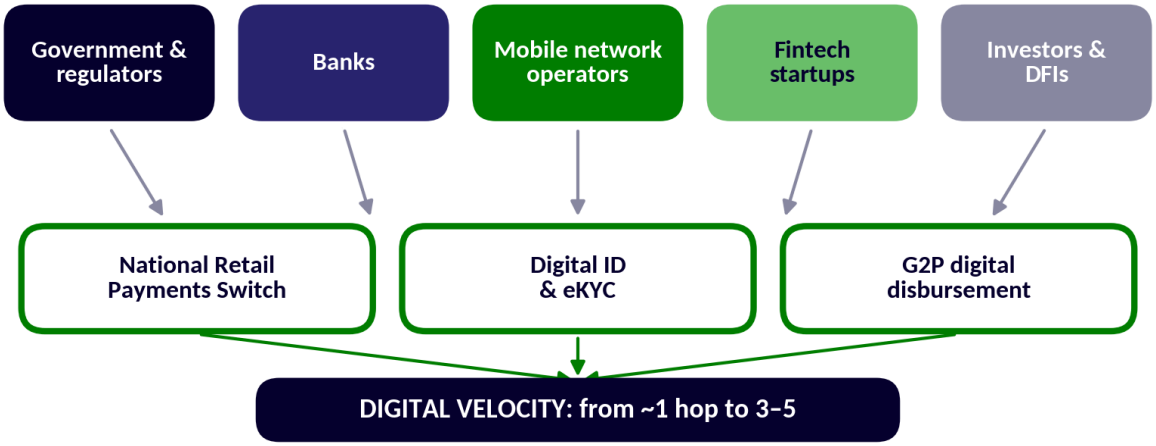

Figure 13 — Stakeholders, foundational pillars, and the shared objective

10.1 Government and Regulators (Bank of Botswana, NBFIRA)

1. **Finalise and Execute the National Fintech Strategy (2025–2030):** The fragmented nature of fintech developments points to the need for a coordinated strategy to align regulatory, institutional, and innovation efforts under a common direction. The National Fintech Working Group — comprising the central bank, NBFIRA, BOCRA, key ministries, commercial banks, and the Fintech Association of Botswana — is leading this formulation. The strategy should set clear priorities, timelines, and accountability mechanisms.

2. **Accelerate the National Retail Payments Switch (NRPS):** The NRPS is the single most transformative infrastructure project. It must deliver on its promise of open APIs and interoperability across banks, mobile money operators, and other payment service providers. The Bank of Botswana should set firm deadlines for implementation and use its oversight powers to ensure MNOs comply with the interoperability mandate under the EPS Regulations.

3. **Clarify the Licensing Pathway for Fintechs:** Botswana lacks a dedicated "fintech" or "e-money" licence, forcing entities into existing categories. The Bank should either introduce a dedicated fintech licence or publish clear guidance on how novel business models can be licensed under existing frameworks. The Regulatory Sandbox, which received 50 applications in its inaugural

intake, provides a controlled testing ground, but sandbox graduation must lead to a viable licensing pathway.

4. **Publish an Open Banking Roadmap:** There is currently no open banking framework and no published roadmap. The Bank should publish a roadmap for open banking, building on the technical foundations of the NRPS and the Data Protection Act (2024). This would unlock API-based collaboration between banks and fintechs.

5. **Strengthen Consumer Protection and Cybersecurity Oversight:** The regulatory infrastructure for effective oversight is lacking and lagging financial innovation. The Bank should implement the Fintech Analytical Assessment Framework to oversee and manage risks across digital financial services, and use RegTech and SupTech for modernised, technology-driven oversight. Particular attention should be paid to the account creation stage, where fraud is highest (2.6%).

6. **Make G2P Digital Disbursement the Default:** The government aims to grow digital payments from 27% to 80% of all transactions by 2026. The most powerful lever is G2P digitisation — paying grants, pensions, and salaries directly into digital wallets so recipients can spend digitally without withdrawal. Use Digital ID and the NRPS to make this seamless and low-cost.

10.2 Commercial Banks (FNB, Absa, StanChart, FCB, etc.)

7. **Move from Ad-Hoc Partnerships to Systemic Collaboration:** FNB Botswana is seeking to collaborate with fintechs and MNOs, and Absa has partnered with Orange Money for MobiTap. These are positive steps, but banks should establish formal API programmes and fintech partnership frameworks rather than relying on bilateral, ad-hoc deals.

8. **Invest in Digital Transformation Strategies:** The absence of Digital Transformation Strategies in many institutions raises concerns about the financial services sector's long-term strategic coherence. Banks should develop and publish clear digital strategies that include fintech collaboration, API integration, and customer-facing digital innovation.

9. **Expand Agent Banking and Merchant Acceptance:** FNB's CashPlus network handled 9.3 million transactions worth P7.8 billion, proving the agent model works. Banks should expand agent networks into underserved areas and develop soft-POS solutions like Absa MobiTap to onboard merchants at scale — particularly in the informal merchant layer (tuck shops, combis, market vendors).

10. **Think Like Balance Sheet and Licensing Providers for Embedded Finance:** Banks should stop thinking of themselves as product manufacturers and start thinking of themselves as balance sheet and licensing providers for embedded finance partners. Access Bank's partnership model with wallet providers points in this direction.

10.3 Mobile Network Operators (Orange Money, Mascom, BTC)

11. **Implement Full Interoperability Immediately:** Orange Money and MyZaka do not offer complete interoperability, forcing consumers to split finances across wallets. MNOs should comply with

the interoperability mandate under the EPS Regulations without further delay. The Bank of Botswana should issue a directive requiring implementation by a specified date.

12. **Open Wallet APIs to Third Parties:** MNOs should publish developer APIs that allow fintechs and banks to integrate with their wallets. Absa's MobiTap integration with Orange Money is a model worth replicating across the ecosystem.

13. **Compete on Value-Added Services, Not Lock-In:** Orange Money's 78% market share creates concentration risk. MNOs should compete on service quality, merchant acceptance, and value-added products (savings, insurance, credit) rather than on ecosystem lock-in that fragments the market.

10.4 Fintech Startups

14. **Leverage the Regulatory Sandbox and Innovation Hub:** The Bank of Botswana's Regulatory Sandbox and Digitalisation and Innovation Hub exist to reduce market-entry barriers, promote legal certainty, and support fintech-enabled financial inclusion. Startups should apply to the sandbox for testing and engage the Innovation Hub early in their development.

15. **Build for Interoperability, USSD-First Design, and Cultural Relevance:** Startups should design products that work across multiple wallets, banks, and channels. The USSD-based and offline-capable solutions like those developed by Brastorne and N2 Pay are particularly valuable for reaching underserved segments. Ride existing behaviours (motshelo, salary flows, merchant transactions) rather than asking users to adopt something new.

16. **Pursue B2B and Infrastructure Plays:** The Botswana Tech Fund focuses on B2B startups solving infrastructure challenges in payments, e-commerce, logistics, and digitisation, not consumer plays in crowded markets. Startups should align their value propositions with this investment thesis.

10.5 Investors and Development Partners

17. **Deploy Capital Through Dedicated Vehicles:** The Botswana Tech Fund (£50 million) and the Scalar Botswana Innovation Programme are the primary vehicles for early-stage fintech investment. Investors should use these structures to deploy pre-seed to Series C capital into Botswana and the wider Southern Africa region.

18. **Fund the "Missing Middle":** Startups like N2 Pay are stalled because banks want established cash flow and grants are slow. Investors should create revenue-based financing, venture debt, and bridge funding instruments to fill the gap between grants and equity.

19. **Support Digital Skills and Capacity Building:** The Botswana Digital and Innovation Hub (BDIH) has run fintech sandbox training covering mobile payments, micro-lending, and Insurtech. Investors and development partners should fund similar capacity-building programmes, particularly for cybersecurity, AI/ML, and DLT skills, where uptake remains low.

10.6 All Stakeholders: Shared Priorities

20. **Commit to the National Fintech Strategy:** The strategy's success depends on strengthening stakeholder commitment across all players. All stakeholders should participate in the National Fintech Working Group and align their efforts with the strategy's priorities.

21. **Prioritise Consumer Trust and Education:** A bad digital experience teaches customers the digital route is unsafe, pushing them back to cash permanently. All stakeholders should invest in public education on digital financial services, especially for low-income and rural cohorts.

22. **Measure Progress and Publish Results:** The Fintech Landscape Mapping Survey should be conducted regularly and its findings published to track progress, identify gaps, and hold stakeholders accountable. The next survey should capture more granular data on CAC, revenue, and user engagement to inform investment decisions.

23. **Drive Digital Velocity, Not Just Digital Volume:** The goal is not merely "more digital transactions" but more digital circulation — value that moves through multiple digital hops before converting to cash. All stakeholders should align around this metric: raising Botswana's digital velocity from its current near-one to three, four, five hops. This means prioritising closed-loop utility for essentials, merchant acceptance at the daily-necessity layer, universal interoperability, and pricing that rewards digital spend while applying a modest premium to cash-out.

Conclusion

The story closes where it began: with a stable, deliberate country and a paradox waiting to be resolved.

Botswana's fintech evolution is a story of gradual, deliberate transition from a stable, bank-led system to a digitally-enabled ecosystem. The foundational elements — a proactive central bank, an industry association, a regulatory sandbox, dedicated investment funds, and high mobile penetration — are firmly in place. The decisive factor for 2026 and beyond will be whether stakeholders can convert institutional readiness into coordinated action.

The shift from "digital banking" to embedded finance — embedding credit, insurance, savings, and investment into the transactions and platforms people already use — is the strategic imperative. Botswana's small population makes destination-building uneconomic. Instead, the country should build rails that can be embedded everywhere: into every wallet, every merchant terminal, every salary payment, and every motshelo group.

The ultimate goal is not merely more digital transactions but more digital circulation — value that moves through multiple digital hops before converting to cash. The National Retail Payments Switch, Digital ID, and G2P digitisation are the three pillars that will determine whether Botswana achieves this digital velocity. If executed with urgency, they will unlock the adjacent opportunities in lending, savings, insurance, and cross-border payments that the ecosystem has been waiting for.

Botswana's realistic trajectory is as a regional hub for regulatory-compliant fintech infrastructure — a jurisdiction where fintechs can build and test products under clear rules, and where banks and fintechs collaborate rather than compete. The country's comparative advantages — regulatory clarity, institutional credibility, digital infrastructure readiness, and governance quality — are precisely the factors that increasingly matter to institutional investors, multinational fintechs seeking regulatory predictability, and development finance institutions.

> *The finish line is not a fully cashless society. It is a hybrid financial existence where digital is no longer the on-ramp to cash but the circulatory system for money in Botswana. That is the real prize.*

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