

# How blockchain can unlock emerging markets

By  Danette Breitenbach

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Globally 2.2-billion people don't have access to financial services, mostly in the emerging market. By harnessing the best of blockchain, cryptocurrency and tokenisation, these technologies will empower the underbanked and the unbanked, solving the financial inclusion problem and creating a more equal society.



Tricia Martinez, founder of WalWala

Technology in general is helping to change the world's financial systems, says Henry Sraigman, chief business development officer at Rootstock. "Blockchain lays the foundation for a new system. The infrastructure is already there. The journey has begun."

He told delegates at the recent [Blockchain Africa 2018](#) conference that what is needed is for blockchain to go mainstream in the next few years. "For this to happen we need to change the conversation from the technology to the services it can provide. It has to be about the value it delivers," he says.

## The rise of mobile networks

As the founder and CEO of WalWala platform for emerging payments, Tricia Martinez believes cryptocurrencies are the future, and can be a solution for emerging markets, excluding Bitcoin.

“The cryptocurrency is too slow and expensive for this market. In Zimbabwe there is an 85% premium on Bitcoin. The dream of Bitcoin is yet to be realised,” she explains.

She says there’s R3.5bn sitting outside formal financial systems. “For emerging markets, banks are inaccessible and are a complex business model that results in a fee and pay dominated banking experience for consumers.”

Formal financial institutions’ failure to meet emerging market needs have led to another player in the market, mobile network operators. “They allow these markets to purchase airtime, use wallets and mobile money. However, the experience is bad, and the service is expensive.”

Mobile money is also popular and in 2016, R269bn was processed in this way, but it is also expensive, she adds. “Cash is still king or the most economical option in most of emerging markets.”

The most popular ways to send money cross border in Africa, for example from South Africa to Zimbabwe is through a bus driver, who charges 10%, a MoneyGram at a seven percent cost and an informal agent at five percent cost.

## **Bespoke cruptocurrency**

Her solution is a cryptocurrency designed specifically for the emerging market consumer. Six steps are required to achieve this:

1. design incentives driven utility token model
2. launch a user friendly crypto wallet
3. enable zero fee and instantaneous transactions
4. support fiat to crypto exchange
5. enable merchant crypto transactions
6. expand enterprise ecosystems

“This is what we have done, and the result is WalWala. Next month it goes live in Zimbabwe and Uganda. We have 30,000 merchants on the ground and are building our enterprise partnerships.”

## **ABOUT DANETTE BREITENBACH**

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

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