



AFRICAN CENTER FOR ADVANCED STUDIES IN MANAGEMENT

MASTER IN BANKING & FINANCE

Academic year 2019-2020

19th Promotion

Graduation professional project aiming to obtain the

Master's degree in Banking and Finance

Option : Financial Markets & Corporate Finance

EASY LIFE CIRCLE NEOBANK



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LA NEOBANQUE CERCLE DE VIE FACILE

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Résumé du projet

ELCI est une néo-banque, une fintech qui offre le maximum de services financiers digitaux instantanément, à toutes personnes vivant au Sénégal et possédant un téléphone mobile ou un ordinateur, à travers son application mobile et sa plateforme internet. L'idée de création d'ELCI naît du constat de la difficulté des banques conventionnelles à impulser une plus grande inclusion financière. En effet, dans l'optique de considérablement améliorer l'inclusion financière au Sénégal et dans la Sous-région, il est impératif de tenir compte des nouvelles technologies comme la Block Chain et les outils de la digitalisation, déjà utilisés avec succès dans plusieurs pays. Les Néo-banques telles que N26 en Allemagne et Compte-Nickel en France, ont déjà montré la voie à suivre pour la digitalisation du système bancaire et financier.

Ce projet nécessitera un investissement de 281 662 720 FCA, en rapportant une valeur Actuelle Nette (VAN) de 518 882 129 FCFA et un Taux de Rendement Interne Modifié (TRIM) de 40,22%. Son principal but est d'inclure et de satisfaire simultanément tous les agents économiques, les entreprises et éventuellement l'Etat. Il ambitionne d'offrir le maximum de services financiers à toutes les personnes vivant près ou loin des villes et grands centres urbains, en leur permettant d'exécuter leurs opérations habituelles telles que les paiements de factures, les transferts d'argent, les emprunts etc. juste depuis leurs smartphones à travers l'application ou la plateforme internet ELCI. En ce qui concerne les entreprises, elles pourront se financer rapidement et efficacement en fonction de leurs besoins journaliers, hebdomadaires ou mensuels.

ELCI débloquera globalement une plus grande inclusion financière, et mobilisera l'épargne domestique à une échelle, favorisant l'investissement à long terme orienté vers le développement de l'économie réel du Sénégal, de la Sous-région et du Continent Africain.

Mots clés : Néo-banque, blockchain, investissement, digitalisation.

EASY LIFE CIRCLE NEOBANK

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Abstract of the project

ELCI is a neo-bank, a fintech that provides a maximum of digital financial services instantly to everybody in Senegal owning a mobile phone or a computer through its application and internet platform. The idea to create ELCI comes from the observation that traditional banks hardly succeed to impulse the financial inclusion. In fact, aiming to considerably increase the financial inclusion in Senegal and the sub-region, we have to take into account the new technologies like block chain and digitalization tools that are already and successfully implemented in other countries. Neo-banks like N26 in Germany, and Compte-Nickel in France already showed the way to go for the financial and banking system digitalization.

This project will require an investment of 281,662,720 FCA, yielding a Net Present Value (NPV) of 518,882,129 FCFA and a Modified Internal Rate of Return (MIRR) of 40.22%. Its main goal is to include and satisfy at the same time all the economic agents, enterprises and eventually the State. It aims to provide a maximum of financial services to all people in Senegal independent of their location, allowing them to settle their usual operations, invoices payments, money transfers, money borrowing etc. just with their smartphones through the ELCI application or web platform. Considering the Enterprises, they will be able to fund themselves quickly and smartly taking into account their daily, weekly and monthly needs.

ELCI will globally unlock a greater financial inclusion, and will mobilize domestic savings at a scale that will enable long term investment directed at the long term sustainability of the real economy of Senegal, the sub-region and all the African continent

Keywords: Neo-bank, blockchain, investment, digitalization.

DEDICATIONS

I dedicate this work, to my whole family as close as distant that gave me all the best so far:

- To Almighty God for his support in every circumstance and his unconditional love;
- To my parents Alain Marie YUGBARE and Emilienne YUGBARE born BALMA, who raised and transmitted to me all the crucial, human and fundamental values I needed, and thanks to whom I succeed to get where I am today. They supported me in all aspects, financially, materially and psychologically during all my life as well as during my professional project's redaction;
- To my supervisor Me Charlotte KIMMEL who is the most beautiful and smartest person I have ever worked with. She inspires me, and taught me the rigor, love of a job well done and the ambition to always surpass myself and move forward;
- To all my aunts, uncles and cousins who always supported me;
- To my elder sister who thanks to her advices, helped me to stay determined despite all the challenges, and focused to get my aim;
- To my junior brother who every time encouraged me despite the distance;
- To my Grandfather Bernard YUGBARE who built in my mind, his winner mentality since my childhood and still continue to motivate me;
- To my Grandmother Marie Rose YUGBARE born OUEDRAOGO, who gave me all of her vitality, happiness and love before leaving us less than a year ago. Rest in peace.



AKNOWLEDGEMENTS

I really thank all the people around me that helped me to get so far, in any way from near or far:

- My Supervisor Me Charlotte KIMMEL, who was very patient, kind, and comprehensive and motivated concerning the professional project in all the aspects. It was really exciting, I learned a lot, and really enjoyed working with her; she is for me more than a mentor;
- Me Chantal OUEDRAOGO, who was all the time with us, worrying about our studying conditions and our performances, made her best to give us excellent conditions and always encouraged us when things were getting tougher;
- Mr. Alassane OUATTARA, who always motivated us to be creative, optimist without fearing incertitude. He taught us how to become leaders and take crucial decisions;
- Mr. Aboudou OUATTARA, who always supported and taught us hard work and appreciation for a job well done;
- Mr. Lamine SY, who has always pushed us to persevere no matter how the circumstances were;
- The faculty of the MBA in Banking and Finance (MBF) program for the valuable teachings;
- My MBF family made of all my friends, thank to whom I succeed to realize everything I wanted to. More than friends or colleagues, they became brothers and sisters dear to my heart. I can rely on them, and I am ready to stand on mountains or walk on stormy seas when it's about them.

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LIST OF ACRONYMS AND ABBREVIATIONS

- **ACI** : Interbank Merchant Acquisition
- **ACU** : Unique Merchant Acquisition
- **AML** : Anti-Money Laundering
- **ARTP** : Telecommunications and Postal Regulatory Authority
- **ATM** : Automated Teller Machine
- **BCE** : Enterprise Creation Support Office in Senegal
- **BRVM** : West African Regional Stock Exchange
- **CBWAS** : Central Bank of West African States A.K.A BCEAO
- **CEO** : Chief Executive Officer
- **CESAG** : African Center for High Studies in Management
- **CTW** : Change The Work
- **EBIT** : Earnings Before Interest and Taxes
- **EBITDA** : Earnings Before Interest, Tax, Depreciations and Amortizations
- **EBT** : Earnings Before Taxes
- **ELCI** : Easy Life Circle neo-bank
- **EMEs** : Electronic Money Establishments
- **GDP** : Gross Domestic Product
- **GIM-WAEMU** : Electronic Banking Interbank Group in West African Economic and Monetary Union
- **GSMA** : Global System for Mobile communication Association
- **IMF** : International Monetary Fund
- **IPRES** : Senegalese Welfare and Pension Institution
- **IRR** : Internal Rate of Return
- **KYC** : Know Your Customer
- **MBF** : Master in Banking and Finance
- **MEDAF** : Capital Asset Pricing Model
- **MIRR** : Modified Internal Rate of Return
- **MNOs** : Mobile Network Operators
- **MSMEs** : Micro, Small and Medium-sized Enterprises
- **NINEA** : National Identification Number for Companies and Associations
- **NPV** : Net Present Value

- **PBP** : Payback Period
- **PI** : Profitability Index
- **PSE** : Emerging Senegal Plan
- **SDGs** : Sustainable Development Goals
- **SFD** : Decentralized Financial System
- **SICA-WAEMU** : Automated Interbank Clearing System in West African Economic and Monetary Union
- **SMIG** : Guaranteed Minimum Inter-professional Wage
- **SOEs** : State Owned Enterprises
- **STAR-WAEMU** : Automated Transfer and Settlement System in West African Economic and Monetary Union
- **TBE** : Extended Banking Rate
- **TBS** : Strict Banking Rate
- **TGUSF** : Financial Services Overall Use Rate
- **TPEs** : Electronic Payment Terminals
- **UN** : United Nations
- **UNCDF** : United Nations Capital Development Fund
- **WACC** : Weighted Average Cost of Capital
- **WAEMU** : West African Economic and Monetary Union
- **WCR** : Working Capital Requirement
- **WTO** : World Trade Organization
- **XOF** : West African States CFA Francs

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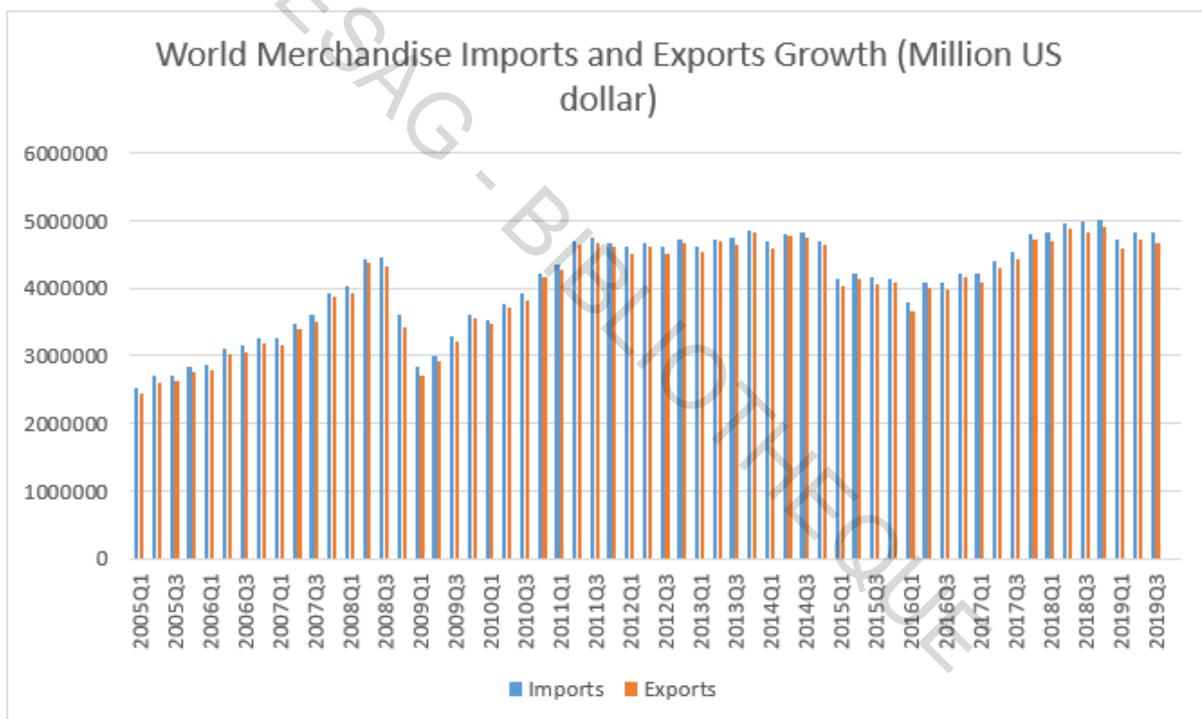
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PROJECT SUMMERY SHEET	
Project Title	Easy Life Circle Neo-bank
Legal form	Limited Liability Company
Business sector	Digital financial services
Project Location	Senegal (Dakar)
Lead Promoter	Romaric Christian Tuwindpulongo YOUNGBARE
Purpose of the project	To provide innovative digital financial services that adapt to Senegalese individuals and businesses wherever they are located, in order to boost financial inclusion. A mobile application and a web platform will be the main Channels.
Start date	October 01, 2021
Duration of implementation	11 months
Project lifetime	Artificially five years
Total project cost	XOF 281,662,720
Personal contribution	XOF 91,290,438
Amount of the loan	XOF 110,872,282
Loan repayment period	Five years
Number of jobs created	63
Net present value (NPV)	XOF 518,882,129
Modified internal rate of return (MIRR)	40.22%
Pay Back Period (PBP)	2.66 i.e. two years and eight months
Profitability index (PI)	2.84 I.e. each franc invested would return 2.84 francs.

GENERAL INTRODUCTION

Before the start of the corona crisis¹, economic activities have been increasing very rapidly all over the world. From 2005 to 2008 World Merchandise imports and Exports grew approximately from 2 500 000 millions US dollar to 4 500 000 millions US dollar before experiencing a sharp drop until the second quarter of 2009 in response to the financial crisis as known as the subprime crisis. This was followed by a quick recovery in 2010, and the world merchandise imports and exports have maintained themselves at more or less 4 000 000 millions US dollar over the years reaching about 5 000 000 millions US dollar at the end of 2018 and remaining close to this value until the end of 2019 (s. Graph 1).

Graph 1: World merchandise imports and exports growth quarterly from 2005 to 2019



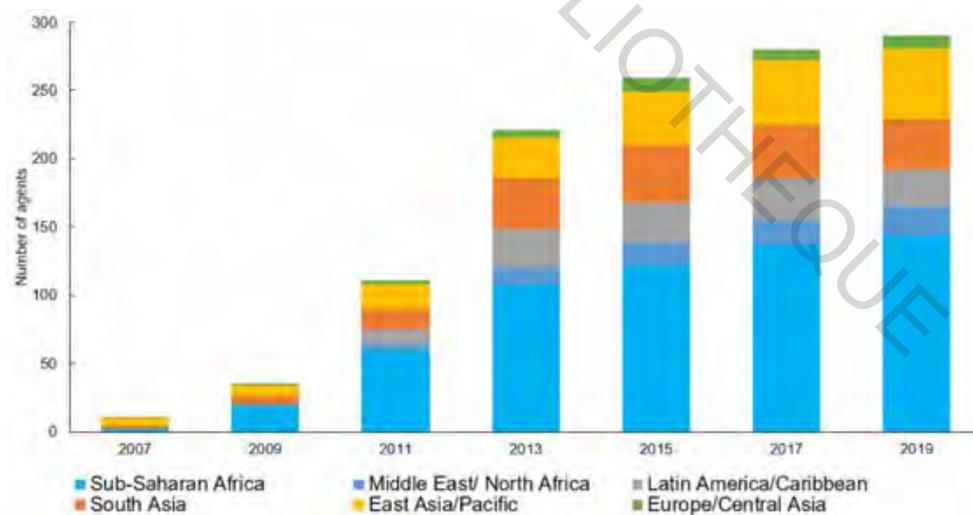
Source: International Trade statistical from 1995 to 2015, World Trade Statistical reviews from 2016 to 2019 and World Trade Organization (WTO) data portal.

More international trade also comes with a greater need of investment flows. All the economic agents taking into account states, companies and households therefore need easier means to fund themselves. Banks and other financial intermediaries as well as financial markets have the role to satisfy the unlimited growing needs of economic agents. In Africa, economic agents are

¹ Source: The Corona Crisis deals with the COVID-19 pandemic, caused by the virus covid-19 that appeared in Wuhan in China in 2019 before spreading all over the world

facing many difficulties in obtaining funding, because of hard conditions of most of the financial institutions. Indeed, vulnerable groups' i.e. poor living in rural areas without any guarantees, and far from town do not have access to financial services. Therefore, mobile money solutions such as M-PESA² in Kenya seem to be an interesting alternative as cited in "Handbook of blockchain, digital finance and inclusion" (Chuen and DENG (2017), p. 21). These solutions allow to include many people that cannot fulfill the hard conditions of the traditional banks, independent of their location. Technological innovation is changing the financial system today. In addition, it could have a great impact in the world's transformation toward sustainable development according to UN Environment's latest report "Fin tech and Sustainable development: Assessing the implications" (Castilla-Rubio (Space Time Ventures), Zadek and Robins (2016), p. 2). In fact it will allow greater financial inclusion by reducing the costs for payments, providing better access to domestic and international capital. Further it will mobilize domestic savings at a scale that will enable long-term investment thereby contributing to the long-term sustainability of the real economy. Since 2007, the number of mobile money service providers in Sub-Saharan Africa has increased significantly compared to the rest of the world.

Graph 2: Number of money agents ' evolution



Source: GSMA 2019, IMF June 22, 2020 Global Economy report.

² Source: M-PESA (M for mobile and PESA for money in Swahili) is a money transfer system by mobile phone, launched in 2007 by Vodafone for Safaricom and Vodacom, the two largest mobile operators in Kenya and in Tanzania. It has since spread to Afghanistan, the DR Congo, South Africa, India and, in 2014, Eastern Europe. M-PESA allows users in possession of an identity card or passport to easily deposit, withdraw and transfer money using a mobile device such as a mobile phone (<https://fr.wikipedia.org/wiki/M-Pesa>)

Digitalization promotes competition between banks and institutions providing mobile money services. The question is what the future of banks is in a world where technology is skyrocketing. In fact the increasingly use of mobile phones, in Africa should allow to the majority of Africans to be financially included. Indeed, mobile payments help people during the COVID-19 pandemic given that many governments are leveraging mobile technology to help their citizens. For example, Togo, a small West African nation of 8 million, was able to quickly distribute emergency financial support to half a million people in less than two weeks using mobile phones. The technology helped deliver benefits to women in particular, and it supported a transparent rollout of the program. Informal workers in Morocco are also receiving government help through their phones quickly and efficiently³.

The main purpose of this project is to create an entirely mobile bank, called a neo-bank which is a fin tech, and associate to it the block chain technology. According to Change The Work (CTW) a Human Resources digital academy, in its August 21, 2017 report, block chain is an inexpensive technology for storing and transmitting digital data completely secure in a decentralized manner. It allows virtual transactions and exchanges reliably due to a cryptographic system. All transactions are recorded in a sort of ledger. The primary objective of block chains is to create a real climate of trust since all exchanges are visible and listed on the register, without however revealing the identity of each user concerned. The transactions are also based on a common agreement. Block chain systems appeared in 2008 and became widely known with the bitcoin⁴, an encrypted currency.

Integrating block chain technology in our entirely mobile bank will increase its competitiveness by reducing the costs, and reinforcing at the same time the information transmission and authentication. A one hundred percent mobile bank, available through an application and any internet browser would allow people to use standard or sophisticate financial services, including invoice payment and other services. The block chain will be contained in the operational framework to secure and authenticate information. The interest of this project initially is to allow, in accordance with the financial inclusion objectives of the Central Bank of West African

³ Source: International Monetary Fund (IMF) Global Economy June 22, 2020 report by Sonja Davidovic, Delphine Prady and Herve Tourpe. (https://blogs.imf.org/2020/06/22/youve-got-money-mobile-payments-help-people-during-the-pandemic/?utm_medium=email&utm_source=govdelivery)

⁴ Source: Bitcoin is a peer-to-peer technology operating without a central authority. The management of transactions and the creation of bitcoins is carried out collectively by the network. Bitcoin is free and open. Its design is public, nobody owns or controls bitcoin and anyone can join it. Thanks to several of its unique properties, bitcoin makes promising uses possible that could not be covered by previous payment systems. (<https://bitcoin.org/fr/>)



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States (CBWAS) to open all financial services, payments and regulations, to all people in West African Economic and Monetary Union (WAEMU) even those living in rural areas. Senegal is a crossroads of huge transactions with other WAEMU countries and constitutes an area of opportunity for the implementation of our project, taking into account that it is also a hub for technology development. In a second step, the reduction of payment costs between individuals, and access to more domestic capital for businesses, will be made possible.

The creation project of the Neo-Bank Easy Life Circle (ELCI), in order to be fully operational, will be based on a market study including some interviews, documentary reviews and observations according to the current regulations. The project will focus on satisfying the current needs of consumers and anticipating at the same time their future needs, with a dynamic framework integrating new requirements, as things progress compared to the environment.

The project will be structured in four fundamental large parts:

- ✓ **PROFESSIONAL PROJECT OVERVIEW:** This first part will deal with a global overview of the idea behind ELCI creation, the opportunities, country context and implementation plan in Senegal in order to bring ELCI from a simple idea to a tangible and beneficial accomplishment.
- ✓ **ORGANIZATIONAL AND TECHNICAL STUDY:** The second part provides an overview of the company legal status, promoter and project team presentation. The technical feasibility appraisal and the organizational structure of the new company will also be highlighted.
- ✓ **MARKET STUDY AND MARKETING STRATEGY:** The third part will concern the market study, general strategic plan and activities strategic plan that are key elements for a beneficial and very successful implementation of the project.
- ✓ **ECONOMIC AND FINANCIAL STUDY:** The fourth part will deal on the one hand, with the business model, investment cost valuation and the funding structure of the project. On another hand, it will deal with the operating and profitability assessment before concluding with a sensitivity and scenario appraisal.

1. PROFESSIONAL PROJECT OVERVIEW

1.1. COUNTRY CONTEXT PRESENTATION

Senegal generally called the Land of Teranga because of its hospitality, is member of West African Economic and Monetary Union (WAEMU)⁵. Geographically, it is bordered by Guinea to the Southeast, Guinea-Bissau to the southwest, Mali to the East and Mauritania in the North. It surrounds its much smaller anglophone neighbor, Gambia that is a country occupying a narrow silver of land along the banks of the Gambia River, which separates the southern region of Senegal Casamance from the rest of the country. Relatively dry, its shoreline runs along the Atlantic Ocean at the Sahel's most western point, and Senegal shares a maritime border with Cape Verde. Approximately up to half of its population of 17 624 723 (2020)⁶ is concentrated around Dakar, its economic and political capital and other urban areas.

Senegal has been among Africa's most stable countries, with three major peaceful political transmission since independence in 1960. In the recent presidential election held on February 24, 2019, the Senegalese voted in President Macky Sall for a second term. Macky Sall won with 58.27% of the votes, with a very high turnout of 66.23%⁷.

In Senegal, growth has been high, with a growth rate of over 6% from 2014 until today. Throughout this recent period, the growth has been supported essentially by agriculture due to support programs, large infrastructures investment in the context of Emerging Senegal Plan (PSE)⁸ implementation and robust external demand which remains key drivers. Growth should substantially accelerate when the intake of production of offshore oil and gas will begin in 2022. Moreover, maintaining high growth in the future will require great efforts to ensure the stability of macroeconomic framework, strengthen the efficiency of public investment, and reduce structural constraints in order to boost private investment.

⁵ Source: The West African Economic and Monetary Union (WAEMU) is an organization created in January 10, 1994, which include 8 countries: Burkina Faso; Benin; Côte d'Ivoire; Guinea-Bissau; Mali; Niger; Senegal and Togo. Its mission is to bring about the economic integration of the member states by enhancing the competitiveness of their economies in the framework of an open and competitive market, and a streamlined and harmonized legal environment. (<https://www.umoatitres.org/en/commission-de-luemoa/>)

⁶Source: According to Senegal July 02, 2020 22:32, Statistics. (<https://countrymeters.info/en/Senegal>)

⁷ According to NEWS AGENCES February 28, 2019 report. (<https://www.aljazeera.com/news/2019/02/electoral-commission-senegal-macky-sall-wins-term-190228142430894.html>)

⁸ Source: The Emerging Senegal Plan (PSE) is a ten-year strategy for the 2014-2023 period, backed by a vision, that of an emerging Senegal by 2035 through three strategic axes which are (I) the structural transformation of the economic and growth, (II) human capital, social protection and sustainable development and (III) governance, institutions, peace and security. (<https://www.tresor.economie.gouv.fr/Pays/SN/cad战略-economique>).

Despite recent advances, efforts must be made on the part of the state. In fact, the state deficit increased from 3% in 2017, to 3.5% of the gross domestic product (GDP)⁹ in 2018 and payments to suppliers were delayed. This can be explained by the rapid growth of imports, especially of oil, capital and intermediate products. In 2019, Senegal remains committed to a 3% deficit target (WAEMU's Convergence Criteria), amid high commodity prices imply continued constraints on the fiscal balance. Senegal may need much more efforts, to keep public expenditure under control and increase revenues in order to reach the deficit target. Moreover expected oil and gas production would probably increase fiscal revenues starting in 2022.

As far as the public debt is concerned, it continued to increase but Senegal remains at low risk of distress, partly due to gross domestic product (GDP) rebasing. Debt considering an expanded perimeter that includes state owned enterprises (SOEs) and para-public entities, is estimated to have increased from 60.6% of the GDP in 2017 to 64.5% in 2018. This situation can be explained by the Eurobonds Issuance (around \$2.2billions in March 2018) in good financial conditions. Using part of Eurobond proceeds to buy back expensive debts, and GDP rebasing which increase GDP by about 30%, helped to maintain a low level of debt distress.

In 2018, exports from Senegal, increased rapidly, thanks to strong performance of gold, phosphoric acid and food products but could not outpace imports. This situation is going to worsen in the next few years because of larges imports linked to oil and gas investments. However in 2022, the external balance is expected to improve as oil and gas exploitation and exports start.

Before the Corona crisis, strong growth in Senegal implied a decrease in monetary poverty, driven by the primary sector in rural areas, and construction and services in urban areas. Non-monetary indicators taking into account the access to services and assets ownership; were improving even if they meant a stagnation of inequality. Today, the job creation is insufficient to absorb internal migration and a growing labor force. Furthermore, most labor is informal, entailing remuneration, limited social protection and underemployment. Poverty should rapidly decrease from 34% in 2017 to 31.2% in 2020, and by 2020 the decline in the number of poor should rocket due to agricultural growth. Services, remittances and public construction should skyrocket the poverty reduction in urban areas.

⁹ Source: Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period (<https://www.investopedia.com/terms/g/gdp.asp>)

Figure 1: Senegal overview



- **Area:** 196,720 KM2
- **Official Language:** French
- **Fluent languages:** Wolof, Pular, Sérère, Diola, Soninké, Malinké
- **Capital:** DAKAR
- **National Holiday:** April 4
- **Currency:** CFA Franc (XOF)

Source: Senegal Countrymeters data¹⁰

1.2. SITUATION OF THE SENEGALESE BANKING SYSTEM AND OPPORTUNITIES

In 2019, according to the Central Bank of West African States (CBWAS), in Senegal the active banking and financial system is composed of 26 banks, 4 financial institutions of a banking nature and 302 decentralized financial systems¹¹. Although the Senegalese banking system has become much denser in recent years. Much work needs to be done to broaden financial inclusion. Banks are present everywhere in the Senegalese capital Dakar, but only some banks have set up branches outside the capital. Further decentralized financial system (SFD) are mainly present in the capital Dakar; in Thiès and Saint-Louis.

According to the National Directorate for Senegal of the Central Bank of West African States (CBWAS), the number of clients' bank accounts was up by 3.7% per inhabitants. It stood at 1,885,479 at the end of June 2019, compared to 1,817,728 in December 2018, highlighting a rate of bank use which was at 21.1% per inhabitants in June 2019. Obviously, the existing

¹⁰ Source : <https://countrymeters.info/en/Senegal>

¹¹ Source: According to the Central Bank of West African States (CBWAS), decentralized financial systems (SFD) collectively known as Microfinance Institutions (MFIs) are alternative structures capable of mobilizing small savings in rural and urban locations and create the conditions for the progressive integration of informal sector with the modern economy. These institutions, whose target customers almost exclusively include low-income groups in both rural and urban areas, aim to provide sustainable services for people who lack access to conventional banks and financial institutions. They first appeared in the sub-region in late 1960s

financial system has so far not fostered the financial inclusion that is one of the key goals of the CBWAS.

Beyond the limits of traditional banks to ensure a wider financial inclusion, new technologies provide a great opportunity to radically innovate and skyrocket financial inclusion. In fact, the inclusion in the digital economy and the growing use of electronic money supported by the fast connection speed 4G+ and optic fiber, are key factors that have to be taken into account in the banking and financial system. Moreover Senegal is one of the country with the highest rate of smartphones penetration on the African continent, with around 117% in 2017 while the continental average was about 80%. Taking into account that people are rather used to mobile money services than traditional banks services, creating a wholly mobile bank could considerably contribute to financial inclusion in Senegal.

Senegal PESTEL presentation :

Political

- Opportunities:
 - Stable political environment with a democratic regime and the fourth most attractive WAEMU country in term of foreign direct investment with interesting private public partnership. It would be an ideal place to setup win-win partnerships for ELCI.
- Challenges:
 - Self-interest highlighted to the detriment of that of the population with regard to political leaders.

Economic

- Opportunities:
 - The strong presence of foreign companies and development of banking and financial systems are key drivers that comforts us to settle ELCI in Senegal,
 - A very high standard of living.
- Challenges:
 - Deficit Trade balance and saturation of the labor market,
 - Monthly SMIG of 58,900 CFA francs (2020) more or less low, compared to relatively high average monthly expenditures.

Social

- Opportunities:
 - Secular country allowing cohabitation with several religions: 95.9% of the population is Muslim and 4.1% Catholic,

- Easy access to training institutions is interesting regarding our future staff training.
- Challenges:
 - A low literacy rate, around 55.7% (2020), compared to other WAEMU countries,
 - Tendency for youth migration, in search of a better future in other countries and lack of confidence of some people in banks.

❖ **Technological**

- Opportunities:
 - Electronic money is increasingly used, fin tech quickly development, digitization of the banking and financial system and inclusion in the digital economy (Senegal's Digital Strategy),
 - Fast 4G+ and fiber optic connection speed and ease of innovation and creation of platforms and applications. This is important for ELCI's successful deployment.
- Challenges:
 - The demand of electricity grows a lot faster than its supply, with a current access rate of 64%, an electrification rate of 90% in urban areas and 43.5% in rural areas according to POWER AFRICA a US GOVERNMENT-LED PARTNERSHIP aiming to create in Africa 60 million new connections by 2030 to reach 300 million Africans. The low energy supply can constitute an obstacle to the use of smartphones that need electricity.
 - Considering the three existing telephone operators Expresso, Free and Orange Mobile, the mobile phone network coverage is more important in urban areas where there are 4G+, 4G and 3G connection unlike rural areas where there is essentially 2G connection, few people have 3G connection but many of them in rural areas do not have access to connection. The low mobile phone network coverage, and its low quality in certain regions can threaten optimal use of our mobile bank platforms and application for financial services.

❖ **Ecological**

Essentially, opportunities are on one hand, Energy saving and recycling programs in the banking and financial system and on another hand, funding favors for projects with participation in achieving the Sustainable Development Goals (SDGs) and participation in the treatment of garbage.



❖ **Legal**

New regulations of the Regional Council for Public Savings and Financial Markets, and application of new Basel II and Basel III prudential regulations in Senegal constitute an opportunity despite the lack of specific regulation of fin tech in Senegal.

1.3. IDEA PRESENTATION

The main idea is to set up the 100% mobile bank Easy Life Circle (ELCI), as known as neo-bank in Senegal, where there is a facility of innovation and creation of platforms and applications, and the banking and financial system digitalization. The neo-bank ELCI will not have physical branches. All banking services will be provided through an application and a platform via any internet browser. In fact, everybody that has a smartphone or a computer, and access to internet wherever he is, will be able to create an ELCI neo-bank account and receive a physical and virtual card in less than 3 days. This aspect would be really helpful mostly in the current COVID-19 pandemic times during which a lot of people are in quarantine. Even in general lockdown, everybody will still use our digital financial services, pay all kind of invoices without leaving his home, just from the ELCI neo-bank application. In addition, the block chain technology will be contained in the operational framework in order to secure and authenticate information's. For each operation the customers will receive an SMS for confirmation or information.

1.4. EXPECTED RESULT OF THE PROJECT

The main expected result is to contribute to the financial inclusion by allowing the maximum of people to have access to all kind of financial services without the need to leave their home or to be close to Dakar or other urban areas. They will be able to make deposit at the usual points of mobile money services, and borrow money anywhere anytime just on their smartphone, taking into account the informal enterprises that need daily, weekly or monthly working capital. Creating the ELCI neo-bank will drastically reduce the costs of payments and provide better access to capital domestically and internationally. In addition, domestic savings will be mobilized at a scale that will enable long term sustainability of the real economy, considering that enterprises will also have access to the neo-bank. This will lead to high quality and affordable courses of services. All individuals, private enterprises as well as public enterprises will receive information concerning each of their segments and this by periodic blocks of operations. This information will help them to better plan their financial needs as they will be able to compare what happens around them or in their sector.

1.5. IMPACT OF THE PROJECT

The creation project of Easy Life Circle neo-bank (ELCI), will have significant impacts on many aspects of the country as soon as it will be implemented. Socially, it will create confidence in the financial system, thanks to the block chain technology and instantly authentication messages. Moreover our neo-bank will be convenient for the customers, being available 24 hours a day and 7 days per week, independently of the customers’ location. In addition, our company will also create employment, creating 50 to 100 new jobs.

Economically, the financial system will be more efficient channeling savings into investment faster and providing a better access to capital domestically. In fact, it will be easy for everybody from his smartphone app or internet platform to borrow money, to transfer money and receive immediately an authentication SMS in reference to the amount sent or the borrowing conditions. The cost of payments will be reduced thanks to the structure of the neo-bank that does not need to settle physical branches to work properly, an aspect that allow the neo-bank to minimize its costs. Moreover ELCI will allow to mobilize a huge proportion of savings that will make possible long-term investment targeting the sustainable development of the real economy.

1.6. IMPLEMENTATION PLAN

Figure 2: Implementation plan



Source: Ourselves

It will take us 6 months for the legal creation of our company, the setting up of all the infrastructures and the beginning of the design of the application and the platform. The next 5 months will be dedicated mainly to the recruitment and training of employees as well as communication before the opening of our company on November 1st, 2021.

2. ORGANIZATIONAL AND TECHNICAL STUDY

2.1. LEGAL STATUS

Our new company that is a neo-bank will be named Easy Life Circle (ELCI). It will be a Limited liability company. This legal status has been chosen Considering the Enterprise Development Support Office (BCE) information. Indeed, for limited liability companies, the minimum capital required is worth XOF 100,000, the associates are only liable up to their contributions and they can have a close control of new associates' access to the capital. In addition the company may continue to exist in case of one of associates' death if the contrary is not stipulated in the statutes. Our company will start with a capital of 170,790,438 FCFA divided in 17,079 shares of 10,000 FCFA. ELCI will be created in 2020 in Senegal and will be led by Mr. Romaric Christian T. YOUNGBARE.

2.2. PROMOTERS AND PROJECT TEAM PRESENTATION

Becoming aware of the growing needs of the African banking and financial system, this project is the result of the idea of people firmly believing on the potential of digitalization to impulse a sustainable development in Africa starting by the Senegal and hoping to spread over the sub region and beyond: Romaric Christian Yougbaré, Cheick Omar Khalil Diallo and Ousmane Sané.

Table 1: Promoters qualities, experiences and degrees

PROMOTERS		QUALITIES – EXPERIENCES – DEGREES
Last Name	YOUNGBARE	Romaric Christian T. is a student in his last year of MBA in Banking and Finance at African Center for High Studies in Management (CESAG) at Dakar. He already has a Professional Master in Audit and Controlling from CESAG, and a License in Companies and Organizations Management Economics from Saint Thomas d'Aquin University (USTA) at Saaba in Burkina Faso. In September 2019, having spent a month at the Commercial Bank of ECOBANK BURKINA, he dealt with account managers in medium company section, public sector, corporate and transaction service group, and got a
First Name	Romaric Christian T.	
Nationality	Burkinabe	

		well understanding of Digitals aspects and how financial services work. Determined and always putting rigor to carry out work and challenges he has a great sense of leadership and good negotiation skills. Dealing with people of different origins and fluently speaking English he is used to meet and discuss with people with confidence. These skills should allow him to well manage the project.
Last Name	DIALLO	Cheick Omar Khalil is an ambitious financier working at Coris Bank Senegal. He got an MBA in Banking and Finance (MBF) at the African Center for Advanced Studies in Management (CESAG). He already obtained a license in Project Management and a Professional Master in Project Management at CESAG. Being very digital oriented Khalil is particularly computer literate and also see in the digital a way to financially include rapidly millions of Africans that are still excluded of the financial system.
First Name	Cheick Omar Khalil	
Nationality	Burkinabe	
Last Name	SANE	Ousmane is an ambitious Auditor that has already setup some businesses to provide mobile money different services. He has a Professional Master in Audit and Controlling (MPACG) at the African Center for Advanced Studies in Management (CESAG). He has a very good understanding of the mobile money and how the digital payment systems work. His experience from his previous businesses in the mobile money field, in different regions in Senegal will be very important as far as the implementation of our business strategy at a large scale in Senegal is concerned.
First Name	Ousmane	
Nationality	Senegalese	

Source: Ourselves

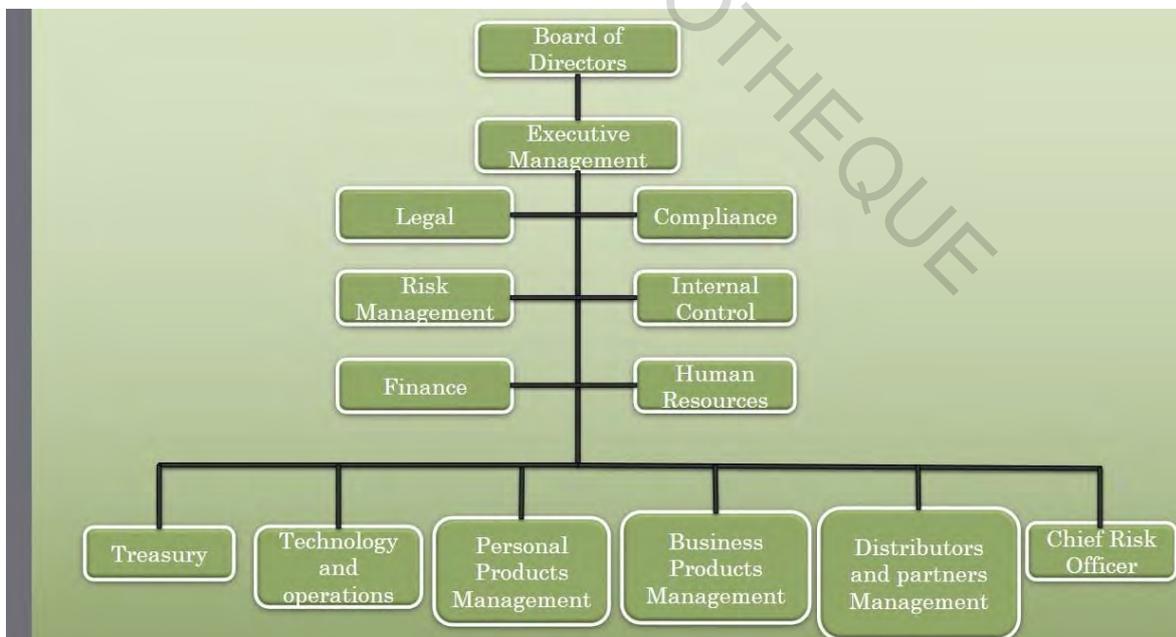
2.3. ORGANIZATIONAL STRUCTURE

Our neo-bank Easy Life Circle (ELCI) is best suited for a functional organizational structure. It is a structure used to organize workers. They are group based on their specific skills and knowledge. It structures each department vertically with their different rules. This functional organizational structure will contain specialized units that report to a single authority, usually called the top Management.

At the highest level of the hierarchy, we will have the Chairman of the Board that will be the head of the company's Board of Directors and oversees. Directly under the Chairman of the Board, the Chief Executive Officer also called the General Manager will be the senior decision-maker and the head of the Executive Management. He will oversee, and overrule when necessary the functional departments: Treasury; Technology and Operations; Personal Products Management; Business Product Management; Distributors and Partners Management and Chief Risk Officer. The Chief Executive Officer will take personal charge of major strategy decisions such as changing marketing strategies or even taking over other companies.

At the same time Executive Management will work with 6 other functions that are: Legal, Risk Management, Finance, compliance, Internal Control and Human Resources.

Figure 3: Functional organizational structure



Source: Ourselves

Table 2: Rules and responsibilities of each function

Functions	Rules and responsibilities
<p><u>Legal:</u> One Chef Legal Officer Two Assistants to chief legal officer</p>	<p>The Legal Department is responsible for ensuring the legal security of the bank. In addition, it also provides the general secretariat of the Board of Directors.</p>
<p><u>Compliance:</u> One Chief Compliance Officer Two Assistants to chief compliance officer</p>	<p>The role of this Department is to ensure compliance with security procedures and standards and strict compliance with the bank's internal policy in the fight against money laundering and the financing of terrorism. The blockchain will be a great help for this department.</p>
<p><u>Internal Control:</u> One Chief Internal Control Officer Two Assistants to chief internal control officer</p>	<p>It is responsible for implementing policies and procedures that should help senior management and all staff to manage risks and achieve objectives.</p>
<p><u>Risk Management:</u> One Chief Risk Management Officer Two Assistants to chief risk management officer</p>	<p>It intervenes in the verification and implementation of loans to customers. He ensures the administrative keeping of commitments and credit files.</p>
<p><u>Finance:</u> One Chief Financial Officer One Accountant One Budget Analyst</p>	<p>The Financial Department is responsible for budgetary, accounting and financial management. It is responsible for producing all monthly, semi-annual or annual financial reports intended for the Central Bank and all the stakeholders. It will also oversee taxation issues of our company and eventually have a significant input on our company's incomes and expenses management. The Chief Financial Officer would eventually be helped by an Accountant and a Budget Analyst.</p>

<p><u>Human Resources:</u> One Chief People officer One Record and Payroll Manager One Compensation and Benefit Manager</p>	<p>This department will oversee all aspects of human resources and be a workforce strategist, Human Resources Service delivery owner and potentially coach and advise the senior leadership team and the board of directors.</p>
<p><u>Treasury:</u> One Chief Treasury Officer Two Traders</p>	<p>This Department is responsible for managing the bank's assets and monitoring prudential ratios.</p>
<p><u>Technology and operations:</u> One Chief Technology and Operating Officer Ten Operating Managers Five Customer relation managers Five Technical Support Managers Five Online Help Managers One blockchain developer</p>	<p>This department will be on one hand focused on the scientific and technological issues within our company. It will decide on the overarching technology infrastructure that closely align with our company goals as far as the block chain technology is concerned. In addition he will take into account the new and existing technologies to guide the company's future endeavors. On another hand it will be responsible of the daily operations of the company and routinely report to the Chief Executive Officer. He will also have to ensure that business operations are efficient and effective and that the proper management of resources, providing products and services is conducted. In addition, customer relation, technical support and online help managers will be associated to this department to build a trusting relationships with clients, find quick and permanent solutions when problems arise and answer to many questions of customers that would like to understand how to use a specific services.</p>
<p><u>Personal product management:</u> One Chief Personal Product officer One designer Personal Product</p>	<p>This department will deal with all the personal product-related matters in the company. It will include the personal product innovation, design and development.</p>

<p><u>Business product management:</u> One Chief Business Product officer One designer Business Product</p>	<p>The Business product management will be responsible for all the Business product-related matters. It will also deal with the business product innovation, design and development.</p>
<p><u>Distributors and partners management:</u> One Chief distributors and partners officer Two Marketing and Advertising Managers Two Procurement and Distribution Managers</p>	<p>This function will first consist in the process of finding and agreeing to terms with partners, acquiring services, and working from an external source that we need to run activities efficiently. From another hand, it will be about making our products and services available for the consumer or business user who need it. They would do it directly or using indirect channels with distributors or intermediaries. Moreover marketing and advertising managers coupled to this department will be involved in the process of promoting our financial services; products and cards to the customers through social media marketing; Online marketing; marketing strategy and public relations in order to increase sales.</p>
<p><u>Chief Risk Officer :</u> One Chief Risk Officer Two Maintenance Workers Two Guardians</p>	<p>He will be in charge of programs development intended for the mitigation or reduction of operational, financial and reputational security risk strategies relating to the protection of people, intellectual assets and tangible property of our company. In addition, under his supervision, Maintenance workers will maintain mechanical equipment machines and buildings. Guardians will be in charge of the security of the tangible property and assets against any thief or external threat, days and nights,</p>

Source: Ourselves

Table 3: Employees' qualifications and respective salaries

Employees	Degree	Monthly Pay (XOF)
ELCI Chief Executive Officer	minimum BAC+5	1 000 000
Chief People Officer	minimum BAC+4	650 000
Chief Technology and Operating Officer	minimum BAC+4	650 000
Chief Personal Product Officer	minimum BAC+4	650 000
Chief Business Product Officer	minimum BAC+4	650 000
Chief Financial Officer	minimum BAC+4	650 000
Chief Risk Officer	minimum BAC+4	650 000
Chief Legal Officer	minimum BAC+4	650 000
Chief Compliance Officer	minimum BAC+4	650 000
Chief Internal Control Officer	minimum BAC+4	650 000
Chief Risk Management Officer	minimum BAC+4	650 000
Chief Treasury officer	minimum BAC+4	650 000
Chief Distributors and Partners Officer	minimum BAC+4	650 000
Assistants to chief legal officer	minimum BAC+3	350 000
Assistants to compliance officer	minimum BAC+3	350 000
Assistants to internal control officer	minimum BAC+3	350 000
Assistants to chief risk management Officer	minimum BAC+3	350 000
Designer Personal Product	minimum BAC+3	200 000
Designer Business Product	minimum BAC+3	200 000
Blockchain Developer	minimum BAC+4	450 000
Traders	minimum BAC+5	500 000
Record and Payroll Manager	minimum BAC+3	200 000
Compensation and Benefit Manager	minimum BAC+3	200 000
Customer Relation Manager	minimum BAC+3	175 000
Technical Support Managers	minimum BAC+4	175 000
Online Help Managers	minimum BAC+4	175 000
Marketing and Advertising Manager	minimum BAC+4	200 000
Procurement and distribution Manager	minimum BAC+4	200 000
Accountant	minimum BAC+3	500 000
Budget Analyst	minimum BAC+5	500 000
Operating Managers	minimum BAC+4	300 000
Guardians	-	60 000
Maintenance Workers	-	50 000

Source: Ourselves

2.4. TECHNICAL FEASIBILITY VALUATION

2.4.1. *Payment Systems in WAEMU*

A payment system is a set of rules, process, infrastructures and instruments used to exchange financial values between two parties who fulfill their contractual obligations. Payment systems reduce costs and delays in the exchange of good and services as well as the disadvantages of holding cash (theft, counterfeits) and therefore promotes the development of transactions. The efficiency and the security of the payment systems are very important for both governments and market participants. Thus any Central Bank pays particular attention to their operation and strives to reduce potential risks. As far as the African countries are concerned we will essentially deal on one hand with the Automated Payment System and on the other hand with the Electronic Payment System.

2.4.1.1. *Automated Payment System*

Since 1990s West African Countries have carried out extensive reforms in order to improve their payment systems. Among these, the Automated Payment System is to be taken into account. The two most essential ones are the Automated Interbank Compensation System (SICA-WAEMU¹²) and the Automated Transfer and Settlement System (STAR-WAEMU¹³).

- **The Automated Interbank Clearing System in West African Economic and Monetary Union (SICA-WAEMU)¹⁴**

SICA-WAEMU is an automated tool for exchanging and settling mass payment transactions, i.e. small amounts, in the form of transfers, checks or commercial paper, between participating establishments at national and regional level. SICA-WAEMU is made up of nine clearing systems, a national system for each of the member states of WAEMU and a regional clearing system. The participants in SICA-WAEMU are the banks, the CBWAS, the Post Office and the Treasury.

- **Expected benefits of SICA-WAEMU**

SICA-WAEMU provides daily multilateral clearing of transactions between participants and thus reduces:

- ✓ the time limits for exchanging and settling paper values (national and between WAEMU countries), with the innovation of accepting all values, whether they are “moved” or

¹² Meaning SICA-UEMOA in French for « Système Interbancaire de Compensation Automatisée de l’UEMOA »

¹³ Stands for STAR-UEMOA in French as « Système de Transfert Automatisé et de Règlement de l’UEMOA »

¹⁴Source : <https://www.bceao.int/fr/content/sica-uemoa>

“out of place” to all clearing access points (PAC), allowing the reduction of collection times from several weeks to one day at most

- ✓ the risks and costs associated with these delays and the manual procedures for handling securities and their transport
- ✓ The cash requirements for clearing operations by determining a clearing balance for all of a participant’s domestic operations.

The Automated Interbank Clearing System in WAEMU (SICA-WAEMU), started on November 17, 2005, in Mali, and was consolidated on February 14, 2008, with the start of production of sub-regional telecompensation¹⁵ for exchanges inter-country.

- **Conditions of participation in SICA-WAEMU**

- ✚ Conditions relating to participants

Only CBWAS, banks, the Treasury and the financial services of the Post may be approved as institutions participating in the clearing. Participation in SICA-WAEMU requires strict compliance with the following commitments contained in the compensation agreement and its appendices:

- be the holder of a settlement account opened in the books of the CBWAS
- comply with interbank rules for the exchange of checks and other commercial paper
- respect the format, exchange rules and technical standards of SICA-WAEMU, described in the technical manuals
- accept the electronic medium as the basis of the regulations.

- ✚ Conditions relating to accepted transactions

Only the cash payment instruments in force in the WAEMU member states (currently checks, bills of exchange, promissory notes, transfer orders, and direct debit notices), denominated in FCFA are accepted as clearing. A maximum amount of 50 million FCFA is set for transfers presented to SICA-WAEMU.

Above this amount, the participant is required to use STAR-WAEMU. There is no upper limit for checks or bills.

¹⁵Source: <https://www.mataf.net/fr/edu/glossaire/telecompensation>

- **Risk Management in SICA-WAEMU**

The CBWAS does not play the role of lender of last resort. All participants make provisions in the market to create a common guarantee fund. If a participant has unsuccessfully exhausted the other means of providing liquidity to his settlement account to settle his clearing balance, he can call upon this guarantee fund.

In addition, sanctions are provided for in the event of default. It can be suspension or exclusion. In addition, the processing by the CBWAS of complaints and litigation is planned. The archiving rules defined in the agreement require the archiving of data by each participant.

- **Recent developments in SICA-WAEMU**

The adoption, by the National Standards Committees (CNN), of new check and commercial bill formulas (bills of exchange and promissory notes) in the WAEMU area, respecting international standards, has led the CBWAS to develop the Automated Interbank Clearing System in WAEMU (SICA-WAEMU) to a version taking into account the modifications made to these means of payment. These new standards have been approved by the WAEMU Commission and are binding on all stakeholders in the eight WAEMU countries. One of the main innovations concerns the change in Bank Identity Reports (RIB) with the introduction of the ISO standard for country identification in place of the letters of identification of countries previously retained in the WAEMU zone. This innovation was also reflected in the modification of the "bank" code for participants in SICA-WAEMU.

This new version of SICA-WAEMU was successfully launched on Friday October 08, 2010 and simultaneously in all eight (8) WAEMU countries. Since the launch of this version of SICA-WAEMU on Monday October 11, 2010, no major incident has been noted.

- **The Automated Transfer and Settlement System in West African Economic and Monetary Union (STAR-WAEMU)¹⁶.**

STAR-WAEMU is the regional real-time gross settlement system for systemically important transactions (especially large amounts). Its operational start occurred on June 25, 2004.

- ✓ Objectives targeted by the implementation of this payment system
- ✚ Ensure prompt payment
- ✚ Reduce their operations management costs
- ✚ Foster the development and integration of regional capital markets

¹⁶ Source: <https://www.bceao.int/fr/content/star-uemoa>



 Control the risks.

Before the establishment of STAR-WAEMU, payment instructions between two WAEMU countries passed through the CBWAS current account circuit through the provision of funds from one National Directorate to another. The processing of the provisions made it possible to be charged to D + 1 in the event of immediate validation of the transfer order, to D + 2 or D + 5 in the event of a failure in the transmission of the order. With the start of production of STAR-WAEMU, a marked reduction in the processing time for operations is observed. Thus, in 2009, the average time for settling payments was 41 seconds.

STAR-WAEMU allows banks:

- ✓ to optimize the management of their treasury thanks to the reduction of intermediaries and the speed of the system
- ✓ real-time interbank exchanges in the region
- ✓ reduce payment risks and make interbank transactions more fluid;
- ✓ reduce the time for intra-WAEMU transfers from 3 weeks to less than a minute;
- ✓ To settle the compensation balances in a shorter period.

- **Participation in STAR-WAEMU**

STAR-WAEMU is a central system to which direct participants are connected via the SWIFT or private networks of the CBWAS. Eligible participants in the system are: the CBWAS, banks and financial institutions, the Central Depository / Settlement Bank of the Regional Stock Exchange (BRVM), the WAEMU Interbank Monetary Group (GIM-WAEMU) and the West African Bank for Development (BOAD). Participation in STAR-WAEMU requires strict compliance with the operating rules of the system. There are two ways to participate in the system:

Only Central Bank of West African States (CBWAS), banks, the Treasury and the financial services of the Post may be approved as institutions participating in the compensation. Participation in SICA-WAEMU requires strict compliance with the following commitments contained in the compensation agreement and its appendices.

- ✓ Direct participation, where the participant is connected to the system from a platform installed on its premises and manages itself the issuance of its orders in the system and the monitoring of its position;

- ✓ Indirect participation, where the participant accesses the system via an office service installed on the premises of the CBWAS Main Agency.

After 6 years of operation of STAR-WAEMU, it is necessary to note an appropriation of the system by the users, materializing by an active participation of the banks of the Union, an increase in number and in value of the exchanges carried out in the system and the 'qualitative and quantitative improvement of system performance indicators.

- **Types of operations carried out with STAR-WAEMU**

The STAR-WAEMU system mainly processes the following operations:

- ✓ transfers, on behalf of the ordering establishment or on behalf of its customers, for which this establishment is eager to obtain payment in real time;
- ✓ the regulation of exchanges of securities kept at the Central Bank on the secondary market either for the banks' own account or for the account of their customers;
- ✓ orders from STAR-WAEMU participants to establishments not eligible for the system, which are debited in STAR-WAEMU and received by the CBWAS Participant, who charges them to the current account management system;
- ✓ transactions processed with the Central Bank (Monetary Policy, refinancing, primary market in public debt securities, fiduciary transactions at CBWAS counters) or through it (international transfers in foreign currencies) pass through the CBWAS Participant for FCFA coverage in STAR-WAEMU;
- ✓ withdrawals and fiduciary deposits in all the Main Agencies;
- ✓ The settlement of the balancing balances of SICA-WAEMU, interbank electronic banking and the Regional Stock Exchange of WAEMU Securities.

- **Operating rules in STAR-WAEMU**

STAR-WAEMU is based on the transmission of payment orders in SWIFT format and on the following principles:

- ✓ the finality of the transaction;
- ✓ processing orders according to priority levels and arrival order;
- ✓ automatic control of the provision in the settlement account of the ordering participant;
- ✓ The immediate charging of transactions to the settlement account of the participants concerned.

The irrevocability of transactions is understood by the firm commitment of the issuer of the instruction to pay the recipient of the transaction the amount agreed upon the moment his order has been transmitted, received and accepted by STAR-WAEMU.

- **Risk management in STAR-WAEMU**

Risk prevention in STAR-WAEMU results in a prior check of the settlement account balance before the execution of the payment order, which in particular prevents credit risk and contributes to the reduction of systemic risk.

The prevention of liquidity risk is taken care of on the one hand, by the double mechanism of a queue associated with a priority level of settlement and on the other hand, by the possibility of guaranteed intraday advances by titles. However, the device for intraday advances is being designed and will make exchanges more fluid.

- **Exchange day and settlement procedures**

The trading period begins at 8:00 a.m. and ends at 5:20 p.m. (UT). Each direct or indirect participant has a single settlement account opened in the books of the CBWAS, on which all of its transactions processed with the system pass.

2.4.1.2. *Electronic Payment System*¹⁷

Electronic money is a monetary value which is stored in electronic form, including magnetic, representing a claim on the issuer.

- **Interbank Card Payment System**

Regional interbank electronic banking aims to develop the use of the bank card as a payment instrument in the WAEMU. In this regard, the strategic orientations of the electronic payment component of the reform of the CBWAS payment systems specifically targeted the following points:

- ✓ the establishment of regional inter banking through the interoperability of Automated Teller Machines (ATMs) and Electronic Payment Terminals (TPEs);
- ✓ the establishment of a bank card for withdrawal and / or payment that can be used throughout WAEMU and outside WAEMU;
- ✓ The use of chip technology from Euro pay MasterCard Visa (EMV) standards to enhance transaction security.

¹⁷Source: <https://www.bceao.int/fr/content/monetique-interbancaire-regionale>

In the implementation of these objectives, the CBWAS plays a role of unifier and promoter of the inter banking, the operational and technical aspects being ensured by the banks through the Electronic Banking Interbank Group of the WAEMU (GIM-WAEMU), created in 2003 for this purpose. The purpose of this group is to ensure the study, standardization, promotion and definition of security standards for the regional electronic banking interbank system. As such, GIM-WAEMU¹⁸ is in charge of so-called governance functions, in particular:

- ✓ the organization of interoperability;
- ✓ the development of interbank rules and procedures;
- ✓ Management of the interbank electronic payment system and its interoperability, at the administrative, legal and technical levels.

- **The different services offered by the GIM-WAEMU**

Three types of services are offered by GIM-WAEMU:

- ✓ Interbank services to ensure national, regional and international interoperability of transactions;
- ✓ Banking services by delegation: electronic payment processing by permanent delegation for establishments not equipped with electronic payment systems, electronic payment processing by additional temporary delegation or in backup of their own systems;
- ✓ Additional services: centralization of bill payments, card personalization workshop, maintenance of ATM machines, TPEs for banking computer systems.

Interbank electronic banking has been operational since June 15, 2007. At the end of December 2012, the GIM-WAEMU network had 106 members, 88 of whom were connected to the electronic banking interbank platform. Since December 2009, the CBWAS has taken a majority share in the share capital of the Group, thus demonstrating its strong involvement in the promotion of electronic payment in the WAEMU. The GIM-WAEMU has been committed since 2009, in a dynamic of the development of card payment, through the Merchant Acquisition.

- **The Unique Merchant Acquisition (ACU)**

¹⁸ Stands for GIM-UEMOA in French meaning « Groupement Interbancaire Monétique de l'UEMOA »

The development of mass electronic banking in WAEMU depends on the growth of cardholders through the issuance of cards but also on a broad acceptance of the card for the acquisition of goods and services. The Unique Merchant Acquisition (ACU), adopted in December 2009 by the members of GIM-WAEMU, aims to promote card payments. ACU consists in centralizing the acquisition and management of Electronic Payment Terminals (TPE) at the GIM-WAEMU level. In this context, the GIM-WAEMU ensures the placement and maintenance of interbank TPEs with merchants accepting card payments. The banks maintain the commercial relationship with the merchants, particularly with regard to the domiciliation of payments. In addition, the Interbank Merchant Acquisition (ACI), adopted in December 2012, meets the connection needs of members with a payment platform separate from that of GIM-WAEMU. In this case, the member accepts GIM-WAEMU cards on its Electronic Payment Terminals.

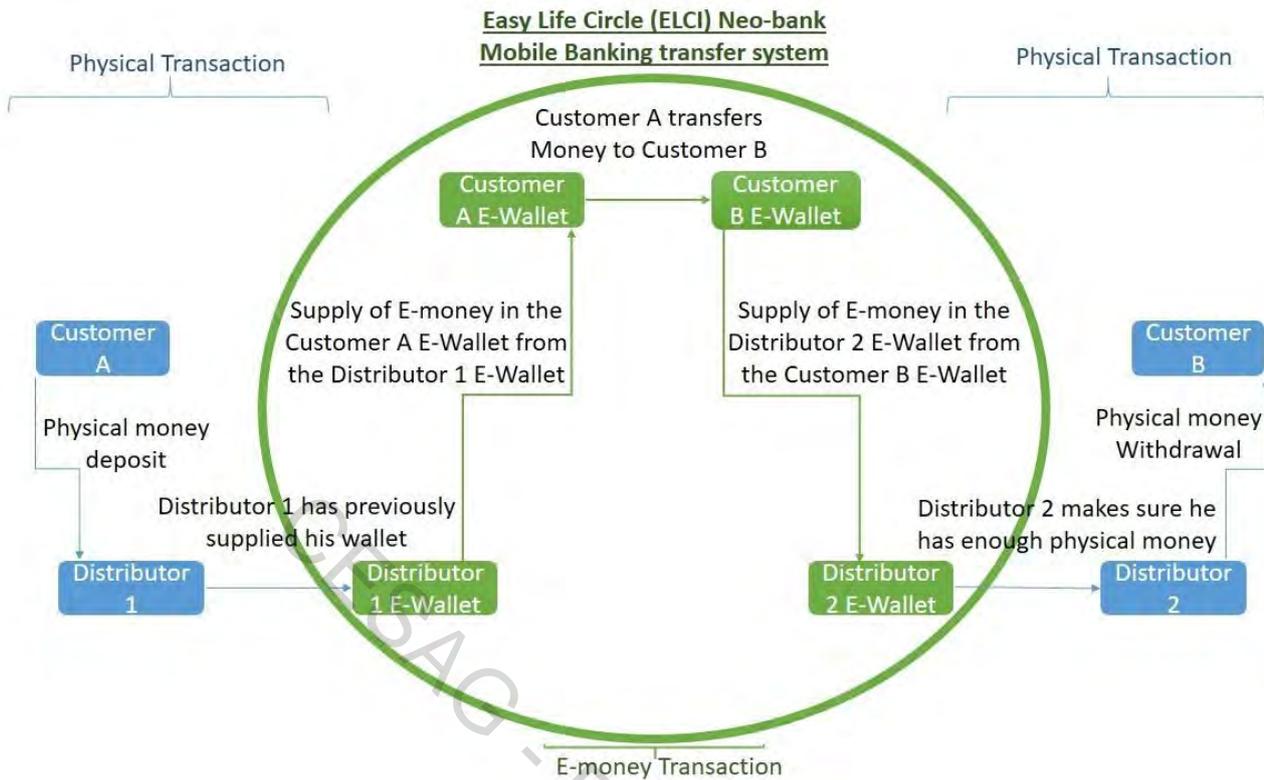
By adopting the Merchant Acquisition, the members of GIM-WAEMU aim to:

- ✓ the uniform organization of the Merchant Acquisition activity so as to promote healthy competition;
- ✓ pooling of investment and operating costs;
- ✓ Risk management and fraud management.

2.4.2. The role of the main players in mobile banking

- Mobile Network Operators (MNOs) which takes charge of communication and make their networks available,
- The bank which secures operations and provides the backing to an accredited banking establishment. It is also the guarantor of the application of banking regulations, creates e-money, mobile payment and intervenes according to partnerships in distribution and service development.
- The distributor is the privileged relay for dispensing or recovering cash from customers. Its role is essential for providing a quality service. Sometimes the seller receives a commission for each transaction.
- The e-wallet manager sets up the technical platform allowing transfers between m-wallets and managing banking interactions. Sometimes this service is provided by banks, the operator or even distributors. It is the keystone of the system.
- Mobile customers from their phone access a wide range of digital financial services through the mobile application or the ELCI Internet Platform at affordable prices, which will have an intuitive design and be easy to use.

Figure 4: Mobile banking transfers system



Source: Ourselves

The mobile banking system used by Easy Life Circle neo-bank (ELCI) is fundamentally based on an interactive platform through the application, via internet or without internet with the SMS codes system. All the customers in the platform will be able to interact with each other making all kind of transactions including transfers, invoice payment, and more. The principal aim of this system is to make Senegal at a long run, the cashless transactions leader country. Then the system would potentially spread over to all the sub region countries and the African continent mostly with the transparency and the security that will provides the block chain technology.

2.4.3. The Block Chain Process that will be integrated to electronic transactions

The block chain technology is defined by “Block chain France”¹⁹ as an information storage and transmission technology, transparent, secure and operating without a central control body. This process will be executed simultaneously with the precedent process of the mobile banking classic transaction system on regular basis in the Easy Life Circle (ELCI) system. The transactions within the system will be consequently accelerated.

¹⁹ Source: <https://blockchainfrance.net/decouvrir-la-blockchain/c-est-quoi-la-blockchain/>

The Block Chain has multiple use cases in the world of finance, particularly concerning financial services; Financial Markets and means of payment. The most important applications are about the financial services:

Table 4: Blockchain applications in finance

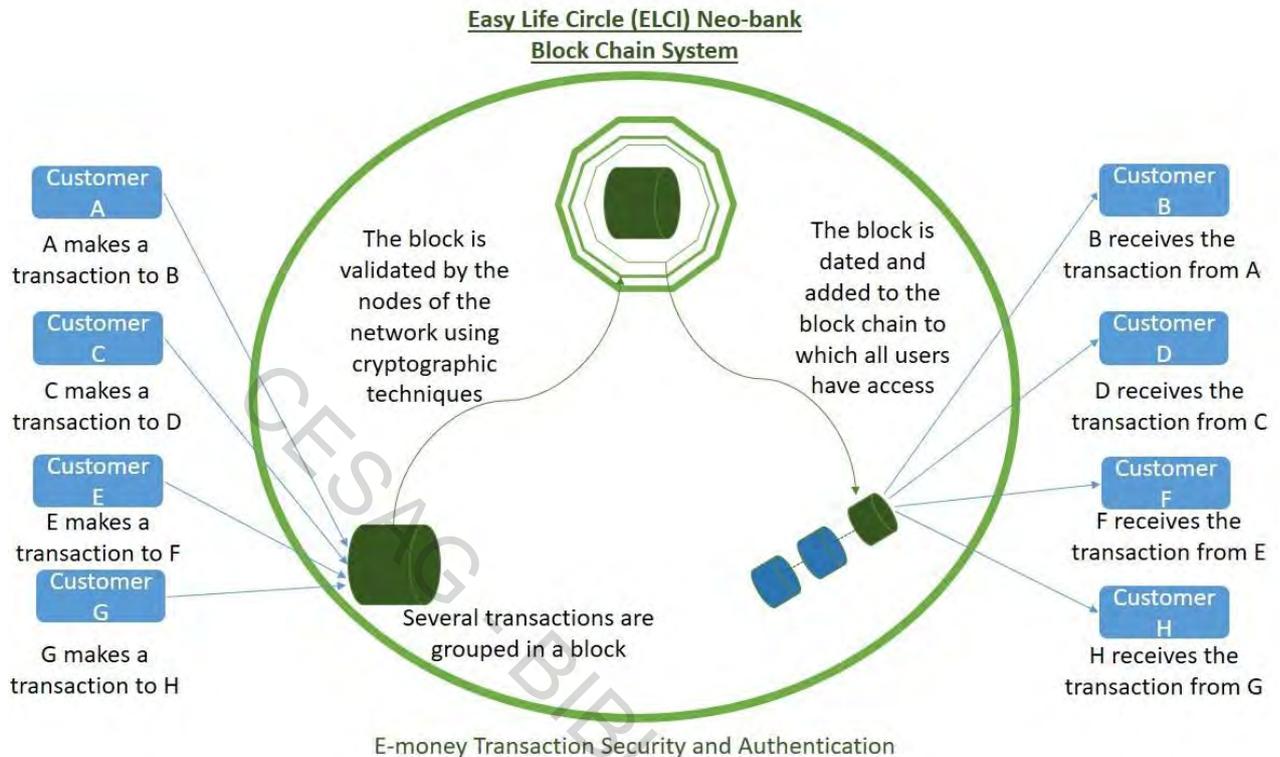
Financial services	Applications
<u>Know your Customer (KYC):</u>	Important documents to create a bank account for example can be easily and quickly managed with the block chain to reduce costs and speed up the process.
<u>Anti-Money Laundering (AML):</u>	The traceability and the security guaranteed by the block chain will allow banks to better manage illicit flows of funds (drugs, terrorism).
<u>Tamper-proof identification:</u>	Block chain will allow to precisely identify every customer providing an unchanging history of his transactions and contracts.
<u>Crowd funding:</u>	A relatively new technology that allow to raise funds via a platform at a competitive price, where the block chain will bring a climate of trust with the security and transparence that it will provide.
<u>Asset transfer:</u>	Block chain will considerably facilitate the transfers of financial assets and secure them.
<u>Regulatory reporting:</u>	Information and different prudential ratios of banks will be easily available for the regulatory institution, for example the Central Bank of West African States (CBWAS) via a block chain.
<u>Compensation:</u>	The compensation is carried out by the clearing houses that employ enough human, material and financial resources to reduce the counterparty risk. With the block chain we will drastically reduce the counterparty risk and expenses, taking into account that we will not need to invest too much in clearing houses.

Source: Tjomb Bell Author, President and CEO of “Businessmania” company in his presentation “Block chain and Finance” of the February 20th, 2020.²⁰

²⁰Source : https://www.youtube.com/watch?v=akfWUjWjfA&feature=emb_rel_end

All the applications above could really bring a groundbreaking innovation in West African banking and financial system at a long run and contribute to the sustainable development.

Figure 5: Blockchain system



Source: Ourselves

2.4.4. Location

Easy Life Circle neo-bank (ELCI), being a 100% mobile bank will not need physical branches because it will be available everywhere in Senegal country through the mobile application or any browser directly via internet. But in order to work efficiently, we will have a headquarter in the capital Dakar precisely in Rufisque department; in which all the employees, managers and the top management will work. Dakar has been chosen to be the ideal location for our company essentially because most of our partners have their headquarters in Dakar, this will facilitate the communication and make it easier to run operating activities efficiently. It will be the place to make sure that our application and internet platform will be the most reactive possible.

2.4.5. Equipment

Table 5: Equipment

Functions	Equipment
Legal	Computers (desk top); landline phones; office cabinets; photocopiers; printers; scanners; ergonomic desks and chairs; air conditioner split; central inverter
Compliance	Computers (laptop); landline phones; office cabinets; photocopiers; printers; scanners; ergonomic desks and chairs; air conditioner split; central inverter
Risk Management	Computers (laptop); landline phones; office cabinets; photocopiers; printers; scanners; ergonomic desks and chairs; air conditioner split; central inverter
Internal Control	Computers (laptop); landline phones; office cabinets; photocopiers; printers; scanners; ergonomic desks and chairs; air conditioner split; central inverter
Finance	Computers (desk top); landline phones; office cabinets; photocopiers; printers; scanners; ergonomic desks and chairs; air conditioner split; central inverter
Human Resources	Computers (desk top) ; telephones (cell and landline); photocopiers; printers; scanners; faxes; ergonomic desks and chairs; air conditioner split; central inverter
Treasury	Computers (desk top) ; landline phones; photocopiers; printers; scanners; ergonomic desks and chairs; air conditioner split; central inverter
Technology and Operations	Computers (desk top; laptop); computer server with cabinet; landline phone; photocopiers; printers; Generator ; server; IT network; ergonomic desks and chairs; air conditioner split; city Peugeot 308; central inverter
Personal Products Management	Computers (desk top; laptop); landline phone; photocopiers; printers; ergonomic desks and chairs; air conditioner split; central inverter
Business Products Management	Computers (desk top; laptop); landline phone; photocopiers; printers; ergonomic desks and chairs; air conditioner split; central inverter
Distributors and Partners Management	Computers (desk top; laptop); telephone (cell and landline); delivery scooters, commercial Vehicle, ergonomic desks and chairs; air

	conditioner split, city Peugeot 308, 4X4 Car; central inverter
Chief Risk Officer	Computer (desk top); landline phones; batons; handled electroshock devices; ergonomic desks and chairs; air conditioner split; central inverter

Source: Ourselves

2.4.6. Regulations

2.4.6.1. Regulatory framework for mobile banking :

Mobile banking has at least to be in line with the following regulatory requirements:

- Instruction n° 01 / SP / 2006 of July 31, 2006 relating to electronic money and electronic money establishments which have opened the field to the emergence of banking and non-banking players offering services based on electronic money including mobile banking.
- Regulation n° 15/2002 / CM / UEMOA of September 19, 2002 relating to payment systems in UEMOA
- Banking law
- In favor of Instruction n° 008-05-2015²¹ governing the conditions and modalities for the exercise of the activities of issuers of electronic money in the WAEMU member states, several non-bank actors have obtained approvals as establishment of electronic money (EME). These EME are authorized to offer payment services backed by electronic money exclusively within the WAEMU.

According to these provisions, any structure wishing to issue means of payment in the form of electronic money and obtain mobile banking services must obtain approval as a bank or establishment of electronic money. According to these texts, Decentralized Financial Systems (SFD) and commercial companies can offer mobile banking services by issuing electronic money if they are in coordination with a Bank or an Electronic Money Establishment. The Bank or the EME guarantees all of the operations carried out.

²¹ Source: Information Note N°5/2017 of the CBWAS (https://www.bceao.int/sites/default/files/2017-11/note_information_no5_syste_mes_paiement_5e_lecture.pdf)

2.4.6.2. conditions for setting up businesses in Senegal

When starting a business in Senegal, every promoter has to follow a certain number of procedures depending on the legal status and according to the Senegalese legislation, in order to run normally.

We will take into account the following steps while setting up our Limited Liability Company, considering the Business Creation Support Bureau (BCE):

- We will register with the Companies and Associations Register in order to get a National Identification Number for Companies and Associations (NINEA) that is a company identification number. We will then have to pay for and fill five declarations of establishment forms named ‘Statement of establishment’ which we will have to produce to the Regional Labor Inspectorate and the nearest social security office to our company’s premises. These forms will be stamped and an identification number will be issued.
- We will get a registration application form provided by the Social Security Fund that we will fill out and return. We will also have to request for registration with the Senegalese welfare and pension institution (IPRES) that is the pension fund.
- We will register our company with the Sickness benefit institution that is a health insurance fund, taking into account that our company will have at the beginning less than 100 employees. This health insurance fund will fully or partially pre-finance health care fees for all employees and their families.
- Finally, we will have to declare our company’s income with the Tax Administration Office by full filling the tax declaration form within the legal deadline.

2.4.7. Procurement process

Our procurement process will be fundamentally based on our partnerships that will allow us to provide efficiently the digital financial services. We will receive on monthly basis the “QR Cards” from startup companies like wave in projected quantity proportionally to the pace of the previous month demand. We will also receive on monthly basis “GIM-WAEMU”, “VISA” and “MASTERCARD” from our partners essentially banks considering the previous month demand in order to meet the needs of customers and make operations feasible. Obviously, these procurements will depend on different conditions negotiated with different partners.

3. MARKET STUDY AND MARKETING STRATEGY

3.1. MARKET STUDY

3.1.1. Industry Analysis

Digital Financial Services have become the leading payment channel for digital economies in emerging markets. In West African Economic and Monetary Union (WAEMU), Digital Financial Services are expanding rapidly according to the CBWAS 2017 survey. The penetration rate of these services in this zone has increased from 16 percent to 30 percent from 2015 to 2017. In sub-Saharan Africa, 34 percent of the adult population made and received payments digitally in 2017, compared to 27 percent in 2014. Yet 1.7 billion adults remain unbanked worldwide. Two third of these adults own a mobile phone, which offers new opportunities to bring the unbanked into the financial system. According to the status of mobile financial services in 2017, CBWAS 2018; the state of digital financial services market in Senegal shows 2,240,375 active customer accounts and 5.39 million registered customer accounts standing at 9.8% of customers' accounts in WAEMU. In addition it highlighted 30,787 active agents and 1,157 active merchants. With a mobile phone penetration rate of 117% and no less than 20 fin tech companies active in the market, Senegal has plenty of potential for digitalization. It becomes obvious that the digital financial services industry is growing quicker than the conventional banking system, and constitute a real alternative for a wider financial inclusion.

More providers particularly Mobile Network Operators (MNOs), are starting to recognize Digital Financial Services as a source of direct revenue for their businesses, as they see a contribution by Digital Financial Services of more than US\$2.4 billion of direct revenue and revenue growth of 34 percent year on year. Important trends include the increased adoption of smartphones and the participation of fin tech companies, with a focus on the digitalization of new sectors of the economy.

According to an assessment of payment flows carried out by the United Nations Capital Development Fund (UNCDF) in 2017, Senegalese people exchange near XOF 900 billion (US\$1.6 billion) per year through loan facilities (tontines) and other informal channels. Moreover Senegalese growth could increase by XOF 104 million per year if 50 percent of payments flows were digitalized.

Specifically in the COVID-19 pandemic context, mobile money is as an effective and physical-distancing-friendly option to deliver cash transfers in large scale, given that ownership and use

of mobile phones in emerging and developing economies is very high, and globally, there are 228 mobile money agents (the small retailers where customers can deposit or withdraw cash in and out of mobile accounts, buy phone airtime cards, etc.) per 100,000 adults compared to only 11 banks and 33 ATMs. Mobile money can therefore help rural and remote populations gain access to government transfer programs without traveling long distances or waiting in lines, or even having a bank account, a critical advantage in a world where 1.7 billion still don't have access to formal financial institutions²². Indeed, the pandemic has led many countries to strengthen their mobile money ecosystems and address specific constraints.

However, mobile money does have risks and limitations given that people in rural and remote areas may lack mobile coverage, easy access to money agents, or simply electricity. Exchanging mobile money for cash can still be expensive. Digital and financial illiteracy are also known to hinder adoption of digital mobile services. In many countries, the pandemic has forced policymakers to react quickly to reduce regulatory weaknesses around mobile money issued by telecom or fintech firms, whose customers are often not protected by regulation in the same way as banks' clients. It's important to ensure that the risks of accelerating mobile money, including cyber-risks and digital fraud, don't outweigh the benefits.

Beyond the COVID-19 pandemic crisis horizon, many countries have sought to boost mobile payment platforms to reduce corruption, improve efficiency and budget transparency, and broaden financial inclusion, especially for the informal sector and women.

3.1.2. Competition in the industry

3.1.2.1. Overview of the different competitors in the industry

In digital financial services industry, the competition is enough intense but at the same time, the potential market stays really wide and constitute a very interesting opportunity for companies that have the right strategy. We will have to face an indirect competition with the traditional banks, financial institutions of bank nature and decentralized financial systems taking into account that they can also provide financial services with different channels instead of digital channels.

Our direct competitors are Mobile Network Operators (MNOs); Commercial Banks; Third-party operators providing digital currency solutions without being financial institutions (fin tech companies), insurance providers and microfinance institutions:

²²Source: International Monetary Fund (IMF), June 22, 2020 Global Economy report by Sonja Davidovic, Delphine Prady and Herve Tourpe (https://blogs.imf.org/2020/06/22/youve-got-money-mobile-payments-help-people-during-the-pandemic/?utm_medium=email&utm_source=govdelivery)

- Mobile Network Operators (MNOs): It is a category of Electronic Money Issuers (EMIs) leading market in Senegal.
The Mobile Network Operators (MNOs) are mainly: ORANGE; FREE and EXPRESSO
The Electronic Money Establishments (EMEs) existing essentially in Senegal are: ORANGE FINANCES MOBILES SENEGAL and MOBILE CASH SA.
- Commercial banks: They have mobile banking strategies, incentive deterrence integration with EMIs or third-party operators and issue digital currency for them. In addition with Bank of Africa-Senegal (BOA) and Orabank, partnerships between banks and telecommunications operators are mainly²³:
 - ✓ Bank of Dakar (BDK) and KASH KASH Senegal: KASH KASH
 - ✓ Bank of Mutualized Institutions of West Africa (BIMAO) in partnership with the Group BOSS: Vitfè Mobile Money
 - ✓ Sahel-Saharan Bank for Investment and Trade (BSIC) SN and EXPRESSO: E-MONEY
 - ✓ ECOBANK SENEGAL in partnership with WIZALL: Wizall money is an application that offers digital vouchers and money transfer operations
 - ✓ SGBS and TAGPAY : SBGS-YUP
 - ✓ UNITED BANK FOR AFRICA (UBA) in partnership with ZUULU PAY, WAVE and WARI provides to its e-wallet user's innovative payment services.
- Third-party operators: They make rapid transfer and/or e-wallet operators.
Example: Wari; Joni Joni; YUP; Orange money; Wave money; Free money; Kash kash; PayDunya; MaTontine; Wizall money...
- Insurance providers: They offer digitalization of premium and compensation payments via EMIs and third-party operators.
Example: AMSA Assurances; AIBA Assurances; AXA Insurance...
- Microfinance institutions: They use digital in savings collection, repayment and credit disbursement operations and integration with EMIs and third-party operators to offer account to e-wallet transfers and vice versa.

²³Source: BCEAO annual report on digital financial services in UEMOA, 2018

Example: Alliance of Credit and Savings for Production (ACEP); African Finance Company (COFINA); Partnership for Savings and Loan Mobilization in Senegal (PAMECAS)...

3.1.2.2. *Main direct competitors analysis*

ORANGE MONEY²⁴: Orange Money is the Orange group's money transfer and mobile payment service, offered in most African countries where the operator is present. Orange Money was rolled out for the first time in Côte d'Ivoire in December 2008.

The service then allows deposits and withdrawals, the purchase of telephone credit and the payment of Orange invoices. After a discreet launch, Orange organized a large advertising campaign in Côte d'Ivoire in 2009 and reached between 100,000 and 150,000 subscribers in one year. In 2011, Orange Money reached three million subscribers and was established in Senegal, Madagascar, Mali, Niger, Kenya, Botswana and Cameroon, then in Mauritius and Jordan between 2011 and 2012. The service now makes it possible to pay different bills for water, electricity, television and telecommunications, as well as to subscribe to savings or insurance offers. In 2013, Orange Money offered the possibility of making Visa card payments or withdrawals from ATMs, the service first introduced in Botswana. Orange Money can now be used in thirteen countries (the new ones being Morocco, Uganda and Guinea) and has eight million subscribers. On July 24, 2013, Orange Money joined forces with Total S.A. using Total service stations in 12 African countries for the distribution on Orange Money. In July 2015, Orange announced that it had passed the milestone of 14 million customers registered for the service. In September 2015, Orange launched "Orange Collecte" in Côte d'Ivoire, the first African mobile crowd funding service for Orange Money customers. In June 2016, Orange announced the launch of the service in France with a strong focus on transfers to West Africa, as well as crossing the threshold of 18 million customers. In September 2016, the Orange Money had 20 million customers in the Africa and Middle East region (+ 30% over one year). In March 2017, the BCEAO prohibited Orange Money from transfers between France and the WAEMU countries. Since April 2018, this ban has been lifted. Today, money transfers are open between France and the WAEMU. In addition, Orange Money has also opened the transfer of money to Guinea and Madagascar. On March 10, 2020, Orange Money announces its launch in Morocco, a country in which the rate of banking is a little higher than in the other countries where Orange Money is already established.

²⁴Source: https://en.wikipedia.org/wiki/Orange_Money

Orange has also partnered with banks (BNP Paribas, Ecobank, Bank of Africa, Microcred) to allow customers with a bank account to transfer their money easily and at any time between their bank account and their Orange Money account (and vice versa) from their mobile phone. Orange Senegal remains the historical operator of Senegal. Its market share increased of about 0.29 percentage points during the first quarter of 2020 and stood at 53.62%²⁵ according to the Telecommunications and Postal Regulatory Authority (ARTP).

FREE MONEY²⁶: After the acquisition of TIGO, one of the Senegalese previous mobile network operator in 2018 by the NJJ holding company of Xavier Niel²⁷, the Senegalese operator changed its name and identity becoming FREE SENEGAL. It was then catapulting new attractive mobile offers, enough to shake up the market mostly with free money, a money transfer platform.

Free money is a mobile platform launched by FREE SENEGAL that tries to foster financial inclusion of the greatest number, by simplifying and making everyday transactions safer. Thereby, Free Money became a direct competitor to Orange Money, already well in place since the service claimed 4.2 million active accounts in Senegal by the end of 2019 when the country had 16 million inhabitants.

FREE SENEGAL launched a similar platform, allowing the transfer of money between two users but also the deposit and withdrawal of money via their smartphone. Free Senegal lost shares during the first quarter of 2020 and has currently market share of 25.38%²⁸. Its number of distributors increased even though it has lost market share according to the Telecommunications and Postal Regulatory Authority (ARTP).

E-MONEY²⁹: E-money is a mobile financial service solution, launched in Senegal in 2018, by EXPRESSO the third mobile phone company thank to its partnership with BSIC SN a Sahel-Saharan Bank for Investment and Trade (BSIC) that collects public and private financial resources to finance economic and social development. E-money's fundamental aim is to enter the daily life of Senegalese and benefits all segments of Senegalese society.

²⁵Source: According to the quarterly report of the Telecommunications and Postal Regulatory Authority (ARTP), on the telecommunications market (July-September 2019), and its February 4th, 2020 report

²⁶Source: <https://free.sn/free-money>

²⁷Source: <https://blog.telegeography.com/xavier-niel-iliad-french-billionaire-international-telecom-empire>

²⁸Source: According to the quarterly report of the Telecommunications and Postal Regulatory Authority (ARTP), on the telecommunications market (July-September 2019), and its February 4th, 2020 report

²⁹Source: <http://reussirbusiness.com/en-une/e-money-nouveau-service-de-transfert-dargent-dexpresso-lance/>

EXPRESSO intends to increase financial inclusion by providing financial services at an affordable cost thanks to E-money. Their vision involves the establishment of telecommunications services, both for consumers and for businesses, which will reduce the digital divide, improving both business efficiency and living conditions for society³⁰. E-Money already provides standard banking services for money transfers, bill payments and telecom products, but also allows Espresso customers to access a wide range of financial and other citizen services across the digital platform.

EXPRESSO lost shares during the first quarter of 2020 and has currently market share of 20.99%³¹. Like FREE, its number of distributors has also increased despite its loss in market share according to the Telecommunications and Postal Regulatory Authority (ARTP).

SGS-YUP³²: YUP is an alternative model to traditional banking in Africa, launched by SOCIETE GENERALE (SGS) effectively in Ivory Coast and Senegal thanks to a partnership with Tagpay, a French fintech company in which SOCIETE GENERALE (SGS) is a shareholder. At that time YUP had already more than 30,000 open wallets and nearly 600 agents. Then, YUP has been launched in Ghana and Cameroun by the end of 2017, and in Burkina Faso and Guinea during 2018.

YUP is a mobile money solution that allows access to a range of transactional and financial services even without having a bank account. Based on an “Agency Banking” model, that is to say on a network of third-party agents with which the bank has established partnerships (service stations, distribution businesses, etc.), YUP is thus accessible via an expanded network of distributors equipped with suitable terminals and of course through the mobile banking application of the various SOCIETE GENERALE (SGS) banks on the continent. YUP allows SOCIETE GENERALE (SGS) in particular to meet the needs of customers that cannot access the banking offer, by offering a certain availability, proximity and ease of use. YUP customers can make withdrawals, deposits and money transfers, pay bills, purchase phone credit and make payments at merchants. The YUP offer also allows the dematerialization of corporate payment flows.

³⁰Source: According to Abdalla Saeed, Managing Director of Espresso Senegal, in “Réussir Business” April 15th 2018 report.

³¹Source: According to the quarterly report of the Telecommunications and Postal Regulatory Authority (ARTP), on the telecommunications market (July-September 2019), and its February 4th, 2020 report.

³²Source: <https://societegenerale.africa/fr/une-banque-innovante/des-modeles-bancaires-alternatifs/yup/>



EASY LIFE CIRCLE

SOCIETE GENERALE (SGS) aims to significantly expand its network by recruiting 8,000 agents over 2020 and open one million wallets within this same period. Thinking that “Africa is inventing the bank of tomorrow” the main ambition of the Group is to be part of this revolution by offering a simple transactional tool accessible to all residents of the countries in which SOCIETE GENERALE (SGS) is present and then take part thanks to YUP to the major challenge of financial inclusion.

Table 6: Comparison of ELCI conditions with those of ORANGE MONEY³³

Items	Easy Life Circle (ELCI)	Orange Money
Electronic account opening (e-wallet)	Free	Free
Electronic account synchronized with bank account	between XOF750 and XOF 5500 depending on the type of ELCI electronic account that will be synchronized to a specific ELCI bank card	Not available yet
Deposit fees (Cash in)	Free	Free
Withdrawal fees (Cash out)	2% of the amount of withdrawals.	Firstly Between XOF 25 and XOF 4,500 depending on the amount withdrawn ranging from XOF 1 to XOF 200,000. Secondly between XOF 6,000 and XOF 20,000 for amount withdrawn ranging from XOF 200,005 to XOF 2,000,000.
Transfer fees	2% of the amount transferred independent of its size.	Between XOF 25 and XOF 4,600 depending on the amount transferred ranging from XOF1 to XOF 200,000.
Airtime top-ups (Purchase of telephone credit)	2% of the amount of telephone credit purchased independent of its size.	Free
Bill payment fees (Senelec, Woyofal, SDE)	2% of the amount of the bill independent of its size.	Between XOF 100 and XOF 3,900 depending on the amount of the bill ranging from XOF1 to XOF 400,000. Secondly between XOF 3,900 and XOF 10,900 for the amount of the bill ranging from XOF 400,001 to XOF 2,000,000.

³³Source: <https://www.orange.sn/orange-money>

Bank-to-wallet/Wallet-to-bank transfers	As ELCI e-wallet is already synchronized with a specific ELCI account, there is no need to make transfers. ELCI customers can use their ELCI cards at ATM when they have some money in their e-wallet and vice-versa.	For Bank-to-wallet transfers, fixed fees that worth XOF 400. For wallet-to-bank transfers, between XOF 25 and XOF 4,600 depending on the amount transferred ranging from XOF1 to XOF 200,000. The maximum of transfers is XOF 200,000.
Digital savings	Available at an interest rate of 2%	Not available yet
Digital loan	Available at an interest rate of 10%	Not available yet
Sub-accounts for easier saving with spaces	Between free 2 and 10 sub-accounts depending on the type of ELCI account owned	Not available yet
Share sub-account (spaces)	Free share sub-accounts with between 10 and 15 customers depending on the type of ELCI account owned	Not available yet
Medical coverage while travelling	XOF 2000 available depending on the type of ELCI account owned	Not available yet
Selected offers from hotels and goods brands	XOF 2500 per month available depending on the type of ELCI account owned	Not available yet
Mobile phone theft and damage cover	XOF 3500 per year available depending on the type of ELCI account owned	Not available yet
Cashback on purchases	plus 1% on purchases, available depending on the type of ELCI account owned	Not available yet
Car; motorbike sharing coverage	XOF 15 000 per year available depending on the type of ELCI account owned	Not available yet

Source: Ourselves

Table 7: Comparison of ELCI conditions with FREE MONEY³⁴

Items	Easy Life Circle (ELCI)	Free money
Electronic account opening (e-wallet)	Free	Free
Electronic account synchronized with bank account	between XOF750 and XOF 5500 depending on the type of ELCI electronic account that will be synchronized to a specific ELCI bank card	Not available yet

³⁴Source: <https://free.sn/faq/faq-free-money>

Deposit fees (Cash in)	Free	Free
Withdrawal fees (Cash out)	2% of the amount of withdrawals.	Firstly Between XOF 25 and XOF 4,250 depending on the amount withdrawn ranging from XOF1 to XOF 200,000. Secondly between XOF 5,500 and XOF 17,500 for amount withdrawn ranging from XOF 200,001 to XOF 1,000,000. Thirdly, 2% of the amount above XOF 1,000,000.
Transfer fees	2% of the amount transferred independent of its size.	Firstly Between XOF 25 and XOF 4,250 depending on the amount transferred ranging from XOF1 to XOF 200,000. Secondly between XOF 5,500 and XOF 17,500 for amount transferred ranging from XOF 200,001 to XOF 1,000,000. Thirdly, 2% of the amount above XOF 1,000,000. With a maximum amount transferred of XOF 3,000,000.
Airtime top-ups (Purchase of telephone credit)	2% of the amount of telephone credit purchased independent of its size.	Free
Bill payment fees (Senelec, Woyofal, SDE)	2% of the amount of the bill independent of its size.	Free
Bank-to-wallet/Wallet-to-bank transfers	As ELCI e-wallet is already synchronized with a specific ELCI account, there is no need to make transfers. ELCI customers can use their ELCI cards at ATM when they have some money in their e-wallet and vice-versa.	Not available yet
Digital savings	Available at an interest rate of 2%	Not available yet
Digital loan	Available at an interest rate of 10%	Not available yet
Sub-accounts for easier saving with spaces	Between free 2 and 10 sub-accounts depending on the type of ELCI account owned	Not available yet
Share sub-account (spaces)	Free share sub-accounts with between 10 and 15 customers depending on the type of ELCI account owned	Not available yet

Medical coverage while travelling	XOF 2000 available depending on the type of ELCI account owned	Not available yet
Selected offers from hotels and goods brands	XOF 2500 per month available depending on the type of ELCI account owned	Not available yet
Mobile phone theft and damage cover	XOF 3500 per year available depending on the type of ELCI account owned	Not available yet
Cashback on purchases	plus 1% on purchases, available depending on the type of ELCI account owned	Not available yet
Car; motorbike sharing coverage	XOF 15 000 per year available depending on the type of ELCI account owned	Not available yet

Source: Ourselves

Table 8: Comparison of ELCI conditions with those of E-MONEY³⁵

Items	Easy Life Circle (ELCI)	E-Money
Electronic account opening (e-wallet)	Free	Free
Electronic account synchronized with bank account	between XOF750 and XOF 5500 depending on the type of ELCI electronic account that will be synchronized to a specific ELCI bank card	Not available yet
Deposit fees (Cash in)	Free	Free
Withdrawal fees (Cash out)	2% of the amount of withdrawals.	Firstly Between XOF 25 and XOF 4,250 depending on the amount withdrawn ranging from XOF1 to XOF 200,000. Secondly between XOF 5,500 and XOF 17,500 for amount withdrawn ranging from XOF 200,001 to XOF 1,500,000.
Transfer fees	2% of the amount transferred independent of its size.	Firstly Between XOF 25 and XOF 4,250 depending on the amount transferred ranging from XOF1 to XOF 200,000. Secondly between XOF 5,500 and XOF 17,500 for amount transferred ranging from XOF 200,001 to XOF 1,500,000.

³⁵Source: <https://www.expressotelecom.sn/offres-et-services/e-money/>

Airtime top-ups (Purchase of telephone credit)	2% of the amount of telephone credit purchased independent of its size.	Free
Bill payment fees (Senelec, Woyofal, SDE)	2% of the amount of the bill independent of its size.	Firstly Between XOF 25 and XOF 4,250 depending on the amount of the bill ranging from XOF1 to XOF 200,000. Secondly between XOF 5,500 and XOF 17,500 for the amount of the bill ranging from XOF 200,001 to XOF 1,500,000.
Bank-to-wallet/Wallet-to-bank transfers	As ELCI e-wallet is already synchronized with a specific ELCI account, there is no need to make transfers. ELCI customers can use their ELCI cards at ATM when they have some money in their e-wallet and vice-versa.	Not available yet
Digital savings	Available at an interest rate of 2%	Not available yet
Digital loan	Available at an interest rate of 10%	Not available yet
Sub-accounts for easier saving with spaces	Between free 2 and 10 sub-accounts depending on the type of ELCI account owned	Not available yet
Share sub-account (spaces)	Free share sub-accounts with between 10 and 15 customers depending on the type of ELCI account owned	Not available yet
Medical coverage while travelling	XOF 2000 available depending on the type of ELCI account owned	Not available yet
Selected offers from hotels and goods brands	XOF 2500 per month available depending on the type of ELCI account owned	Not available yet
Mobile phone theft and damage cover	XOF 3500 per year available depending on the type of ELCI account owned	Not available yet
Cashback on purchases	plus 1% on purchases, available depending on the type of ELCI account owned	Not available yet
Car, motorbike sharing coverage	XOF 15 000 per year available depending on the type of ELCI account owned	Not available yet

Source: Ourselves

Table 9: Comparison of ELCI conditions with those of YUP³⁶

Items	Easy Life Circle (ELCI)	YUP
Electronic account opening (e-wallet)	Free	Free
Electronic account synchronized with bank account	between XOF750 and XOF 5500 depending on the type of ELCI electronic account that will be synchronized to a specific ELCI bank card	Not available yet
Deposit fees (Cash in)	Free	Free
Withdrawal fees (Cash out)	2% of the amount of withdrawals.	Firstly Between XOF 90 and XOF 5,800 depending on the amount withdrawn ranging from XOF 500 to XOF 200,000. Secondly between XOF 7,500 and XOF 19,800 for amount withdrawn ranging from XOF 200,001 to XOF 1,500,000
Transfer fees	2% of the amount transferred independent of its size.	Firstly, for international transfers, between XOF 450 and XOF 2,000 depending on the amount transferred ranging from XOF500 to XOF 200,000. Then between XOF 4,500 and XOF 10,500 for amount transferred ranging from XOF 200,001 to XOF 1,500,000. Secondly, free for transfers to YUP users.
Airtime top-ups (Purchase of telephone credit)	2% of the amount of telephone credit purchased independent of its size.	Firstly, Between XOF 250 and XOF 3,500 depending on the amount of telephone credit purchased ranging from XOF 1 to XOF 300,000. Secondly, XOF 9,000 for any amount of telephone credit purchased above XOF 300,000.
Bill payment fees (Senelec, Woyofal, SDE)	2% of the amount of the bill independent of its size.	Firstly, Between XOF 250 and XOF 3,700 depending on the amount of bill ranging from XOF 1 to XOF 400,000. Secondly, XOF 10,300 for any bill above XOF 400,000.

³⁶Source: <https://yup.africa/en/countries/senegal/>

Bank-to-wallet/Wallet-to-bank transfers	As ELCI e-wallet is already synchronized with a specific ELCI account, there is no need to make transfers. ELCI customers can use their ELCI cards at ATM when they have some money in their e-wallet and vice-versa.	Possibility for customers to transfer directly money from their bank account to their YUP wallet.
Digital savings	Available at an interest rate of 2%	Available
Digital loan	Available at an interest rate of 10%	Available
Sub-accounts for easier saving with spaces	Between free 2 and 10 sub-accounts depending on the type of ELCI account owned	Not available yet
Share sub-account (spaces)	Free share sub-accounts with between 10 and 15 customers depending on the type of ELCI account owned	Not available yet
Medical coverage while travelling	XOF 2000 available depending on the type of ELCI account owned	Not available yet
Selected offers from hotels and goods brands	XOF 2500 per month available depending on the type of ELCI account owned	Not available yet
Mobile phone theft and damage cover	XOF 3500 per year available depending on the type of ELCI account owned	Not available yet
Cashback on purchases	plus 1% on purchases, available depending on the type of ELCI account owned	Not available yet
Car; motorbike sharing coverage	XOF 15 000 per year available depending on the type of ELCI account owned	Not available yet

Source: Ourselves

We will use the five (5) forces of Porter to study the competition in the industry.

3.1.2.3. Potential of new entrants:

According to the regulatory requirements, a company that wishes to enter the digital financial services industry, in Senegal or in any West African Economic and Monetary Union (WAEMU) country must have a banking license or a license to do business as an electronic money establishment (EME). Alternatively, to enter the market a commercial company can also coordinate with a bank or an electronic money establishment (EME) that has the respective license and will guarantee the operations carried out. In fact, the strict conditions to obtain an approval from the Central Bank of West African States (CBWAS) can be a regulatory barrier.

On the one hand, the lack of guidance on interoperability; restrictions on international money transfers and expensive ongoing compliance requirements constitute factors that can discourage potential new entrants if they do not have well and clear strategies. On the other hand, a company that has the right strategies at the right time with the right partnerships can quickly enter the market and be a serious competitor.

Moreover, considering that digital financial services generally need a wide network of distributors to run well, mostly when customers need to withdraw money from their e-wallet or make a deposit on it; a new entrant in the digital financial services industry would have to convince a maximum of distributors to reference his services.

3.1.2.4. Power of suppliers :

In order to be able to provide digital financial services to the population of Senegal, we will mandatorily be in partnership with microfinance institutions and/or banks and essentially with an electronic money establishment (EME) according to the Central Bank of West African States (CBWAS) regulations.

First of all, the more partners we have, the better it will be. In fact, we will be able to provide digital financial services thanks to them and they will also be able to get a wider range of customers thanks to us, catalyzing financial inclusion. In fact, it will be easier to negotiate the best conditions with many partners, than with only one.

Secondly, the strong brand image of a supplier, the quality of its services significantly better than those of competitors and the possession of specific know-how or license are all factors which strengthen the bargaining power of suppliers.

3.1.2.5. Power of customers :

Customers are the most important stakeholders in our business model because their actions will determine the success of our business as far as digital financial services are concerned.

The power of customers mostly depends on their concentration in the sector. The lower the number of customers, the higher their bargaining power. The number of customers in digital financial services industry is increasing rapidly in West Africa to a point where according to Bruno Mettling president of Orange Middle East and Africa, Africa will be the most populous and youngest digital continent in the world in 2030³⁷. Even with this large number, customers have a very important negotiating power in digital financial services industry. We will have to create the most important value by giving them the best quality of digital financial services at affordable price and minimizing our own costs at the same time. That's why our mobile phone application and internet platform should have an intuitive onboarding process in most popular languages in the country in Wolof, French and English, allowing them to make deposits; get a loan; transfer money and pay invoices in just few touch.

It is crucial to notice that we will need well trained customer service employees that will be able to handle customer request in a very polite way. Kindness to our customers will be one of the key issues here, as well.

3.1.2.6. Threats of substitutes :

Substitutes are the services that meet the same need as our services. These substitutes can come from new technologies or from companies far from our sector. The speed of substitution depends essentially firstly on the quality/price ratio which we will try to maximize by providing the best quality of our digital financial services meaning making them faster and more secured at affordable price. Secondly, the financial strength of the companies providing the substitute services can influence the speed of substitution mostly when they decide to invest more improving substantially the quality of their services and keeping low price at the same time. Thirdly, the resistance of customers to change is an essential aspect should be taken into account. Fourth, technical progress in a dimension we cannot imagine today, might substitute us, one day.

The main substitutes that could really constitute a challenge for our new company stem on one hand, from our direct competitors as far as orange money, free money, e-money, YUP and other

³⁷Source: « Booming Africa: Le temps de l'Afrique digitale » (Bruno Mettling president of Orange Middle East and Africa (2019), Débats Publics Editions, book cover)

digital financial service providers. Indeed, they are also offering services that can satisfy the same needs as most of our services. On the other hand, traditional financial services have also the possibility to provide their financial services through digital channels. In fact some people will rather use conventional channels with traditional banks or microfinance institutions always dealing with services physically because they do not have a mobile phone; they do not have enough trust in digital and new technologies or they really fear the cyber criminality. Anyway considering the low supply of energy in certain regions of Senegal and the heterogeneous mobile phone network coverage, many people could decide to rely only on traditional financial services channels, as they will not have the opportunity to enter the digital market and/or they prefer physical contact.

3.1.3. Potential demand:

3.1.3.1. Potential demand desk study

In order to highlight the potential demand we have to take into account the energy supply; the mobile phone network coverage and also the penetration rate of digital financial services in WAEMU. Considering these previous factors, first of all Dakar and cities nearby are the areas with the best energy supply and mobile phone network coverage. In addition, 50 percent of the population lives in these areas.

Secondly, regarding the mobile telephony, there are 17,948,492 subscribers to the three operators ORANGE, FREE and EXPRESSO showing a penetration rate of 110.73%³⁸. Among the 17,948,492 subscribers, there are 13,251,404 2G, 3G and 4G internet subscribers, 28.14% of which use a 2G connection, 49.01% a 3G connection and the other 22.05% a 4G connection. Even more, considering the whole internet subscribers, mobile internet subscribers are worth 98.81% while fixed internet subscribers represent 1.19%³⁹. Indeed, the majority of internet subscribers use a mobile phone, what suits the digital channel to provide our financial services and they would potentially be financially included as soon as they would have opened an ELCI account.

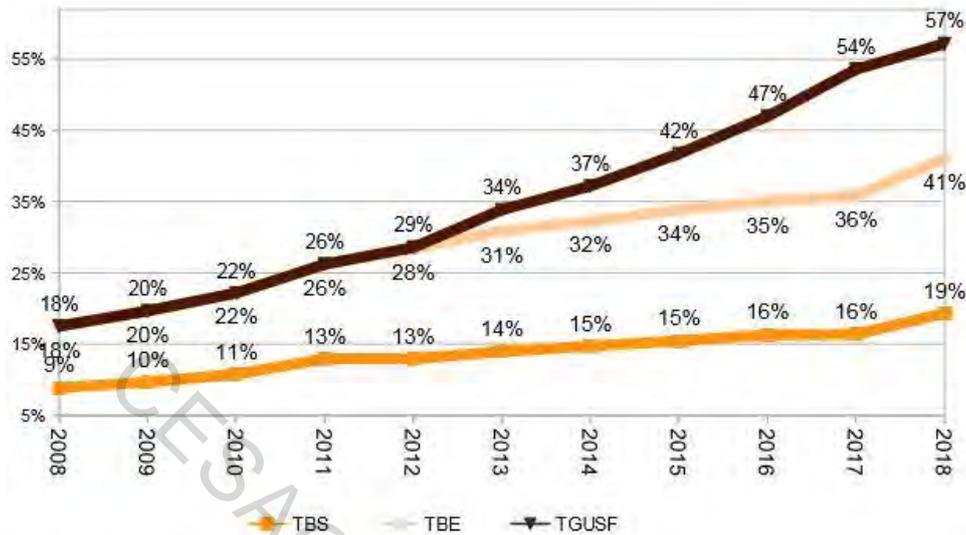
Thirdly, the state of the digital financial services showed in 2017, 2,240,375 active customers that would potentially be interested in better digital financial services; and 5.39 million registered accounts among which the remaining 3,149,625 inactive customers could be brought back into the system. Moreover, considering the penetration rate of digital financial services

³⁸Source: Telecommunications and Postal Regulatory Authority (ARTP), March 31, 2020 report

³⁹Source: Telecommunications and Postal Regulatory Authority (ARTP), March 31, 2020 report

from 16 percent to 30 percent from 2015 to 2017; and the similar trends from 2017 to 2019⁴⁰ we will make projections of potential demand for the following years.

Graph 3: Financial services use evolution in WAEMU



Source: Central Bank of West African States (CBWAS), 2019

The graph above shows the evolution of the Strict Banking Rate (TBS), the Extended Banking Rate (TBE) and the Financial Services Overall Use Rate (TGUSF) in West African Economic and Monetary Union (WAEMU) according to the Central Bank of West African States (CBWAS) from 2008 to 2018.

The Strict Banking Rate (TBS) represents the proportion of adult population that is to say people who are more than 16 years old, and having a conventional bank account generally with traditional banks in the West African and Monetary Union (WAEMU). It was about 19% in 2018.

The Extended Banking Rate (TBE) represents the index we obtain by adding to the Strict Banking Rate (TBS), the proportion of people who are more than 16 years old and have access to credit unions and decentralized financial systems (SFD). The Extended Banking Rate (TBE) was about 41% in 2018, in other words it was 22 percentage points above the Strict Banking Rate (TBS) mostly thanks to decentralized financial systems (SFD) that participated up to 18 percentage points. Indeed, the decentralized financial systems (SFD) represent generally in WAEMU a large proportion of the financial system.

⁴⁰Source: Status of mobile financial services in 2017, BCEAO 2018

The Financial Services Overall Use Rate (TGUSF) is calculated by adding to the Extended Banking Rate (TBE), the proportion of people who are more than 16 years old and have access to digital financial services that is to say the services provided by Electronic Money Establishments (EMEs) and third-party operators that are essentially partnerships between EMEs and banks. It was worth 57% in 2018 meaning 16 percentage points above the Extended Banking Rate (TBE). Indeed, it could be important to mention that the Financial Services Overall Use Rate (TGUSF) has been increasing rapidly since 2011, the year in which Orange money was reaching three million subscribers and was deployed in Senegal, Mali, Niger and other countries. The fact that the TGUSF was skyrocketing mostly from 2016 to 2018, were not a surprise taking into account that YUP has been launched in Senegal and other West African countries between 2016 and 2018. Furthermore FREE money and E-money have almost been launched in 2018.

Finally, it becomes obvious that digital financial services have a huge growing potential and will continue to spread over the whole WAEMU and beyond. What a great opportunity for our new company ELCI to be an essential catalyst for financial inclusion.

3.1.3.2. Potential demand field study

For a clear perception of the potential demand of our digital financial services, we used a survey to collect primary information's from our potential customers. It consists in 34 queries addressed dealing with respondents' identification, their habits, their accessibility and their interests in our offer.

This survey was administered with the Microsoft office 365 Forms through mails, and social media's channels to reach a certain number of customers. We then succeed to get 134 people living in West African Economic and Monetary Union (WAEMU) with the majority living in Senegal.

Before showing the result of the field study which will help in financial projections, it is important to specify that for more precision, we considered the number of active e-wallet owners to forecast with digital financial services penetration rate in order to get in 2021 the potential number active population.

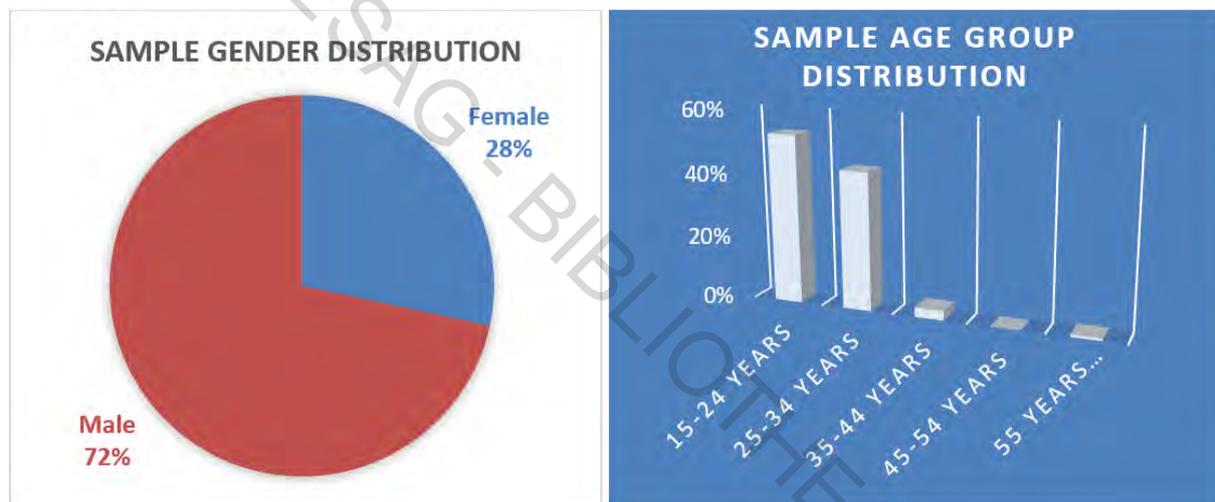
Table 10: Sample characteristics

Items	Estimations
Sample size	134 people
Error Margin	7,15%
Level of Confidence	90%
Population	3 904 748 ⁴¹

Source: Ourselves

We used the student fisher formula to determine the size of the sample considering a level of confidence of 90%, an Error margin of 7.15% and the forecasted number of active accounts that is worth 3,904,748 accounts⁴².

Graph 4: Gender and age group distribution



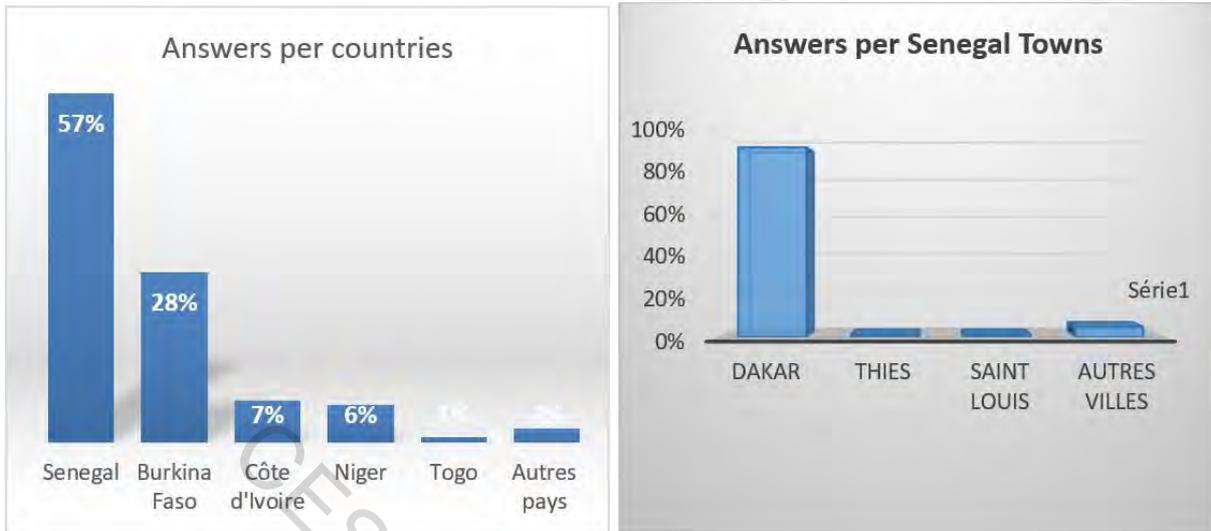
Source: Ourselves

Our sample is constituted of 72% of men and 28% of women. Indeed, there was more male respondents than female ones and people who are between 15 and 34 years old were much more numerous than the other age group. This could be understood considering the digital channel used for the survey and which is generally mostly used by relatively young people even if more and more people are initiating themselves to digital tools independent of their age.

⁴¹Source: This number comes from our estimations of active wallet users growth which will be well specified in the financial part

⁴²These parameters made it possible to obtain the sample size using “Survey Monkey” platform available through this link : <https://fr.surveymonkey.com/mp/sample-size-calculator/>

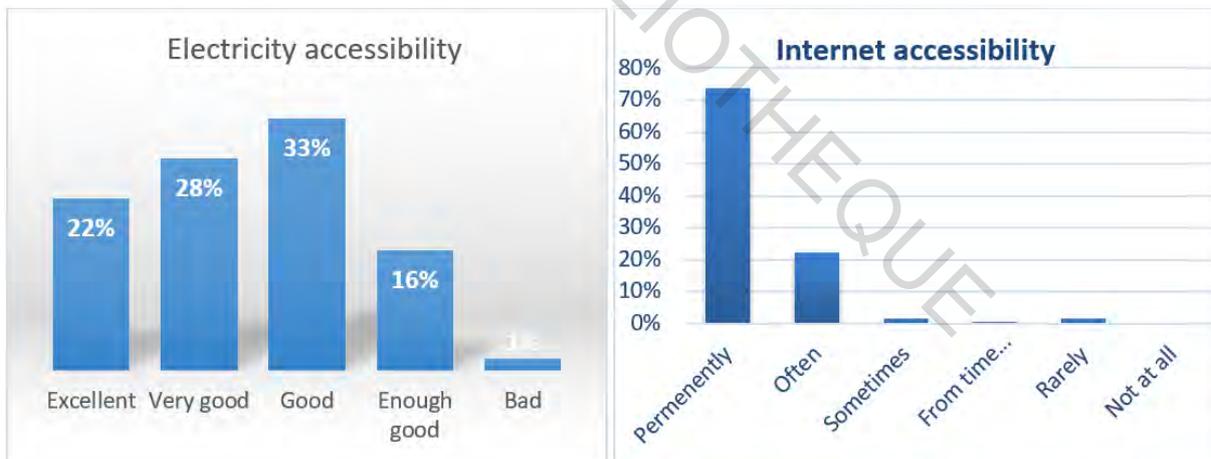
Graph 5: Answers per countries and towns



Source: Ourselves

Considering that our project could be implemented in the sub region, the majority of our respondents live in Senegal (57%), most of them in Dakar. Other respondents are from Burkina Faso, Côte d'Ivoire, Niger and Togo.

Graph 6: Electricity and internet accessibility



Source: Ourselves

The survey shows relatively good electricity and internet accessibility of most of our customers' even if some of them are in enough or bad electricity and internet accessibility. However, it is important to remind that the channels used for the survey are digital and most of people who were able to answer to it, were probably in enough good electricity and internet accessibility conditions. Indeed, as we mentioned in the first part of our study, electricity and internet coverage is relatively better in urban areas than in rural areas.

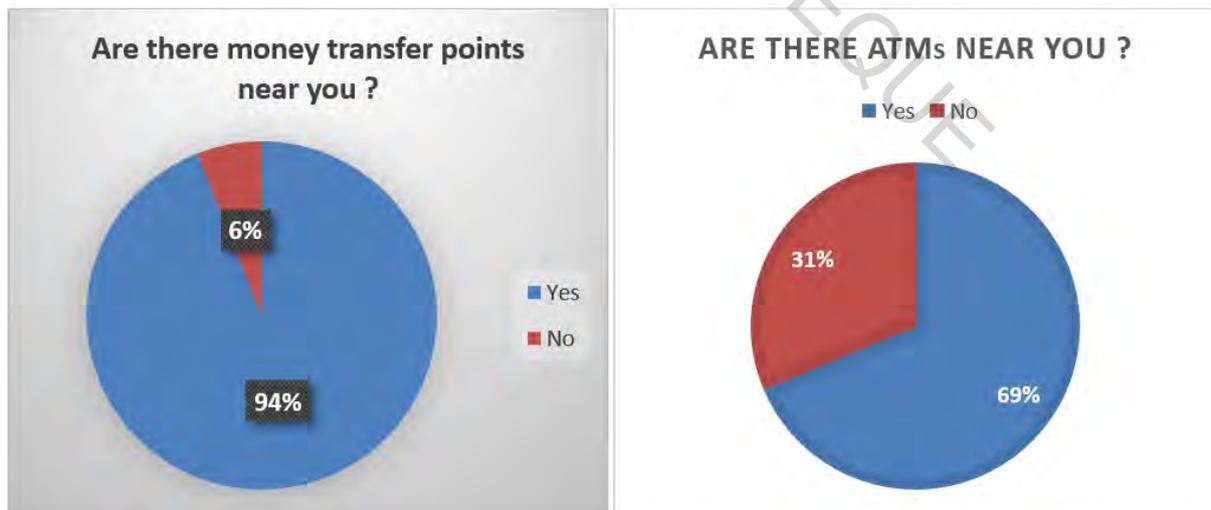
Graph 7: Distance to the nearest financial institutions and preference concerning financial services channels



Source: Ourselves

According to our survey results, most people (47%) are enough close geographically to their nearest financial institutions. However a large part of them are also far (35%) or very far (4%) geographically and could not probably deal with them permanently. They would really need digital solutions taking in account that 60% of them think that mobile money solutions are better than traditional banks physical services. This would constitute an interesting opportunity to provide them digital financial services that would fit them.

Graph 8: Distance to money transfer points and ATMs



Source: Ourselves

From our survey it becomes obvious that 94% are close to a mobile money service, while only 69% are close to an ATM. Considering the fact that most people of the survey live in urban areas, we can presume that even less people would be close to an ATM in rural areas.

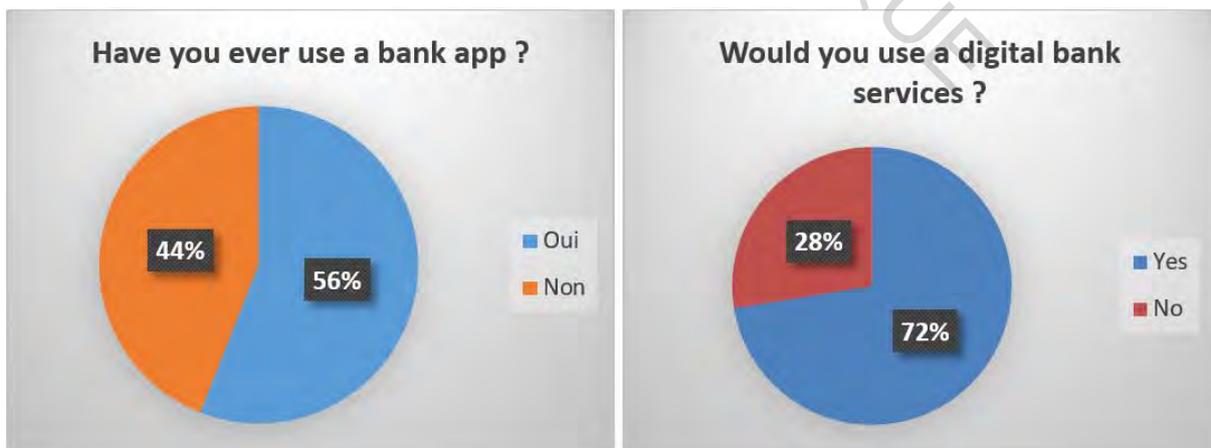
Graph 9: Waiting time in a bank agency and digital banking knowledge



Source: Ourselves

Considering the time people have to wait before being received in a bank agency, the majority of people wait more than 30 minutes, what is a relatively long time taking into account that they would have been supported in few minutes if they were using digital channels through an application or via a web platform. A digital bank providing digital financial services would dramatically shorten waiting times. Moreover, 43% of people have already heard about 100% digital bank and they would potentially find it an opportunity for them.

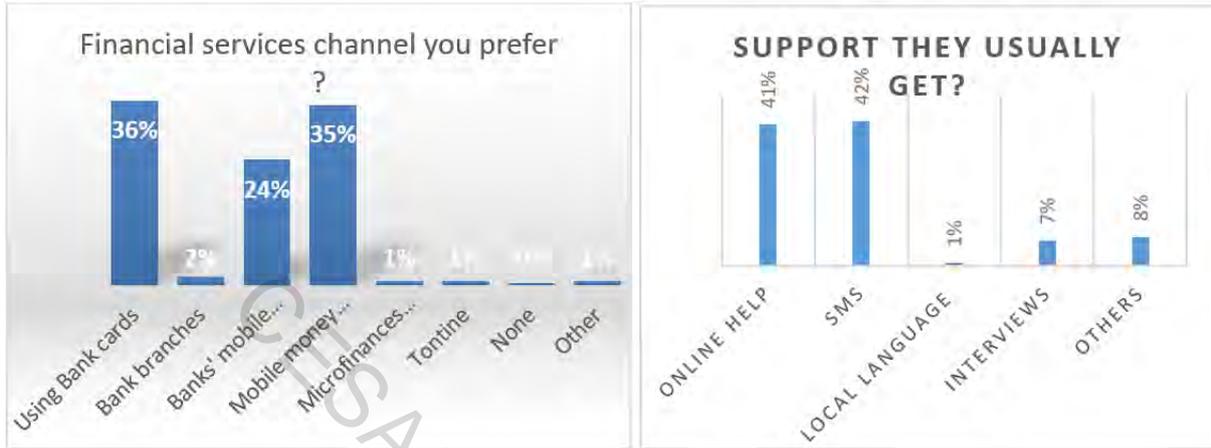
Graph 10: Use of traditional bank app and potential use of digital bank services



Source: Ourselves

Regarding the use of traditional bank mobile application, 56% have already used it, and 72% of them would use digital bank services. This would mean that people are looking for more digital solutions that would really suit their needs.

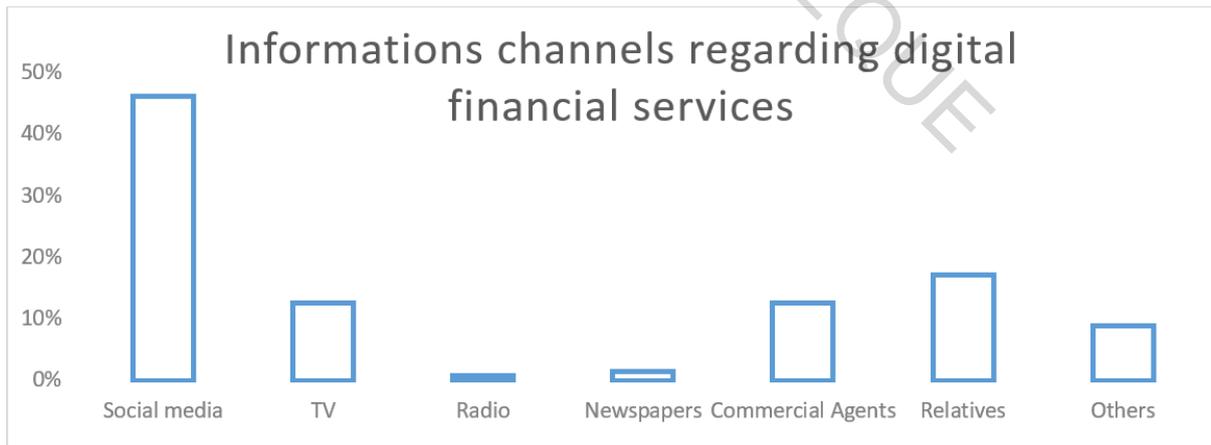
Graph 11: Financial services channel people generally use and support they usually receive from their financial institutions



Source: Ourselves

According to our survey results banks mobile apps, mobile money and bank cards channels are mostly used by people using financial services. This very important aspect will be taken in account in the channels we will use to provide digital financial services. We will also increase the support in local language as it seems not to be enough satisfied by other financial institutions regarding the result of our survey.

Graph 12: Information's channels concerning digital financial services



Source: Ourselves

Thanks to our survey results, we notice that social medias are today one of the most powerful advertising tool if not the best. Therefore we will concentrate social media for advertisement

opportunities. Television is also an interesting channel for the information sharing that we will also certainly use.

3.2. GENERAL STRATEGIC PLAN:

3.2.1. Mission:

Our Neo-bank main missions are:

- ❖ To financially include thanks to the digital channel, a maximum of economic agents, enterprises and eventually the State independent of their location;
- ❖ Allow people with low or medium income to access digital financial services that fit them and thereby allow them to overcome poverty and improve their living conditions;
- ❖ To help enterprises to fund themselves quickly and smartly taking into account their daily; weekly and monthly needs;
- ❖ To eventually help the State to broaden the tax collection base, being aware that most of people in the informal sector also own mobile phones.

3.2.2. Vision:

“Become by 2025 the most reliable and profitable mobile bank in West Africa including at least 75 percent of its population over 16 years of age, being near with them than ever”

3.2.3. Value:

The fundamental value of our mobile bank is to be near than ever with the customers by creating a climate of trust, confidence, and reliability when they use our services. In addition a team of employees and managers sharing the best human values will strengthen the resilience and performance of our mobile bank.

3.2.4. Key Success Factors:

In the digital financial services industry, the ability to reduce operating costs is a very important aspect in order to be really profitable by having competitive prices.

In addition, the quality of the digital financial services that essentially concern the speed of operations settlement and the intuitive aspect as far as the onboarding process is concerned; also constitute a key success factor.

Moreover, to be the nearest possible with the customers while using digital channel is probably the most important key success factor. The ability to provide digital financial services that really fit the customer's activities needs as far as their working capital needs are concerned, is an aspect that is not negligible.

3.2.5. Core business:

The core business of our company neo-bank will be to provide digital financial services to the population of Senegal through an interactive mobile phone app and an internet platform contributing to include financially all people independent of their location. Obviously we will be in a partnership focused in order, to be able to provide these services taking into account the current regulations of the Central Bank of West African States (CBWAS).

3.2.6. Strategic Analysis (SWOT Analysis):

Table 11: SWOT Analysis

<u>STRENGTH :</u>	<u>WEAKNESSES :</u>
<ul style="list-style-type: none"> ➤ Using mobile app and internet platform simultaneously widens the range of potential customers; ➤ Our mobile app will be much more intuitive with comprehensible pictures that allows to make deposit; borrow money; withdraw money; make transfers and pay invoices in a single interactive interface; that will classify automatically operations by expenses and incomes details; ➤ Being a 100 percent bank available through interactive virtual platform; we will not need physical branches thereby our charges will be minimized compared to other competitors; ➤ Using the block chain will improve the quality and speed of our digital financial services. ➤ The possibility to access financial services via SMS will be very interesting for people who prefer fast 	<ul style="list-style-type: none"> ➤ Being new in the industry we might lack experience; ➤ Our mobile banking app is not supported in certain mobile phones or requires to install a specific app before using it ➤ The block chain technology could face a rapid growth of data, creating matters of storage. ➤ The regulatory framework does not enough take into account the block chain technology;

<p>cashless transactions without internet.</p>	
<p style="text-align: center;"><u>OPPORTUNITIES :</u></p> <ul style="list-style-type: none"> ➤ The Central Bank of West African States encourages actions that impulse the financial inclusion and we could have the maximum of partnership to increase our profitability; ➤ Technologic evolution would allow us to always offer more interesting digital financial services to customers; ➤ We could collaborate with the state as far as the tax collection base is concerned; ➤ With the WAEMU allowing the free moving of resources capitals and people we could establish our company gradually in the other countries of the WAEMU. 	<p style="text-align: center;"><u>THREATS :</u></p> <ul style="list-style-type: none"> ➤ The other competitors in the industry that are not in partnership with us could imitate our onboarding process in their way of providing financial services, and we could lose important market shares; ➤ Cyber criminals could create fake applications or internet platforms to divert money and this would not be good for our reputation. ➤ Granting some partners more advantages during negotiations could negatively impact our profitability.

Source: Ourselves

3.3. ACTIVITIES STRATEGIC PLAN

3.3.1. Segmentation

In order to be more efficient and get the best from opportunities, our segmentation will be based on the different categories of customers integrating their needs; the usable technology and the distribution channels. There will be fundamentally two major segments: persons and business. The “person” segment will take into account individuals that will be divided in sub-segments considering their different needs; the usable technology and the distribution channels that will be similar to mobile money conditions.

The “business” segment will take into account all kinds of businesses from micro, small and medium-sized enterprises (MSME) to bigger companies in sub-segments approach considering their different needs for funding their working capital and operating abroad.

3.3.2. Targeting

Our target market is constituted of all the natural and legal persons owning a mobile phone or any device that can use internet browser in Senegal independent of their location in order to provide them digital financial services that really fit their needs and suit them.

The main purpose of this targeting is to promote financial inclusion in both rural and urban areas, knowing that many rural people have mobile phones. In fact, many micro enterprises in rural areas have an interesting growth potential but unfortunately do not fulfill the traditional banks conditions; or the existing digital financial services do not really fit their needs.

3.3.3. Positioning

The following aspects show our relevance of our positioning:

Firstly, our ability to be the most reactive mobile bank as far as the transactions settlement speed is concerned; and the most reliable mobile bank near with the customers than ever by sending SMSs for notification or authentication at every operation will be a strong pillar of our positioning.

Secondly, given that we will use a modern app with an intuitive and formidable onboarding process, all our customers will easily get an interactive overview of expenses and incomes. In fact, they will get a clear control of their finances with the possibility to create separated spaces dedicated to different use of their resources in the mobile app.

Thirdly, the main purpose of our company is to provide tailor-made digital financial services to everybody that own a mobile phone in Senegal independent of his activities or the size of his enterprise in order to make it profitable to the maximum of people.

Finally, we will position ourselves as the neo-bank that provide standard and innovative digital financial services which really fit everybody according to their needs, and as the mobile bank that everybody likes.

3.3.4. Marketing Mix

3.3.4.1. Product policy

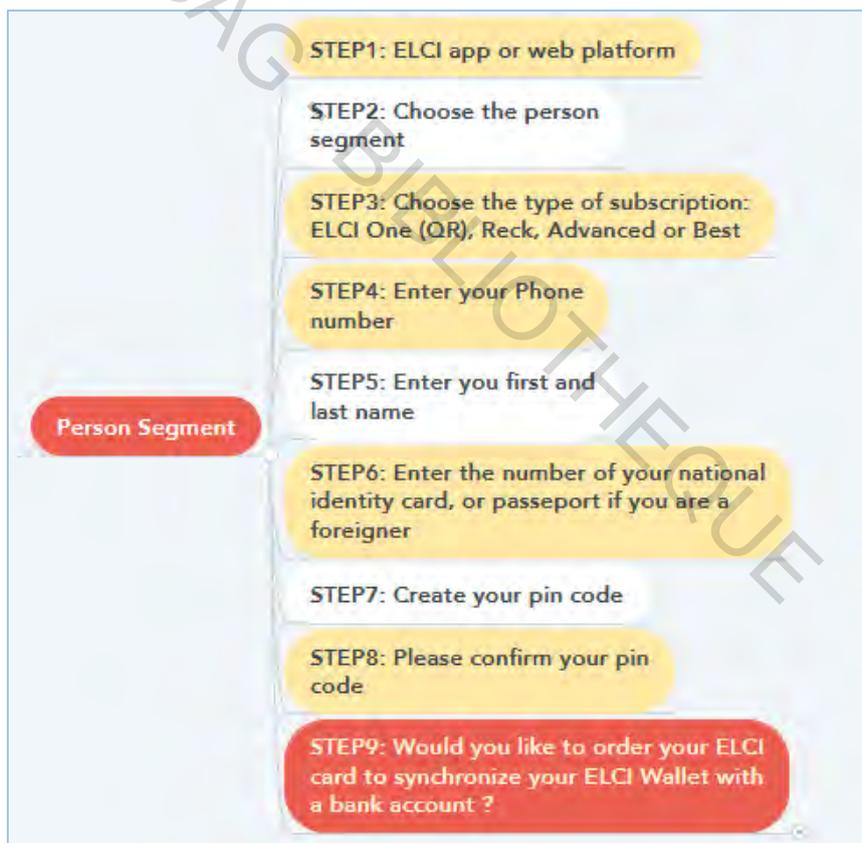
- **Customers registration process**

Every customer will be able to open an account of his choice in less than eight to ten minutes using our mobile app or our internet platform. He will then need to provide at most three documents for the “person” segment, and four documents for the “business” segment:

- ✓ An identity card or a passport (the CEO if it is a company),
- ✓ A phone number
- ✓ A facultative domiciliation certificate or a driving license,
- ✓ A National Identification Number of Companies and Associations (NINEA) that is a company identification number (Only for companies).

The customer registration process from ELCI application or platform is the following:

Figure 6: Registration process for person segments



Source: Ourselves

Regarding the step eight, depending on the answer the process will be different and explained in the graph following the registration process for business segment. Indeed, this process will be the same independent of the customer segment.

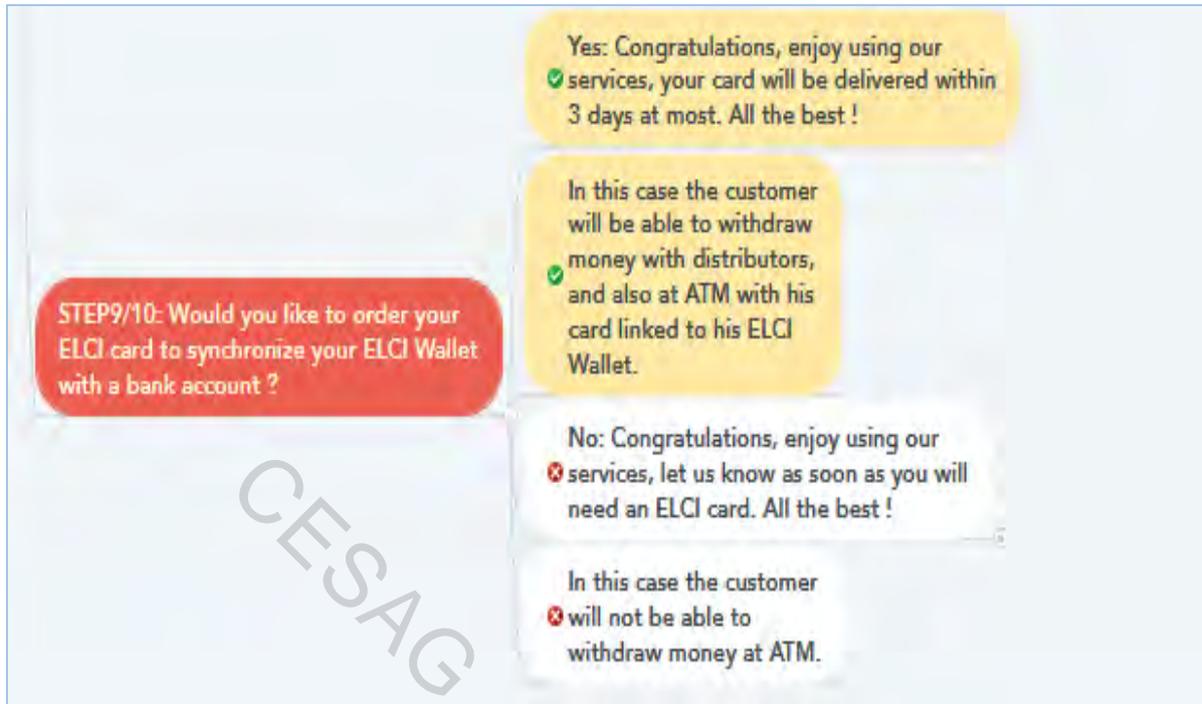
Figure 7: Registration process for business segments



Source: Ourselves

Considering the step nine, as already noticed at the end of the person segment registration process, the following graph will explain the rest of the process depending on if the customer desire to order an ELCI card as soon as he is registered or if he wishes to do it later.

Figure 8: Explanation of the final step of registration process of both person and business segment

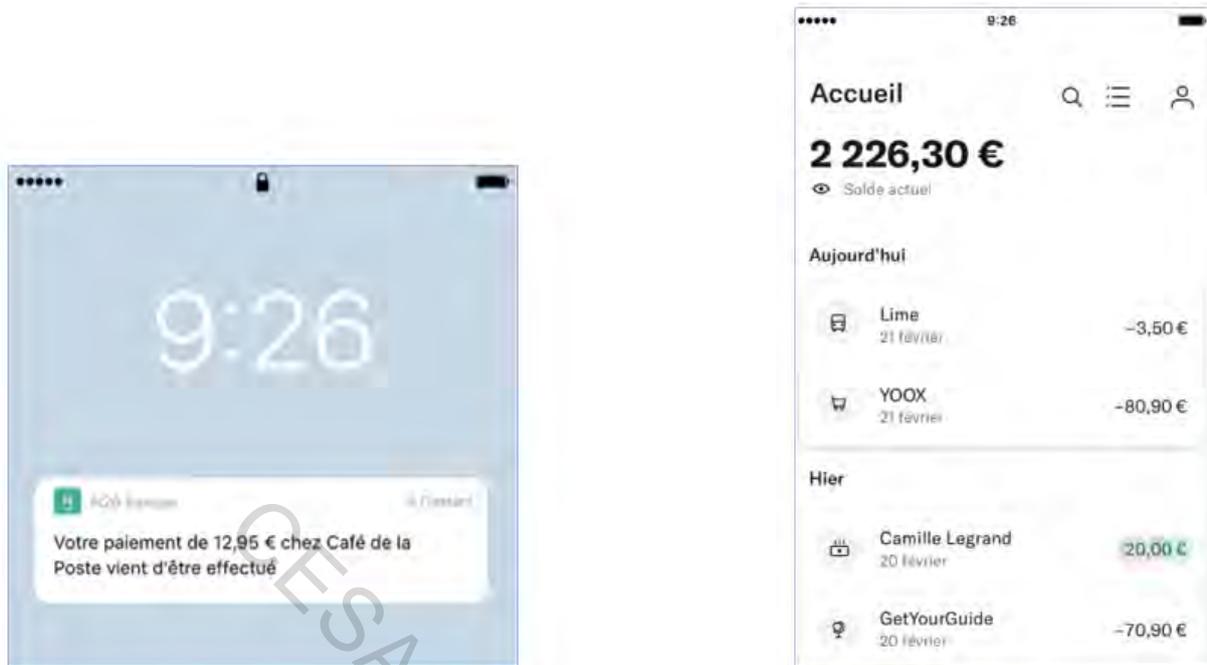


Source: Ourselves

- **Presentation of our different services**

Among all the services that we will provide to our customers, all ELCI customers will always receive an instantly SMS to notify each of their operations and they will have access permanently with the ELCI mobile app to a complete history of their transactions.

Figure 9: Example of SMS notification and transactions history



Source: N26 Bank⁴³ mobile App available on App store and play store

There are classic services also offered by our competitors and other services that are innovative and specific to our company. The classic services are:

- ✓ **Electronic account e-wallet opening:** This service consist in giving to ELCI customers, the possibility to own securely any amount of money they desire in their mobile phone, or via the web platform. Indeed they will be able to make rapidly cashless transactions with other people also owning an e-wallet; and those having a bank account if they already bought an ELCI card. This service is generally free.
- ✓ **Deposits:** This service allows ELCI customers to make physical money deposit, with distributors in order to supply their electronic account e-wallet. Then, they will be able to carry out any kind of transactions with other customers.
- ✓ **Withdrawals:** This service allows ELCI customers to withdraw physical money with a distributor, if they already have enough money on their electronic account e-wallet.
- ✓ **Transfers:** This service allows ELCI customers to transfer easily and quickly at low fees, money from their e-wallet to the e-wallet of other customers. They will be able to type just the phone number of their recipient to make a transfer or simply type their first

⁴³Source: A digital bank launched in Germany in 2015 and that got from 100,000 to 500,000 customers from 2015 to 2017 (<https://n26.com/en-eu/bank-account>)

and last name. If the recipient does not have an e-wallet, he will automatically receive an SMS with a link to download ELCI application or redirected on the web platform for registration. In the case of ELCI, this service allows at the same time to make merchant payment with the merchant codes thank to the partnership with Electronic Money Establishment (EME). In addition, it will be possible to scan the “QR code” in a mall or a food store that is in partnership with us to make cashless payment. It is important to specify that the transfers will be only at the national level that is to say just within the Senegal in a first time, and then it could be gradually implemented in other WAEMU countries. Moreover, this service would spread to the rest of the world facilitating the transactions whatever the currency as soon as we would have established a partnership with PayPal⁴⁴.

- ✓ **Airtime top-ups:** This service allows ELCI customers to purchase telephone credit for themselves or for other customers directly from their home in the application or via the platform by specifying the amount of the credit they wish to purchase and then, the beneficiary’s phone number. Indeed, depending on the mobile network operator (MNO) to which they have subscribed, the amount will be debited directly from their e-wallet. In fact, it is an easier way for them to purchase telephone credit using a cashless transaction at low fees, and without the need to move.
- ✓ **Bill Payment:** This service allows ELCI customers to pay their electricity, water and Wi-Fi bills with just few touches from ELCI app, or via the web platform without the need to move, by carrying out cashless transactions at low fees, from their e-wallet.
- ✓ **Bank-to-wallet/wallet-to-bank:** This service is generally offered by some of our competitors, allowing to their customers to transfer money from their existing bank account to their e-wallet and vice-versa. In our case, it is automatically carried out by ELCI for its customers that already bought an ELCI card. Indeed, their e-wallet would be automatically synchronized with a bank account allowing them to transfer money to another bank account or to another e-wallet.
- ✓ **Digital savings:** This service allows ELCI customers, to keep aside a part of the money existing in their e-wallet, for future projects for example. At this moment, this part of money kept aside will earn some interest considering the time it will stay at this position. This is easily achievable by ELCI customers with the ELCI mobile phone application, by creating sub-accounts (spaces).

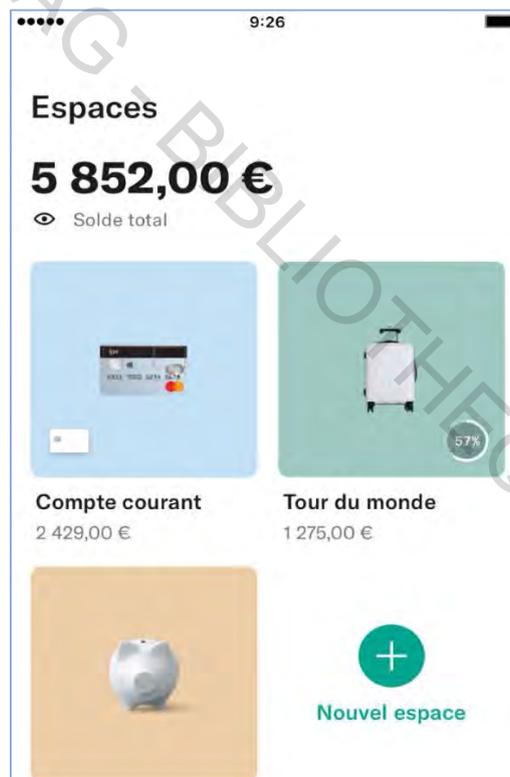
⁴⁴Source: <https://www.paypal.com/sn/home>

- ✓ **Digital loans:** This service allows ELCI customers, to borrow certain amounts of money depending on the type of ELCI account to which they subscribed, and they will receive a notification that informs them of the conditions and terms of reimbursement. As soon as they validate, within a maximum of 15 minutes, they will receive a call of one of our customer relation manager in order to make a specific check before giving confirmation.

The innovative services are:

- ✓ **Sub-accounts (spaces) use and sharing:** As mentioned for digital savings, this service makes easy digital savings by allowing customers to create sub-accounts when they want and take a real control of their finance. Moreover, this service allows customers to cooperate on specific sub-accounts (spaces) by making joint contributions instantly to carry out projects for example.

Figure 10: Example of sub-accounts (spaces)



Source: N26 Bank⁴⁵ mobile App available on App store and play store

- ✓ **Insurance:** Thanks to our partnership with insurance providers, we will give to ELCI customers the possibility to subscribe at low fee, to Medical coverage while travelling;

⁴⁵Source: A digital bank launched in Germany in 2015 and that got from 100,000 to 500,000 customers from 2015 to 2017(<https://n26.com/en-eu/bank-account>)

mobile phone theft and damage coverage and car or motorbike sharing coverage taking in account that some people in the field of transport often share motorbike and car in their business. This option will be integrated in the ELCI application, and will also be available via the web platform.

- ✓ **Selected offers for hotels and good brands:** Thank to the partnership with some merchants, hotels we will be able to provide their updated offers to ELCI customers depending on the type of ELCI card they have. They will be able to make cashless transactions, for reservations in hotels or for good brands and then get delivered if necessary.
- ✓ **Cashback on purchases:** This service, essentially mainly intended for companies making large purchases allows them with ELCI application or web platform to get a proportion of their expenses back in their e-wallet. Indeed, the more they purchase the more they will get cash back.

- **Presentation of our different services conditions**

The different products that are our standard and innovative digital financial services are classified according to the following segments:

Table 12: Digital financial services conditions

Person				Business		
ELCI One (QR)	ELCI Reck	ELCI Advanced	ELCI Best	ELCI Business silver (BARA)	ELCI Business gold	ELCI Business diamond
-XOF 750 QR card (also available in the app)	-XOF 3000 GIM-WAEMU	-XOF 3500 VISA CARD	-XOF 4000 MASTER CARD	-XOF 4500 MASTER CARD	-XOF 5000 MASTER CARD	-XOF 5500 MASTER CARD
-Free cash-in and cash-out with distributors	-2% of the amounts of withdrawals at ATM in WAEMU and with local distributor by generating a QR code in the app.	-2% of the amounts of withdrawals at ATM in most of foreign countries and with local distributor by generating a QR code in the app.	-2% of the amounts of withdrawals at ATM everywhere in the world and with local distributor by generating a QR code in the app.	-2% of the amounts of withdrawals at ATM everywhere in the world and with local distributor by generating a QR code in the app.	-2% of the amounts of withdrawals at ATM everywhere in the world and with local distributor by generating a QR code in the app.	-2% of the amounts of withdrawals at ATM everywhere in the world and with local distributor by generating a QR code in the app.
-Bill payment at 2%	-Bill payment at 2%	-Bill payment at 2%	-Bill payment at 2%	-Bill payment at 2%	-Bill payment at 2%	-Bill payment at 2%
-Airtime top-ups at 2%	-Airtime top-ups at 2%	-Airtime top-ups at 2%	-Airtime top-ups at 2%	-Airtime top-ups at 2%	-Airtime top-ups at 2%	-Airtime top-ups at 2%
-Digital savings at 2%	-Digital savings at 2%	-Digital savings at 2%	-Digital savings at 2%	-Digital savings at 2%	-Digital savings at 2%	-Digital savings at 2%
-Digital loan with a maximum of XOF 58,900 (SMIG) at 10%	-Digital loan with a maximum of XOF 100,000 at 10%	-Digital loan with a maximum of XOF 200,000 at 10%	-Digital loan with a maximum of 300,000 at 10%	-Digital loan with a maximum of XOF 500,000 at 10%	-Digital loan with a maximum of XOF 1,000,000 at 10%	-Digital loan with a maximum of 2,000,000 at 10%

<p>-Domestic P2P transfers with code including SMS and Mail transfers (2% fee)</p> <p>- Customer support in Wolof, French and English via our live in-app chat</p> <p>-2 sub-accounts for easier saving with spaces</p>	<p>-Domestic P2P transfers with code including SMS and Mail transfers (2% fee)</p> <p>-Customer support in Wolof, French and English via our live in-app chat</p> <p>-10 sub-accounts for easier saving with spaces</p> <p>-Share sub-account (spaces) with up to 10 ELCI users</p>	<p>-Domestic P2P transfers with code including SMS and Mail transfers (2% fee)</p> <p>-Customer support in Wolof, French and English via our live in-app chat</p> <p>-10 sub-accounts for easier saving with spaces</p> <p>-Share sub-account (spaces) with up to 10 ELCI users</p> <p>-Medical coverage while travelling</p>	<p>-Domestic P2P transfers with code including SMS and Mail transfers (2% fee)</p> <p>-Customer support in Wolof, French and English via our live in-app chat</p> <p>-10 sub-accounts for easier saving with spaces</p> <p>-Share sub-account (spaces) with up to 10 ELCI users</p> <p>-Medical coverage while traveling</p> <p>-Selected offers from hotels and goods brands</p>	<p>-Domestic P2P transfers with code including SMS and Mail transfers (2% fee)</p> <p>-Customer support in Wolof, French and English via our live in-app chat</p> <p>-10 sub-accounts for easier saving with spaces</p> <p>-Share sub-account (spaces) with up to 15 ELCI users</p> <p>-Medical coverage while travelling</p> <p>-Selected offers from hotels and goods brands</p>	<p>-Domestic P2P transfers with code including SMS and Mail transfers (2% fee)</p> <p>-Customer support in Wolof, French and English via our live in-app chat</p> <p>-10 sub-accounts for easier saving with spaces</p> <p>-Share sub-account (spaces) with up to 15 ELCI users</p> <p>-Medical coverage while travelling</p> <p>-Selected offers from hotels and goods brands</p>	<p>-Domestic P2P transfers with code including SMS and Mail transfers (2% fee)</p> <p>-Customer support in Wolof, French and English via our live in-app chat</p> <p>-10 sub-accounts for easier saving with spaces</p> <p>-Share sub-account (spaces) with up to 15 ELCI users</p> <p>-Medical coverage while travelling</p> <p>-Selected offers from hotels and goods brands</p>
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				-Mobile phone theft and damage cover	-Mobile phone theft and damage cover +1% cashback on all purchases	-Mobile phone theft and damage cover +1% cashback on all purchases -Car; motorbike sharing coverage
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Source: Ourselves

3.3.4.2. Price policy

First of all, we will start with a penetration price strategy that consist in providing digital financial services at a lower price in comparison with our competitors on the market in order to efficiently break into the market after negotiating the best conditions with our partners .

Secondly, taking into account that our business is really partnership focused and customer-centric, we will gradually have to optimize much more of our profits by switching into a floating line price strategy. In fact the more our customers will use our digital financial services the less they will have to pay, thereby they will be encouraged to use more and more financial services in order have more advantages.

Finally, when an important proportion of customers will really be used to our digital financial services; we will initiate a skimming price policy with new innovative services which will interest them and for which they will be ready to pay a little bit more.

3.3.4.3. Place policy

In order to provide the digital financial services efficiently to the Senegalese, we will build a resilient channel that will ensure an optimal providing process.

The first smart place is the mobile phone app or the internet platform that will allow them to make cashless operations and use all the available digital financial services according to the type of product. When they will need to make deposits they will be able to do it at the usual mobile money points of our partners that is to say with distributors of also electronic money



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establishment (EME). They could withdraw money or eventually have a loan for people owning QR cards that will just be scanned by the agent to debit or credit their e-wallet.

The other types of customers owning GIM-WAEMU; VISA or MASTERCARD could use the Automated Teller Machine (ATM) of our partner (Bank).

3.3.4.4. Promotion policy

Promotion is a very important aspect while starting our neo-bank ELCI and all along our activities in order to keep our customers and all people potentially interested in our services as well as informed of how these can really create a sustainable and profitable situation for them.

First of all, we will focus on social medias channel that is nowadays non negligible as far as the information transmission speed is concerned.

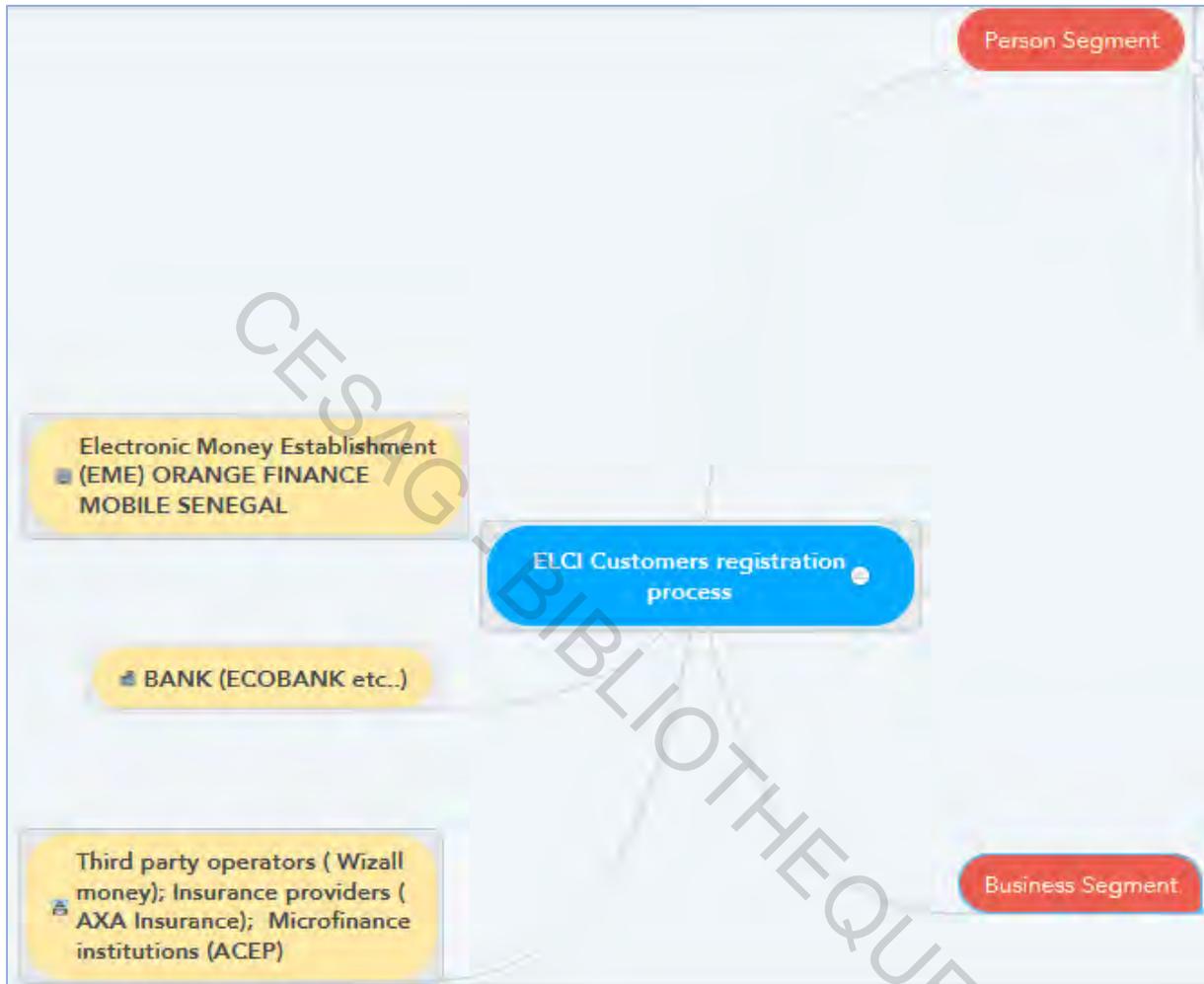
Secondly, Television spot will really be an interesting channel taking into account that we could show directly how our mobile phone app and internet platform work, as much as how people could use easily our digital financial services to really take control of their finances and improve their living conditions. This will strengthen the confidence of our potential customers by showing them something tangible. Obviously our relational network will be used permanently for a wider impact of our communication. Newspapers, radio and other similar channels would be useful to reach the maximum of peoples independent of their location. The most important message will be that ELCI is the neo-bank that will be closer to their customers than any other bank has ever been, and that customers will enjoy using it.

4. ECONOMICAL AND FINANCIAL STUDY

4.1. BUSINESS MODEL

4.1.1. Business Model Overview

Figure 11: Networking with partners and different segments



Source: Ourselves

In the following paragraphs a short overview on the following aspects of the business model will be given:

4.1.1.1. Key partnerships

- Banks essentially ECOBANK and others, will provide banking back-end and all the issuing and processing solutions on the payments side (GIM-WAEMU, VISA, and MASTERCARD) and under their license we will provide digital financial services.

- Financial Decentralized Systems (SFD) essentially ACEP and others, will provide credit and deposits backing for ELCI One (QR) customers. Insurance providers essentially AXA insurance and others will provide insurance backing services.
- Mobile Network Operators (MNOs) will provide instant SMSs notifications and Airtime top-ups services. In addition, electronic Money Establishment essentially ORANGE FINANCES MOBILE SENEGAL will guarantee the electronic money issuance.
- Life style brands from hotels

4.1.1.2. Key Resources

- Mobile phone app; internet platform; brand and partnerships
- Intuitive youth-driven lifestyle brand for banking
- Partnership improve expansion and scalability into many banking verticals

4.1.1.3. Value Proposition

- Banking that fits and suit West African economy
- No fee/Low fee banking
- Partnership discounts to youth brand and spaces that give them full control on their finances,
- Business Accounts for everybody who want to start a new business and self-employed,
- Interactive interface in the mobile phone app and internet platform that show an overview of expenses and incomes with operations in details
- Capacity to use all the digital financial services from a unique interface in few touches without the need to leave home or wait long time in an agency like it was the case with traditional banks.
- Customer support available 24h a day and 7 days a week.

4.1.1.4. Customer Relationship

- No physical branches; digital only with the mobile phone app and internet platform
- Phone service and on-line customer support service
- Social Media Channels (WhatsApp; Facebook messenger)



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4.1.1.5. Customer Segments

- Personals essentially young West Africans; Micro, Small and Medium-sized Enterprises (MSMEs) and self-employed
- Targeting 3,149,625 inactive customers all over Senegal as rural as urban area and potentially customers between 25 and 44 years old.

4.1.1.6. Key Activities

- Digital financial services providing and development
- Continuous innovative product for the core market
- Continuous improvement of customer support

4.1.1.7. Channels

- Essentially digital
- Partners channels with usual mobile money points or ATM depending on the type of card
- Social Media, in-app referrals

4.1.1.8. Cost Structure

- Technology development
- Marketing, Administrative support, customer services
- compliance, regulation

4.1.1.9. Revenue Stream

- Primary: ELCI One (XOF 750), ELCI Reck (XOF 3000), ELCI Advanced (XOF 3500); ELCI Best (4000); ELCI Business Silver (4500); ELCI Business Gold (XOF 5000); ELCI Business Diamond (XOF 5500) cards sales.
- Secondary: Usage fees; transfer fees Business Accounts; interest on loans Value Added services such as Insurance.

The business model that will really fit our new company Easy Life Circle (ELCI) is the following:

Table 13: Business model

<p>Key Partnerships -Banks will provide banking back-end and all the issuing and processing solutions on the payments side (GIM-WAEMU, VISA, MASTER CARD) and under their license we will provide digital financial services. -Financial Decentralized Systems (SFD) will provide credit and deposits for ELCI One (QR) customers. -Mobile Network Operators (MNOs) will provide instant SMSs notifications and Airtime top-ups services. -Life style brands from hotels</p>	<p>Key Resources -Mobile phone app; internet platform ; brand and partnerships -Intuitive youth-driven lifestyle brand for banking -Partnership improve expansion and scalability into many banking verticals</p>	<p>Value Proposition -Banking that fits and suit west African economy -No fee/Low fee banking -Partnership discounts to youth brand and spaces that give them full control on their finances, -Business Accounts for everybody who want to start a new business and self-employed, -Interactive interface in the mobile phone app and internet platform that show an overview of expenses and incomes with operations in details -capacity to use all the digital financial services from a unique interface in few touches without the need to leave home or wait long time in an agency like it was the case with traditional banks. -Customer support available 24h a day and 7 days a week.</p>	<p>Customer Relationship -No physical branches; digital only with the mobile phone app and internet platform -Phone service and on-line customer support service -Social Media Channels</p>	<p>Customer Segments -Personals essentially young West Africans; Micro, Small and Medium-sized Enterprises (MSMEs) and self-employed -Targeting 3,149,625 inactive customers all over Senegal as rural as urban area and potentially customers between 25 and 44 years old.</p>
<p>Cost Structure -Technology development -Marketing, Administrative support, customer services -compliance, regulation</p>	<p>Revenue Stream - Primary: ELCI One (XOF 750), ELCI Reck (XOF 3000), ELCI Advanced (XOF 3500); ELCI Best (4000); ELCI Business Silver (4500); ELCI Business Gold (XOF 5000); ELCI Business Diamond (XOF 5500) cards sales. -Secondary: Usage fees; transfer fees Business Accounts; interest on loans Value Added services such as Insurance.</p>			

4.1.2. *Business Model Relevance*

Our business model relevance lies in our ability to be both focused on partnerships and customer-centric. This specificity will allow us to bring the best of our partnerships in satisfaction of the needs of our customers in a way that fit and suit them while benefiting of affordable prices. Obviously, we will become sustainably profitable taking advantage of economies of scales when the number of customers will skyrocket.

4.2. INVESTMENT COSTS VALUATION

In order to obtain the global investment cost of our project, we will need to have a clear idea successively of intangible fixed assets, tangible fixed assets and working capital requirement. Indeed by summing these elements we will get the global investment cost of our project.

4.2.1. *General assumptions*

As far as investment costs valuation is concerned, we will assume that the project artificially ends after 5 years.

4.2.2. *Intangible fixed assets*

Intangible fixed assets valued at approximately XOF 8,179,000 consist essentially of:

- ✓ Business establishment costs,
- ✓ Study, research and development costs,
- ✓ Mobile phone app as well as internet platform costs.

Table 14: Business establishment costs (XOF)

BUSINESS ESTABLISHMENT COSTS	
Items	Amounts (XOF)
Recording rights	25 000
Notary fees	400 000
Registration fees	26 000
Initial advertisement	2 500 000
TOTAL	2 951 000

Source: Ourselves

Table 15: Study, research and development costs (XOF)

STUDY, RESEARCH AND DEVELOPMENT COSTS	
Items	Amounts (XOF)
Study, research and development costs	600 000
Associated costs	53 000
TOTAL	653 000

Source: Ourselves

Table 16: Mobile app and internet platform costs (XOF)

MOBILE PHONE APP AND INTERNET PLATFORM COSTS		
Items	Amounts (XOF)	Lifetime
Mobile phone app	3 000 000	Five years
Internet platform	1 500 000	Five years
Logo	75 000	
TOTAL	4 575 000	

Source: Ourselves

Table 17: Intangible fixed assets total costs (XOF)

INTANGIBLE FIXED ASSETS COSTS	
Items	Amounts (XOF)
Business establishment costs	2 951 000
Study, research and development costs	653 000
Mobile phone App and Internet platform costs	4 575 000
TOTAL	8 179 000

Source: Ourselves

4.2.3. Tangible fixed assets

Tangible fixed assets worth about XOF 227,789,670 include mainly:

- ✓ Acquisition, facilities, work and commitments costs,
- ✓ Office equipment and furniture costs,
- ✓ Transportation equipment costs.

Table 18: Acquisition, facilities, work and commitments costs (XOF)

ACQUISITIONS, FACILITIES, WORK AND COMMITMENTS COSTS				
Items	Quantity	Unit price	Amounts (XOF)	Lifetime
Land (200 square meters in Rufisque)	1	75 000 000	75 000 000	-
Building (2 floors and ground floor)	1	80 094 450	80 094 450 ⁴⁶	50 years
Generator	1	4 200 000	4 200 000	Eight years
IT network that will support the blockchain	1	2 500 000	2 500 000	Eight years
Server and its box	1	2 476 880	2 476 880	Five years
Central Inverter	12	168 259	2 019 108	Ten years
TOTAL			166 290 438	

Source: Ourselves

Table 19: Office equipment and furniture costs (XOF)

OFFICE EQUIPMENT AND FURNITURE COSTS				
Items	Quantity	Unit price	Amounts (XOF)	Lifetime
Desk top computers	40	380 000	15 200 000	Five years
Laptop computers	19	400 000	7 600 000	Five years
Photocopier printers	7	500 000	3 500 000	Five years
Scanners	40	225 000	9 000 000	Five years
Air conditioner split	12	164 900	1 978 800	Five years
Central office for general management	1	150 000	150 000	Five years
Ergonomic desks	23	95 000	2 185 000	Five years
Armchairs	12	135 000	1 620 000	Five years
Ergonomic chairs	63	16 000	1 008 000	Five years
Complete standard office	12	100 000	1 200 000	Five years
Office cabinets	12	90 000	1 080 000	Three years
Landline phones and fax	7	67 010	469 070	Three years
Cellphones	16	77 691	1 243 050	Three years
batons	2	25 552	51 104	Three years
Handled electroshock devices	2	32 104	64 208	Three years
TOTAL			46 349 232	

Source: Ourselves

⁴⁶Source: Find Construction details in Note 2

Table 20: Transportation equipment costs (XOF)

TRANSPORTATION EQUIPMENT COSTS				
Items	Quantity	Unit price	Amounts (XOF)	Lifetime
City Peugeot 308	2	2 400 000	4 800 000	Five years
4X4 Car	1	4 500 000	4 500 000	Five years
Commercial vehicle	1	2 850 000	2 850 000	Five years
Delivery scooters	5	600 000	3 000 000	Five years
TOTAL			15 150 000	

Source: Ourselves

Table 21: Tangible fixed assets total costs (XOF)

TANGIBLE FIXED ASSETS	
Items	Amounts (XOF)
Office equipment and furniture	46 349 232
Acquisition, facilities, work and commitments	166 290 438
Transportation equipment	15 150 000
TOTAL	227 789 670

Source: Ourselves

Table 22: Total fixed assets costs (XOF)

FIXED ASSETS	
INTANGIBLE FIXED ASSETS	
Items	Amounts (XOF)
Business establishment costs	2 951 000
Study, research and development costs	653 000
Mobile phone App and Internet platform costs	4 575 000
TOTAL INTANGIBLE FIXED ASSETS	8 179 000
TANGIBLE FIXED ASSETS	
Items	Amounts (XOF)
Office equipment and furniture	46 349 232
Acquisition, facilities, work and commitments	166 290 438
Transportation equipment	15 150 000
TOTAL TANGIBLE FIXED ASSETS	227 789 670
TOTAL FIXED ASSETS	235 968 670

Source: Ourselves

All fixed assets sum up to XOF 235,968,670. If we add to the fixed assets the working capital requirements we will calculate in the following part of our study, we will get the total costs of the project.

4.2.4. Working Capital Requirement

As far as the purpose of our business is concerned, it is essentially the provision of financial services. Indeed our stocks will be low because we will mostly deal with a certain quantity of cards coming from our fin tech and bank partners during the procurement process. Our current debts will mainly come from staff costs, tax, social and other expenses. To estimate our initial working capital requirement, we will determine a flat-rate working capital requirement which will take into account all of our current expenses to offer our services for two months.

Table 23: Working capital requirement (XOF)

Items for calculating working capital requirement	
Items	Amounts for 2 months (XOF)
Staffs costs	28 570 000
Social security contribution	4 714 050
External charges	12 410 000
Working Capital Requirement	45 694 050

Source: Ourselves

We will calculate a proportionality coefficient with the turnover in order to find the projected working capital requirement for each year. Indeed, there is generally a proportionality between the increase of the turnover and the increase of the working capital requirement taking into account that when activities are increasing and the sales are rocketing, the need of resources to run activities also increase.

Proportionality coefficient = Initial working capital requirement / Projected turnover year 1

$$= \underline{\underline{45\,694\,050 / 1\,153\,521\,498 = 3.9613\%}}$$

Table 24: Evolution of working capital requirement over the years (XOF)

Items	2021	2022	2023	2024	2025	2026
Working Capital Requirement	45 694 050	52 091 217	62 509 460	75 011 352	94 514 304	
Change in WCR		6 397 167	10 418 243	12 501 892	19 502 952	- 94 514 304

Source: Ourselves

4.2.5. Global investment cost of the project

The global investment cost of our project worth about XOF 281,662,720 by summing the total fixed assets costs and the working capital requirement covering 2 months.

Table 25: Global investment cost of the project (XOF)

GLOBAL INVESTMENT COST	
Items	Amounts (XOF)
Total fixed assets costs	235 968 670
Working capital requirement	45 694 050
Total	281 662 720

Source: Ourselves

Replacement investments mainly relate to equipment depreciated in less than 5 years, therefore in 3 years.

Table 26: Investment program (XOF)

Items	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Initial investment	281 662 720	-	-	-	-	-
Replacement investment	-	-	-	-	2 907 432	-
TOTAL	281 662 720	-	-	-	2 907 432	-

Source: Ourselves

4.3. FUNDING STRUCTURE

In order to finance our project we will use the following resources:

- A cash contribution up to XOF 91,290,438 for the building, facilities, work and commitments.
- A contribution in tangible asset concerning the land in Rufisque which is worth XOF 75,000,000 which will be taken care of by one of our associates.
- A contribution in intangible asset concerning the ELCI mobile app and internet platform which represent together XOF 4,500,000.
- A loan contracted over five years at a reimbursement rate of 11.75%. Debt will be repaid at constant annuity.

NB: It is important to notice that the replacement investment of XOF 2,907,432 which will be realized in Year 4 will be self-funded because regarding on our estimates, we should have sufficient self-financing capacity.

Table 27: Funding sources table (XOF)

Items	Type	Amount	Share
Associate 1	Cash	91 290 438	32,4%
Associate 2	Tangible asset	75 000 000	26,6%
Associate 3	Intangible asset	4 500 000	1,6%
Bank loan	Debt	110 872 282	39,4%
Total		281 662 720	100,0%

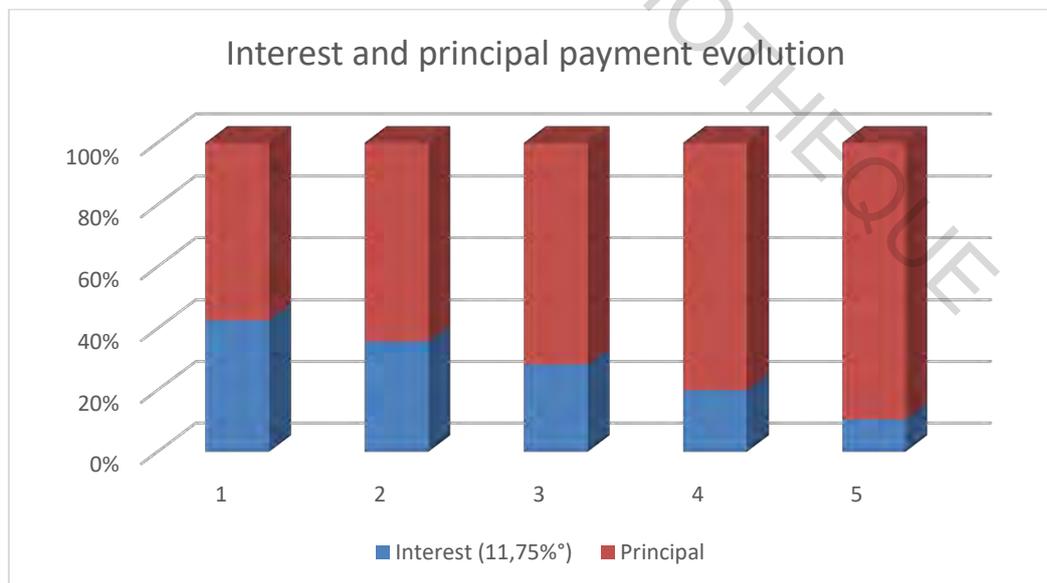
Source: Ourselves

Table 28: Amortization of the loan (XOF)

Year	Beginning Capital	Annuity	Interest (11.75%)	Principal	Remaining Capital.
1	110 872 282	30 566 790	13 027 493	17 539 296	93 332 986
2	93 332 986	30 566 790	10 966 626	19 600 164	73 732 822
3	73 732 822	30 566 790	8 663 607	21 903 183	51 829 639
4	51 829 639	30 566 790	6 089 983	24 476 807	27 352 832
5	27 352 832	30 566 790	3 213 958	27 352 832	-

Source: Ourselves

Graph 13: Interest and principal payment evolution



Source: Ourselves

4.4. OPERATING ASSESSMENT

4.4.1. Turnover and operating charges

4.4.1.1. Projected Turnover

Projected turnovers are based on the following hypotheses:

- Analyzing growth potential in number of customers of digital financial services providers in different countries, firstly after a discreet launch, Orange organized a large advertising campaign in Côte d'Ivoire in 2009 and reached between 100,000 and 150,000 subscribers in one year. Secondly, **NUMBER 26**⁴⁷ launched in Germany in 2015, reached between 100,000 and 500,000 customers in 2017 as cited in “Fintech: Les banques contre-attaquent” (Yves Eonnet and Hervé Manceron, (2018), p . 57) .Taking in account, the context of Senegal and the nature of the digital services which we will provide, we estimated that among 100,000 potential customers the first year, we would have 70,000 active customers according to our survey which show that globally 70% of people would be ready to use a digital bank services. Indeed, we will consider 70,000 as the projected number of subscribers the year 1, mostly with the recent COVID-19 sanitary crisis that would oblige people to adopt digital solutions, which habits are likely to last.
- Considering the penetration rate of digital financial services from 16 percent to 30 percent from 2015 to 2017; and the similar trends from 2017 to 2019⁴⁸ we will keep this trend from year 1 to year 2 to estimate the number of customers. Indeed, we expect 14 percentage point higher (44%) in year 2.
- In year 3 and year 4, we expect a growth rate of 20% regarding the average yearly growth of the population (3%)⁴⁹, our better understanding of the digital financial services industry, our permanent marketing action and the relevance of our business model.
- In year 5, the growth in number of customers should rocket to 26%, taking in account the increasing penetration rate of mobile phones and the increasingly easy access to internet in urban areas as well as in rural areas. According to Bruno Mettling⁵⁰ president

⁴⁷Source: <https://n26.com/en-eu/bank-account>

⁴⁸Source: Status of mobile financial services in 2017, BCEAO 2018

⁴⁹Source: Senegal Countrymeters data (<https://countrymeters.info/en/Senegal>)

⁵⁰Source: « Booming Africa: Le temps de l’Afrique digitale » (Bruno Mettling president of Orange Middle East and Africa (2019), Débats Publics Editions, book cover)

of Orange Middle East and Africa, Africa will be in 2030 the most populous and youngest digital continent in the world in 2030.

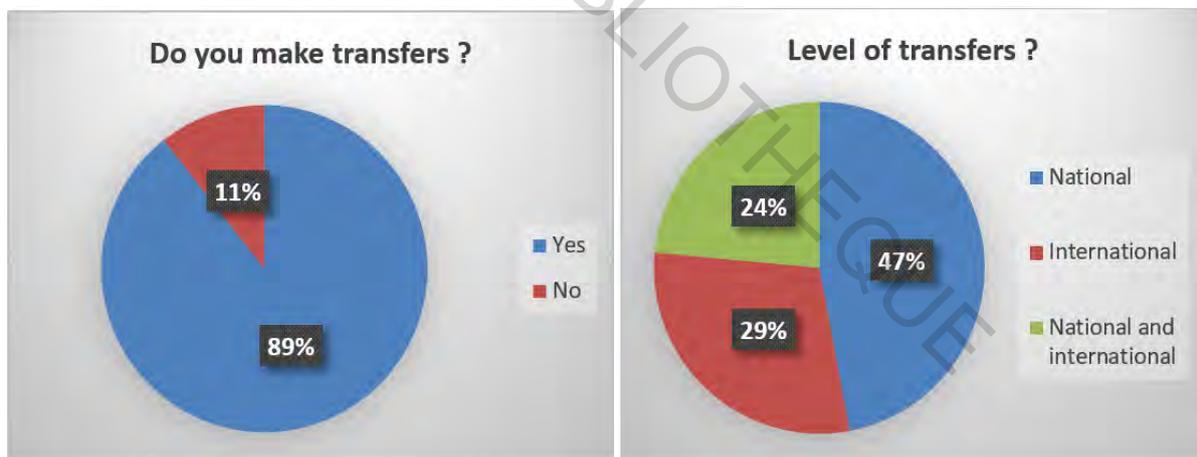
Table 29: Projected number of customers (XOF)

YEAR	Share in active accounts	Projected Number of Customers	Active digital account holders	Projected Senegal population ⁵¹
2020			3 425 217	17 354 054
2021	1,8%	70 000	3 904 748	17 777 431
2022	1,8%	79 800	4 451 412	18 211 136
2023	1,9%	95 760	5 074 610	18 655 422
2024	2,0%	114 912	5 785 055	19 110 548
2025	2,2%	144 789	6 594 963	19 576 777

Source: Ourselves

- The projections will mainly cover basic digital financial services that is to say ELCI cards purchases; withdrawals; transfers; airtimes top-ups and bill payment :

Graph 14: Proportion of people making transfers and level of these transfers



Source: Ourselves

Considering our survey results, we will use the proportion of people making transfers (globally 90%), and people making transfers nationally (47%) to find the amount of turnover obtained with transfers.

⁵¹Source: Senegal Countrymeters data (<https://countrymeters.info/en/Senegal>)

Graph 15: Amplitude of transfers and number of withdrawals estimations



Source: Ourselves

Regarding our survey results, in order to simplify projections we will consider that our customers will make only monthly transfers (exactly 53.45%) and only people using cards will withdraw money at most two times in the month (exactly 35.65%).

Table 30: Terms of use of different services

Services	Terms of use	Unit amount ⁵² (XOF)
ELCI card purchase	We will purchase less cards than the number of customers, about 53 475 cards the first year. It will increase proportionally to the growth in number of customer.	3 750 ⁵³
Withdrawals	We will assume that 35.65% ⁵⁴ of customers will withdraw money from his e-wallet two times in the month. That is to say in the mid of the month and at the end of the month.	15 156
Transfers	We will assume that 90% of our customers make transfers, among which 53.45% make monthly transfers and 47% of these transfers are at a national level.	13 533
Airtime top-ups	We will assume that globally every customer will purchase telephonies credit four times in the month that is to say one time a week.	896
Bill payment	We will assume that globally every customer will pay two bills every month, that is to say Water (SDE) and Electricity (Senelec, Woyofal).	4 511

Source: Ourselves

⁵²Source: According to the status of mobile financial services in 2017, BCEAO 2018

⁵³Source: Average cost of an ELCI card integrating all types of segments

⁵⁴Source: The proportion of people usually using cards

Table 31: Example of turnover calculations for 2022

Digital Services	2022 Turnover (XOF)
ELCI card	$53\,475 \times 3\,750 = 200\,531\,250$
Withdrawals	$70\,000 \times 35.65\% \times 15\,156 \times 2 \times 2\% \times 12 = 181\,544\,630$
Transfers	$70\,000 \times 90\% \times 53.45\% \times 47\% \times 13\,533 \times 1 \times 2\% \times 12 = 51\,403\,352$
Airtime top-ups	$70\,000 \times 896 \times 4 \times 2\% \times 12 = 60\,211\,200$
Bill payment	$70\,000 \times 4\,511 \times 2 \times 2\% \times 12 = 151\,569\,600$
Turnover	$200\,531\,250 + 181\,544\,630 + 51\,403\,352 + 60\,211\,200 + 151\,569\,600 = 645\,260\,032$

Source: Ourselves

Table 32: Projected turnover (XOF)

Digital Services	2022	2023	2024	2025	2026
ELCI card	200 531 250	228 605 625	274 326 750	329 192 100	414 782 046
Withdrawals	181 544 630	206 960 879	248 353 054	298 023 665	375 509 818
Transfers	51 403 352	58 599 821	70 319 786	84 383 743	106 323 516
Airtime top-ups	60 211 200	68 640 768	82 368 922	98 842 706	124 541 809
Bill payment	151 569 600	172 789 344	207 347 213	248 816 655	313 508 986
Turnover	645 260 032	735 596 437	882 715 724	1 059 258 869	1 334 666 175

Source: Ourselves

4.4.1.2. *Operating charges valuation*

Regarding our activities we have essentially two types of operating charges. Indeed, among operating charges, there are fixed charges and variable expenses.

Table 33: Fixed charges and variable expenses

<p><u>Fixed charges</u></p>	<ul style="list-style-type: none"> • Salaries will have a growth rate of 4.5%. They will be added to the social security charges and employer charges of 16.5%. • Staff training will cost XOF 750,000 every month and the documentation will cost XOF 60,000 per month. • Maintenance and repairs for ELCI application, web platform and certain premises and equipment will cost XOF 300,000 every month. • Insurance charge will essentially include transportation equipment that is to say cars as well as delivery scooters. • General costs relate to administrative costs, electricity, water, internet, postage and telephone charges as well as office supplies like reams of paper, anchor etc.
<p><u>Variable expenses</u></p>	<ul style="list-style-type: none"> • Variables expenses will change in proportion to changes in turnover. • The number of cards we will purchase will depend on the pace of evolution in turnover. We will get a unit price that is worth XOF 3,000, and we will purchase 1,000 cards on each of the two first month and 51,475 others cards the rest of the year reaching 53,475 cards for customers that would like to order a card. Then the number of cards purchased will grow proportionally to the turnover that is to say a growth of 14% the second year, 20% the third and fourth year and 26% the fifth year. • Fuel expenses will increase also proportionally to the turnover increase taking in account that the more people will need ELCI cards the more we will have to deliver frequently, and our commercial vehicle and delivery scooters would have to go everywhere people will need.

Source: Ourselves

Table 34: Summary of operating expenses

Items	2022	2023	2024	2025	2026
Variable expenses	166 425 000	189 724 500	227 669 400	273 203 280	344 236 133
Card purchases	160 425 000	182 884 500	219 461 400	263 353 680	331 825 637
Fuel	6 000 000	6 840 000	8 208 000	9 849 600	12 410 496
Fixed charges	332 960 100	346 482 605	360 613 622	375 380 535	390 811 959
Salaries	257 940 000	269 547 300	281 676 929	294 352 390	307 598 248
Social and employer charges	42 560 100	44 475 305	46 476 693	48 568 144	50 753 711
Staff training costs	9 000 000	9 000 000	9 000 000	9 000 000	9 000 000
Documentation	720 000	720 000	720 000	720 000	720 000
Maintenance and repairs	4 800 000	4 800 000	4 800 000	4 800 000	4 800 000
Insurances and repairs	3 600 000	3 600 000	3 600 000	3 600 000	3 600 000
General costs	11 340 000	11 340 000	11 340 000	11 340 000	11 340 000
Travel, missions	1 800 000	1 800 000	1 800 000	1 800 000	1 800 000
Advertisement	1 200 000	1 200 000	1 200 000	1 200 000	1 200 000
Total Operating charges	499 385 100	536 207 105	588 283 022	648 583 815	735 048 092

Source: Ourselves

Table 35: Amortization of depreciable assets⁵⁵ (XOF)

Items	Life span	Amount	Year 1	Year 2	Year 3	Year 4	Year 5	Residual value
Mobile phone app	Five	3 000 000	600 000	600 000	600 000	600 000	600 000	-
Web platform	Five	1 500 000	300 000	300 000	300 000	300 000	300 000	-
Building	50	80 094 450	1 601 889	1 601 889	1 601 889	1 601 889	1 601 889	72 085 005
Generator	Eight	4 200 000	525 000	525 000	525 000	525 000	525 000	1 575 000
Blockchain IT network	Eight	2 500 000	312 500	312 500	312 500	312 500	312 500	937 500
Server	Five	2 476 880	495 376	495 376	495 376	495 376	495 376	-

⁵⁵Source: We used a straight-line depreciation

Central Inverter	Ten	2 019 108	201 911	201 911	201 911	201 911	201 911	1 009 554
Desk top computers	Five	15 200 000	3 040 000	3 040 000	3 040 000	3 040 000	3 040 000	-
Laptop computers	Five	7 600 000	1 520 000	1 520 000	1 520 000	1 520 000	1 520 000	-
Photocopier printers	Five	3 500 000	700 000	700 000	700 000	700 000	700 000	-
Scanners	Five	9 000 000	1 800 000	1 800 000	1 800 000	1 800 000	1 800 000	-
Air conditioner split	Five	1 978 800	395 760	395 760	395 760	395 760	395 760	-
Central office	Five	150 000	30 000	30 000	30 000	30 000	30 000	-
Ergonomic desks	Five	2 185 000	437 000	437 000	437 000	437 000	437 000	-
Armchairs	Five	1 620 000	324 000	324 000	324 000	324 000	324 000	-
Ergonomic chairs	Five	1 008 000	201 600	201 600	201 600	201 600	201 600	-
Standard office	Five	1 200 000	240 000	240 000	240 000	240 000	240 000	-
Office cabinets	Three	1 080 000	360 000	360 000	360 000	360 000	360 000	360 000
Landline phones/fax	Three	469 070	156 357	156 357	156 357	156 357	156 357	156 357
Cellphones	Three	1 243 050	414 350	414 350	414 350	414 350	414 350	414 350
batons	Three	51 104	17 035	17 035	17 035	17 035	17 035	17 035
Electroshock devices	Three	64 208	21 403	21 403	21 403	21 403	21 403	21 403
City Peugeot 308	Five	4 800 000	960 000	960 000	960 000	960 000	960 000	-
4X4 Car	Five	4 500 000	900 000	900 000	900 000	900 000	900 000	-
Commercial vehicle	Five	2 850 000	570 000	570 000	570 000	570 000	570 000	-
Delivery scooters	Five	3 000 000	600 000	600 000	600 000	600 000	600 000	-
TOTAL			16 724 180	16 724 180	16 724 180	16 724 180	16 724 180	76 576 203

Source: Ourselves

4.4.2. Projected Income Statement

The tax rate in Senegal adds up to 30%. Then, according to the revised SYSCOHADA (Accounting System of the Organization for the Harmonization in Africa of Business Law), the establishment costs are recognized as expenses. In addition, Business establishment costs include recording rights, notary fees, registration fees and initial advertisement. It is important to notice that research and development costs include study-associated costs.

Table 36: Projected income statement (XOF)

Items	2022	2023	2024	2025	2026
Turnover	645 260 032	735 596 437	882 715 724	1 059 258 869	1 334 666 175
Operating charges	499 385 100	536 207 105	588 283 022	648 583 815	735 048 092
Earnings Before Interest Tax Depreciation and Amortization (EBITDA)	145 874 932	199 389 332	294 432 702	410 675 054	599 618 083
Depreciation expenses	16 724 180	16 724 180	16 724 180	16 724 180	16 724 180
Earnings Before Interest and Tax (EBIT)	129 150 752	182 665 152	277 708 522	393 950 874	582 893 903
Net financial charges	13 027 493	10 966 626	8 663 607	6 089 983	3 213 958
Current result	116 123 259	171 698 526	269 044 915	387 860 891	579 679 945
non-recurring charges	3 604 000	-	-	-	-
Business establishment costs	2 951 000	-	-	-	-
Study, research and development cost	653 000	-	-	-	-
Earning Before Tax (EBT)	112 519 259	171 698 526	269 044 915	387 860 891	579 679 945
Taxes (30%)	33 755 778	51 509 558	80 713 475	116 358 267	173 903 984
Net income	78 763 482	120 188 968	188 331 441	271 502 624	405 775 962

Source: Ourselves

4.4.3. Forecast cash flow statement

It is now important for us to figure out exactly which amounts of cash we will have each year that will help for self-funding.

Table 37: Forecast cash flow statement⁵⁶ (XOF)

Items	2021	2022	2023	2024	2025	2026
Net income	-	78 763 482	120 188 968	188 331 441	271 502 624	405 775 962
Depreciation expenses	-	16 724 180	16 724 180	16 724 180	16 724 180	16 724 180
Global Self-financing capacity		95 487 662	136 913 148	205 055 621	288 226 804	422 500 142
Working capital requirement variation	45 694 050	6 397 167	10 418 243	12 501 892	19 502 952	- 94 514 304
Operating cash flow	- 45 694 050	89 090 495	126 494 905	192 553 729	268 723 852	517 014 446
Investment cash flow	156 468 670				2 907 432	
Available cash flow	- 202 162 720	89 090 495	126 494 905	192 553 729	265 816 420	517 014 446
<u>Equity Financing flow</u>						
Capital increase/Decrease	91 290 438	-	-	-	-	-
Investment grant	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
<u>Financial debt financing flow</u>						
New loans	110 872 282	-	-	-	-	-
Repayment of loans	-	17 539 296	19 600 164	21 903 183	24 476 807	27 352 832
Cash flow from financing	202 162 720	- 17 539 296	- 19 600 164	- 21 903 183	- 24 476 807	- 27 352 832
Change in cash	-	71 551 199	106 894 741	170 650 546	241 339 613	489 661 614
Initial Cash	-	-	71 551 199	178 445 940	349 096 486	590 436 098
Final cash	-	71 551 199	178 445 940	349 096 486	590 436 098	1 080 097 712

Source: Ourselves

4.5. PROFITABILITY APPRAISAL

4.5.1. Discount rate estimate

The discount rate that will be used is the cost of capital that is to say the weighted average cost of capital (WACC). Indeed, we will make a weighted average cost of the various financial resources.

⁵⁶Source: Find Cash budget in notes

- **The cost of debt:**

Cost of debt = Interest rate X (1 – Tax) = 11.75% X (1 - 30%) = **8.23%**

- **The cost of equity:**

In order to find the cost of equity, we will use a variant of the capital asset pricing model (CAPM) that is the Damodaran model. Indeed, Damodaran (2003) proposed a model to resolve the problem of underestimating the country risk model. This will consist in adding a country equity risk premium, at a fundamental cost defined by making a comparison with a reference market like the West African regional stock exchange.

First step, we will first determine the fundamental cost of equity of our company, by using the capital asset pricing model (CAPM). Indeed, the risk-free rate will be obtained with “UEMOA TITRES” June, 05 2020 report, in which we will consider the zero coupon rate for Senegal, for the maturity of five years. The beta will be obtained with the West African regional stock exchange (BRVM), where we will consider the beta of a company like SONATEL⁵⁷ which is in partnership with ORANGE and thereby could reveal similar trends with digital financial services as far as ORANGE is concerned. The market risk premium will be found out in BRVM daily market report of June, 04 2020⁵⁸.

Second step, we will find out, the country equity risk premium⁵⁹ of Senegal, and then add it to our previous fundamental cost of equity to obtain the cost of equity of our company.

Table 38: Cost of equity

Beta	1,81
Risk free rate	6,35%
Market risk premium	-0,86%
Equity fundamental cost	4,79%
Senegal country equity risk premium	12,60%
ELCI cost of equity	17,39%

Source: Ourselves

⁵⁷Source: https://www.sikafinance.com/marches/cotation_SNTS.sn

⁵⁸Source: BRVM daily report of June, 04 2020, (MRP= (1/average market PER)-current reference rate for government bonds)

⁵⁹Source: Using the April 1, 2020 updates on Moody ratings

Table 39: Cost of capital (WACC)

Items	Weights	Cost
Equity	60,64%	17,39%
Debt	39,36%	8,23%
WACC		13,78%

Source: Ourselves

4.5.2. Profitability Indicators and relevance of the project

Table 40: Discounted cash flows with the WACC

Items	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
EBIT	-	129 150 752	182 665 152	277 708 522	393 950 874	582 893 903
Tax on EBIT	-	38 745 226	54 799 546	83 312 557	118 185 262	174 868 171
Depreciation expenses	-	16 724 180	16 724 180	16 724 180	16 724 180	16 724 180
Change in WCR	-	6 397 167	10 418 243	12 501 892	19 502 952	-
WCR recovery	-	-	-	-	-	94 514 304
Net residual value	-	-	-	-	-	76 576 203
Inflows	-	100 732 540	134 171 543	198 618 254	272 986 840	595 840 419
Investment	281 662 720	-	-	-	2 907 432	-
Cash flows	- 281 662 720	100 732 540	134 171 543	198 618 254	270 079 408	595 840 419
Discount factor (using WACC=13.78%)	1,0000	0,8789	0,7724	0,6788	0,5966	0,5243
Discounted cash flows	- 281 662 720	88 530 225	103 634 410	134 829 370	161 130 814	312 420 030

Source: Ourselves

Table 41: Profitability indicators

Items	Value	Interpretation
Profitability index (PI)	2,842	Profitability index measures the profit produced by each franc invested. Indeed, each franc invested in our project will produce 2.842 francs, that is to say more than the double.
Internal rate of return (IRR)	56,08%	Internal rate of return is the discount rate for which the net present value is equal to zero. In our case, this rate is higher than the weighted average cost of capital (WACC). This is essential for the profitability.
Net present value (NPV) (XOF)	518 882 129	Net present value represent the difference between the present value of the cash flow generated by the investment and the cost of the investment. It is positive here, what mean than the project is profitable and in addition it is relatively high about XOF 518 882 129.
Payback period (PBP)	2,66	Payback period is the period at the end of which, the cash flow generated by investment make it possible to reimburse the capital invested. The shorter it is the better. It is worth 2 years and 8 months meaning that the whole capital invested might be reimbursed at the end of this period.
Modified internal rate of return (MIRR)	40,22%	Modified internal rate of return is the discount rate that make the present value of project cash flows terminal value to equal the present value of investment. Indeed, it assumes cash flows are reinvested at WACC. It is a better index compared to the IRR taking into account that it avoids multiple IRR. MIRR is also higher than the WACC strengthening profitability conclusion.

Source: Ourselves

4.5.3. Break-even point

The break-even point is the level of turnover that equalize the whole variable and fixed charges. It is also the number of day of turnover that is sufficient to cover all charges. In our activity, we will have to face relatively important amounts of fixed charges, and variable charges that are rocketing every year. Otherwise, our turnover growth supported by the increase in number of customer regarding to the speed of penetration of digital financial services in Senegal and West Africa in general. This growth allows us to absorb the important amounts of fixed charges and the rapid increase of variable charges.

Table 42: Break-even over the years

Items	2022	2023	2024	2025	2026
Projected turnover	645 260 032	735 596 437	882 715 724	1 059 258 869	1 334 666 175
Cost of goods	166 425 000	189 724 500	227 669 400	273 203 280	344 236 133
Variable charges	166 425 000	189 724 500	227 669 400	273 203 280	344 236 133
Variable cost margin	478 835 032	545 871 937	655 046 324	786 055 589	990 430 042
Variable cost margin rate	74%	74%	74%	74%	74%
Fixed charges	332 960 100	346 482 605	360 613 622	375 380 535	390 811 959
Break-even point (XOF)	448 684 475	466 906 892	485 949 318	505 848 653	526 643 458
Break-even point in months of the turnover	8,34	7,62	6,61	5,73	4,74

Source: Ourselves

The break-even point will be almost halved in five years. Indeed, in 2022 we will need eight months and ten days of turnover to cover all our charges, and five years after we will only need four months and 22 days of turnover to absorb all the charges. This aspect of our activities is still important for the long-term profitability of our activities.

4.5.4. Economic and financial profitability

Economic and financial profitability of our project are important parameters that we will determine by establishing the forecast balance sheet.

Table 43: Forecast balance sheet

Items	2021	2022	2023	2024
Gross fixed assets	235 968 670	235 968 670	235 968 670	235 968 670
Depreciation	-	16 724 180	33 448 360	50 172 539
Net fixed assets	235 968 670	219 244 490	202 520 310	185 796 131
WCR	45 694 050	52 091 217	62 509 460	75 011 352
Economic asset	281 662 720	271 335 707	265 029 771	260 807 483
Capital	170 790 438	170 790 438	170 790 438	170 790 438
Retained earnings	-	-	78 763 482	198 952 450
Net income	-	78 763 482	120 188 968	188 331 441
Equity	170 790 438	249 553 920	369 742 888	558 074 329
Financial debts	110 872 282	93 332 986	73 732 822	51 829 639
Cash	-	71 551 199	178 445 940	349 096 486
Net debt	110 872 282	21 781 787	- 104 713 117	- 297 266 846
Economic asset	281 662 720	271 335 707	265 029 771	260 807 483

Source: Ourselves

Table 44: Economic and financial profitability

Items	2022	2023	2024
Economic profitability	33,87%	38,25%	44,42%
Financial profitability	31,56%	32,51%	33,75%

Source: Ourselves

Economic profitability measures the ability of our company to generate profits with the capital invested that is to say equity as well as debts. Here, it is increasing rapidly from 33.87% in 2022 to 44.42% in 2024, showing that the company will be able to generate enough resources for future long-term investment.

Financial profitability measures the return on equity, that is to say the ability of our company to remunerate associates. It is increasing more or less slightly compared to the economic profitability from 31.56% in 2022 to 33.75% in 2024, showing that associates will be more and more rewarded.

4.6. SCENARIO AND SENSITIVITY ASSESSMENT

4.6.1. Scenario Assessment

Taking into account the uncertainty as far as the future is concerned, we should be aware that situations that deviate from our forecasts may arise. Indeed, it appears important to simulate pessimistic and optimistic scenarios. On one hand, for the pessimistic scenario we will assume that only 79% of our projected turnover will be effectively realized, and on the other hand we will consider that up to 125% of our projected turnover will be realized for the optimistic scenario.

Table 45: Cash flows profitability in the pessimistic scenario (only 79% of projected turnover realized)

Items	2021	2022	2023	2024	2025	2026
Projected Turnover		509 755 426	581 121 185	697 345 422	836 814 507	1 054 386 278
Cash flows	-281 662 720	5 879 315	26 038 867	68 859 042	114 368 354	399 644 492
Discount factor with WACC	1,0000	0,8789	0,7724	0,6788	0,5966	0,5243
Discounted cash flows	-281 662 720	5 167 120	20 112 481	46 744 048	68 232 770	209 547 624
PI	1,24					
NPV	68 141 323					
PBP	4,67					

Source: Ourselves

In the pessimistic scenario, we can notice that we also have a profitability index above 1, that worth 1.24, and a positive net present value about XOF 68 141 323 even if the payback period is longer than in realistic scenario.

Table 46: Cash flows and profitability in the optimistic scenario (up to 125% of projected turnover realized)

Items	2021	2022	2023	2024	2025	2026
Projected Turnover		806 575 041	919 495 546	1 103 394 655	1 324 073 587	1 668 332 719
Cash flows	- 281 662 720	213 653 045	262 900 920	353 093 505	455 449 710	829 407 000
Discount factor with WACC	1,0000	0,8789	0,7724	0,6788	0,5966	0,5243
Discounted cash flows	- 281 662 720	187 772 016	203 065 278	239 692 848	271 723 724	434 887 181
PI	4,75					
NPV	1 055 478 327					
PBP	1,46					

Source: Ourselves

Regarding the optimistic scenario, we have high profitability index far above 1, about 4.75 meaning that each franc invested would generate 4.75 francs. Net present value would rocket up to XOF 1 055 478 327 which represent almost the double of the net present value in realistic scenario. The capital invested would be totally reimbursed after only one year and five month considering the payback period.

Table 47: Pessimistic, realistic and optimistic scenarios

Items	Pessimistic (79%)	Realistic (100%)	Optimistic (125%)
Profitability index (PI)	1,24	2,84	4,75
Net present value (NPV)	68 141 323	518 882 129	1 055 478 327
Payback period (PBP)	4,67	2,66	1,46

Source: Ourselves

In each of the scenarios pessimistic, realistic and optimistic, every franc invested would generate more profit and the capital invested would be totally reimbursed before five years. Moreover, the net present value is always positive whatever the scenario.

4.6.2. Sensitivity assessment

Sensitivity assessment will allow us to understand potential changes in our business profitability when some key parameters change. Realizing the relevance of the net present value (NPV) among the other profitability indicators, we will assess its changes consecutively to a change in weighted average cost of capital and then with a change in working capital requirement (WCR). The change in weighted average cost of capital will consist in 12

percentage point above or below our previous WACC. Indeed, change in working capital requirement will be worth 24 percentage point above or below our previous WCR.

Table 48: Change in NPV consecutively to the change in WACC

Items	-12%	Standard	+12%
WACC	1,78%	13,78%	25,78%
NPV	932 263 932	518 882 129	280 166 326
Change in NPV	+80%	0%	-46%

Source: Ourselves

We can notice that the profitability of our business measured by the net present value is very sensitive to a relative change in cost of capital. Indeed, it would increase of about 80% consecutively to a decrease of 12% of the cost of capital, and decrease of about 46% consecutively to an increase of 12% of the cost of capital. Otherwise, the net present value would remain positive if an important change of the cost of capital occurs, what is interesting taking into account that the cost of capital could go through ups and downs depending on environment circumstances.

Table 49: Change in NPV consecutively to the change in WCR

Items	-24%	Standard	+24%
WCR	34 727 478	45 694 050	56 660 622
NPV	526 064 971	518 882 129	511 699 286
Change in NPV	+1,38%	0%	-1,38%

Source: Ourselves

The profitability of our company represented by the net present value is less sensitive to the change in working capital requirement. Indeed, there is only a bit change of at most two percentage point below or above the previous net present value, when the working capital requirement grows or decreases of 24%. This means that our activity would allow to permanently generate enough resources to fund our current operating activities.

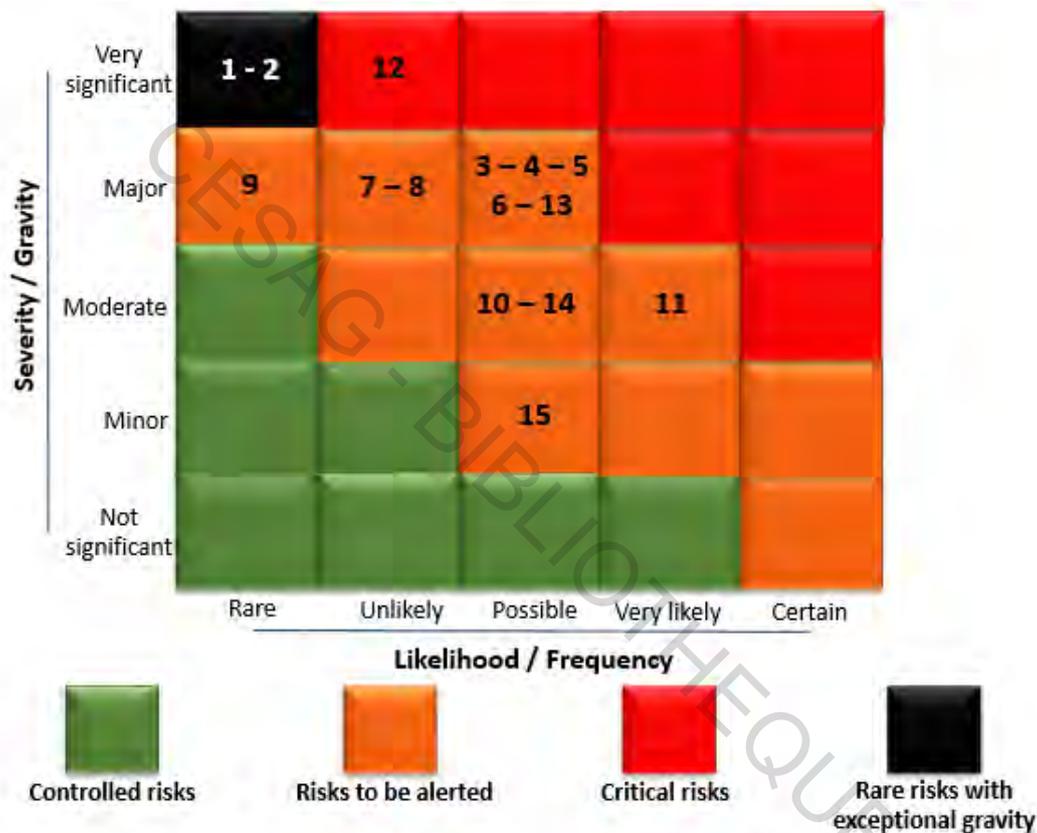
4.6.3. Risk mapping

After the creation of our company ELCI, regarding the implementation of our activities we will have to face some challenges. Indeed, it appears relevant to develop a risk mapping integrating major risks according to their occurrence probability, and quantifying their impact if they really occur. Risk mapping is a visual that allows to compare risks. Generally represented in a matrix format, each of the risks analyzed is positioned there according to its likelihood (or probability)

- impact (or severity). The matrix can be cut into different color zones also called “temperature zones”, representative of the level of risk criticality⁶⁰:

- “Red” for critical risks;
- “Orange” for the risks to be alerted
- “Green” for controlled risks;
- “Black” for rare risks but of exceptional gravity.

Figure 12: Risk mapping



Source: Ourselves

The following risks that will be identified below are derived from Senegal PESTEL study, and different marketing, market and financial studies carried out in the previous capital points.

⁶⁰Source : Management du risque : une approche stratégique : Cartographie des risques : prenez de la hauteur (Sutra, Géraldine, AFNOR, 2018)

Table 50: Risks identification and measures

Number	Risks	Measures
Political		
1	Even if Senegal is the fourth most attractive WAEMU country considering foreign direct investment, personal interest of leaders would lead to social and economic crisis mostly with rising terrorism in the sub-region.	We have planned to extend our digital financial services providing, to other WAEMU countries and abroad as soon as our resources will be sufficient to do it. If a crisis arise before our expansion it would be difficult to minimize its impact on our activities. And this would require important need in funding.
Economic and social		
2	Consecutively to a crisis or terrorism, Senegalese would make less and less transactions considering that the SMIG in Senegal is relatively low compared to the standard of living. It is worth XOF 58,900. Indeed, they would less and less supply their e-wallets dealing with physical transactions.	We will first promote cashless transactions by reducing our services prices making sure that a maximum of people are aware of it and we will take in account at the same time our charges. We will also sensitize our customers on the security that provide cashless transactions in a crisis context. Then, we will intensify advertisement highlighting how important it is to take control of their expenses and incomes during a crisis, what is possible with real time transaction historic provided by ELCI.
3	Regarding the relatively low literacy rate in Senegal compared to other WAEMU countries, some poorly literate people would think that they could not be able to use mobile app or internet platform, more there seems to be a lack of confidence of some people in banks or financial institutions, probably because they do not understand how financial services concretely work.	We have planned to sensitize periodically our customers on how to use our mobile and web platform through a simple and intuitive onboarding process by diversifying our communication channels. Moreover we will try to make them realize that everybody can securely use our digital services and how valuable it will be for them to use digital services, and mostly cashless transaction that minimize the risk of theft.
4	Some people would break their phone chips and throw them away after getting a credit, because they don't want to reimburse.	The necessary documents used to create accounts will be managed in a way that allows a traceability of operations and transactions thank to the block chain. A monitoring system will allow to follow habits of customers in order to evaluate their ability to repay taking into account that they will be permanently in relation with our company customer relation section.
Technological		
5	As far as the electricity demand is concerned, in Senegal it grows faster than the electricity supply thus	We will try to talk to politicians to raise awareness of these problems and apply for International Monetary Fund (IMF) and

	creating the risk that Senegalese who desire to subscribe to our services would be facing important difficulties if they are in areas where the energy supply is not sufficient.	World Bank loans for Senegal to provide the necessary infrastructure.
6	In certain region in Senegal where the mobile network coverage is not sufficient or of low quality as in some rural areas, it would prevent residents from having an ideal experience in using our digital financial services.	We will forge partnerships in order to finance, to the extent possible, the establishment of the infrastructure necessary for wider network coverage, especially in remote areas.
7	The blockchain technology used in our operational framework would not work efficiently because of the rapid growth of data, and great skills are required as far as the blockchain developer is concerned.	Among the resources that will be generated every year we intend to allocate an important part to have always latest generation servers and IT networks to avoid possible matters of storage caused by the rapid growth of data. In addition, our blockchain developer will have regular trainings and enough documentation taking into account all the innovations in blockchain technology and the uncertainty when using a technology not yet very well known.
8	Cybercriminals could create fake applications or web platform with the same name of ours to divert money. This would be very dangerous for our reputation.	Considering this aspect, we intend to sensitize customers through distributors and really specify our channels for providing digital financial services, and how to make sure that they are using original versions during their subscription before using any financial service.
	Legal	
9	The recent regulatory framework does not enough take in account the use of the blockchain technology knowing that it is a relatively new technology. There is a risk that a change in the future of the regulatory framework restrict our use of this technology. (not having a legal operating framework)	We will always be informed on the different changes that would occur concerning the regulatory framework in order to take the right decisions at the right time.

10	<p>It is only recently that the CBWAS decide to allow to more and more fin techs to participate in achieving a greater financial inclusion, through partnerships with banks or EMEs. As far as the mobile banking regulatory framework is concerned, we would be Granting some partners more advantages during negotiations, what could negatively impact our profitability.</p>	<p>We intend to diversify our partnerships to get more flexibility in providing digital financial services; and geographically in order to get wider potential demand. This would be a way not to depend on few partners. Otherwise as soon as we will have enough resources we will apply at the Central Bank of West African States (CBWAS) for our own bank license in order not to be too dependent on partners.</p>
Market		
11	<p>With the competition, new entrants in the market that understand our business model would like to organize their business in the same way or innovate using other variant of the blockchain system to gain efficiency. In addition, actual competitors would probably react by adopting prices much more low than ours if they well control their charges forcing us to align.</p>	<p>We intend, to permanently integrate competitive intelligence that is to say by monitoring all the information about competition in order to adapt our prices, services and promotion policies whenever we need to avoid any surprise. In addition, we will keep working to innovate perpetually as far as the blockchain technology and our mobile app onboarding process are concerned. As soon as we will be leading digital financial service industry we would initiate trainings for those who desire to learn more on digital in order to get additional inflows.</p>
12	<p>Our business model being partnership focused, if some partners are not able to provide the different cards and also all the settlement that should be possible with the partnership we will have some difficulties to run activities.</p>	<p>Diversifying our partnerships will also help us to avoid depending only on few partners.</p>
13	<p>If the potential demand that we estimated in our forecasts is far lower than the real and effective demand when we will launch our business, we would have overestimated our incomes and we could not meet our expenses.</p>	<p>We intend to minimize as much as possible our expenses when we will be starting our business.</p>
Project management		
14	<p>The corporate governance of our company is what can determine the success or the failure in our business. If there is no synergy of actions, any marketing strategic or technological effort would work.</p>	<p>Our internal control, risk management and human resources department will have to report on a regular basis to executive management in order to resolve on time any matter in the running of the business.</p>

15	Regarding the investment cost valuation, it could be underestimated taking into account tangible, intangible assets or the working capital. Indeed, forecast operating charges would be inaccurate preventing us from running efficiently our business.	We intend to permanently adjust our needs and available resources as things are evolving during our activities. Indeed, at each period we will consider the results of precedents to make new forecasts that will be compared to the initial projected needs in order to quantify spreads and take the right decisions.
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Source: Ourselves

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GENERAL CONCLUSION

In West African Economic and Monetary Union (WAEMU) and specifically in Senegal, banks, electronic money establishments, microfinance institutions and others do their best to widen the financial inclusion which is one of the key goals of the Central Bank of West African States (CBWAS). However it appears that more need to be done, considering the relatively low strict banking rate (TBS) of 20% in 2018, even if extended banking rate (TBE) reached 41% thank to microfinance institutions mostly decentralized financial systems (SFD). The fact that electronic money establishments made it possible to reach financial services overall use rate (TGUSF) of 57% in the same period, highlights the growth potential of financial services provided via digital channels. It becomes obvious that digital channels allow to financially include a wider range of people independent of their location than traditional channels which required a permanent physical contact with users. This can be seen in the digital solutions increasingly developed by banks and the partnerships between banks and electronic money establishments. It seemed like an unprecedented opportunity for us as soon as we figured out that in WAEMU where few people mostly in urban areas have access to financial services, the mobile phone penetration rate is worth 80% and particularly in Senegal, it reaches more than 100%. Given that digital financial services would be available for any mobile phone user, and regarding the COVID-19 pandemic times during which people are in quarantine, we decided to carry out this creation project of our fintech also called neo-bank. Even in general lockdown, our customers could still use digital financial services provided by our neo-bank. Indeed, through our ELCI mobile app and via the web platform, they would be able to take a real control of their finances with few touches and fund themselves according to their needs.

Our organizational and technical study showed us the feasibility and how mobile banking process and blockchain technology together could improve the quality and security in providing digital financial services. Regarding our industry's study, we tried to elaborate a marketing strategy, before making an investment cost valuation in the last economical and financial study of our project with different scenarios that shows relatively interesting profitability and most important, a flexible structure that could resist at a certain point to the changes in environment, economic and financial parameters. Finally, we have to be aware that the results of our study, might be in a certain way different from some realities, considering the environment's great number of factors and aspects to consider. Nevertheless; this project would probably widen the financial inclusion and change the life of many people as soon as it will be achieved.

NOTES

Note 1: Constructions details table

DETAILS OF BUILDING in Rufisque (2 floors and ground floor)	
Items	Amounts (XOF)
Preparatory works	793 942
Unfinished building/structural works	38 109 225
Waterproofness	3 175 769
Electricity	3 969 711
Plumbing/sanitary	5 557 595
Flooring/Tiling	7 939 422
Carpentry	12 703 075
Painting	7 845 711
Total costs	80 094 450

Source: Ourselves using “keuryi”, a platform used by certain people in building domain in Senegal to estimate costs of different steps in construction proportionally to the number of floors (here 2 floors) and the size of the land here (200 square meters) (<http://keuryi.com/estimateur/>).

Note 2: “UEMOA TITRES” June, 05 2020 rate curve for Senegal

Maturité	Zero Coupon	Taux Après Lissage
3 mois	5,7619%	5,3694%
6 mois	4,8365%	5,6079%
9 mois	6,0997%	5,7823%
1 an	5,8557%	5,9084%
2 ans	6,4151%	6,1342%
3 ans	6,0564%	6,1799%
4 ans	6,0791%	6,1964%
5 ans	6,3481%	6,2266%
6 ans	6,1590%	6,2769%
7 ans	6,4099%	6,3429%

Source: “UEMOA TITRES” June 05, 2020 rate curves



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Note 3: Country Risk Premium from Moody's ratings (including April 1, 2020 updates)

<i>Country</i>	<i>Moody's rating</i>	<i>Sovereign CDS</i>	<i>Adj. Default Spread</i>	<i>Equity Risk Premium</i>	<i>Country Risk Premium</i>	<i>Corporate Tax Rate</i>
Abu Dhabi	Aa2	1.60%	0.74%	6.92%	0.91%	55.00%
Albania	B1	NA	6.68%	14.25%	8.24%	15.00%
Algeria	NR	NA	9.65%	17.91%	11.90%	26.00%
Andorra (Principality of)	Baa2	NA	2.82%	9.49%	3.48%	10.00%
Angola	B3	21.27%	9.65%	17.91%	11.90%	30.00%
Anguilla	NA	NA	16.30%	26.06%	20.05%	23.88%
Antigua & Barbuda	NA	NA	16.30%	26.06%	20.05%	23.88%
Argentina	Ca	NA	15.00%	24.52%	18.51%	30.00%
Armenia	Ba3	NA	5.34%	12.60%	6.59%	20.00%
Aruba	Baa1	NA	2.37%	8.93%	2.92%	25.00%
Australia	Aaa	0.60%	0.00%	6.01%	0.00%	30.00%
Austria	Aa1	0.36%	0.59%	6.74%	0.73%	25.00%
Azerbaijan	Ba2	NA	4.45%	11.51%	5.50%	20.00%
Bahamas	Baa3	NA	3.26%	10.04%	4.03%	0.00%
Bahrain	B2	4.90%	8.16%	16.08%	10.07%	0.00%
Bangladesh	Ba3	NA	5.34%	12.60%	6.59%	25.00%
Barbados	Caa1	NA	11.12%	19.73%	13.72%	5.50%
Belarus	B3	NA	9.65%	17.91%	11.90%	18.00%
Belgium	Aa3	0.60%	0.90%	7.12%	1.11%	29.00%
Belize	B3	NA	9.65%	17.91%	11.90%	32.36%
Benin	B2	NA	8.16%	16.08%	10.07%	30.00%
Bermuda	A2	NA	1.26%	7.56%	1.55%	0.00%
Bolivia	B1	NA	6.68%	14.25%	8.24%	25.00%
Bosnia and Herzegovina	B3	NA	9.65%	17.91%	11.90%	10.00%
Botswana	A2	NA	1.26%	7.56%	1.55%	22.00%
Brazil	Ba2	3.47%	4.45%	11.51%	5.50%	34.00%
British Virgin Islands	NA		16.30%	26.06%	20.05%	23.88%
Brunei	NR	NA	0.59%	6.74%	0.73%	18.50%



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Saudi Arabia	A1	2.32%	1.04%	7.30%	1.29%	20.00%
Senegal	Ba3	5.67%	5.34%	12.60%	6.59%	30.00%
Serbia	Ba3	1.39%	5.34%	12.60%	6.59%	15.00%
Sharjah	Baa2	NA	2.82%	9.49%	3.48%	0.00%
Sierra Leone	NR	NA	14.82%	24.30%	18.29%	30.00%
Singapore	Aaa	NA	0.00%	6.01%	0.00%	17.00%
Slovakia	A2	0.83%	1.26%	7.56%	1.55%	21.00%
Slovenia	Baa1	1.34%	2.37%	8.93%	2.92%	19.00%
Solomon Islands	B3	NA	9.65%	17.91%	11.90%	30.00%
Somalia	NR	NA	17.03%	27.03%	21.02%	29.15%
South Africa	Ba1	4.73%	3.71%	10.58%	4.57%	28.00%
South Korea	Aa2	0.69%	0.74%	6.92%	0.91%	25.00%
Spain	Baa1	1.43%	2.37%	8.93%	2.92%	25.00%
Sri Lanka	B2	NA	8.16%	16.08%	10.07%	28.00%
St. Maarten	Baa3	NA	3.26%	10.04%	4.03%	35.00%
St. Vincent & the Grenadines	B3	NA	9.65%	17.91%	11.90%	30.00%
Sudan	NR	NA	21.00%	31.93%	25.92%	35.00%
Suriname	B2	NA	8.16%	16.08%	10.07%	36.00%
Swaziland	B2	NA	8.16%	16.08%	10.07%	27.50%
Sweden	Aaa	0.32%	0.00%	6.01%	0.00%	21.40%
Switzerland	Aaa	0.23%	0.00%	6.01%	0.00%	18.00%
Syria	NR	NA	17.03%	27.03%	21.02%	28.00%
Taiwan	Aa3	NA	0.90%	7.12%	1.11%	20.00%
Tajikistan	B3	NA	9.65%	17.91%	11.90%	30.19%
Tanzania	B1	NA	6.68%	14.25%	8.24%	30.00%
Thailand	Baa1	1.21%	2.37%	8.93%	2.92%	20.00%
Togo	B3	NA	9.65%	17.91%	11.90%	32.36%
Trinidad and Tobago	Ba1	NA	3.71%	10.58%	4.57%	25.00%
Tunisia	B2	5.83%	8.16%	16.08%	10.07%	25.00%

Source: Moody's ratings, April 1, 2020



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Note 4: Cash Budget

Cash Budget item	CASH BUDGET FOR THE FIRST YEAR 2021													
Months	Opening	January	February	March	April	May	June	July	August	September	October	November	December	balance
Initial balance	-	42 694 050	50 054 020	67 731 342	82 794 210	97 857 077	112 919 944	127 982 811	143 045 678	158 108 546	173 171 413	188 234 280	203 297 147	
Cash Inflows including taxes														
Operating														
Turnover	-	40 810 732	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	-
ELCI card purchase	-	3 750 000	17 889 205	17 889 205	17 889 205	17 889 205	17 889 205	17 889 205	17 889 205	17 889 205	17 889 205	17 889 205	17 889 205	-
Withdrawals	-	15 128 719	15 128 719	15 128 719	15 128 719	15 128 719	15 128 719	15 128 719	15 128 719	15 128 719	15 128 719	15 128 719	15 128 719	-
Transfers	-	4 283 613	4 283 613	4 283 613	4 283 613	4 283 613	4 283 613	4 283 613	4 283 613	4 283 613	4 283 613	4 283 613	4 283 613	-
Airtime top-ups	-	5 017 600	5 017 600	5 017 600	5 017 600	5 017 600	5 017 600	5 017 600	5 017 600	5 017 600	5 017 600	5 017 600	5 017 600	-
Bill payment	-	12 630 800	12 630 800	12 630 800	12 630 800	12 630 800	12 630 800	12 630 800	12 630 800	12 630 800	12 630 800	12 630 800	12 630 800	-
Non-operating														
Capital increase/decrease	91 290 438	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial debt	110 872 282	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash inflows	202 162 720	40 810 732	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	54 949 936	-
Cash outflows including taxes														
Operating														
Card purchases	3 000 000	14 311 364	14 311 364	14 311 364	14 311 364	14 311 364	14 311 364	14 311 364	14 311 364	14 311 364	14 311 364	14 311 364	14 311 364	-
Fuel	-	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000	-
Salaries	-	14 285 000	14 285 000	14 285 000	14 285 000	14 285 000	14 285 000	14 285 000	14 285 000	14 285 000	14 285 000	14 285 000	14 285 000	-
Social and employer charges	-	2 357 025	2 357 025	2 357 025	2 357 025	2 357 025	2 357 025	2 357 025	2 357 025	2 357 025	2 357 025	2 357 025	2 357 025	-
Staff training costs	-	750 000	750 000	750 000	750 000	750 000	750 000	750 000	750 000	750 000	750 000	750 000	750 000	-
Documentation	-	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000	-
Maintenance and repairs	-	400 000	400 000	400 000	400 000	400 000	400 000	400 000	400 000	400 000	400 000	400 000	400 000	-
Insurances and repairs	-	300 000	300 000	300 000	300 000	300 000	300 000	300 000	300 000	300 000	300 000	300 000	300 000	-
General costs	-	945 000	945 000	945 000	945 000	945 000	945 000	945 000	945 000	945 000	945 000	945 000	945 000	-
Interest payment	-	-	-	-	-	-	-	-	-	-	-	-	13 027 493	-
Non-operating														
Investment	156 468 670	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of loans	-	-	-	-	-	-	-	-	-	-	-	-	17 539 296	-
VAT payment	-	457 627	3 364 226	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	-
Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash outflows	159 468 670	33 450 762	37 272 614	39 887 069	39 887 069	39 887 069	39 887 069	39 887 069	39 887 069	39 887 069	39 887 069	39 887 069	56 142 495	-
Change in cash position	42 694 050	7 359 970	17 677 322	15 062 867	15 062 867	15 062 867	15 062 867	15 062 867	15 062 867	15 062 867	15 062 867	15 062 867	- 1 192 559	-
Final balance	42 694 050	50 054 020	67 731 342	82 794 210	97 857 077	112 919 944	127 982 811	143 045 678	158 108 546	173 171 413	188 234 280	203 297 147	202 104 588	-
VAT	18%													
VAT Budget														
Items		January	February	March	April	May	June	July	August	September	October	November	December	Balance
VAT collected		6 225 366	8 382 194	8 382 194	8 382 194	8 382 194	8 382 194	8 382 194	8 382 194	8 382 194	8 382 194	8 382 194	8 382 194	-
VAT recoverable		2 403 513	2 403 513	2 403 513	2 403 513	2 403 513	2 403 513	2 403 513	2 403 513	2 403 513	2 403 513	2 403 513	220 424	-
VTA due		3 821 853	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	8 161 770	-
Payable in the following month	-	457 627	3 364 226	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	5 978 681	8 161 770

Source: Ourselves

Note 5: Survey Queries

1. What is your gender?
 Male Female
2. What is your age group?
 15-24 years 25-34 years 35-44 years 45-54 years above 55 years
3. What is your socio-professional category?
 Pupil Student Worker Professional Merchant
 Freelancer
4. In which country do you live?
 Senegal Burkina Faso Côte d'Ivoire Mali Niger Togo
 Benin Bissau Guinea Nigéria Ghana Other
5. In which Town of your country do you live?
6. If you are actually in Senegal, in which town do you live?
 Dakar Rufisque Pikine Djamnadjo Thiès
 Saint Louis Tambacounda Ziguinchor Other
7. Have you ever heard about 100% mobile bank?
 Yes No
8. Would you use the services offered by a Digital Bank?
 Yes No
9. Which financial services channel do you prefer?
 Bank Cards Bank Agencies Mobile Banking from Smartphone
 Mobile Money Microfinance None Other
10. Overall, what do you think is the best channel for offering financial services?
 Traditional Banks Mobile money Microfinance
11. How far are you from your nearest agency or financial institution?
 Very close Close enough Far Far away
12. On average how long do you wait before being received at the said agency?
 15 minutes 30 minutes One hour over an hour
13. Have you ever used a bank's mobile app?
 Yes No
14. What is the quality of electricity coverage in your area?
 Excellent Very good Good Fairly good Bad

15. How often do you have access to the internet connection?
 Permanently Often Sometimes Few times Rarely Not at all
16. Do you use credits?
 Yes No
17. If yes, what types of credits do you use?
 Traditional Banks Microfinance Tontine Mobile money Other
18. If Yes, The amounts of credits obtained (in FCFA) are between which figures?
 10,000-25,000 25,001-50,000 50,001-100,000 100,001-150,000
 150,001-200,000 200,001-500,000 500,001-1,000,000 Over 1,000,000
19. If yes, the repayment period is generally between which maturities?
 1-3 months 4-6 months 7-9 months 10-12 months over a year
20. The reimbursement rate is generally between which figures?
 Less than 2% 2%-4% 4%-6% 6%-8% 8%-10%
 over 10%
21. If you don't borrow; how do you finance yourself?
22. Do you make transfers?
 Yes No
23. If so, at what level?
 National International Both national and international
24. What are times between your transfers?
 Weekly Monthly Every two months Every three months
 every six months Each year
25. A maximum amount of your transfers?
26. A minimum amount of your transfers?
27. The most used transfer channel?
 Traditional banks Mobile money Microfinance Others
28. The choice of your transfer channels depends on:
 Amount transferred Transfer fees Locality
29. Are there money transfer points near you?
 Yes No
30. Are there ATMs near you?
 Yes No



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31. What types of support do you get when you use a banking application?

- Online Messaging Translation in language
 Appointments and interviews Other

32. How do you get information on banking, mobile money and more?

- Social media TV Radio
 Newspapers Commercial agents Relatives Other

33. We would be delighted by your comments, additions and advice regarding this project to increase the financial inclusion of millions of people:

34. Your appreciation of the project?



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LA NEOBANQUE CERCLE DE VIE FACILE

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Résumé du projet

ELCI est une néo-banque, une fintech qui offre le maximum de services financiers digitaux instantanément, à toutes personnes vivant au Sénégal et possédant un téléphone mobile ou un ordinateur, à travers son application mobile et sa plateforme internet. L'idée de création d'ELCI naît du constat de la difficulté des banques conventionnelles à impulser une plus grande inclusion financière. En effet, dans l'optique de considérablement améliorer l'inclusion financière au Sénégal et dans la Sous-région, il est impératif de tenir compte des nouvelles technologies comme la Block Chain et les outils de la digitalisation, déjà utilisés avec succès dans plusieurs pays. Les Néo-banques telles que N26 en Allemagne et Compte-Nickel en France, ont déjà montré la voie à suivre pour la digitalisation du système bancaire et financier.

Ce projet nécessitera un investissement de 281 662 720 FCA, en rapportant une valeur Actuelle Nette (VAN) de 518 882 129 FCFA et un Taux de Rendement Interne Modifié (TRIM) de 40,22%. Son principal but est d'inclure et de satisfaire simultanément tous les agents économiques, les entreprises et éventuellement l'Etat. Il ambitionne d'offrir le maximum de services financiers à toutes les personnes vivant près ou loin des villes et grands centres urbains, en leur permettant d'exécuter leurs opérations habituelles telles que les paiements de factures, les transferts d'argent, les emprunts etc. juste depuis leurs smartphones à travers l'application ou la plateforme internet ELCI. En ce qui concerne les entreprises, elles pourront se financer rapidement et efficacement en fonction de leurs besoins journaliers, hebdomadaires ou mensuels.

ELCI débloquera globalement une plus grande inclusion financière, et mobilisera l'épargne domestique à une échelle, favorisant l'investissement à long terme orienté vers le développement de l'économie réel du Sénégal, de la Sous-région et du Continent Africain.

Mots clés : Néo-banque, blockchain, investissement, digitalisation.

EASY LIFE CIRCLE NEOBANK

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Abstract of the project

ELCI is a neo-bank, a fintech that provides a maximum of digital financial services instantly to everybody in Senegal owning a mobile phone or a computer through its application and internet platform. The idea to create ELCI comes from the observation that traditional banks hardly succeed to impulse the financial inclusion. In fact, aiming to considerably increase the financial inclusion in Senegal and the sub-region, we have to take into account the new technologies like block chain and digitalization tools that are already and successfully implemented in other countries. Neo-banks like N26 in Germany, and Compte-Nickel in France already showed the way to go for the financial and banking system digitalization.

This project will require an investment of 281,662,720 FCA, yielding a Net Present Value (NPV) of 518,882,129 FCFA and a Modified Internal Rate of Return (MIRR) of 40.22%. Its main goal is to include and satisfy at the same time all the economic agents, enterprises and eventually the State. It aims to provide a maximum of financial services to all people in Senegal independent of their location, allowing them to settle their usual operations, invoices payments, money transfers, money borrowing etc. just with their smartphones through the ELCI application or web platform. Considering the Enterprises, they will be able to fund themselves quickly and smartly taking in account their daily, weekly and monthly needs.

ELCI will globally unlock a greater financial inclusion, and will mobilize domestic savings at a scale that will enable long term investment directed at the long term sustainability of the real economy of Senegal, the sub-region and all the African continent.

Keywords: Neo-bank, blockchain, investment, digitalization.