

Industry report

East Africa:

an emerging potential
requiring deep insider
knowledge.



BtoBet®

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1.

Introduction

With a population of 1.26 billion people, Africa is the second most populous continent in the world. It is however crucially a young continent, with 67% of its population under the age of 35, with the 'working population' expected to grow exponentially to reach the 450 million mark over a span of 20 years.

With a scenario that presents 35 of its 54 countries already entering mobile sportsbook, and with mobile payments being the most common used payment method in the continent, one can easily assume that this is a market full of potential. When it comes to the gambling sector it is however **East Africa that propels itself as one of the most appealing regions of the continent, with an increasing propensity of mobile penetration, and a legal landscape in many countries in the region that offers an important basis of stability for operators.**

As with all emerging markets, challenges do arise. However the African gaming industry, with particular reference to its Eastern region, provide a perfect opportunity with high returns on low investments for those operators willing to enter or expand their business in the region.

A deeper insight regarding the opportunities and potential that this region holds follows...

2.

About the author

Being a full technological and award winning partner, multinational BtoBet is able to assist operators in what is best described as a fast paced and ever evolving iGaming industry.

Having a strong presence in the African region, BtoBet is in the ideal position to assist operators, with its platforms already fully compliant and provided to clients in:

- [Cameroon](#)
- [Congo DRC](#)
- [Ghana](#)
- [Congo Brazzaville](#)
- [Tanzania](#)
- [Mozambique](#)
- [Nigeria](#)
- [Sierra Leone](#)
- [Kenya](#)
- [Senagal](#)
- [Zambia](#)
- [Togo](#)
- [Uganda](#)
- [Angola](#)

Its experience in the region also serves as its backbone when assisting operators in the area to reap the benefits and the huge potential that the area holds in wait.

It has recently been awarded as the best innovator in 2017 for the international gaming and betting sector, with its independent platforms – namely Neuron Sports and Neuron Gaming – raising the bar in the industry. BtoBet boasts of a highly qualified dedicated development team, which is always up to date and has daily support management.

3.

East Africa in focus

- Based on the latest United Nations estimates, the current population of Eastern Africa is 430,255,560.
- The population density in Eastern Africa is 65 per Km² (168 people per mi²).
- Eastern Africa population is equivalent to 5.68% of the total world population.
- The total land area is 6,667,493 Km² (2,574,332 sq. miles)
- Eastern Africa ranks number 1 in Africa among subregions ranked by Population.
- 26.6 % of the population is urban (115,265,762 people in 2018).
- The median age in Eastern Africa is 18.1 years.

Gambling is a multitrillion-dollar industry and Africa is one of the newest, most exciting players to sit at the table. However it is East Africa and particularly **Kenya**, alongside with Nigeria and South Africa that are deemed as the fastest growing markets on the continent, while **Uganda and Tanzania are other big players in the East African region.**

With Africa, in general, considered as one of the world's most impressive innovators when it comes to mobile technology, it is again **Eastern Africa** and Kenya, that distinguish themselves as **one of Africa's fastest growing gambling markets, with an increasing smartphone penetration driving the industry's fast growing expansion.**

Kenya's betting revenue is expected to reach KSh5.1 billion by 2020 – up by 142% from 2014 – with no suggestions that it will stop there.

In Uganda, it was the emergence of casino operators and a national lottery in 2004 that got the balls rolling. Then, in 2007, Sports Betting Africa opened the first licensed sports betting outlet, jumping on the growing popularity of English football. Now there are **thousands of licensed betting shops** across the country not to mention the constant connection to online gambling offered by smartphones.

African footballers now represent a large chunk of the **English Premier League and other major leagues around the world.** And with some of the most renowned players in the sport over the last 20 years representing African nations, this mainly explains why **sports betting** in the region is so popular.

3.1

Regulatory Aspect

Unlike Asia, and in certain aspects also unlike Latin America, the African continent as a whole is still considered as an emerging market.

However even in its emerging state, the legal landscape for gaming, especially in regards to sports products, in Africa is a lot more stable than one would initially think. And East Africa, is at the forefront when it comes to the incorporation of gaming laws with Kenya, Uganda, Tanzania and Rwanda all being regulated.

LEGAL LANDSCAPE

The Legal Landscape for Gaming specifically sports products in Africa is a lot more stable than one would think from the outside looking inwards

| Regulated Countries in East Africa: | Regulated Countries in West Africa: | Regulated Countries in South Africa: | Regulated Countries in Central Africa: |
|-------------------------------------|-------------------------------------|--------------------------------------|--|
| Kenya | Nigeria | South Africa | Angola |
| Uganda | Ghana | Botswana | Congo DRC |
| Tanzania | Ivory Coast | Mozambique | Congo Brazaville |
| Rwanda | Senegal | Zimbabwe | Gabon |
| | Burkina-Faso | Zambia | Cameroon |
| | Liberia | Angola | |
| | Sierra Leone | Lesotho | |
| | Togo | Namibia | |
| | Niger, etc | | |

3.2

Shift towards mobile

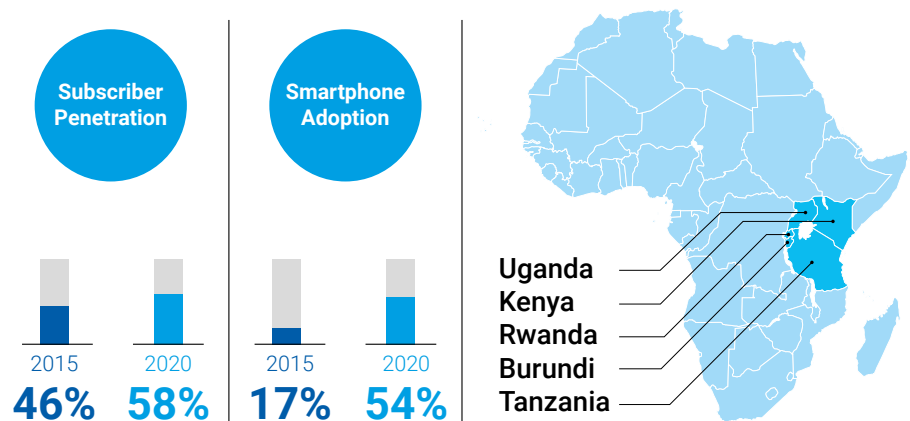
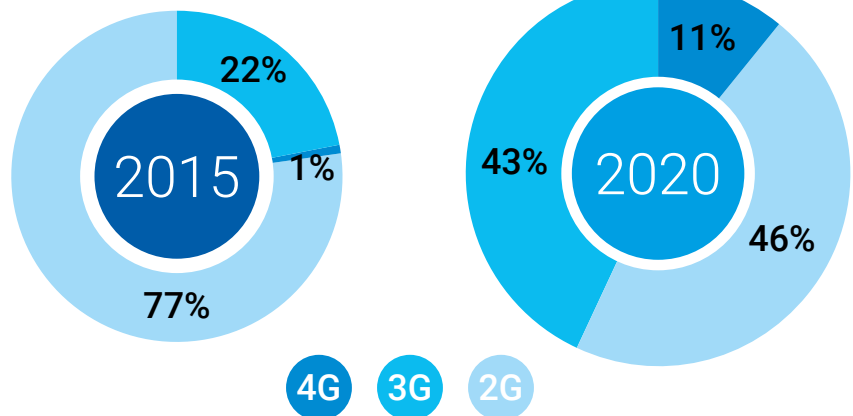
What the region is in itself witnessing is a great shift in mobile money payment for virtually anything. This is further propelled by governments, especially in Eastern Africa, who are enhancing Wi-Fi coverage to their citizens as more citizen services move online.

These and more developments are setting up the continent to be on par with the rest of the world.

According to the 2014-2018 Gambling Outlook by PriceWaterhouseCoopers, Kenya has the highest number of youth who have participated in gambling or betting in the past at **76%** followed by Uganda at **57%**. Kenya also has the highest usage of mobile phones for gambling at 96%.

EAC (East Africa Community)

Technology mix



3.3

Improved smartphone penetration

Africa is slowly moving away from a feature phone continent. The smartphone train is now gaining momentum, especially for the young.

The demand for cheap smartphones is boosting penetration rates and is affecting the data bundle business for the majority of telecom companies. As a direct result of this increase in mobile and smartphone penetration, Safaricom, Kenya's largest telecom company, has seen its profit shoot up through mobile internet services.

3.4

Internet penetration

Kenya sets the example in the region when it comes down to internet penetration and usage. As of end 2017, it was estimated that 85% of its almost 51 million population has access to internet usage, resulting in a 21.5% growth in terms of growth in a span of 8 years. Uganda follows in the steps of its neighboring country with an internet penetration that is estimated to reach 42.9% of its population. Although Rwanda has encountered an exponential internet growth as from 2000 until the end of 2017, registering a growth of almost 75% during this period, its internet penetration is the lowest amongst the key countries in the Eastern African region, with only 29.8% of its population considered as internet users.

| AFRICA 2018 POPULATION AND INTERNET USERS STATISTICS | | | | | |
|--|------------|--|------------|----------------------------------|----------|
| Country Population (2018 Est.) Users 31-Dec-2017 | | Internet Users 31-Dec-2000 Penetration (% Population) | | Internet Growth % 2000 - 2017 | |
| Kenya | 50,950,879 | 200,000 | 43,329,434 | 85.0 % | 21,564 % |
| Rwanda | 12,501,156 | 5,000 | 3,724,678 | 29.8 % | 74,393 % |
| Uganda | 44,270,563 | 40,000 | 19,000,000 | 42.9 % | 47,400 % |
| Tanzania | 59,091,392 | 115,000 | 23,000,000 | 38.9 % | 19,900 % |

4.

Mobile as an opportunity

Despite the fact that the gambling sector is predominantly land-based, there has been a **clear growth of mobile use and penetration in the region**. This exponential growth is an indication of the route that the retail side of the industry must undertake to satisfy the needs of the gambling community, with the tendency expected to further weigh in favor of a move from shop-only to mobile.

4.1

Importance of shops and mobile interaction

A strong operating partnership with the retail aspect of the industry is fundamental for reaping the benefits of the mobile experience. The technological aspect must be seen as a maximization of the experience in the shop, with technology itself providing the support to enable the delivery of the most effective betting proposal to players.

Thus the operator can make use of a dedicated set of tools that will allow him to first and foremost collect the players' data and thus processing this information to deliver a tailor-made offer and satisfying experience to the player. All this regardless of the channel used.

It is this innovative integration of Artificial Intelligence in the technology that would allow the various operators to group users according to their interests and preferences and present a cross-channel solution for an enhanced experience.

5. Challenges

With the retail aspect of the gaming industry being very popular in Eastern Africa, the physical infrastructural limitations that the region imposes on operators are very clear. Although there have been strong investments from operators resulting in better facilities cropping out throughout the region, this surely is an issue that must be addressed in due course of time.



From a continental perspective Africa poses connectivity challenges with only 31% of its whole population having access to the internet, and with mobile penetration standing at only around 40%.

Another important challenge that operators must face is regarding the substantial gap present as regards the payment and money-transfer systems available. It is a wide known fact that a big chunk of the population is still categorized as falling under the “unbanked consumers”. A high portion of the population does not have access to any financial services, thus explaining the high popularity of alternative payment methods.

Mobile payments are predominant in the region, with operators charging payments directly to the users’s mobile phone bill. The advent of this form of payment method has allowed operators to circumnavigate the issue of so many customers not having a bank account. By opting for this alternative method of payment, users can make a deposit through the mobile deposit method by merely with an account on a participating mobile provider being the only requirement.

Even though other forms of payments are available – such as credit cards, e-wallets, bank transfers and prepaid cards – not all forms of transfer will be supported in every country.

6.

Insight

With a deep knowledge of the region deriving from an already strong presence in the area, BtoBet decided to interview Alessandro Fried in his role as chairman, regarding the opportunities and challenges that await the gambling industry from an African perspective.

Considering the way the African market, and primarily East Africa, is emerging as an opportunity for attracting big investments in the region, Fried is of the opinion that the domestic market has undergone a dramatic evolution, with the evolution of the mobile payments system proving to be pivotal for the growth of the industry across the region.



Fried is of the firm believe that the technological infrastructure that is already in place, resulting in a firm growth in mobile use, will in turn help make the area as on the most of attractive for conducting mobile business. He states that **“statistics at hand, it is unmistakeable that the advent of mobile sports betting is an indication for the land-based operators to focus on a move from shop-only to mobile.”**

6.

Insight

He further states that even though each region in the continent is constituted by a varying number of factors – be it language, culture, regulations, tax regimes and payment methods – they all have one denominating element that constitutes a common aspect ... and that is the innate passion for football. “It is this passion that is further driving the expansion of the industry in the region.” An expansion that as Fried further contemplated resulted in a the growth registered in mobile betting with Kenya being the prime example in the region.

“A growth that has been made possible by a greater use and penetration of mobile devices, with telecom companies opting to provide low-cost products and services to their clients and users.” Fried further stated that **East Africa**, with Kenya as its primary example, **is one of the ideal examples of market maturity in the whole African continent**, with very advanced mobile payment methods allowing a large number of mobile transactions to take place on a daily basis.

He also affirms that many challenges await those operators willing to enter or expand their activities in the African market. “Although the infrastructural developments – amongst which is the widespread adoption of payments being charged directly to the user’s mobile phone bill, thanks to the increase of mobile and smartphone users – provides a solid basis for operators through which to commence their activities, this alone will not guarantee a success from a mobile perspective.”

A challenge that could be conveniently solved by having the right technology in place to provide the support to enable the licensee to focus on the maximization of the experience on the retail side of the business whilst at the same time pushing the player to move to mobile via native apps, providing the support to enable the delivery of the most effective tailor-made betting proposal to players.

7.

A seamless solution for an ever evolving emerging market

With internet users in the four main Eastern African countries – Kenya, Uganda, Tanzania, and Rwanda – amounting to almost 90 million users by the end of 2017, the region is a far cry from the state it was five years ago.



In 2014 Eastern Africa accounted for around 31 million internet users, while in 2015 the number of internet users rose to an approximate 50 million, whilst by 2017 this has risen to almost 90 million in just four of the region's countries.

These numbers and figures not only show the fast evolving scenario of internet users in the African continent, particularly in East Africa, but also are a clear indication of the ever growing potential of the market in terms of the online gaming and betting operators.

In this perspective, the combination of the spread of mobile, improved internet connections and the growing number of users and gamblers makes the betting market extremely attractive to and viable for retailers.

What do the operators need to harness the potential of the region?

Success or failure for operators primarily lies with the importance of not underestimating aspects such as the importance of having local insight, experience and understanding of the situation.

As is the case in emerging gambling markets, it is of the utmost importance for operators targeting to enter, or seeking to diversify their operations, in the African market to be able to rely on the right technical partner who will bring with him a wealth of knowledge and experience needed for a seamless launch of the business.

Boasting of an already strong presence on the African market, BtoBet is in the ideal position to present itself as the ideal technological partner with its depth of know-how in the region stemming from a deep awareness to the varying problematics that constitute the different countries and regions. Relying on a diversified clientele portfolio and knowing all the issues that constitute the main challenges for operators in the region, BtoBet is able to assist its partners in a holistic approach.

7.

A seamless solution for an ever evolving emerging market

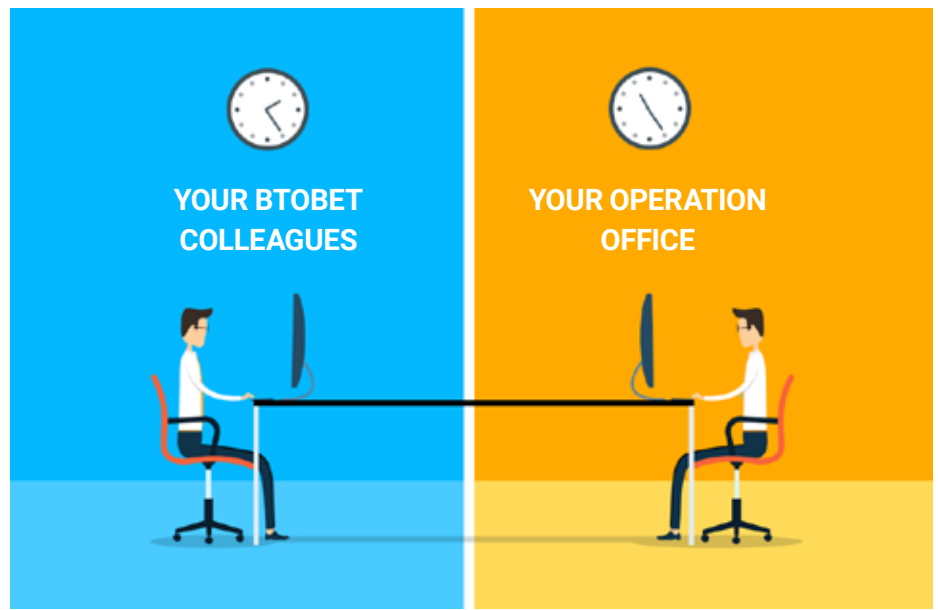
By putting at the disposal of the operators what is considered a next-level omnichannel platform – BtoBet ensures that the African market's needs are deservedly addressed. Both Neuron Gaming and Neuron Sports platforms propose scalable solutions, also from a jurisdiction point of view, thus allowing gaming operators to have full control and management of their operations. Additionally both platforms enable the integration of any content related to games and betting, whilst featuring multi-currency options and payment methods. All this whilst ensuring a seamless and integrated customer experience across all channels.

They are conceived to cater the needs of the whole gambling sector, accomplishing a wide range of international payments and targeted payment gateways for all countries where our clients got their operations and for other emerging regulated where licensees are interested to expand their business.

- **scalable for any jurisdiction**
- **featuring multi-currency options**
- **wide range of international payments**
- **scalable in terms of betting and gaming 'with offers according to local players' preferences**

7.1

Assistance throughout the whole life cycle of your operation



Many big name, international businesses, and even local businesses struggle to get the results they expected because they were not prepared for the challenges and problematics that the region holds.

It is in these circumstances that BtoBet's experience in the region will be of the utmost importance, with its support department working closely with the client's operations team as colleagues and helping and providing the needed assistance to fulfill the everyday aspects of the job, whilst identifying their needs.

Alex Rutherford, Head of Online for leading sports betting, lottery and gaming operator in Africa, EDITEC, has stated that the company was extremely impressed by the flexibility and functionality of the platforms and services provided by BtoBet. Rutherford further stated that the partnership between both companies will push EDITEC's brands to the next level and thus giving their customers a truly exciting betting experience.



"EDITEC was extremely impressed by the flexibility and functionality of the platforms and services provided by BtoBet. The partnership between both companies will push EDITEC's brands to the next level and thus give our customers a truly exciting betting experience."

Alex Rutherford, EDITEC's Head of Online

8.

Conclusions

The African gaming industry as a whole is still in its initial emerging stages. That's a fact and there's no denying about that. However it comes without saying that the market presents operators with a huge potential for exponential growth and development. There is an undeniable passion for gambling, especially for sports betting. However the rate of success in the region highly depends on the operators themselves having at their disposal the thorough know-how of all the problematics that the region poses and how to circumnavigate them.

The promise of small investments reaping substantial revenues may tend to provide a rush from operators to start or expand their activities in the region, however attention must be placed in all the key elements that will determine whether or not an enterprise will fail in due time. The key for success in the region is for the operators selecting the right technical partners with the right portfolio consisting of experience, the scalability of the products it offers, and ultimately know-how how to solve all the problematics posed throughout the launch process.



BtoBet®

Trusted Technology. Delivered.

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