

THE **iGamingFuture**

MAGAZINE

SERIES

February 2023



**THE FUTURE OF
AFRICAN
SPORTSBOOK**



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MARKET OVERVIEW

The African gambling market is thought to be worth some US\$2.2 billion a year, with some analysts expecting it to grow by 12 percent year-on-year over the coming decade.

Africa has a long and established history of gambling, particularly in sports betting. But the 'Mother Continent' also **has a number of unique characteristics that differ from its European and American counterparts.**

As more of the population become financially independent, **there is a growing middle class – with more money to spend, better connectivity** – via mobile phones, faster internet speeds – **and greater access to other connected devices.**

With around seven percent of total market share, West African giant Nigeria is the biggest player on the continent. Its sister nations of Ghana, Tanzania and Uganda, like Nigeria, all English-speaking former British colonies, also have growing, potentially lucrative, markets. Uganda, often called 'The Pearl of Africa' has yet to introduce specific gambling legislation, but it is nevertheless still possible to get a licence to operate in the country.

Mauritius. Zambia. Namibia. Botswana. And Angola. They all **offer legal gambling – and great opportunities for future growth.**

At present, around 700 million Africans – or 65 percent of the population – have access to a smartphone. And 5G networks have been launched in several African countries, among them: South Africa, Zimbabwe, Botswana, Madagascar, Togo and Mauritius.

Regulation varies enormously across the continent. Sudan, for example, has particularly draconian penalties against gambling. But, most importantly for tyros, **in more economically progressive and liberal markets the gambling industry is booming.**



Curtis Roach

HEAD OF CONTENT
iGF



TUMAINI MALIGANA
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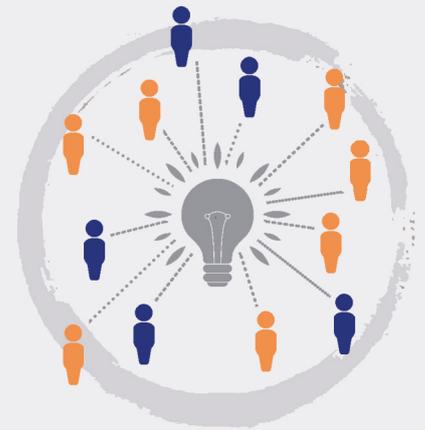
OUR EXPERT SPEAKERS

INDUSTRY INSIGHTS

As the market landscape evolves and adapts to new trends, our industry has now been compelled to react accordingly.

IN THIS SECTION iGamingFuture explores the unique defining features of each of the biggest African jurisdictions and we ask how operators in these nations expect the exciting market to evolve.

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Spribe

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EDITOR'S CONCLUSION



Under African Skies

David Natroshvili, Managing Partner at *Spribe*, believes that the **Mother Continent** is now very much **on the radar of international operators**.



David Natroshvili

MANAGING PARTNER
Spribe

But first, he cautions, **potential operators must finesse their content strategies** if they are **to truly engage players** in each, very different, **African market** they seek to enter.

Africa has been something of a **sleeping giant for several years** now. **Operators can see the underlying potential, but many have held back on plans to enter the market** and have instead focused on other regions such as North and South America.

Yet sentiment towards Africa is changing with industry power players, notably 888, Entain and bet365, **recently engaging in countries such as Kenya, Zambia, Tanzania, Mozambique, Zambia and Ghana**. And these are just the major international tier-ones.

There are **plenty of smaller, local businesses that have catapulted their brands online** for the first time over the past 12-months.

These **early pioneers will undoubtedly benefit from first-mover advantage** in each of the markets they enter. **But, at the same time**, they'll **have to overcome** some of the **challenges** that have prevented other brands from making their play.

Perhaps the greatest hurdle to clear in the majority of African markets **is the technical infrastructure in place, combined with the prevalence of "feature" phones and not smartphones**. Data costs are incredibly high for consumers, too.

This means online sportsbook and casino operators are having to **strip back their platforms and offerings** in African markets. They **need to be lightweight**

and nimble so as not to consume large amounts of data, **while ensuring** that **bets can be placed and that games offered can be played seamlessly**.

This means rethinking the content stocked in lobbies. For example, live casino, while popular in other global markets, just can't be supported in the face of these technical limitations and high data costs; although players in Africa still expect to receive a fun, thrilling and entertaining experience.

This is why **smart African operators are looking to stock their lobbies with the next generation of online casino content** – and, in particular, crash games, or 'Turbo Games' as we like to call them.

These games are super lightweight and can be run on pretty much any feature or smartphone device. They are **designed specifically for mobile play**, ensuring that players receive a compelling experience at all times.

Remember, **Africa is a region that has jumped the desktop stage and gone straight to mobile.** Crash games also **deliver the fast-paced experience that players are seeking**, leaning more towards experiences that offer instant gratification. Turbo Games offer just that.

The **simple, intuitive nature of crash games** also makes them **perfect for operators launching in African markets** for the first time. While African players are familiar with sports betting and lottery, **for many online casino is a new entertainment product** to explore.

This **often requires an education process**, even when it comes to the most basic 3x3 reel classic slot and how it works and is played. **Trust can also be an issue** with slot and casino games, **as many are not familiar with random number generators and what makes them fair.**

Crash games are different. As they are **similar to mobile and video games, players already know how they work.** The fact they can play these games

and be in with **the chance of winning money just makes them more appealing.**

When players have control over when to cash-out it makes the experience so much more engaging; and also **adds a layer of trust.** With sports betting and lottery, players have control over the wagers they place and the numbers they pick.

Players are also drawn to the multi-player, social nature of crash games. With our flagship Aviator title, players compete against each other and can chat throughout their gaming



session. They can also keep track of real-time leaderboards and stay up to date with the latest stats, bets and wins.

These factors ensure that crash games appeal to the highly lucrative but hard-to-reach Gen Y and Gen Z audiences. These are core demographics in most African countries where the average age swings to the lower end of the scale.

Operators looking to enter African regions must be mindful of the unique demographic and cultural make-up of each country, and, in crash games, they have a casino product that covers all bases.

At Spribe, we are already working with some of the largest operators in Africa, including the likes of Hollywoodbets, mSport, bet9ja, Sportybet, Bolabet, Lottostar and Odibets. **Our Aviator title has taken off in a big way across these brands.**

Globally, Aviator has more than five million monthly active users, and counting.

For operators looking to reach for Africa skies, it's essential that they add crash games to their lobbies. With proven-winner Aviator, we are encouraging sportsbook and casino brands to strap in and get ready for take-off.

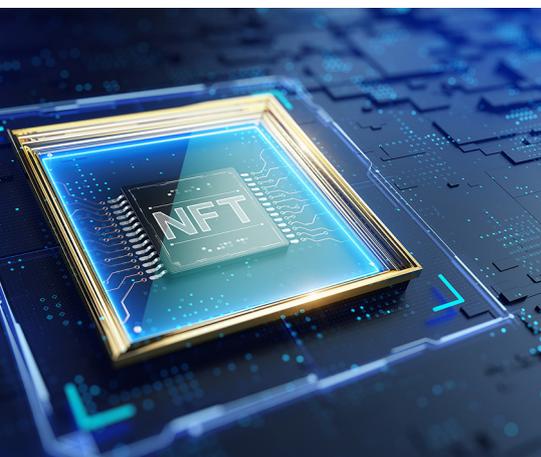
With blockchain adoption growing steadily over the past few years, do you see genuine value in this technology for the African market?

TUMAINI

Blockchain will definitely support the growth of iGaming in the African market.

We already have people adopting the technology. **NFTs**, or non-fungible tokens, have been proven to work in traditional video games and play-to-earn. Secondly, **blockchain can be used in payments. I've seen a couple of operators entering the African market with crypto payments, targeting countries which have been early adopters in the technology, mainly Nigeria.**

As surprising as it may sound, **Nigeria has a 30 percent-plus adoption rate, and it's the fastest country in the world in terms of adoption.**



It's the **fastest in terms of searches** on how to purchase cryptocurrencies.

Blockchain can solve security problems. It cannot be tampered with in terms of the recording of player activities, data, balances, and **it can be easily accessed by operators and authorities.** And **it has some transparency value.**

In a recent study of punters who own crypto assets, 48 percent said they would spend their crypto assets in gaming activities. So I'd say blockchain is here to stay and will definitely support the gaming scene in Africa.



JIMMY

Personally, **I would be more focused on East African gaming, where we see that mobile money transactions are a more popular and convenient way of making a payment.**

More than 90 percent of punters use this method. They are operators that have already integrated with the telco mobile money sector. **So that's the best solution.**

The **biggest challenge is the tariff charges.**

They can be increased at any time. In Tanzania, for example, the telco will often hike charges with very little, or no, notice. **This is affecting the end users.**

SIMON

I would agree with what Jimmy said.

Certainly, mobile payments are the most popular form of payment.

In Kenya it's with M-Pesa, or perhaps in Nigeria, OPay, or Interswitch or Paystack. These are very popular methods [of payment].



[One of the biggest] challenges we have is that close to 60 percent of Africa is 'unbanked'. So we overcome that challenge by using point-of-sale agents to enable people to make transactions.



A lot of operators use retail-style betting centres for people to just walk in and make those transactions, whether it's in cash or Unstructured Supplementary Service Data (USSD), which is also really popular.

The challenge with credit cards and debit cards is having them linked to a bank account.

Currently by far the most popular method of payment services relates to USSD.

For people outside of Africa, essentially, it's very similar to a 'Wise' or 'Revolut' type solution.

What are the biggest consumer trends that we're seeing in the African region?

HARRISON

The Nigerian market is very unique.

That's why you see **some players come to Nigeria** and they **can't survive** even two years. They leave **because they do not understand the market, the uniqueness of the market.** They've probably been to Kenya, they're established in Kenya. But when they get to Nigeria [they find] it's totally different.

Punters in Nigeria are not loyal to any particular brand. All they want is to make money. So I **advise companies** who are coming to Nigeria **to understand and test what the players want, and give it to them.**

Trust me, **there cannot be loyalty.** There are the big spenders who can get customers, who spend money on advertising, who have good products, but then you still can't have their 100 percent loyalty.

Players in Nigeria, for example, may be on four different platforms. They compare the markets to each other. Who's got the best odds? **They compare the market then, most**



importantly, the payment system.

The payment system is key.

When **my former company** wanted to come to Nigeria we **had a unique selling point, which was fast payout.** So when you place a withdrawal, you get your money in seconds. Of course, a lot of people did not know that **we only paid this at a certain amount.** When you withdraw above that amount, you will

go through the normal processing, which may take 24-hours. But **a lot of people did not know that because you have small winners.**

These are people who win 80,000 Naira or 50,000 Naira, maybe 100,000. **They get their money instantly. And they start singing your praises everywhere:** 'This is the best betting platform in Nigeria,' they say.

I was **able to break into the market in a very short period of time.**



TUMAINI

For the **East African part**, I would say **punters are not loyal**. But at least they **have three to four brands** which **they stick to**.

Something which is **unique about Tanzania** most of the time, is that **more than 60 percent of punters will return to the first company which taught them how to bet**. They will still go to the second, third and fourth company, but they will return and come back to the first company.

[Another thing] unique in Tanzania is how **powerful word-of-mouth is here**.

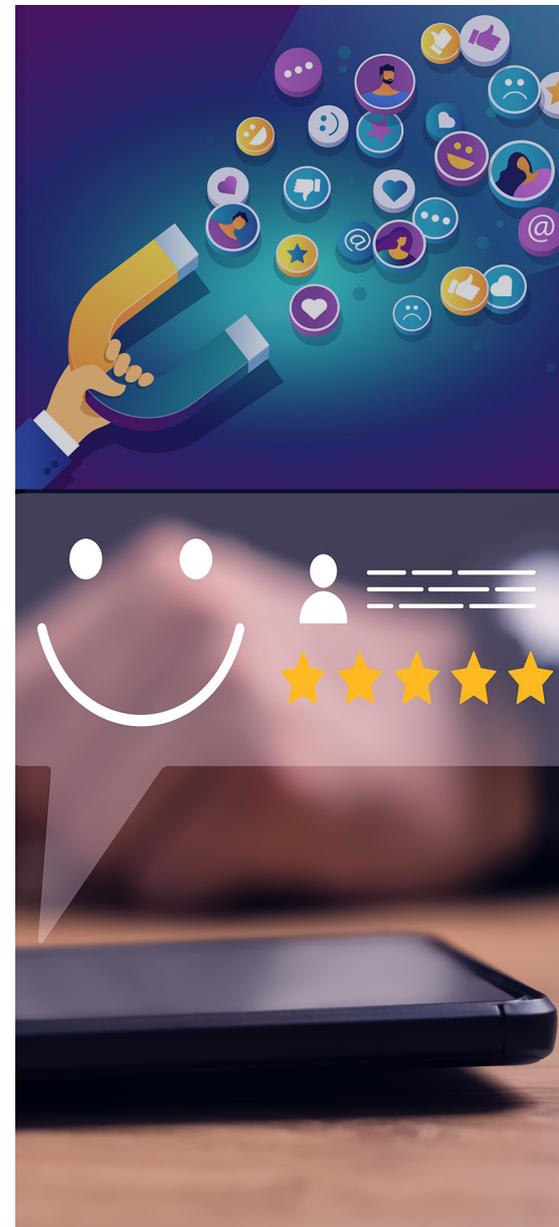
We did the research and found **more than 70 percent of organic conversion is coming from word-of-mouth**.

So regardless of how many billboards you have, **regardless of how much you spend on digital display, affiliate marketing and other marketing channels, word-of-mouth works quite magically in Tanzania**.

Lastly, I'd say testimonies.

More than 40 percent of punters don't have trust in brands, so testimonies play a big role in the Tanzanian market.

Most of the big brands use testimonies as the key content to push into the market. We've seen brands sponsoring ads of people holding checks. We've seen brands having special pages on their websites, just to push testimonies about winnings. We've seen how the local lottery is pushed on the radio as well, in terms of winnings.



So that is one thing about the markets in Nigeria: There is **no loyalty**, you need to **appeal to their tastes and get them on board**. And you just keep working to maintain your retention rates.

If you don't have the money to spend on marketing, I would advise you just **stay back**. Don't come into the market because you won't be able to compete.

How easy is it to launch a sportsbook platform that is perfectly suited to your individual market needs?

SIMON

The big thing is to **speak with the provider** you're looking to work with.

There are some really big established players out there and they'll give you the one that they think you want, or that may not apply to your local market. But one of the things that we do at *Champions*, is we know we're not the experts, so **you need that local knowledge, to understand what players are interested in**. Because what's the point in just taking the same platform, if you're just going to get outspent by one of the big operators who are already incumbents.

We would try to help **people differentiate their brand** and look to go that extra mile **to help them customise and deliver** on the market itself.

Whether that's trying to do some sort of crazy link up with someone who's doing a big skit on YouTube, or giveaways, **we would listen** to them, **understand what** it is that **they're trying to do**, and then work with them **to try and make something that's really unique** to the marketplace.

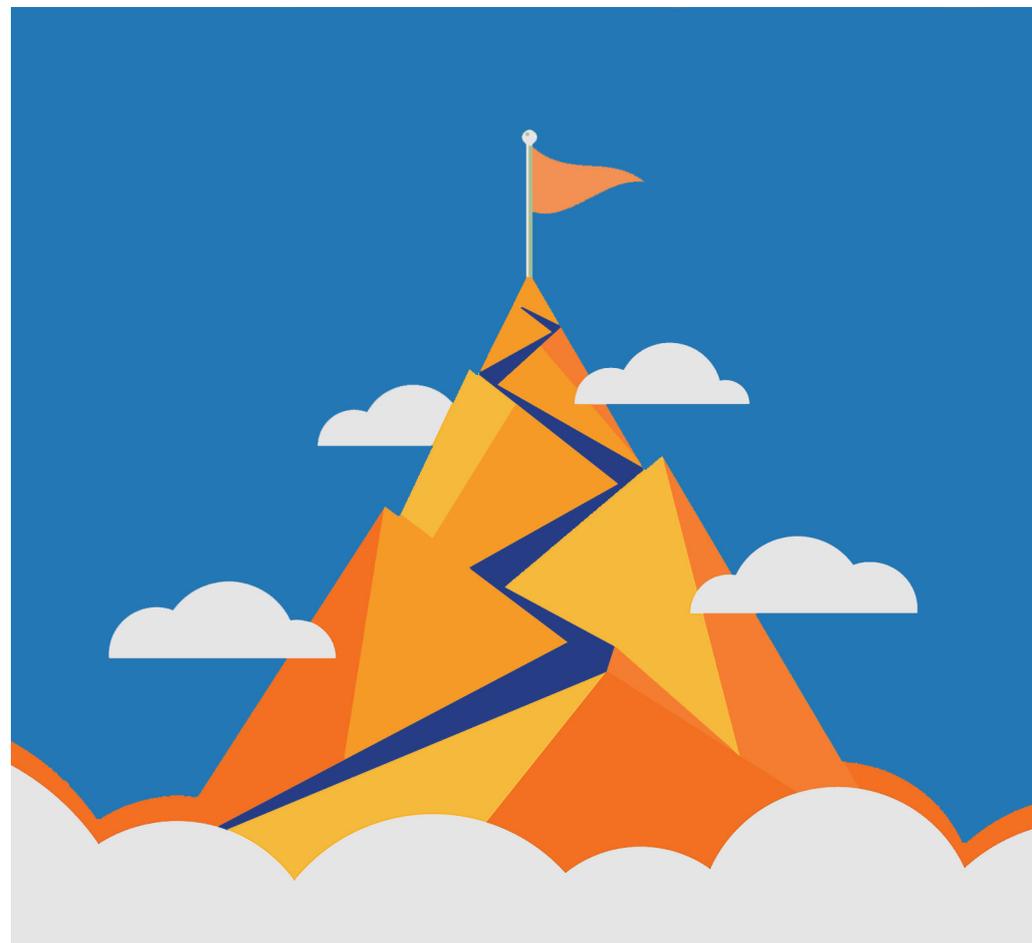
You're not going to be

competing with the big boys of the world, and really **all it comes down to is how much you're going to spend**. If the product's basically the same and the prices are the same, you're going to struggle as a new operator coming into the market. But **if** you've got that idea, **you've got something that's unique in the marketplace**, or you've got a database of players or something like that, then **speak with your provider or your supplier to see how you can maximise that and get the tools that you need to be successful**.

We always recommend **looking at the competitors** in the marketplace,

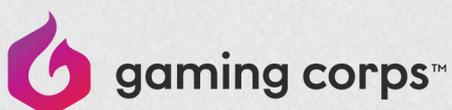
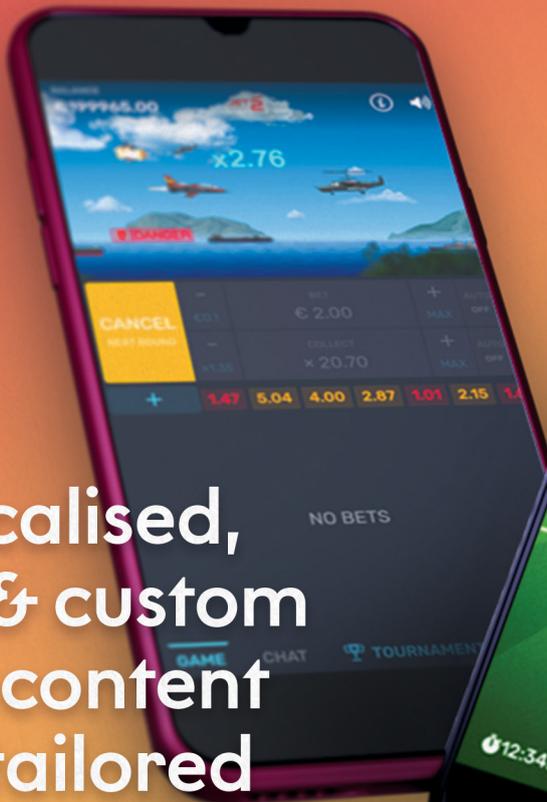
what they're doing, what you like, what you don't like. Again, word-of-mouth is a really good one, **to see what those popular features are**.

But I think, **it's trying to have your own voice to stay on brand, to be unique, and offer something different** that will hopefully leverage the local market [for you] to be successful.



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In light of the lack of customer loyalty, how important is it to engage new audiences from different sections of society?

JIMMY

If you want to **onboard new customers**, you need to be flexible and know what they want. The product should be simple. The product itself should be a user experience.

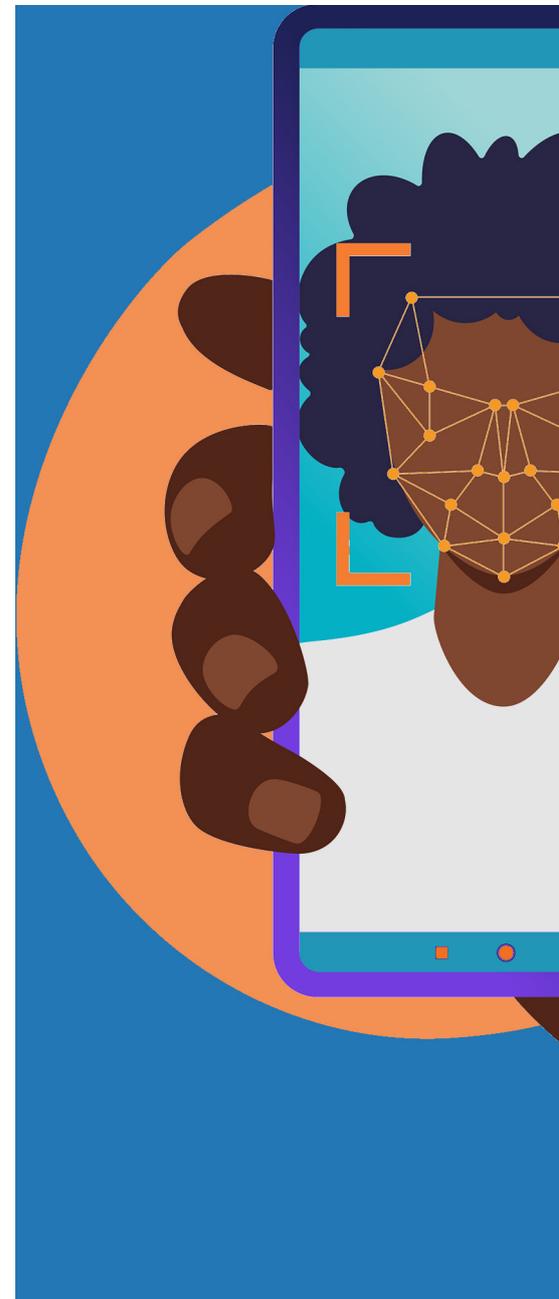
Know exactly what the customers want, and then you can do your own research, hire a consultant, or have an in-house person dealing with the market just to really understand what the

consumers need. Then it's easy. I know for some platforms it is not easy to be flexible, like changing something might need six-months, or so. Make it simple, the **product should be simple**, then it's **easy to onboard new customers**. Some customers shift from one company to another simply because if they didn't find it in company 'X' then I'll find it in company 'Y'. It could be [about] **bonuses**, or how **convenient payment** is.

These guys are just begging to make money.

It's **not** so much about **entertainment**. They're just going to bet and win. So make it simple.

I'm pretty sure it's easy then to **convert and onboard** more new customers.





SIMON

I would agree with what everyone said before.

They're basic universal themes. In terms of a sports betting service, or on mobile, **it's just trying to make it as simple and easy-to-use** for the player as possible.

Every time a player hits a hurdle, or has to stop and think, 'OK, what do I do now?', **you run the risk of losing customers.**

So ideally, **you're looking for that frictionless journey** through the app.

We see a lot of operators trying to predict what's going to be **the next best action.** When you come to the site, what are going to be the games that you're most interested in?

We would always recommend people try and take a data-driven approach to understand what they know from that player based on their understanding of them, or other players exactly like them.

For example, if it's Super Sunday in the English Premier League, Manchester United against Arsenal, chances are they're coming in to watch that game. So that's what we would

push to them first.

And, as Jimmy mentioned, just **make sure that all the popular bet types and market types are available.** Because, obviously, the unique thing about sports betting is it's on the TV. You want to watch it. You don't want to be waiting there trying to get your bet through.

It all comes back to the UI, UX. Try to make it simple and quick.



People can come into the action and enjoy the entertainment because obviously that's the name of the game. **People want to win money. And they want to have fun while they're doing it.** Hopefully a bet on sport helps them enjoy that passion.

How easy is it to launch a platform in the African market?

JIMMY

If you get a platform provider who can be flexible and it's easy for them to deliver within a short period of time, that makes sense.

We have a platform provider who really knows about the African market, and they are quick to adjust. They are really flexible. If you tell them: 'OK, this is how we need to localise', they just customise the system.

Most of the providers nowadays, especially in East Africa, understand how it works. So they can easily adjust and customise.



HARRISON

The thing about [many] platform providers is they're slow to adjust.

You ask for something, maybe you want to run a promotion, you want to change some graphics background, you want to hide a market, they're very slow to adjust.

And that is one thing I don't like about some of these guys. They just want you to use

the platform. They're not ready to sacrifice the time to make your platform work for you, to localise it. It's really challenging.

That is why I'm of the opinion, companies should have their own in-house platform.

I know it's not easy, but I love it when you can do everything you want to do at your own convenience.

SIMON

I think **the important thing to remember** if you are a new person coming into the market, **is that before you sign that contract, you've got the power.**

So, **tell them what you want and what you need, because they're more likely to listen to you and agree.** Once you're in that program you're just another one of the licensees. If you're not in the top three, top five, you're unlikely to be at the top of the list when it comes to their priorities. So **just remember, you've got a lot of power when you're looking to sign, and that's the time when you push for your demand.**

TUMAINI

I think there **should be some sense of flexibility for both operator and the platform provider.** Lately, I've seen a **number of platform providers bringing really high-tech turnkey solutions.**

Most of the products in Africa are white label solutions, whereby it is **really hard for you to customise anything.** But we **have seen a couple of operators coming with turnkey solutions,** which give you the ability to

customise anything starting with UI, UX, and it comes up with a package of almost everything.

Speaking of the **payments, they should adapt local API's, CRM systems, bonus engines, content management systems.**

To change your brand on the site is as easy as two, three seconds. **You have full control. These platforms give you the ability even to adjust the odds.** And **this is a local competitive advantage** you can get.



And I will say, this **technology is evolving at a high pace** to the point that **company providers who were already operators in some jurisdictions,** and have been successful, are **coming with their own products and offering a turnkey solution.**

Of course, for them, it's another revenue source and gives them the ability to enter in any market without spending a penny. So, **the sense of flexibility for investors and operators should be there.**



EDITOR'S CONCLUSION

Agility is paramount for operators entering African jurisdictions for the first time.

Those with **tech stacks that can quickly adapt** to the needs of the specific market—and respond to fluctuating player demands—**have the chance to do well in Africa.**

It **would be a mistake**, however, **to treat the continent as a single market.**

As we have seen in other emerging regions, **each country has to be treated as a distinct market to make the most of the opportunities** it presents.

As Ehiaguina and others highlighted, **African**



gamblers tend not to be loyal to one brand. This is the case in many jurisdictions, but in **Africa perhaps more so.** What makes them stick to, or return to, a brand will also be unique to each nation, so it's **critical that operators are in tune with the market, avoid a one-size-fits-all approach** across the region, and are **prepared to alter their offering** when players demand it.

WHILE NEW TECHNOLOGIES, SUCH AS BLOCKCHAIN, ARE KNOWN TO THE AFRICAN MARKET AND CAN OFFER A MEANS TO INNOVATE DATA STORAGE AND PRIVACY FUNCTIONS, MOBILE REMAINS THE PRIMARY PAYMENT METHOD IN AFRICA.

Our panel mentioned the **ongoing use of Unstructured Supplementary Service Data (USSD) protocols**, of which each nation has its favoured providers. **Ensuring that payments and withdrawals are swift and frictionless can provide a USP when competing with providers** with more clunky payments systems.

Likewise, **creating an overall smooth and enjoyable UX** may not secure you the honour of being the only operator African punters visit, but **could make you the one they return to the most, or favour.**

LASTLY, THOSE WHO ARE ABLE TO DEVELOP THEIR TECH STACKS IN-HOUSE AND RETAIN TOTAL CONTROL OVER THE DAY-TO-DAY MANAGEMENT, DESIGN AND ONGOING DEVELOPMENT OF THEIR PLATFORMS WILL LIKELY BE AT AN ADVANTAGE – IN CONTRAST TO THOSE WITH LESS FLEXIBLE WHITE LABEL SOLUTIONS.



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Africa is the second largest continent on Earth, where 72% of the 1,4 billion population have betted at least once. Along with the local governments' willingness to legislate iGaming, it's a region you need to keep your eyes on.

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