



Sudan

Priority Areas

Country Profile

2023

**Blockchain and Digital
Transformation in Africa.**

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Note: The information presented here highlights crucial focus areas for the country, especially in the context of the emerging industries of Fintech, DeFi (Decentralized Finance), NFTs (Non-Fungible Tokens), and cryptocurrencies. The information presented sheds light on several developments and pioneering enterprises that are fueling the country's digital progress in the blockchain domain. However, it is important to note that this is not an exhaustive list; rather, it provides a glimpse into the country's direction and ability to achieve key milestones in the blockchain sector.

Fintech

Mobile Payments	<p>Zain Cash: Zain Sudan, a major telecom operator, offers a mobile wallet service. It allows mobile wallet users to keep funds for peer-to-peer transfers, bill payments, and online shopping.</p> <p>Mobile Money: MTN, another major Sudanese telecom operator, offers mobile money. This platform enables mobile users to send and receive money, pay bills, and make other financial transactions.</p> <p>Sudani Mobile Wallet: Sudani, another Sudanese telecom firm, allows customers transfer money, pay bills, and make other financial activities via mobile phones.</p> <p>Bloom: Sudan's Bloom enables citizens to avoid currency devaluation issues. The platform offers local and dollar cards and fee-free accounts for saving and spending dollars and Sudanese pounds. It also allows free remittances from Sudanese-majority nations. Managing deposits with Export Development Bank. Bloom's participation in Visa's FinTech Fast Track Program led to Visa's investment and the switch from Mastercard to Visa for Bloom's cards. The firm's capacity to generate universally valued items in Sudan and East Africa have helped address foreign currency shortages.</p>
Digital Lending	<p>The International Labor Organization's "Making Finance Work in Sudan" workshop is a vital step toward financial inclusion in Sudan. Despite Sudan's weak financial services industry and economic volatility, the workshop brought together banking and microfinance stakeholders to develop ways to improve microfinance accessibility¹. The ILO is integrating push and pull initiatives to create job opportunities, introduce innovative products, and boost economic growth to meet the need for tailored financial services and products, especially for vulnerable communities like refugees and hosts. This program supports the ILO's larger financial services initiative for refugees and host communities in East Africa and the Middle East, improving financial stability and household incomes.</p>
Financial Inclusion	<p>FSD Africa engaged SIA to help the Norwegian Refugee Council (NRC) improve its humanitarian response with digital financial services. NRC's concept note explored humanitarian efficiency and impact improvements.</p>

¹ International Labour Organisation, "Making Microfinance Work in Sudan," [www.ilo.org](https://www.ilo.org/global/programmes-and-projects/prospects/countries/sudan/WCMS_854407/lang-en/index.htm), August 29, 2022, https://www.ilo.org/global/programmes-and-projects/prospects/countries/sudan/WCMS_854407/lang-en/index.htm.

	<p>Technical assistance from SIA included assessing NRC's Connectivity Needs and Usage Assessment (CoNUA) with GSMA in White Nile and West Darfur². Sessions involving private sector participants examined payment difficulties and potential for displaced populations. The study covers supply and demand side data and recommends financial service provider cooperation. The main recommendations are to perform digital payment pilots for hard-to-reach areas, eliminate barriers to digital payments, improve stakeholder cooperation, and conduct research for policy choices. The supply side investigation interviewed banks, mobile network operators, fintech businesses, experts, and ecosystem facilitators to understand Sudan's digital financial services issues and potential. The demand side research identified beneficiary demographic segmentation, digital readiness obstacles, and advanced user problems.</p>
<p>E-commerce Solutions</p>	<p>Sudan's digital marketplace, Alsoug, received \$5 million to create a countrywide payment network for fast, safe transactions³. After 30 years of sanctions, Sudan's tech sector has received its first foreign venture capital investment. Additionally, yug, founded in 2016, promotes the buying and selling of products and services online with more than two million customers. The money will help Alsoug expand into fintech with Cashi, its payment platform. This effort intends to make Alsoug Sudan's largest digitally driven network for cash deposits, withdrawals, transfers, and digital transactions. Other notable e-commerce platforms include Opensooq, alsouq, 4loving, 360gifts, Buycarsud, Shoptheglobe, and Digitechstores</p>
<p>Digital Identity and Authentication</p>	<p>The UNHCR's biometric identity cards for refugees in South Sudan, powered by digital fingerprinting technology, aimed to improve refugee protection and legal recognition, and will likely affect regional fintech⁴. Fintech technologies like digital financial services and mobile banking will better reach refugees by offering secure and verifiable identity. These biometrically enabled identity cards will help refugees access and engage in banking operations and transactions, boosting Sudanese fintech.</p>

² FSD Africa, "Supporting Digital Payments in Cash Programming Sudan," *FSD Africa*, 2022, <https://www.fsdafrica.org/wp-content/uploads/2022/09/22-09-19-Supporting-Digital-Payments-in-Cash-Sudan-Final.pdf>.

³ Business Reporter, "E-Commerce Platform Alsoug Secures \$5 Million in Sudan's First Foreign Tech Investment - Kenyan Wallstreet," *Kenyan Wallstreet*, October 20, 2021, <https://kenyanwallstreet.com/alsoug-secures-5-million-in-sudans-first-foreign-tech-investment/>.

⁴ Justin Lee, "UNHCR Issues Biometric ID Cards to 3,400 Refugees in South Sudan | Biometric Update," *www.biometricupdate.com*, August 3, 2015, <https://www.biometricupdate.com/201508/unhcr-issues-biometric-id-cards-to-3400-refugees-in-south-sudan>.

DeFi

Regulatory Compliance and Legal Frameworks	<p>Sudan's legal acknowledgment of electronic records and related information and attempts to promote digital payments through the Better Than Cash Alliance lay the groundwork for DeFi (Decentralized Finance) growth⁵. The legal framework for electronic transactions and digital payments will allow blockchain-based financial services including decentralized lending, borrowing, and trading. Sudan should also promote innovation, financial inclusion, and economic progress in the decentralized finance sector by adopting and regulating DeFi solutions based on electronic record authenticity, accessibility, and transparency. However, DeFi deployment and regulation requires careful analysis, modification of current legislation, and conformity with international norms as the technology matures.</p>
Financial Inclusion and Digital Financial Services	<p>In the wake of the COVID-19 epidemic, digital financial services (DFS) were essential for economic activity, social transfers, and secure transactions amidst supply chain disruptions. International Finance Corporation's (IFC) DFS advisory worked with clients to improve resilience and capacity through new financial inclusion business models throughout the crisis. Sudan's strong mobile phone ownership (77.1%) and internet user base (13.38 million) give DFS an opportunity for growth. However, the pandemic caused economic problems in the country, including as lower remittances and unemployment⁶. Notably, Sudan created the Sudan Family Support Program to address these concerns using a digital ecosystem. The DFS market in Sudan is growing due to government initiatives, legislative changes, and mobile network operators and fintechs.</p>
Decentralized Lending and Borrowing Platforms.	<p>Sudan's Decentralized Finance (DeFi) market expansion is expected to have little influence on borrowing and lending. With limited user penetration, DeFi services like borrowing and lending are unlikely to grow⁷. The Sudanese financial environment is unlikely to adopt DeFi borrowing and lending due to its low user base and earnings. Sudan's economic and regulatory circumstances and DeFi</p>

⁵ Dabanga, "Sudan Joins UN Better than Cash Alliance," Dabanga Radio TV Online, June 11, 2020, <https://www.dabangasudan.org/en/all-news/article/sudan-joins-un-better-than-cash-alliance>.

⁶ International Finance Corporation, "Building Resilience through Digital Financial Services: Africa COVID-19 Digital Finance Market Impact Series," IFC, 2021, <https://www.ifc.org/content/dam/ifc/doc/mgrt/sudan-building-resilience-through-dfs.pdf>.

⁷ Statista, "DeFi - Sudan | Statista Market Forecast," Statista, 2023, <https://fr.statista.com/outlook/dmo/fintech/digital-assets/defi/sudan>.

	<p>adoption's embryonic nature will also hinder the adoption of these services, despite the global DeFi growth trend.</p>
<p>Cross-Border Remittance and Payment Solutions</p>	<p>The United Nations Economic and Social Commission for Western Asia (UNESCWA) highlighted the importance of remittances for Sudan's development and suggested ways to improve their impact. Thus, Sudan can support cross-border remittance and payment solutions by revising the exchange rate system, developing inclusive financial infrastructure, removing regulatory impediments, and boosting the business environment. These reforms, including mobile banking, bureaucracy reduction, and formal channel incentives, can cut remittance costs and hurdles⁸. Remittances and cross-border transactions depend on measures to resolve international sanctions and establish foreign correspondent banking ties. These efforts will boost international remittance and payment services, helping Sudan capitalise on its diaspora and boost economic growth through financial inclusion and efficient transactions.</p>
<p>Decentralized Insurance and Risk Management Products</p>	<p>Sudan's Islamic financial system history shows its familiarity with Sharia-compliant financial procedures and organizations. This Islamic finance foundation is essential in creating and deploying decentralized insurance and risk management products. Sharia principles and Islamic insurance (takaful) firms will make blockchain-based; decentralized insurance solutions that satisfy Islamic finance rules acceptable⁹. Hence, these Sharia-compliant risk management methods must be transparent and efficient. Sudan's history of Islamic finance will also ensure improved financial inclusion, stability, and economic risk management for these solutions. However, the conservative approach to financial activities and the need for close compliance with Islamic Sharia will make product design and implementation difficult. Thus, Islamic finance's historical reliance on Gulf state oil-linked wealth will limit funding for decentralized insurance initiatives, requiring innovative approaches to attract investment and ensure scalability while adhering to Shariah standards.</p>

⁸ UNESCWA, "Remittances in Sudan," 2018,

https://archive.unescwa.org/sites/www.unescwa.org/files/page_attachments/remittances_in_sudan.pdf.

⁹ Abdurrahman Yesuf, "Islamic Economics and Finance in Sudan: An Overview," *IKAM Research for Islamic Organisations*, 2017, https://ikam.org.tr/images/publications/02_arastirma_raporu_4EN.pdf.

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