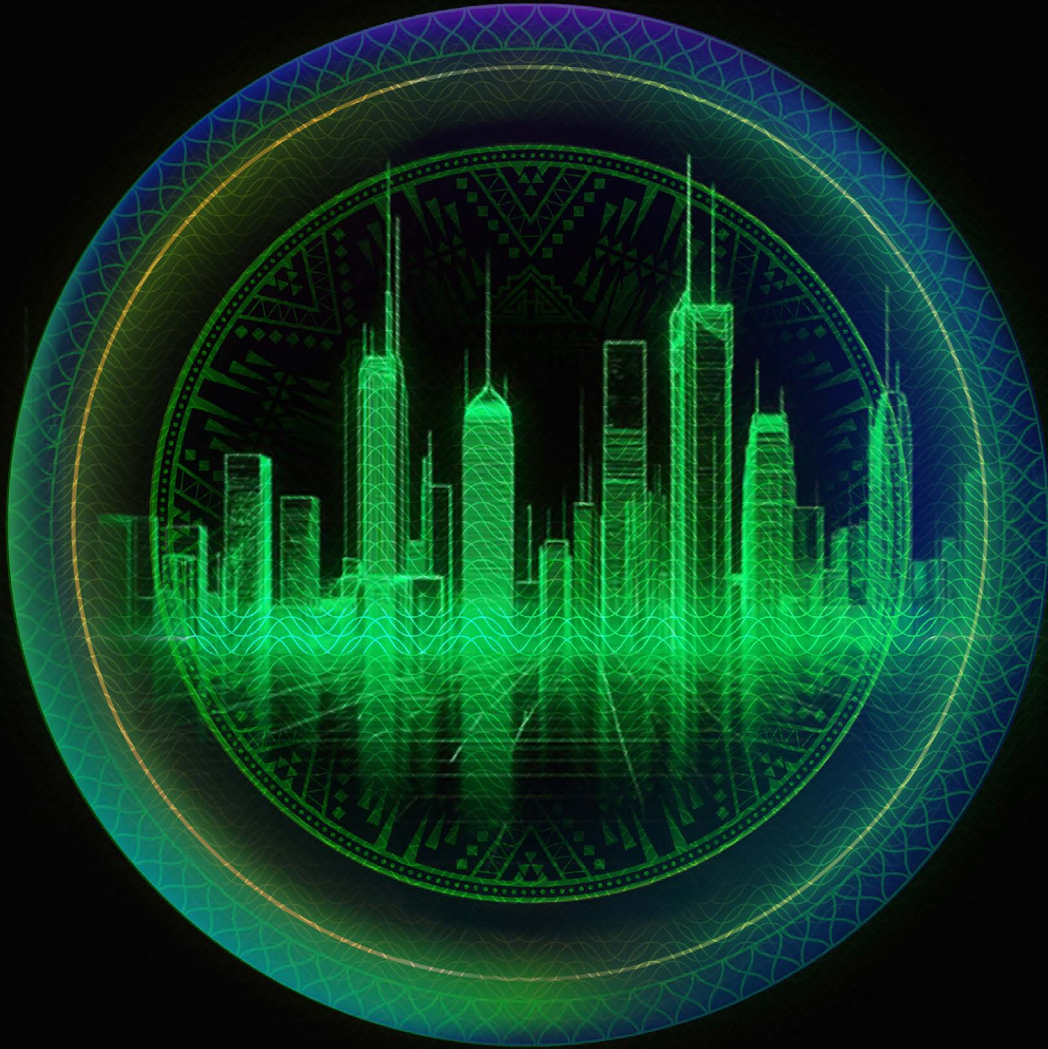




Are African Banks Ready for AI?

The Data Modernisation Imperative

The answer is mixed. African banks are adopting AI more widely, but progress varies significantly by market, institution and use case. **Success depends less on AI ambition alone, and more on whether banks have modern, well-governed data foundations that can support AI at scale.**

African banks are not short of data, **they are short of AI-ready data**

That distinction matters. Across the continent, banks hold enormous volumes of customer, transaction, risk, product and operational data. In many cases, they have more data than they can currently use well. The real challenge is whether that data is structured, governed, reusable and accessible enough to power AI at scale.

This is where the AI conversation in African banking needs to become more practical. The question is no longer whether banks can experiment with AI. Many already are. The sharper question is whether they can turn AI from a set of pilots into an enterprise capability, underpinned by modern data infrastructure, disciplined governance and clear ownership of value.

AI advancement across Africa is unlikely to keep pace with the rest of the world without better data and data infrastructure. The current discourse around AI across the continent has been optimistic, with the African Development Bank estimating that inclusive AI deployment could generate a further \$1 trillion in additional GDP across the continent by 2035.¹

¹ *Africa's AI Revolution: African Development Bank report projects \$1 trillion in additional GDP by 2035 with use of AI to enhance productivity*

Finance ranks among the top sectors expected to benefit from this AI revolution, given the sector's readiness to adopt digital technologies and its ability to support inclusive growth. But the prize is not automatic. Reliable, interoperable and well-governed data remains central to implementing AI solutions that are useful, trusted and scalable.

For African banks, **AI readiness will depend on two connected moves**: building the infrastructure to process data securely and at scale, and modernising the data environment so that information can be trusted, reused and converted into measurable business value.

Build the infrastructure AI needs to scale



Better data helps AI technologies lessen model errors and bias, raising accuracy, powering decision-making and enabling scale. But processing this data at scale requires integrated physical hardware, software systems and networks to collect, store, process and manage it.

Across Africa, many data innovators, both within and outside financial services, have had to rely on international infrastructure. Africa's computing and data storage capacity² remains underdeveloped, accounting for less than 1% of the world's total capacity. This is a constraint on the continent's ability to industrialise AI on its own terms.

There are encouraging signs. Local data centres, cloud platforms and computing networks are being developed to create infrastructure that serves local needs and keeps African data on African soil.³ This is not just a technology issue. It is an economic and strategic one.

African governments increasingly want digital infrastructure that supports local participation, strengthens sovereignty and keeps more value on the continent.⁴ At the same time, banks cannot deliver globally competitive AI-enabled services if the infrastructure beneath them remains fragmented, distant or poorly aligned to local market realities.

The banking sector has a central role to play. Banks are both financiers and active participants in the development of digital ecosystems. This includes financing physical infrastructure such as data centres, as well as supporting digital public infrastructure such as interoperable payment systems and digital identification.⁵

With the right systems in place, built on shared infrastructure, the barriers to AI-enabled services can be lowered, particularly for the marginalised populations and small businesses that sit at the heart of financial inclusion strategies.

The infrastructure question, therefore, is not simply: where will the data sit? It is: who will be able to use it, govern it, protect it and turn it into value?

² *Data Centres in Africa 2026:*

The Economic Report - African Actors of Data Center Association (ADCA)

³ *AI Hub*

⁴ *Africa's Digital Infrastructure Imperative | Carnegie Endowment for International Peace*

⁵ *Harnessing AI in Finance for Financial Inclusion in Africa: Africa Capital Markets Report 2025 | OECD*

Modernise the data, not just the technology

Modernising data infrastructure enables banks to fully leverage AI technologies. Use cases are already emerging across fraud detection, onboarding, servicing, operations, risk management, compliance, credit decisioning, product development and customer experience.

These examples are only the starting point. The broader opportunity is much bigger. AI can reshape how banks understand customers, design products, manage risk, detect anomalies, allocate capital, serve communities, support employees and make decisions across the enterprise.

The challenge is not the quantity of data, but the ability to mobilise and productise it. In the African context, banks operate across diverse regions, each with different regulatory, linguistic, cultural and customer nuances. Localising data is therefore essential for building AI solutions that are relevant and effective for African markets.⁶

Too often, however, data remains siloed across business units, legacy systems and geographies. Different parts of the same bank may hold different views of the same customer, product or risk. This weakens the quality of AI models, slows decision-making and limits the ability to scale AI-driven solutions.

Data modernisation must therefore go beyond centralising information. Banks need clear ownership, reusable data products, common standards, strong controls and governance, and a much tighter link between data investment and business outcomes. A data lake is not a strategy on its own. The value comes from how that data is governed, reused and embedded into the way the bank works.

⁶ Chart: *The fine line of data localization in digital trade*



Modernise while you build

One of the uncomfortable truths in banking transformation is that the future state will not arrive neatly packaged. Legacy infrastructure modernisation, data modernisation and AI implementation must happen in parallel. Waiting for a perfect data environment is neither practical nor competitive.

Banks need to build AI-ready capability while modernising the legacy estate beneath it. In practice, this means creating interoperability layers, API layers, AI-ready data layers and integration capabilities that allow high-value use cases to be developed while broader core modernisation continues.

It also means being selective. Banks should prioritise value pools where the data is relatively mature, the governance is stronger and the business impact is easier to prove. Fraud, onboarding, internal audit, operational productivity, credit assessment and self-service are often natural starting points, but they should not become the boundary of ambition.

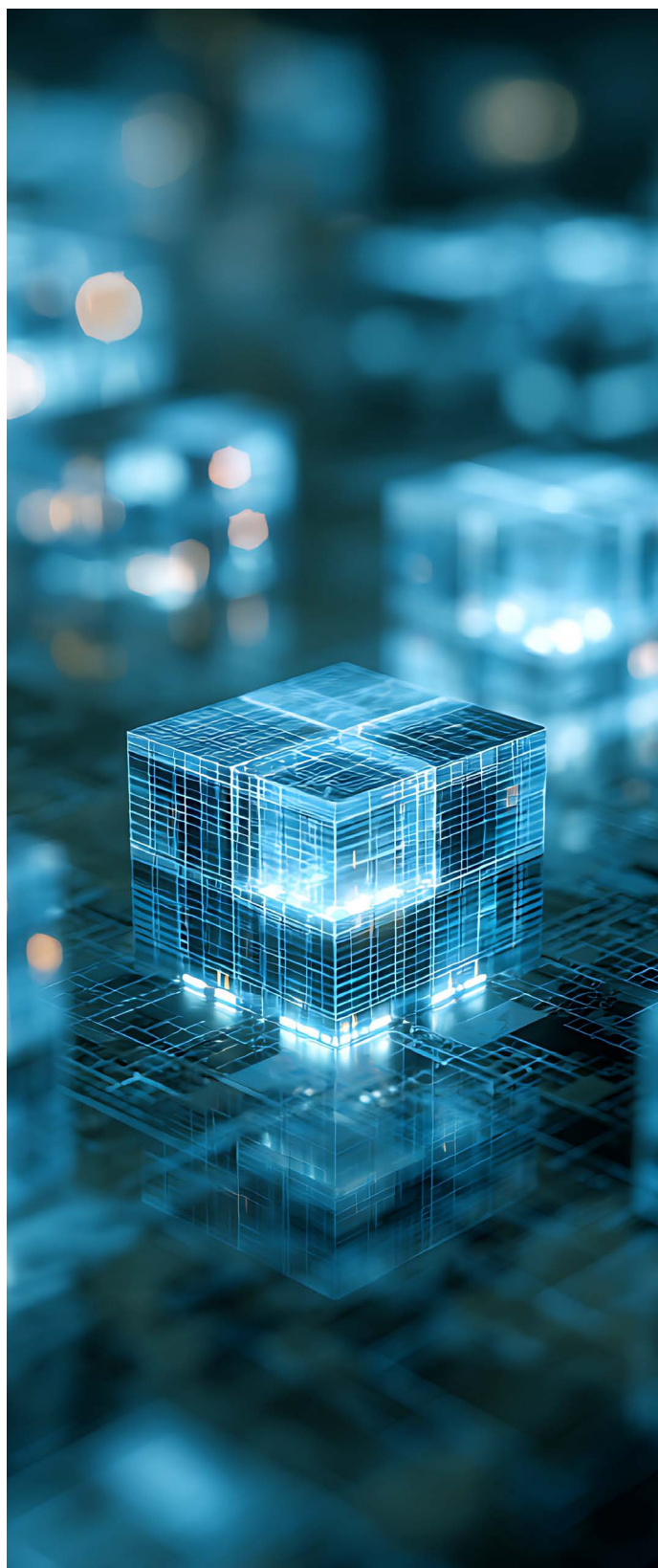
A hybrid platform approach is emerging as the norm. Banks buy and customise AI models, leveraging specialist expertise while differentiating through proprietary data. This is more cost-effective and faster than building AI entirely in-house, especially given the continent-wide skills gap.

The logic is simple: buy the commodity, build the differentiation. Banks can access cloud, tooling, models and specialist expertise externally, while differentiating through proprietary workflows, local decisioning, customer insight, integrations and data products.

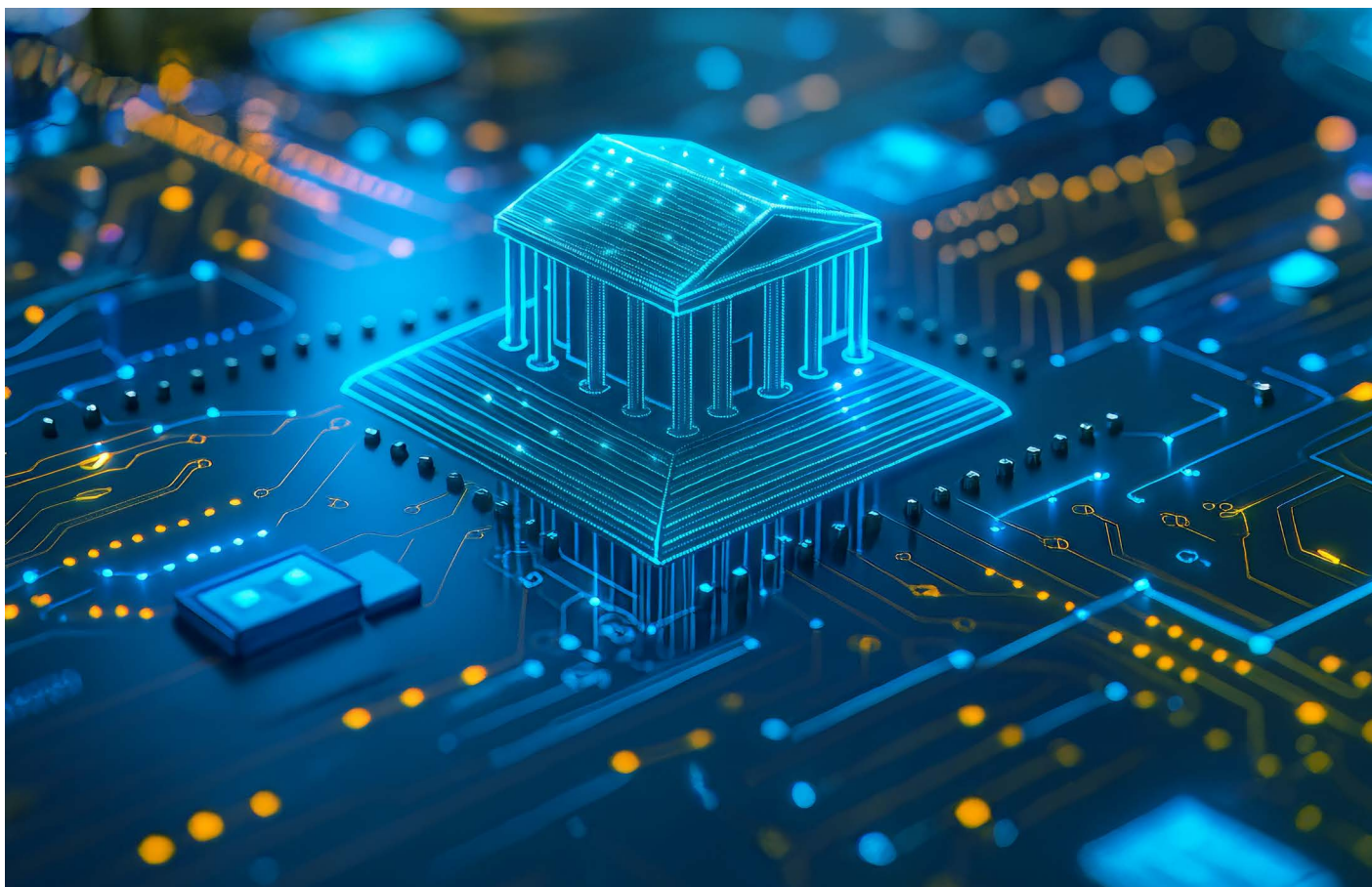
Fintechs, unburdened by legacy constraints, are already demonstrating the value of agile data infrastructure. Kenyan mobile banking service M-PESA⁷, for example, processes more transactions than many traditional banks, offering a glimpse of what is possible with the right data foundations.

For traditional banks, the lesson is clear. AI readiness cannot wait for every system to be modernised. The banks that move fastest will be those that create AI-ready capability at the edge while continuing to modernise the core.

⁷ M-PESA: *Why The World's First Large Mobile Payment Platform Keeps On Winning*



Move from pilots to enterprise capability



Some retail banks, especially in the continent's economic hubs, are moving towards unified data stores: data lakes and centralised repositories that break down silos and enable enterprise-wide analytics. This shift is both technical and strategic.

Banks are appointing Chief AI Officers and establishing governance structures to ensure that data is not only centralised, but also used responsibly and effectively. The goal is to create a single source of truth, enabling AI models to draw on comprehensive, accurate and timely data.

But structure alone is not enough. AI governance fails when everyone is involved but no one is accountable. Banks need a model where central AI and data capabilities set standards, controls, governance and model discipline, while business units own outcomes, adoption and value realisation.

Board and executive oversight also matter. Banks must bring risk, compliance, legal, model risk, fairness, security and cybersecurity into the AI journey from the outset. This is especially important in financial services, where trust, privacy and regulatory accountability are not optional.

AI must therefore be embedded as an enterprise capability, with business and technology strategies aligned and shared accountability for outcomes. Executive ownership is essential, but it must be tied to clear strategic objectives and measurable value.

The AI strategy should not sit on the side of the business strategy. It should operate as an execution layer for the business and technology strategy, with each use case linked to a clear objective, business case, owner and adoption path.

The real divide: AI users versus AI operators

Ultimately, the banks that will thrive in the AI revolution are those that connect their business strategy to their AI strategy, underpinned by strong data infrastructure and disciplined execution.

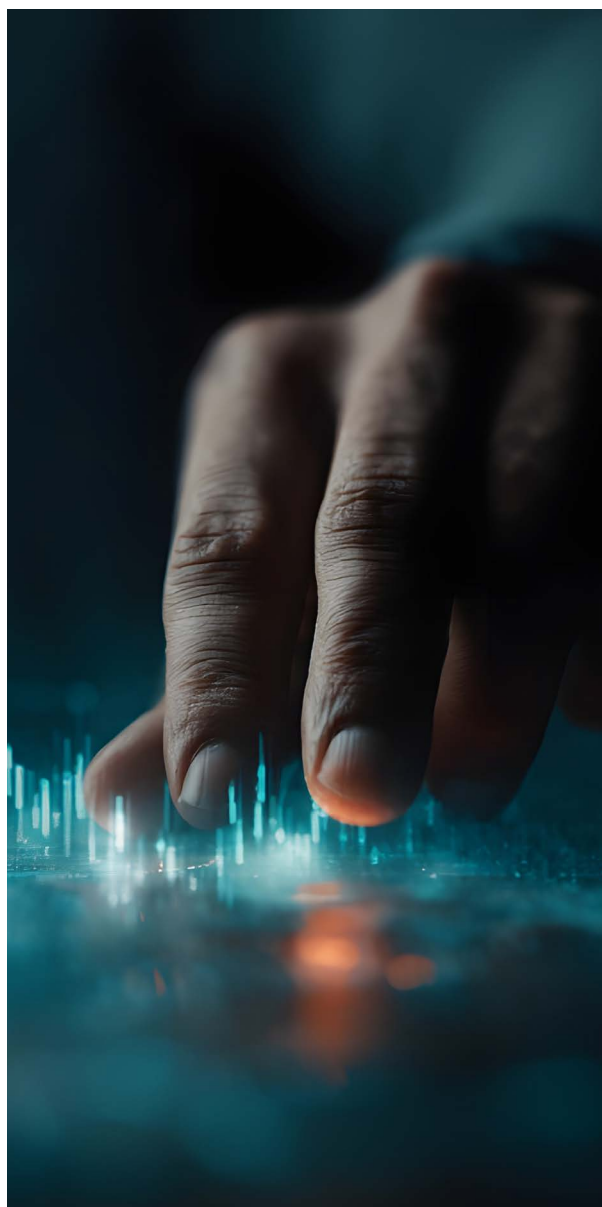
The divide will not be between banks that use AI and banks that do not. Most banks will use AI in some form. The real divide will be between those that can operationalise AI at scale, with trust and accountability, and those that remain trapped in pilot mode.

The question for African banks is no longer: can we use AI? The better question is: can we run AI as an enterprise capability?

That means connecting AI investment to business value. It means modernising data while modernising technology. It means building infrastructure that supports local relevance and data sovereignty. And it means creating governance models where accountability is clear.

For African retail banks, the prize is significant: stronger customer relevance, better financial inclusion, smarter risk management, faster innovation and more efficient operations. But the banks that capture that prize will be those that treat data modernisation not as an IT programme, but as the foundation of AI readiness.

In Africa's next phase of banking transformation, AI will not reward the banks with the most pilots. It will reward the banks with the strongest data foundations, the clearest ownership and the discipline to scale.



Definitions

Generative AI refers to AI systems that can create new content, insights or outputs, such as text, images, code, summaries or recommendations, based on patterns learned from data.

Agentic AI refers to AI systems that can plan and execute multi-step tasks with a degree of autonomy, often coordinating across tools, workflows or other AI agents to achieve a defined outcome.



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