

Who Rules Central and East African Banking? Equity Group Holdings and KBC Group Go Head-to-Head in the Democratic Republic of the Congo, Tanzania, and Uganda

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Abstract: This study analyzes the competitive dynamics between Equity Group Holdings and KBC Group (Kredietbank Boerenbond Cera) across the banking sectors of Democratic Republic of the Congo (DRC), Tanzania, and Uganda over the period 2023–2025. Using a comparative case study methodology, the research evaluates market dominance based on profitability, asset distribution, and operational scale. The findings reveal that Equity Group Holdings achieved strong regional growth, with subsidiary profit increases of approximately 22% in the DRC, 75% in Tanzania, and 40–61% in Uganda. The DRC accounted for nearly 43.5% of total regional assets, confirming its strategic importance. Operational indicators further show that Equity leads in financial inclusion, with over 2.7 million customer accounts and more than 23,000 agents in the DRC alone. Profitability ratios indicate strong efficiency, with Return on Assets (ROA) reaching up to 4.0% and Net Interest Margins peaking at 9.1% in Uganda. In contrast, KBC Group maintains a stable but less expansive presence, focusing primarily on corporate banking and high-value clients. The study concludes that digital transformation and regional diversification have enabled Equity Group to achieve greater dominance in retail banking, while KBC retains competitiveness in corporate financial services. These results highlight the growing importance of inclusive and technology-driven banking models in emerging African markets.

Keywords: Financial Inclusion, Digital Banking, Market Dominance, Banking Competition,

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I. INTRODUCTION

The banking sector in East and Central Africa has experienced rapid transformation over the past decade, driven by financial integration, technological innovation, and regional expansion strategies. Cross-border banking has become a key driver of financial deepening and economic growth in emerging African markets (World Bank, 2023). Among the leading institutions shaping this transformation are Equity Group Holdings and KBC Group, both of which have expanded their operations across Democratic Republic of the Congo, Tanzania, and Uganda.

Equity Group Holdings has distinguished itself through a financial inclusion model that leverages digital banking and low-cost services to reach underserved populations (African Development Bank, 2024). Its acquisition and integration of banking operations in the DRC have

significantly strengthened its regional presence. In contrast, KBC Group has focused on maintaining strong capital adequacy and delivering corporate banking services, particularly to multinational clients (IMF, 2024).

The evolution of the banking sector in East and Central Africa has been closely linked to broader macroeconomic and institutional developments, including regulatory reforms, regional trade agreements, and financial sector liberalization. Initiatives such as the East African Community (EAC) integration framework have facilitated the movement of capital and financial services across borders, thereby intensifying competition among regional banks (Beck et al., 2015; Allen et al., 2011). These developments have created an enabling environment for banks to expand beyond domestic markets and adopt more diversified business models.

Furthermore, the rise of digital financial services has fundamentally altered the competitive dynamics of the banking industry. The increasing use of mobile money platforms and digital payment systems has reduced barriers to entry and expanded access to financial services, particularly in underserved and rural areas (Demirgüç-Kunt et al., 2022; GSMA, 2023). This shift has compelled traditional banks to innovate and integrate digital solutions into their operations in order to remain competitive.

Finally, the strategic importance of emerging markets such as the Democratic Republic of the Congo cannot be overstated. With low banking penetration rates and significant growth potential, such markets represent key battlegrounds for regional and international banking groups. However, they also pose considerable challenges, including political risk, regulatory uncertainty, and infrastructure constraints, which influence the strategic choices and performance outcomes of competing institutions (International Finance Corporation, 2023).

Between 2023 and 2025, competition between these institutions intensified, with both groups pursuing growth through lending expansion, digital transformation, and market diversification. Equity Group reported significant growth in profitability during this period, largely driven by its regional subsidiaries (Equity Group Holdings, 2026). This study seeks to evaluate which of the two institutions holds greater dominance in the selected markets by analyzing their performance and strategic positioning.

II. LITERATURE REVIEW

The literature on African banking highlights the growing importance of regional expansion and financial inclusion. Cross-border banking has been shown to improve efficiency, enhance competition, and expand access to financial services (World Bank, 2023). In this context, Equity Group Holdings is widely recognized as a leader in inclusive banking, focusing on low-income populations and small and medium-sized enterprises (SMEs) (African Development Bank, 2024).

Studies indicate that Equity's digital banking strategy has played a critical role in its expansion, enabling the bank to scale operations efficiently while reducing costs (IMF, 2024). Its success in markets such as Uganda and Tanzania is attributed to its ability to adapt to local economic conditions and leverage mobile banking platforms.

On the other hand, KBC Group represents a different model of banking, characterized by strong governance, risk management, and a focus on high-value corporate clients (European Central Bank, 2023). This approach allows KBC to maintain financial stability but may limit its penetration in mass retail banking markets.

Recent studies also emphasize the role of digital transformation as a key determinant of competitiveness in the banking sector. Banks that invest in digital infrastructure tend to achieve higher levels of customer acquisition and

operational efficiency (IMF, 2024). This creates a competitive advantage for institutions like Equity Group, which prioritize digital inclusion.

In addition, regional banking integration in Africa has been linked to financial sector deepening and improved resilience, although it may also introduce regulatory and systemic risks (Allen, Otchere, & Senbet, 2011; Beck, Senbet, & Simbanegavi, 2015). These dynamics are particularly relevant in fragile markets such as the Democratic Republic of the Congo, where institutional constraints and infrastructure gaps shape banking strategies (International Finance Corporation, 2023).

Moreover, empirical evidence suggests that financial inclusion initiatives, particularly those targeting low-income populations, contribute significantly to poverty reduction and economic empowerment (Cull, Demirgüç-Kunt, & Morduch, 2018; Demirgüç-Kunt et al., 2022). Mobile money innovations have further accelerated this process by lowering transaction costs and increasing accessibility to financial services (Suri & Jack, 2016; Donovan, 2012).

Banking business models and governance structures play a crucial role in determining financial performance and risk exposure. Institutions with strong governance frameworks and diversified portfolios tend to exhibit greater stability, while those focusing on innovation and outreach may achieve faster growth but face higher operational risks (Laeven & Levine, 2009; Mergaerts & Vander Vennet, 2016; Philippon, 2016).

Overall, the literature suggests that the competition between Equity Group and KBC Group reflects broader structural differences in banking strategies: inclusivity versus corporate specialization.

III. METHODOLOGY

This study employs a comparative case study methodology to analyze the competitive dynamics between Equity Group Holdings and KBC Group across Democratic Republic of the Congo, Tanzania, and Uganda from 2023 to 2025.

A mixed-methods approach is adopted, combining qualitative and quantitative data to provide a comprehensive analysis. Financial performance indicators such as profitability, asset growth, and loan portfolios are analyzed using secondary data from annual reports and financial disclosures (Equity Group Holdings, 2026; Reuters, 2026).

In addition, strategic positioning is evaluated through analysis of digital banking initiatives, market expansion strategies, and customer outreach programs. Secondary data sources include reports from international financial institutions such as the World Bank and IMF, as well as peer-reviewed academic studies (World Bank, 2023; IMF, 2024).

The analytical framework includes comparative analysis to assess differences between the two institutions, as

well as trend analysis to evaluate changes over time. However, the study is limited by the availability of detailed country-level data for KBC Group, which may affect the depth of comparison.

IV. RESULTS

The comparative analysis of Equity Group Holdings and KBC Group across Democratic Republic of the Congo

(DRC), Tanzania, and Uganda reveals strong divergence in growth trajectories, particularly in favor of Equity Group’s regional subsidiaries.

➤ Profit Growth by Country (2023–2025)

Table 1 presents profit growth trends across key markets, highlighting the performance of Equity Group subsidiaries.

Table 1 Profit after Tax Growth by Country (2023–2025)

Country	2023-2024 Trend	2025 Growth Rate	Observations
DRC	Moderate growth	+ 22%	Largest regional contributor
Tanzania	Rapid expansion	+75%	Fastest-growing subsidiary
Uganda	Stable growth	+40%-61%	Strong recovery and expansion

Source: Equity Group Holdings, 2026; Business Africa, 2025; CEO East Africa, 2025

The data indicate that Tanzania recorded the highest growth rate (75%), followed by Uganda (up to 61%) and DRC (22%). This confirms that Equity’s regional diversification strategy is yielding asymmetric but strong growth across markets.

➤ Asset and Market Share Distribution (Regional Subsidiaries)

Table 2 shows the distribution of assets across regional markets in Kenyan Shilling (KSh), emphasizing the dominance of the DRC.

Table 2 Regional Asset Distribution (2023–2024) in Ksh Billion

Country	Assets 2023	Assets 2024	Share (%)
DRC	910.60	933.40	43.50%
Tanzania	-	Significant growth	~25% workforce share
Uganda	-	Moderate growth	~14% workforce share

Source: Kenyan Wall Street, 2025

The DRC emerges as the most important market, contributing nearly half of total regional assets. This highlights the strategic importance of the Congolese banking sector in determining regional dominance.

➤ Operational Footprint and Financial Inclusion

Table 3 presents key operational indicators demonstrating Equity Group’s scale advantage.

Table 3 Operational Scale Indicators (2024)

Indicator	DRC	Tanzanie	Uganda
Customer Accounts	2.7 millions	570,710	2.2 millions
Branches	79	15	50
Agents	23,043	5,341	9,193

Source: Equity Group Integrated Report, 2024

The data show that the DRC has the largest operational footprint, followed by Uganda. This reflects Equity’s strong financial inclusion model, which relies heavily on agent banking and digital platforms.

➤ Profitability Ratios Across Countries

Table 4 highlights efficiency and profitability metrics across subsidiaries, specially the Return on Assets (ROA), the Return on Equity (ROE) and the Net Interest Margin.

Table 4 Profitability Indicators (2025)

Country	ROA (%)	ROA (%)	Net Interest Margin (%)
DRC	3.1	23.5	7.1
Tanzania	3.4	25.1	9.1
Uganda	4.0	27.0	8.7

Source: Khusoko, 2025

Tanzania demonstrates the highest Return on Assets (4.0%), while Uganda shows the highest Net Interest Margin (9.1%), indicating strong lending profitability. These indicators confirm the efficiency of Equity’s decentralized regional strategy.

➤ Comparative Interpretation: Equity vs KBC

The numerical evidence strongly suggests that Equity Group Holdings has outperformed KBC Group in retail banking expansion and profitability growth across the three countries.

• *Key Findings Include:*

- ✓ Dominance in DRC: Equity controls the largest asset base and customer network, making it the leading bank in the market.
- ✓ High-growth frontier (Tanzania): The fastest growth rates indicate strong future potential.
- ✓ Stability in Uganda: Consistent profitability growth reflects a mature but expanding market.

While KBC Group remains competitive in corporate banking, its limited presence in mass retail banking reduces its overall market influence in these countries.

➤ *Trend Synthesis (2023–2025)*

Across the three-year period:

- Subsidiaries contributed \approx 45–50% of total profits and assets (Equity Group Holdings, 2026)
- Profit growth remained consistently positive across all three countries
- Digital banking and agency networks significantly increased outreach and efficiency

These trends confirm that regional diversification and digital transformation are the primary drivers of banking dominance in East and Central Africa.

The findings reveal significant differences in the market strategies and performance of the two banking groups. Equity Group Holdings has achieved substantial growth in the three countries, driven by its inclusive banking model and digital transformation strategy. Its expansion in the DRC, in particular, has positioned it as a market leader in terms of customer base and outreach this confirms the conclusions of African Development Bank (2024).

Equity's financial performance between 2023 and 2025 shows strong growth, supported by increased lending activity and higher transaction volumes through digital platforms. This aligns with broader findings that digital banking enhances efficiency and profitability (IMF, 2024).

In contrast, KBC Group demonstrates a more conservative growth pattern. Its focus on corporate banking and risk management ensures financial stability but limits its ability to penetrate mass markets (European Central Bank, 2023). As a result, its presence in retail banking segments in the selected countries remains relatively limited.

The comparative analysis suggests that Equity Group holds a competitive advantage in terms of market penetration and growth, particularly in underserved regions. However, KBC Group maintains a strong position in corporate and institutional banking, highlighting the coexistence of different competitive strategies within the same markets.

These findings support the argument that digital transformation and financial inclusion are key drivers of

banking dominance in emerging markets (World Bank, 2023; IMF, 2024).

V. CONCLUSION

This study demonstrates that Equity Group Holdings currently holds a dominant position in the retail banking sector across the Democratic Republic of Congo, Tanzania and Uganda, driven by its inclusive and digital-first strategy. In contrast, KBC Group remains a key player in corporate banking, emphasizing stability and high-value clients services.

The competition between these institutions reflects broader trends in African banking, where technological innovation and financial inclusion are reshaping the industry. Future research should focus on the long-term sustainability of these strategies and their implications for financial development in the whole region.

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