

Africa Fintech Today

Report compiled by Lantern Comitas and Miranda Partners

Leading Strategic Communications Advisories for Emerging Markets in Africa and Latin America

August 2022

Market Snapshot

- Africa is a key fintech investment destination due to booming population, financial exclusion levels, and mobile-reliant population
- Africa was the region least hit by the venture capital (VC) retreat of early 2022
- 2021 was the year of fintech mega-deals in Africa, with Nigeria, Egypt, SA and Kenya leading the pack
- VCs presenting far stricter terms to African fintechs amid global capital retreat
- Equity funding remains dominant, with the bulk secured during seed, pre-seed, pre-Series A and Series A rounds
- Several development funding facilities have also emerged in response to fintech growth
- Digital payments space and mobile money the most in-demand fintech service in Africa, attracting the bulk of investment
- Policy is being led by the development of regulatory 'sandboxes', led by SA, Nigeria and Kenya
- Leading PR firms in Africa fintech based in SA and the UK

Financial exclusion rates and population boom accelerate African fintech

Despite talk of an overcrowded market and funding retreat, fintech is proving its mettle in the African markets, serving as a lever to financial inclusion and increasingly bringing innovative solutions to market that are uniquely designed for the heterogeneity of the African population.

Capital providers are buoyed by predictions of steady population growth and opportunities to reach unbanked, undeserved segments.

According to recent data, 71% of adults in developing economies had a bank account at a bank or regulated institution, with the associated expense, a lack of knowledge and geographical isolation having been flagged as key inhibitors to financial inclusivity. In Sub-Saharan Africa, around 62% of unbanked adults in the region are rural dwellers, while 31% consider distance a barrier to entering the formal banking system.

Meanwhile, the African population is expected to double to 2.5 billion by 2050, with much of this growth in urban centres, presenting a growing market for fintech innovation.

While financial inclusion rates on the continent are low, there is steady improvement. The World Bank outlined in its Global Findex Database report for 2021 that the share of adults making or receiving digital payments in developing economies grew from 35% in 2014 to 57% in 2021, adding that mobile money has become an important enabler of financial inclusion in Sub-Saharan Africa.

Africa resilient amid global capital retreat

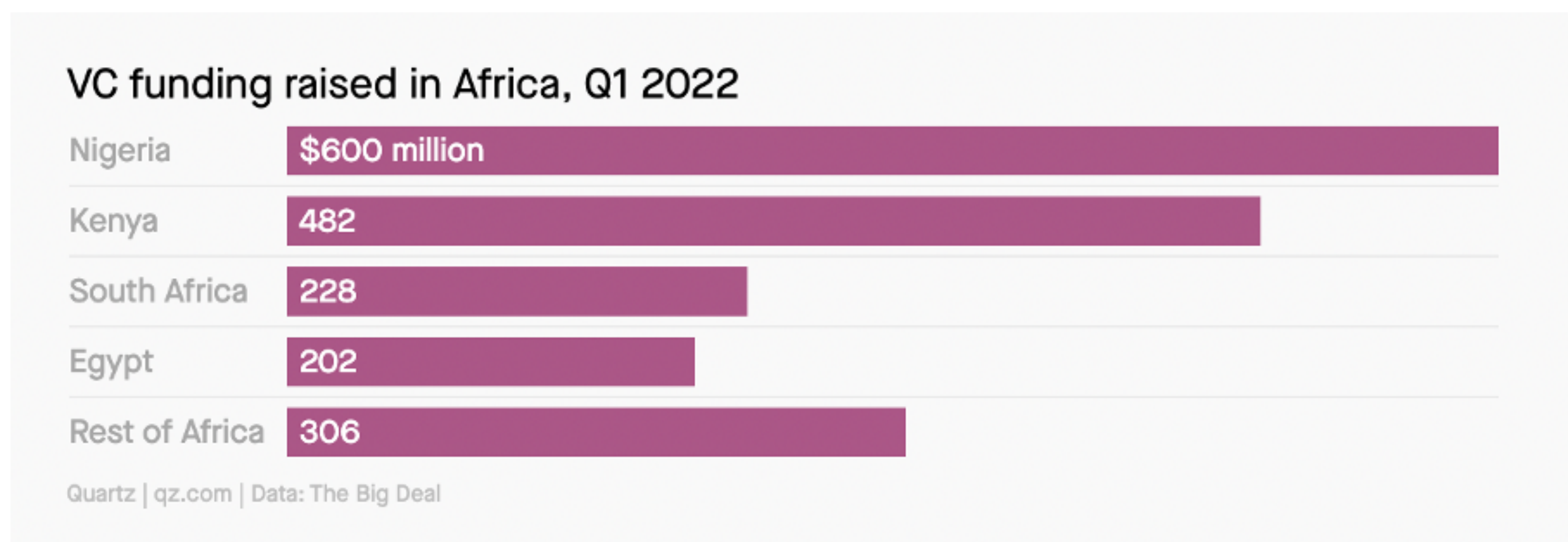
According to [CBInsights](#), global fintech quarterly funding dropped to \$20.4 billion (bn) in the second quarter of 2022, its lowest level since Q420.

Despite a global ‘fintech funding winter’ in the first half of 2022, Africa remains the region least hit by the venture capital (VC) retreat due to the opportunity posed by the increasing size and maturity of African economies.

Prominent fintech Flutterwave, tripled its valuation following a \$250 million (m) Series D funding round in February, while contemporaries Wasoko, Interswitch and MFS Africa also banked hundreds of millions of funding in the first six months of 2022.

As a result of this activity, total VC investment in Africa reached \$1.8 billion in the first quarter of 2022 alone, a 150% increase compared with the same period in 2021, according to data from Africa-focused database [The Big Deal](#).

Kenya attracted more venture funding in the first three months of 2022 (\$482 million) than it did in all of 2021 (\$412 million).



But there is a need for startups to remain vigilant in this unpredictable economic environment and refocus on creating sustainable, long-term business models, as venture capitalists start to present far stricter funding terms.

Investors are also paying more attention to startups operating in ancillary industries that support fintech, such as logistics, blockchain, education, and green energy.

The biggest deals of 2022 YTD:

	Company	Round Amount	Round Date	Round Valuation	Select Investors	Country	% of Total Funding
1	KuCoin	\$150M	Series A 2022-05-10	\$10.0B	Jump Crypto, IDG Capital, Matrix Partners China, Circle Ventures	Seychelles	40.8%
2	Paymob	\$50M	Series B 2022-05-09	N/A	Clay Point Investors, Kora Management, PayPal Ventures, A15, FMO	Egypt	13.6%
3	BVNK	\$40M	Series A 2022-05-12	\$340M	Tiger Global Management, Avenir Growth Capital, Base Capital, Concentric, Kingsway Capital Partners	South Africa	10.9%
4	Jambo	\$30M	Series A 2022-05-10	N/A	Paradigm, Alameda Research Ventures, Brevan Howard, Coinbase Ventures, Delphi Ventures	Congo, Republic of the	8.2%
5	Mara	\$23M	Seed VC 2022-05-11	N/A	Alameda Research, Coinbase Ventures, Day One Ventures, Distributed Global, Huobi Ventures	Kenya	6.3%
6	valU	\$12M	Private Equity 2022-06-20	\$249M	Alhokair	Egypt	3.4%
6	Union54	\$12M	Seed VC 2022-04-18	N/A	Tiger Global Management, Vibe Capital, Earl Grey Capital, Not Boring Capital	Zambia	3.3%
8	ZirooPay	\$11M	Series A 2022-04-05	N/A	Zrosk Investment Management, Inventure, Fedha Capital, Tellimer	Nigeria	3.1%
9	valU	\$10M	Corporate Minority 2022-05-16	N/A	Amazon	Egypt	2.7%
10	LifeCheq	\$3M	Series A 2022-05-31	N/A	Naspers	South Africa	0.9%
10	IdentityPass	\$3M	Seed VC 2022-05-11	N/A	MaC Venture Capital, Y Combinator, Soma Capital, Sherwani Capital	Nigeria	0.8%
10	BetaStore	\$3M	Seed VC 2022-05-31	N/A	500 Global, Beta.Ventures, Loyal VC, VestedWorld	Nigeria	0.7%

The top investors in Africa according to CBInsights in Q2-22 were:

- Berrywood Capital
- Cairo Angels
- MEXC
- Chandria Capital
- Future Africa
- Huobi Ventures
- Ingressive Capital
- Launch Africa
- Raba Capital

2021: a year of mega-deals

Fintech enterprises in Africa remained in the crosshairs of investors in 2021, with the continent seeing at least \$2.2bn injected into 564 fintech startups by the end of the year (this figure varies according to different reliable sources). The average deal size more than doubled on 2020 figures, increasing from over \$1,7 million to \$3,8 million in 2021, Disrupt Africa outlines in its African Tech Funding Report 2021.

The number of funded startups grew by 42.1% on 397 in 2020, and the funding grew 206.3% on the US\$701.46m banked the previous year.

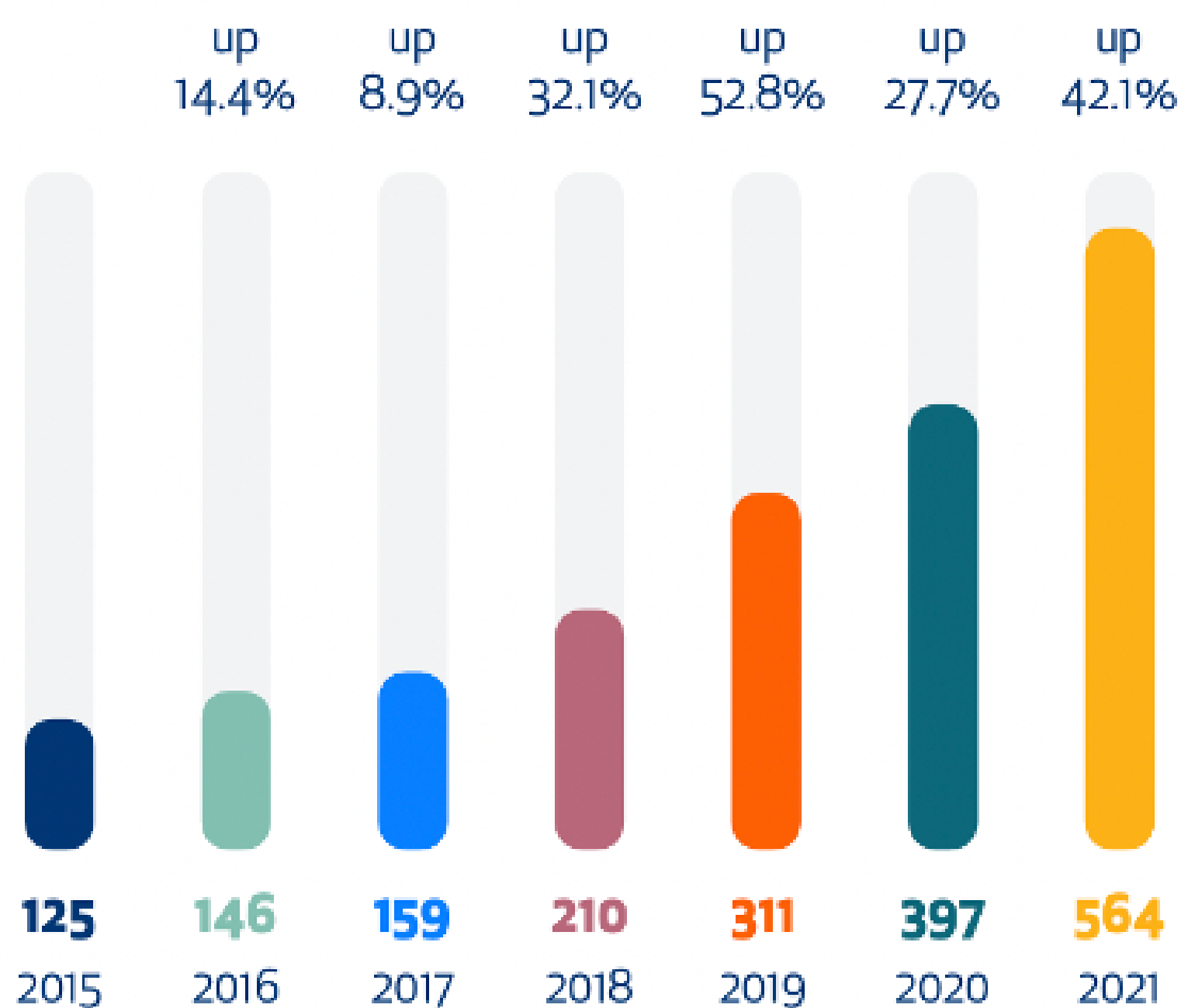
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VC funds based in Europe, the US and the UK continue to scout for viable investment targets and are most interested in financial service providers that have incorporated fintech in their offerings.

Equity funding remains dominant, with the bulk secured during seed, pre-seed, pre-Series A and Series A rounds. This is due to the fact that most funded start-ups launched in the last three years.

However, many start-ups and SMEs in sub-Saharan Africa fail to secure loans or funding because they are unable to provide key information about their businesses to capital providers including clear financial statements, detailed business plans, market studies, credit profiles and tangible track records.

Funded African tech startups by year 2015-2021



Source: Disrupt Africa

New Africa-focused VC funds launched since 2019:

Fund name	Size (million)
4DX	\$60.0
AFEX	\$100.0
Algebra Ventures	\$15.0
Alitheia	\$100.0
Ascent	\$100.0
Atlantica ventures	\$50.0
Cairo Angels Syndicate	\$5.0
Convergence Partners	
First Check Africa	
Flat6labs (Anava Seed Fund)	\$10.0
Flat6Labs Egypt	\$13.2
GIZ Egypt	
Goodwell investments	\$60.0
Google	\$50.0
Grindstone ventures	\$6.5
GSMA (Digital Urban Services)	
Harvest Fund II	\$8.0
Hlayisani Growth Fund	\$23.8
Jua kickstarter Fund	\$2.0
Kalon Venture Partners	\$17.5
MAGIC Fund	\$30.0
Samurai Incubate	\$18.4
Savannah Fund	\$25.0
Sawari Ventures	\$63.8
Slow Fund	
The Africa Renewable Energy Fund II	\$145.0
The African Enterprise Challenge Fund (AECF)	\$1.2
The Catalyst (ABAN + Afrilabs)	
Ventures Platform	\$40.0

Source: Beiter Bridges

The biggest deals of 2021 were:

Company	Country	Funding raised	Sector	Links
Flutterwave	Nigeria	\$170m (since raised \$250m in 2022)	Cross-border payments	Link
MNT-Halan	Egypt	\$120m (since closed \$150m bond issuance)	Fintech	Link 1 Link 2
TradeDepot	Nigeria	\$110m	AI	Link
Gro Intelligence	Kenya	\$85m	AI	Link
Yoco	South Africa	\$83m	Fintech	Link
Kuda	Nigeria	\$80m	Digital banking	Link
Moove	Nigeria	\$63.2 (since raised over \$120m)	Mobility fintech	Link
Daystar Power	Nigeria	\$62m	Energy	Link
MaxAB	Egypt	\$55m	E-commerce	Link

Source: Disrupt Africa

Several development funding facilities have also emerged in response to fintech growth, with the likes of the African Development Bank's [Africa Digital Financial Inclusion Facility](#) working to address systemic barriers to the growth and uptake of digital financial services 'by making strategic and catalytic investments in the ecosystem throughout Africa'.

Most recently, in April 2022, the ADFI announced a fourth round of financing of \$54.8 million, which will benefit almost 69,000 women entrepreneurs in developing economies with access to digital technology and finance.

In July 2022, the International Finance Corporation (IFC) announced an investment in mobile money provider Wave Mobile to spur financial inclusion and support economic growth in Senegal and Côte d'Ivoire.

Growth capital for overall start-up investment in Africa is emerging primarily from investors in the UK and US, many with headquarters in South Africa and Mauritius.

Most prominent countries for start-up investment

Country	Funding raised
Nigeria	161 start-ups raised a combined total of \$903.68m
Egypt	115 Egyptian start-ups secured a combined \$445.84m
South Africa	89 start-ups raised a combined \$336.40m
Kenya	87 start-ups secured \$291.98m
Ghana	18 start-ups secured \$19.75m

Source: Disrupt Africa

Meanwhile, exit and acquisition activity continues to rise across the continent. In 2021, 32 African start-ups were acquired over the course of the 12 months. The more developed African markets lead the way - South Africa saw nine acquisitions in 2021, while Nigeria saw three acquisitions, Egypt seven, Morocco three and Kenya two.

These include South Africa's Skynamo (which acquired UK's mSeller), Nigeria's Autochek (which acquired Cheki's Kenya and Uganda businesses), Ghana's mPharma (which bought a bricks-and-mortar pharmacy business), Nigeria's CribMD (which acquired a pharmaceutical company), Nigeria's Helium Health (which bought UAE-based Meddy), and Egypt's Minly (which acquired UAE-based Oulo).

Regulatory sandboxes leading African policy development

Policymakers are being encouraged to look beyond the potential benefits of fintech in the financial sector to consider the possible impact of financial technology applications on employment and productivity, the digital economy, and more broadly, the scope for structural transformation.

Emerging as the most popular regulatory entity in Africa are regulatory sandboxes, which are supervised environments created by regulators that allow innovative businesses to test new products and solutions prior to their full implementation.

These sandboxes target a variety of entities and financial products. As a result, underlying sandbox rules tend to be broad enough to encompass most fintech businesses.

The University of Cambridge has identified ten fintech regulatory sandboxes in place in Sub-Saharan Africa (SSA), with a further six in the planning stages. South Africa, Nigeria and Kenya lead the pack.

These initiatives facilitate engagement between regulators and fintech firms, streamline authorisation processes and reduce the time it takes for firms to reach the market.

Some 63% of fintech firms in SSA surveyed by the University of Cambridge say they 'urgently need' faster authorisation and/or licensing processes for new activities, and over half indicate they require streamlined product and service approval.

According to the University of Cambridge, 35% of sampled jurisdictions in SSA have a framework that regulates peer-to-peer (P2P) lending (a key element of mobile money and online payments), with a further 15% of jurisdictions planning to introduce such a framework.

This lags that of the Middle East and North Africa (58%) or Asia-Pacific (72%) regions. Although four SSA sampled jurisdictions regulate P2P under an existing framework, only two jurisdictions have bespoke frameworks for P2P lending in place.

Meanwhile, the African Financial Industry Summit Advisory Board has argued for the establishment of a pan-African regulatory platform to bring together central banks, fintechs, traditional banks and insurers to harmonise licensing rules in Africa, develop financial inclusion and better protect consumers.

Most in-demand fintech services

In terms of the most in-demand financial services, the digital payments space has posted remarkable growth in Africa in recent years and has attracted novel and innovative fintech payments solutions.

Adults making or receiving digital payments now outpaces account ownership, with the number of adults making or receiving digital payments in developing economies growing from 35% in 2014 to 57% in 2021, bolstered largely by the impact of Covid-19.

According to the World Bank, hundreds of millions of unbanked adults receive payments in cash—such as wages, government transfers, or proceeds from the sale of agricultural goods. Transitioning these payments to financial institution or mobile money accounts could create an entry point for increasing account ownership among the unbanked.

Digital payments include the use of a mobile money account, a debit or credit card, a mobile phone, or the internet to make a payment, receive money, or send money from an account.



Source: Beiter Bridges

Strategic support for players on the continent

Africa Sector: Lantern Comitas

Lantern Comitas is an international advisory and public relations firm specialising in strategies that help clients secure reputation, information and political advantage in Africa, Europe and Latin America,

Since our founding in 2020, we've built up a team of passionate and thoughtful storytellers and communications experts who provide critical strategic and tactical support in media, public relations, communications, content development, and market access.

Our Africa team are experts on issues defining the continent and provide nuanced support to business wishing to either grow their footprint in Africa or establish a brand and business presence in regional and national African markets.

We believe that significant results can only come from great work, and we are dedicated to helping our clients get in front of the right audiences.

Using the latest techniques in targeted communications and marketing, we help clients build and maintain stronger engagement with their stakeholders.

Latin America Sector: Miranda Media and PR

Miranda Media & PR, a division of Miranda Partners that offers consulting in communications, media, public relations and crisis management, specializes in Latin American fintech, startup, and technology companies. With proven experience in brand positioning, profiles, and narratives in the media in Mexico, the United States and Latin America, Miranda's goal is to help companies and investors navigate complex environments, take better decisions, and communicate effectively with their stakeholders.

Miranda Partners additionally advises clients doing business on Investor Relations, Global Equity & Debt Research, ESG Issues, Ratings Advisory, Financial Advisory, People Advisory, and Digital & Design. (<https://miranda-partners.com/>)

Services we provide

Social Media Strategy	Our impressive connections with media outlets give our clients the support they need to boost their businesses and careers. We provide innovative solutions, including Social Media Strategy, building their presence across multiple platforms.
Environmental, Social & Governance	If you need a partner who can help you plan, deliver and demonstrate your ESG credentials, then look no further. We thoroughly review your existing targets, policies and practices and nothing is overlooked. Our dedicated team make sure you meet recognised, international standards in ESG reporting.
Media Engagement	We take pride in the personalized, high quality service we offer to all of our clients who choose to engage in mass communications. We are laser focused on increasing brand awareness, favourability and promoting impactful stories on relevant issues.
Multimedia Content Creation	Our extensive network of locally-based photographers, videographers and video editors craft original and dynamic photo and video content for our clients. A steady stream of quality, on-the-ground, authentic multimedia content is essential to tell the story behind your brand, ESG, or campaign.
Government Relations	We help leaders to engage with governments and politicians through legitimate channels to improve mutual understanding and dialogue with decision-makers. We serve clients who need to discuss issues with national policymakers, without fear or favour.
Reputation Management	Our work helps brands to grow and express themselves on their own terms, during challenging times, and during business as usual. We also help defend brands from disinformation and enable clients to manage their online presence.
Spokesperson Training	Learn to handle the media with ease and confidence. We train spokespeople on how to get their golden sound bites into broadcast and print stories. The training enables individuals to exploit the media and public speaking opportunities, to build their brand and reputation.
Internal Communications & Capacity Building	Boost your employee and community engagement through stronger communications techniques. It's hard to exaggerate how important it is to get this right. When your staff and your close stakeholders are properly connected with meaningful communications, they are far more likely to become proactive advocates for your work.

Case Studies

Sabi

Founded in 2021, Nigerian fintech Sabi is one of Africa's leading providers of commercial infrastructure for the distribution of goods and services. Working with over 200 000 traders and 10 000 agents, Sabi's platform digitally enables Africa's informal economy to improve cash flow, boost demand and streamline logistics. Sabi has offices in South Africa, Kenya and Nigeria, with plans to expand to Ivory Coast and the Democratic Republic of Congo soon.

To build awareness of the Sabi brand, Lantern Comitas created a bespoke communications strategy to reach the fintech's key stakeholders, including investors, in African and International markets.

minka_

Established Colombian fintech firm Minka is replicating the success of its Latin America-based real-time payments system across Africa, accelerating and easing the movement of money across the continent and improving financial inclusion.

Lantern Comitas designed a holistic communications and public relations strategy for Minka encompassing media outreach, strategic content development, market insight and social media.

This created exposure of Minka's entry to Africa in the media, allowed Minka's business development team leverage when interacting with potential clients on the continent, and provided key insights into their target markets and audience.



WIZZIT Digital is a new digital payments company headed out of London but with its roots in South Africa. Their flagship product is Tap2Pay, Soft Point of Sale with PIN technology that allows any merchant to operate sales with only their smartphone.

Their aim is to enable institutions to securely authenticate customers or payments as well as grow card acceptance and product use.

Tap-on-Phone is a ground-breaking innovation in the payments space. It gives the merchants the ability to accept any card transactions without the need for a costly Point of Sale Device.

The company already operates in fifteen countries and is growing fast as more banks look to this pioneering use of payments technology. WIZZIT Digital is a subsidiary of WIZZIT International, who are a leading global provider of digital and mobile banking.

Contact Us

	Africa Sector	Latin America Sector
Website	www.lanterncomitas.com	www.miranda-partners.com
General Inquiries	info@lanterncomitas.com	miranda.media@miranda-partners.com
Contacts	<div>Natalie Greve, Senior Analyst ng@lanterncomitas.com</div> <div>Ben Rudd, Senior Advisor br@lanterncomitas.com</div> <div>Aidan Hartley, Senior Advisor ah@lanterncomitas.com</div>	<div>Damian Fraser, Partner damian.fraser@miranda-partners.com</div> <div>Tania Rojas, Senior Analyst tania.rojas@miranda-partners.com</div> <div>Gabriela Jiménez, Senior Analyst gabriela.jimenez@miranda-partners.com</div> <div>Sofia Fraser, Analyst sofia.fraser@miranda-partners.com</div> <div>Maite Santos, Analyst maite.santos@miranda-partners.com</div>