

Africa poised for fintech boom as funding momentum builds on record 2021

Article

By the numbers: Tech funding in Africa grew faster than any other region globally in 2021, reaching a total of **\$5.2 billion**, according to private equity firm Partech.

- Africa attracted twice as much activity as 2020, with **681 rounds**, and the **amount invested more than tripled**.
- **Fintechs attracted an outsize portion of funding**, aided by an influx of new investors and larger average deal sizes.
- Fintech startups got **63% of total investments**, or around \$3.3 billion, compared with just 25% the year before.

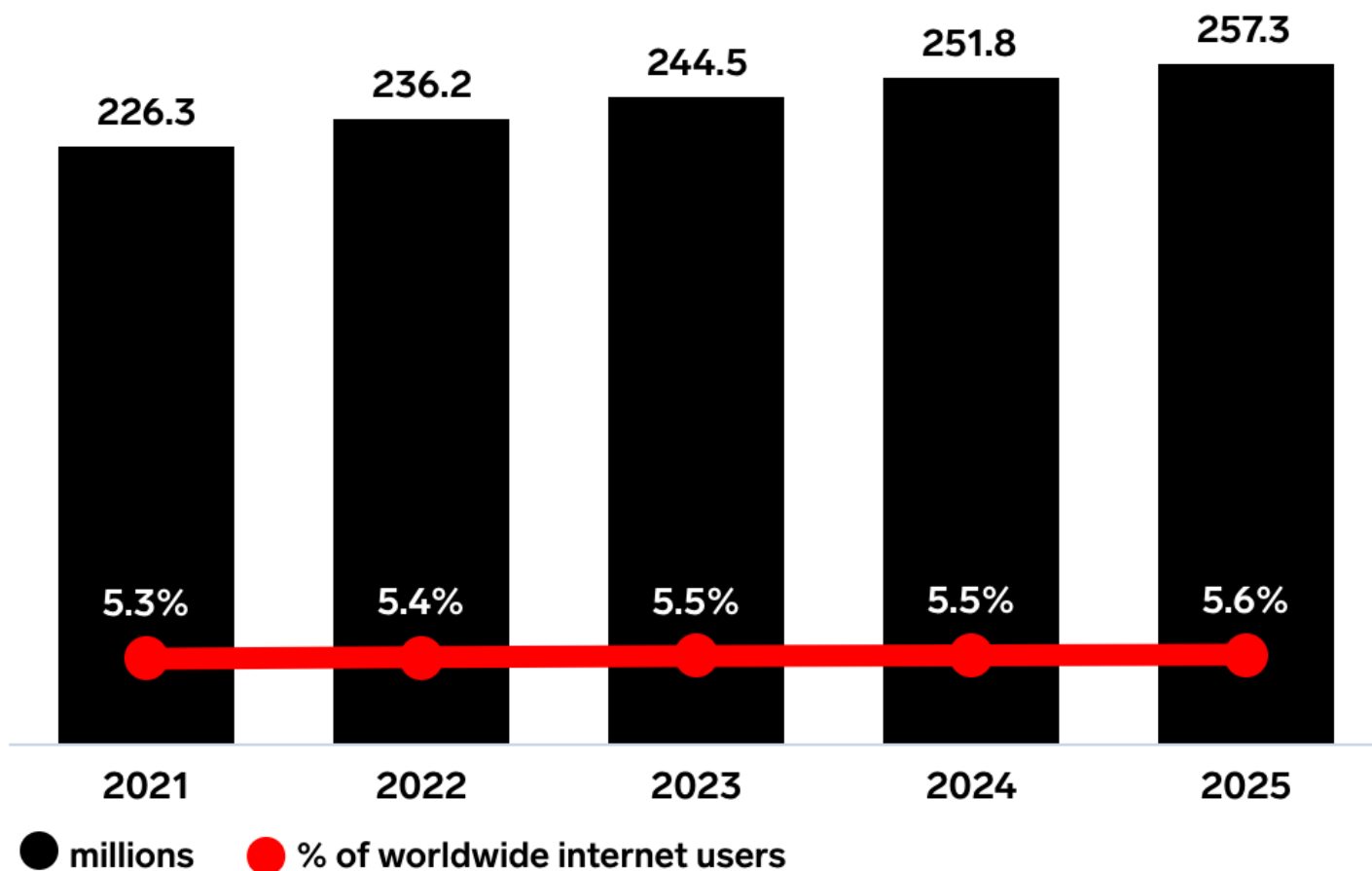
What this means: Soaring funding highlights **growing confidence** in Africa as investors and firms recognize the continent's huge potential for fintech sector growth. The region's success can be compared with that of **Latin America**, where investments tripled last year to hit a record \$15.3 billion.

Momentum carries into 2022: Big deals from all corners of the continent have shown no sign of letting up this year.

- **Mauritius:** **Finclusion Group** raised \$20 million in a pre-Series A round last month. The fintech uses AI to sell its credit-centric products and has issued more than \$300 million in loans to date.
- **Ghana:** **Float** raised \$17 million in a January seed round, which it will use to expand geographically. The startup lends to micro-, small-, and medium-sized enterprises (MSMEs)—businesses that find it challenging to get financing from traditional banks. More than half of the 44 million MSMEs in sub-Saharan Africa need more funds than they can access to grow their businesses, per World Bank [data](#).
- **Uganda:** Asset financing startup **Asaak** aims to make motorbike ownership easier for motorcycle taxi operators who are often shunned by established lenders. It approves riders for financing using data like their earnings and trips made. Last month, it **secured a \$30 million pre-Series A funding round**.
- **Egypt:** This week, investment app **Thndr** raised \$20 million in a Series A round. Thndr targets underserved consumers in the Middle East and North Africa, where less than 3% of people invest in financial assets. The region is home to roughly 400 million people with \$500 billion in annual savings, but most people have minimal exposure to investing.

Internet Users

Sub-Saharan Africa, 2021-2025



Source: eMarketer, February 2021

eMarketer | InsiderIntelligence.com

What's next? We predict **funding for African fintechs will climb further** in 2022. Following a similar pattern as other maturing markets like Latin America and Southeast Asia, the funds will focus on **large countries and small businesses**.

- Investment will be spread unevenly across the continent, with Nigeria, South Africa, Kenya, and Egypt likely to continue taking the lion's share of funding in 2022.
- **New technology** will promote bank and fintech integration and aid commerce across the continent.

- By 2025, Africa will be home to **1.5 billion people**, per The Economist, most of whom will have grown up with the internet. The continent's demographics will include a **vast group of digitally literate but underbanked customers** who can be tapped by homegrown and foreign fintechs.
- Africa's fintech sector is young compared with Europe and the US. But roaring funding growth shows the **space is gradually maturing**, and global investors are taking notice of the continent's potential.

Mobile Money Accounts and Transactions in Africa, by Region, 2020

	Registered accounts (millions)	Active accounts (millions)	Transaction volume (billions)	Transaction value (billions)
West Africa	198	47	6.40	\$178.0
—% change	19%	23%	29%	46%
Southern Africa	11	3	0.28	\$3.0
—% change	24%	28%	43%	24%
North Africa	14	1	0.08	\$5.4
—% change	16%	22%	29%	37%
Central Africa	46	16	2.20	\$35.7
—% change	2%	10%	30%	23%
East Africa	293	94	18.60	\$273.0
—% change	9%	16%	10%	11%
Total	562	161	27.50	\$495.0
—% change	12%	18%	15%	23%

Note: *active within the past 30 days

Source: GSMA, "State of the Industry Report on Mobile Money," March 24, 2021

264742

InsiderIntelligence.com

