

Jumo raises \$120M to power fintech services across Africa

Article

The news: The South Africa- and UK-based fintech will use the funding, led by **Fidelity**, to expand to Nigeria and Cameroon and add more financial products.

Who is Jumo? Launched in 2015, it's a banking as a service (BaaS) provider that powers the infrastructure for banks and fintechs to offer lending and savings products. It's currently

present in six African markets, where it uses AI to build credit scores and extend loans to borrowers even if they don't have a formal financial identity, collateral, or a credit record.

What's its appeal? Jumo is positioning itself as the pipeline to help players tap the vast underbanked market with fintech solutions.

- **Seventy percent** of credit applications are rejected by Africa-based lenders due to the lack of credit score data on applications.
- But Jumo, with its AI capabilities, is helping to address this challenge. It has so far **distributed \$3.5 billion to more than 18 million customers**.
- The BaaS provider also has **operating costs of \$1 per customer**, which, combined with the mega-round, should help it quickly scale its solution across the region and support more market players to reach more underbanked customers.

The big takeaway: This marks Fidelity's first investment in Africa, underscoring the US appetite to extend capital to the fast-growing fintech ecosystem.

- Fintechs operating in this region are more transformative than in developed countries because they allow consumers to transition straight from being underbanked to receiving AI-based and tailored digital access to financial services.
- The development of internet infrastructure and the growing number of mobile device users is priming the region for fintech growth over the coming decade. For example, **94% of school fees** in the Ivory Coast are already paid via mobile money.
- This expanding adoption will increase the value of infrastructure providers like Jumo that power this ecosystem in the eyes of US investors. We've already observed this trend through the **host** of Africa-based open banking providers that have raised funding this year.

Major Barriers for Their Country Becoming Cashless According to Adults in Select Developed* vs. Developing** Countries, March 2021

% of respondents

	Developed*	Developing**
Habits with physical cash are too strong	38%	43%
Lack of understanding of the technology	29%	46%
Data privacy concerns	36%	36%
Low consumer acceptance	32%	26%
Unable to pay small transactions, no relevance to daily life	29%	22%
Government regulations	15%	25%
Unproven technology	13%	15%
Low business acceptance	13%	13%
Ease of use is inadequate	12%	12%
Other	3%	2%
Don't know	7%	3%

*Note: *Australia, France, Singapore, South Korea, the UK, and the US; **Brazil, Philippines, South Africa, Turkey, and Vietnam*

Source: The Economist Intelligence Unit, "Digimentality 2021: Digital Currency From Fear to Inflection," May 27, 2021

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