

Zip seeks out growth opportunities in Africa with Payflex acquisition

Article

The news: Buy now, pay later (BNPL) provider **Zip** acquired South Africa-based BNPL startup **Payflex** in a deal with undisclosed terms, according to a press release. Payflex, which launched in 2019, has more than 1,000 merchants and roughly 135,000 customers.

Why it's worth watching: We previously [called out](#) Africa as a region that remains largely untapped by global BNPL players—giving Zip plenty of room to grow.

As Klarna and other major providers [expand](#) their presence in Western markets like the UK and US, Zip is taking advantage of the growth potential and the limited presence of major BNPL players in Africa. The Payflex acquisition also reflects Zip's growth tactic—expanding via acquisitions instead of direct moves into new markets: In May, Zip [acquired](#) United Arab Emirates-based BNPL firm **Spotii** and Czech Republic-based provider **Twisto**.

The opportunity: Zip's Payflex acquisition might be a catalyst for further expansion into Africa.

- Pockets of unbanked and underbanked communities in South Africa and other African countries could benefit from point of sale (POS) financing solutions like BNPL since these solutions also act as an alternative credit solution. It's also a region that has strong growth potential: **In the Middle East and Africa, POS financing solutions accounted for 4.8% of all POS transactions last year**, according to The 2021 Global Payments Report by Worldpay from FIS.
- Working with a local player gives Zip a head start expanding its solution in South Africa and boosting overall volume—in its fiscal 2021 (ended June 30, 2021), Zip's total transaction volume [surged](#) 176% year over year (YoY) and hit \$5.8 billion. Zip employed a similar tactic when it acquired **Quadpay** to penetrate the US market last year.
- Zip could use a successful launch in South Africa as a blueprint for expansion in other African countries, like Nigeria, which has one of the largest economies on the continent. And for Payflex, the acquisition can expand its presence outside of South Africa since Zip has the capital and resources to bring it into other countries.

Related content: Interested in learning more about current and future BNPL potential in global markets? Check out our [data deep dive](#), where we explore BNPL growth opportunities and threats and what they mean for industry stakeholders.

Middle East and Africa Point-of-Sale Payment Methods

2020

Cash

52.6%

Credit Card

16.6%

Debit Card

10.6%

Mobile Wallet

8.3%

Pre-paid Card

6.2%

Point-of-Sale Financing

4.8%

Charge Card

0.9%

Source: Worldpay from FIS, "The Global Payments Report," February 2021

Methodology: Data is from the February 2021 Worldpay from FIS report titled "The Global Payments Report," which measures transactions across 41 countries.

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