

# Network International bid highlights Middle East and Africa's payments digitization opportunity

Article

**The news:** Private equity firms **CVC Capital Partners** and **Francisco Partners** made a bid to acquire Middle East payments firm **Network International** for about \$2.6 billion, per

Bloomberg. CVC has until May 11 to announce a firm bid.

**How we got here:** The Dubai-based payments processor operates in 50 countries across the Middle East and Africa.

- Network International has courted foreign interest in its business before. **Mastercard**, for example, holds a 9.99% stake in the firm. And Network rejected several other takeover bids recently.
- Network has ramped up its growth, adding to its acquisition appeal. It received approval in February to launch its direct-to-merchant service in Egypt, which Network believes will accelerate growth.

**The bigger picture:** MEA is a burgeoning market for ecommerce transaction value.

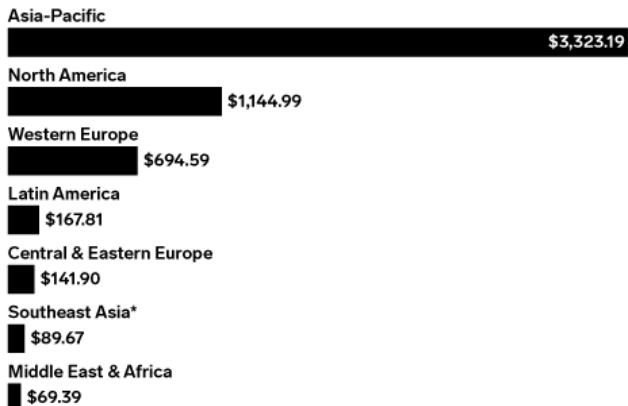
**Ecommerce in the region grew 21% YoY in 2022**, with CAGRs projected in the mid-teens through 2026, per **FIS's 2023 Global Payments Report**. This creates ample opportunity for digital payment providers like Network International to gain volume.

- Cash still made up the bulk (43%) of the Middle East and Africa's POS transaction value in 2022, according to FIS. But rapid digitalization in the region will **shrink that share to 29% in 2026**.
- Digital wallets will steal much of that attrition. They were the second-leading ecommerce payment method in 2022, at 20% of all transaction value, and held 13% of overall POS value. Their share is expected to swell to **24% of overall POS value** by 2026 (and 27% of ecommerce share).
- Global wallets like **Apple Pay**, **Google Pay**, and **PayPal** have a sizable presence in the region, but local players like **JumiaPay**, **MTN Moto**, and **STC Pay** are gaining prominence in their respective markets.

Network International provides an opportunity for CVC Capital Partners and Francisco Partners to extract value from this growing market. Less mature payments markets like the Middle East and Africa offer greater revenue potential than more established Western markets, which is likely reflected by the high acquisition price.

## Retail Ecommerce Sales Worldwide, by Region, 2022

billions



Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice good sales; \*Southeast Asia is a subset of Asia-Pacific and the Southeast Asia figures are also included in the Asia-Pacific totals  
Source: eMarketer, Jan 2022

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