



Africa Fintech Radar

Preliminary trends and learnings

June 2021

Authors

Eden D'Oliveira

Benita Morgan

Owolabi Taiwo

Simon Hardie

David Saunders

Ziannah Muddu

Cenfri

www.cenfri.org

Africa Fintech Network

<https://www.africafintechnetwork.com>

findexable

<https://findexable.com>

Table of contents

Introduction.....	1
Why now?.....	1
Methodology.....	1
Fintech market development.....	2
Maturation and diversification of fintechs.....	3
The role of fintechs in inclusive economies.....	4
Recommendations to support fintech in Africa.....	6
More coordinated regulation can enable a more integrated African market.	6
Enabling the environment, talent and technology is critical.....	6
Innovative business models need support.	6
Gender disparities remain in fintech ecosystems.	6
Detailed insights and data are needed.	6
Conclusion.....	7

List of figures

Figure 1: The fintech ecosystem is growing, with a large proportion gaining traction and scaling.....	3
Figure 2: Fintech segments as defined in the Africa Fintech Network Survey, November 2020.....	4
Figure 3: Challenges listed according to decreasing importance.....	5

Introduction

In 2020, the **Africa Fintech Network** (AFN), in partnership with **findexable** and **Cenfri**, launched the Africa Fintech Radar. This note shares the preliminary findings as the Radar strives to be the first Pan-African fintech census and digital map that tracks fintech activity across the continent.

The note aims to provide preliminary insights to industry, development partners, regulators and investors. It focuses on summarising the key findings from information and views of African fintechs and associations. This note forms the first output for the Africa Fintech Radar initiative that has the ambition of making more comprehensive and real-time data freely available. Using data provided by Africa Fintech Network, Cenfri and findexable, the Africa Fintech Radar is the first live listing which strives to showcase fintechs operating in Africa. The listing is compiled from a composite of the following three groups of metrics – 1) a quality score based on the size and success of fintech companies in a location, 2) a quantity score based on the number of firms, and 3) an ecosystem score using selected metrics from the *Doing Business Indices*, Africa Fintech Associations and survey data. All companies listed on the interactive map are qualified and updated fintechs to the best of our knowledge and according to available data.

Why now?

African fintechs still have many challenges to overcome in a market that comprises 54 countries, each with a different jurisdiction and unique fintech environment. The opportunity is to create a unified, transparent African fintech ecosystem for the benefit of society at large.

The COVID-19 pandemic has triggered deep digital change globally, not least in Africa, which represents nearly half (46%) of all global mobile-money accounts.

The Africa Fintech Radar will provide critical information to better understand and address the pain points, remove the barriers for fintechs to contribute to Africa into becoming a truly inclusive and sustainable digital economy.

This project builds on initial market insights provided by the Global COVID-19 Fintech Market Rapid Assessment Survey conducted by the Cambridge Centre for Alternative Finance (CCAF) and the World Economic Forum (WEF).

Methodology

The methods used in this project combined desktop research, findexable's **Global Fintech Index** and the Africa Fintech Radar (AFR) survey, which draws on the AFN's deep reach across the continent, both directly and through the national country associations. Between October 2020 and February 2021, the AFR survey collected over 100 responses according to 13 fintech segments from 17 countries: Côte d'Ivoire, Egypt, Ghana, Kenya, Mauritius, Morocco, Mozambique, Niger, Nigeria, Rwanda, Sudan, South Africa, Seychelles, Tanzania, Tunisia, Uganda and Zambia.

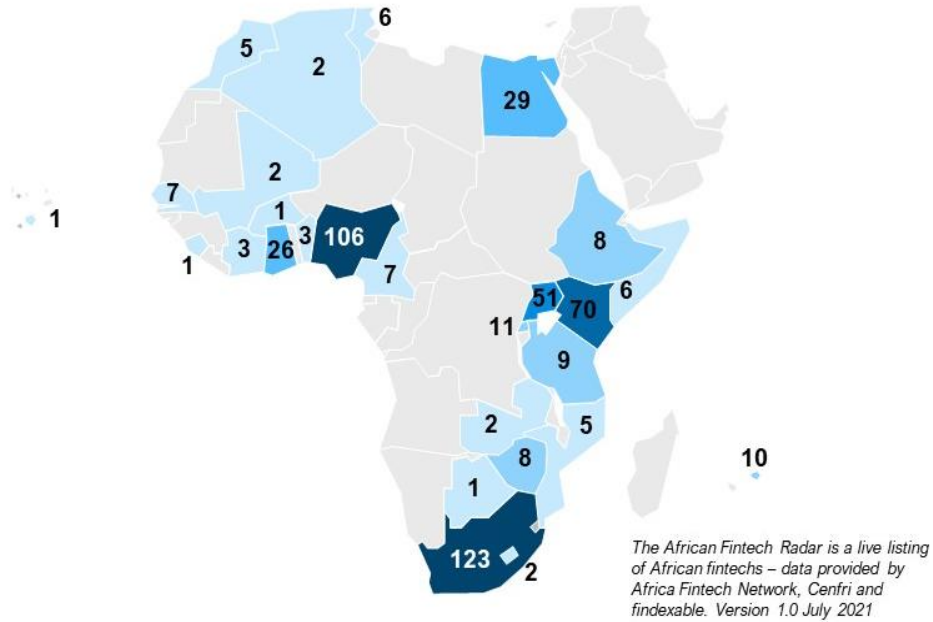


Figure 1: Africa Fintech Radar Map – Africa Fintech Network Survey (November 2020)

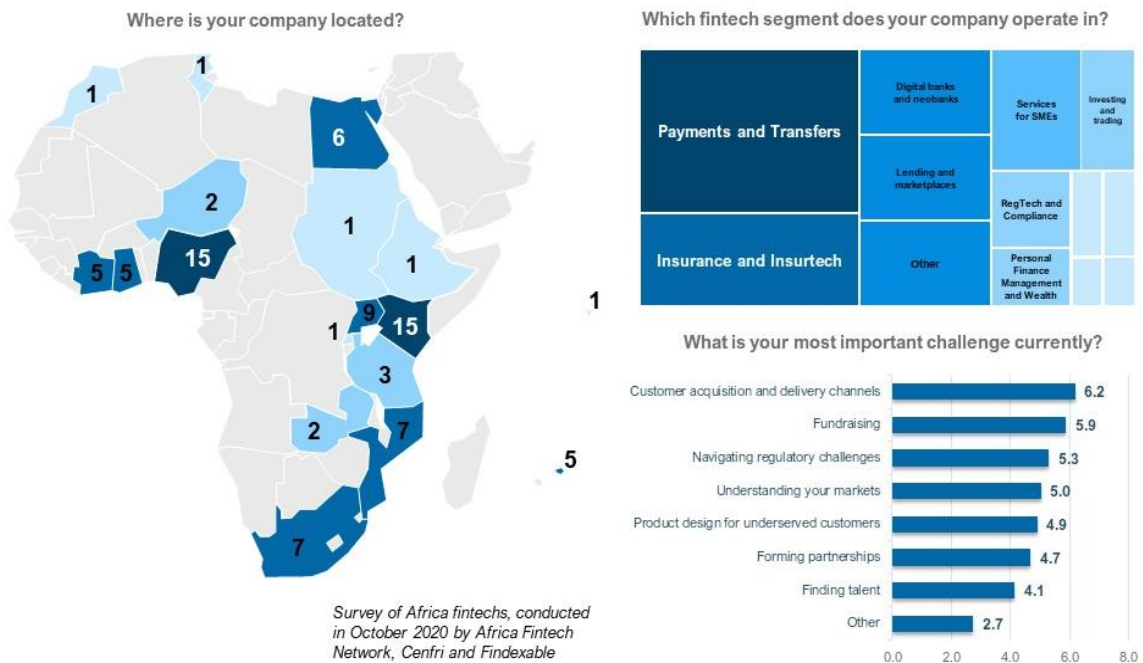


Figure 2: Overview of Africa Fintech Radar Survey data (November 2020)

Fintech market development

Despite the challenges and funding figures for 2019 indicating that fintech might be losing some of its allure, the picture we see from the Africa Fintech Radar is a little different.

Fintech (especially in sub-Saharan Africa) has shown no signs of slowing down despite predictions by the [World Economic Forum](#) which suggest that African economies will contract by 4.4% in 2021 as a direct result of COVID-19. Evidence from 2020 shows that, while the number of fintechs that raised funding has slowed, the total number of backed ventures was higher in 2020 compared to 2019. The data shows more fintechs are operating in Ghana, Rwanda and Uganda and there are positive signs that the growth. [Finnovating from Africa](#), shows active start-ups in Africa increased by 89.4 per cent between 2017 and 2021.

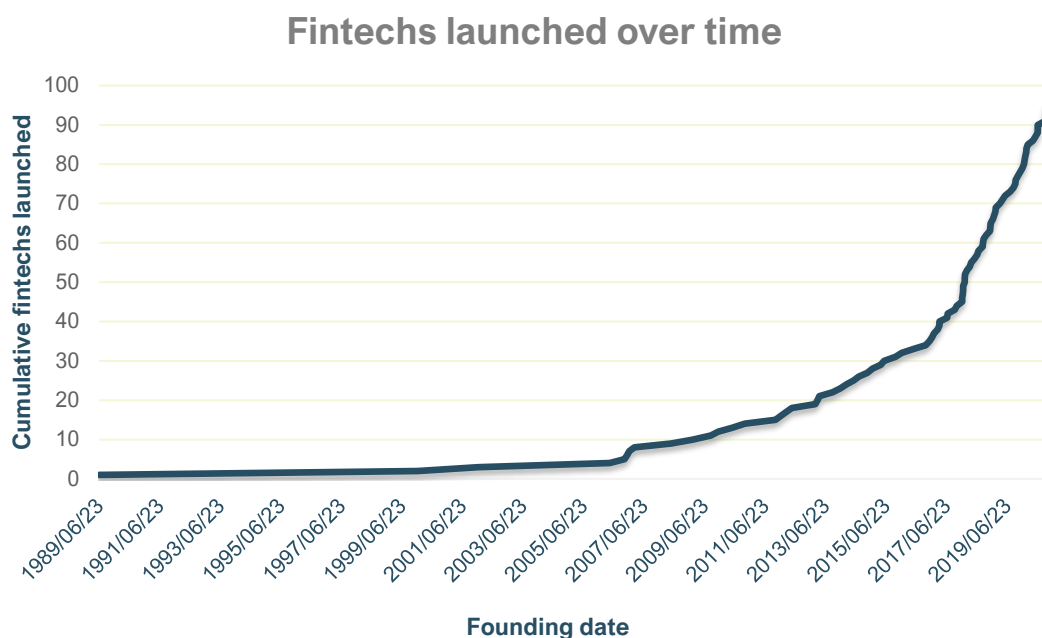


Figure 3: The fintech ecosystem is growing, with a large proportion gaining traction and scaling

Maturation and diversification of fintechs

Fintech services have grown out of organic needs and solutions rather than disrupting the current landscape and, notably, the variety of services is steadily increasing. The payment and fintech segments remain dominant, fuelled by the continent’s three main hubs of South Africa, Kenya and Nigeria. While a large portion (43%) of these fintechs identified as early-stage start-ups, 54% of respondents felt that they have traction and are exploring how to further scale their business. Fintech segments are developing and maturing, with many fintechs scaling vertically instead of geographically. At a surface level it appears that payments and transfers remain dominant in key markets, however, as fintechs have saturated more developed African markets with payments and lending which has led to with many fintechs scaling vertically instead of geographically with increased activity in areas like insurtech, digital banking, and services for MSMEs, with only a handful of fintechs focused on regtech and compliance, infrastructure, automation and AI.

Fintechs are shifting their focus on other segments, such as insurtech and services for MSMEs. There are also many fintechs offering multiple services as opposed to focusing on just one offering. Fintechs are increasingly diversifying by adding new

verticals to their existing product suite which might be easier as it is reliant on offering a new service to your existing customer base, as opposed to having to attract a whole new base in a new, and probably quite different, market.

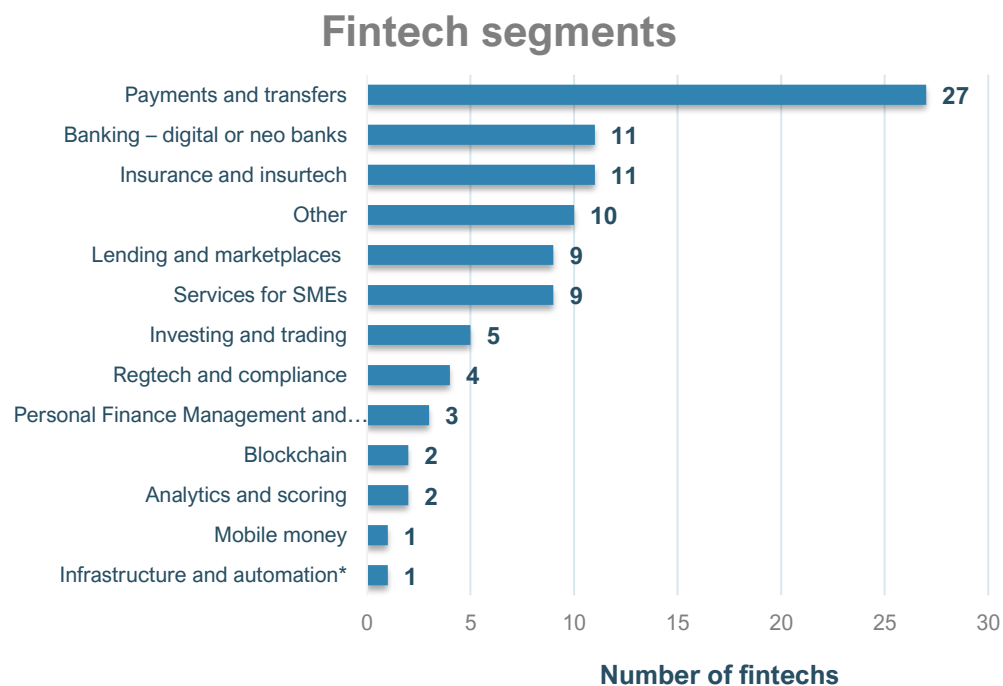


Figure 4: Fintech segments as defined in the Africa Fintech Network Survey (November 2020)

The role of fintechs in inclusive economies

The continent is characterised by less developed financial infrastructure and a large unbanked population. At least half of Africans still lack access to any kind of formal financial services, and many of those who do have access are still counted as underserved.

Fintechs have an important role to play in African economies, both as part of the recovery from COVID-19 and beyond. The number of African fintech has grown by 17.3% from 491 in 2019 to 573 in 2021 (Disrupt Africa, 2021). Despite pressure on funding due to COVID-19, fintechs have already doubled its investment total in the first six months of 2021. This is in line with the increasing demand for the digital financial services offered by fintechs. Despite this increased demand for their services, fintechs experience challenges in raising funding, in navigating regulation, and developing products that align with the needs of underserved market segments, thereby undermining their contribution to the broader economic recovery and adaptation. Fintechs face a number of challenges linked to infrastructure, affordability, access to customers, and regulation.

Main challenges faced from most to least important



Figure 5: Challenges listed according to decreasing importance

Fintechs are increasingly collaborating, and there are positive signs of fintech contributing to a more diversified, inclusive and adaptive financial market. Figure 5 shows that the main challenge fintechs face is accessing clients and capital. To navigate this challenge, African fintechs are exploring how to unlock real benefits from business-to-business (B2B) collaboration. While African fintechs may have been viewed as disrupters in the past, more fintechs are seeking to work with established actors, as demonstrated in Figure 6. This further aligns with the regulatory change on the continent where central banks and sectoral regulators are increasingly considering their growing mandate to regulate innovation in favour of an inclusive and safe ecosystem (Gray, de Waal, Hougaard & Beyers, 2021).

Target customer groups

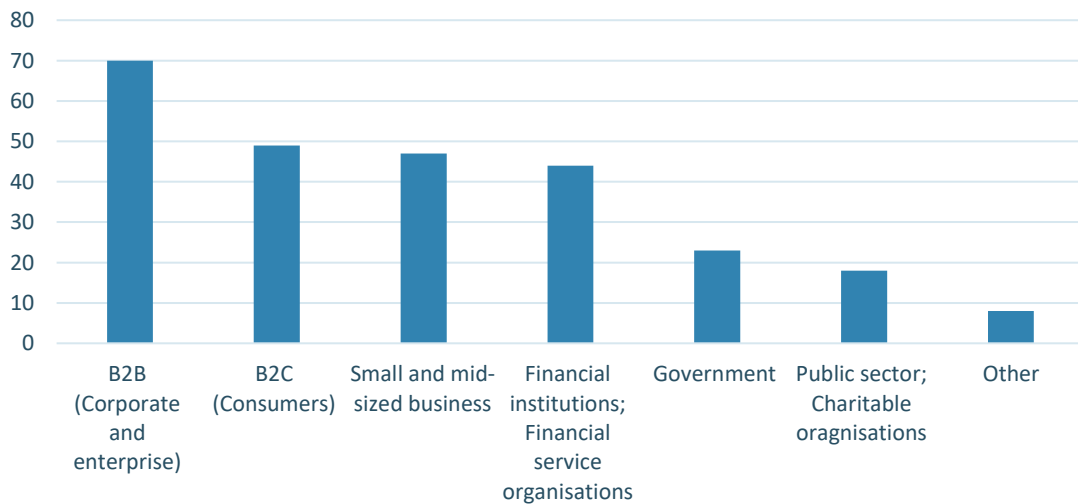


Figure 6: Fintech target groups

While B2B is the most popular, finding the right model for collaboration is no easy task. Fintechs face challenges on how to get the most out of the B2B model, be it with corporate or enterprise businesses of small and medium-sized businesses. Further, fintechs are developing innovative value propositions across the value chain to provide solutions that address the financial needs of youthful populations across the continent.

Recommendations to support fintech in Africa

As COVID-19 has triggered deep digital change, the Africa Fintech Radar endeavours to realise the promise of fintech in improving the social and financial wellbeing of all citizens by building a dynamic bridge between local fintech talent, wider innovation initiatives and opportunities. While there are positive developments, certain needs remain.

More coordinated regulation can enable a more integrated African market.

Supportive policy and regulation are vital to many financial services models, including fintechs, and are dependent on scale for feasibility while addressing issues related to successful implementations of the African Continental Free Trade Area ([AfCFTA](#)) and [Agenda 2063](#) driven by the African Union.

Enabling the environment, talent and technology is critical.

This survey, alongside [other evidence](#), shows that it is important to understand the factors, forces, interdependencies and dynamics for fintechs and broader innovation to thrive.

Innovative business models need support.

Business models often face local context restrictions and a lack of capital. However, [systems mapping](#) shows that innovation is influenced by a number of intangible factors. Collaboration gives rise to greater innovation; and sharing of information enables the industry as a whole to become more transparent and robust, with opportunities for growth distributed more equally.

Gender disparities remain in fintech ecosystems.

Fintech leaderships and founders are predominantly male; however, women are stepping into operational, product and marketing roles.

Detailed insights and data are needed.

To realise the promise of fintech in improving the social and financial wellbeing of all citizens, accurate, up-to-date and unbiased data is required. Understanding of ecosystem challenges, development of individual sub-segments and the geographical distribution of fintech activity across the continent is often unstructured and static. The more mature markets of Kenya, Nigeria and South Africa tend to dominate fintech studies, and the mapping of fintech ecosystems in SSA is done at a high level, which results in other hubs such as Côte D'Ivoire, Egypt, Ghana, Rwanda and Uganda being underrepresented.

Conclusion

Africa continues its journey in rapid digitalisation, which gives rise to new challenges. It remains important to support local solutions for local problems and to enable the fintech ecosystem to rise to the occasion.

The Africa Fintech Radar endeavours to provide information to better understand and address the pain points for Africa to become a truly inclusive and sustainable digital economy. To find out more about this initiative, please contact any of the partners listed in the appendix.

Appendix

The Africa Fintech Network is the platform that unites Africa fintech leaders, organisations and stakeholders through their country associations to exchange ideas, promote and support creation of innovative technologies and the deployment across and beyond Africa.

Association	Summary	Country of HQ
1. Africa Fintech Forum	The Africa Fintech forum is a cross-industry and non-profit organisation with the aim to advocate, provide, develop and stimulate.	Côte d'Ivoire
2. Egyptian Fintech Association	Egyptian FinTech Association is a non-profit and member of the Global Fintech Hubs Federation. We are a cross-industry initiative, intended to be a platform designed to facilitate collaboration between all market participants and stakeholders in the fintech ecosystem.	Egypt
3. Ghana Chamber of Technology	A voluntary group of technology companies who have come together to pursue a common interest in shaping the technology industry agenda of Ghana for current and future generations.	Ghana
4. African Women in FinTech & Payments (AWFP)	The first and only Pan-African network bringing together women working in fintech and payments.	Kenya
5. Digital Lenders Association of Kenya	Digital Lenders Association of Kenya is a member organisation bringing together digital loan providers and stakeholders to facilitate growth in digital lending in Kenya. Our objective is to set ethical and professional standards and collaborate with policymakers.	Kenya
6. Fintech Association Of Kenya	Umbrella body for fintech in Kenya	Kenya
7. Mauritius Africa Fintech Hub (MAFH)	MAFH is a collaboration with focus on innovation and incubation, capacity and skills-building and deal flow and investment.	Mauritius
8. Morocco Fintech Hub	Platform aiming to encourage development of the fintech ecosystem in Morocco. Our mission is to contribute to the fintech ecosystem by producing publications (reports, newsletters etc.) and organising events such as conferences, hackathons and workshops.	Morocco

<p>9. Mozambique Fintech Association</p>	<p>The Mozambique Fintech Association is constituted by singular and collective individuals with a particular focus on financial services. They have the aim to increase financial inclusion by developing the digital financial ecosystem between fintechs and insurtech companies as well as promoting technological and investment exchange.</p>	<p>Mozambique</p>
<p>10. Fintech Association of Nigeria (FintechNGR)</p>	<p>Fintech association company that wants to foster an ecosystem to support all stakeholders</p>	<p>Nigeria</p>
<p>11. Rwanda Fintech Association</p>	<p>Rwanda Fintech Association is an open platform that brings together financial institutions, micro finance companies, savings cooperatives (SACCOs), fintechs, developers and start-ups to work for the future of financial technology ecosystem</p>	<p>Rwanda</p>
<p>12. Sierra Leone Fintech Association</p>	<p>Sierra Leone FinTech Association is a membership-based association representing Sierra Leone's local fintech community. We aspire to connect the ecosystem to support Sierra Leone to be the leading hub for fintech innovation in West Africa.</p>	<p>Sierra Leone</p>
<p>13. Payments Association of South Africa</p>	<p>Payments Association of South Africa was founded in 1996 and was subsequently recognised as a payment system management body by the SARB. PASA's mandate is derived from the NPS Act, PASA is a self-regulatory body, and its governance structure is managed by PASA Council.</p>	<p>South Africa</p>
<p>14. Financial and Technology Services Providers Association (FITSPA)</p>	<p>Financial Technology Service with the mission to build a safe and regulated ecosystem</p>	<p>Uganda</p>
<p>15. Digital Financial Practitioners of Zimbabwe (DFPAZ)</p>	<p>Digital Financial Practitioners of Zimbabwe is an association formed in 2019 with the aim to synergise required skills, research and study and contribute to the progressive evolution and development of Digital Financial Services.</p>	<p>Zimbabwe</p>