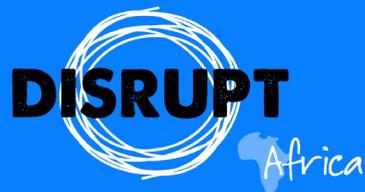


Finnovating for Africa: Reimagining the African financial services landscape

2023



CONTENTS

1	<u>CONTENTS</u>
2	<u>PARTNERS</u>
3	<u>INTRODUCTION</u>
4	<u>METHODOLOGY</u>
5	<u>OVERVIEW</u>
10	<u>COUNTRIES</u>
14	<u>LAUNCH DATES</u>
16	<u>CHURN</u>

17	<u>SECTORS</u>
18	<u>Payments and remittances</u>
22	<u>Lending and financing</u>
23	<u>Business admin</u>
24	<u>Investtech</u>
25	<u>Insurtech powered by </u>
26	<u>Personal finance</u>
27	<u>Blockchain</u>
28	<u>Security and ID</u>
29	<u>Other</u>
30	<u>FUNDING</u>
34	<u>ACQUISITIONS</u>

PARTNERS



AZA Finance is an African fintech company offering secure and efficient financial infrastructure for payments, foreign exchange, and settlement. With more than a decade of experience, AZA Finance is committed to helping your business thrive in Africa.

<https://azafinance.com/>



Curacel is an insurance infrastructure company that helps insurers and partners in Africa and other emerging markets increase the reach and functionality of insurance through cloud-based tools and APIs.

<https://www.curacel.co/>

INTRODUCTION

To our friends across Africa's tech startup and investment ecosystem:

The Disrupt Africa team is delighted to present to you the fourth edition of Finnovating for Africa, the deep-dive into the continent's fintech startup ecosystem we bring to you every two years. When we released the first edition of this report back in 2017, it was the first of its kind in Africa, and it continues to track the development of the space as we release this latest edition.

This year's publication tells the story of an amazing two years in the fintech ecosystem, and is brought to you in partnership with [AZA Finance](#), an African fintech company offering secure and efficient financial infrastructure for payments, foreign exchange, and settlement; and [Curacel](#), an insurance infrastructure company that helps insurers and partners in Africa and other emerging markets increase the reach and functionality of insurance through cloud-based tools and APIs.

These partners allow us to open-source Finnovating for Africa, and deliver it to everyone, corporate or startup, institution or angel, for free. We cannot thank them enough, and hope to work further with them in the future on ensuring access to leading data and analysis remains free.

But what story does that data have to tell? When we published the inaugural version of Finnovating for Africa six years ago, fintech was just emerging as a leading sector within the wider African tech startup ecosystem. Over the course of 2019 and 2021, there was serious development, and since 2021, in terms of activity, funding, M&A activity, it has truly come of age.

Why are entrepreneurs and investors alike so attracted to African fintech? Mainly because the size of the opportunity is immense. Financial technologies startups in Africa are rolling out a wide variety of solutions that are competing with established incumbents or helping those incumbents become more agile and effective, but, unlike in more developed markets, in many African countries or verticals they are providing access to financial services for

the first time. On a continent where more than half of adult Africans still lack access to any kind of banking services, according to World Bank figures, fintech startups are building inclusion from the ground up.

The scale of the challenge, and the resultant opportunities from both impact and return on investment perspectives, is huge, and while the success of mobile money in many markets in Africa demonstrated the willingness of Africans to adopt alternative financial solutions, startups are continuing to pioneer solutions to access problems in many areas.

This report tells that story, taking a detailed look at the quickening development of African fintech over recent years - the startups driving the ecosystem, where they are based, what spaces they are active in, how much money they have raised, and, increasingly so, how they are exiting.

For entrepreneurs in the fintech sector, it highlights opportunities and challenges, while for investors it provides key information on which startups and sub-sectors have proven most attractive to their counterparts. The report also details trends in the fintech innovation space that will prove relevant to policymakers and large corporations, especially established players within the financial services space in Africa.

We very much hope you find the information contained here valuable. As with all of Disrupt Africa's industry reports, we greatly value your feedback as we strive to ensure our publications offer as much value as possible to your business and the development of the African tech ecosystem. Please let us know what more we can do.

Thanks for reading,



Gabriella Mulligan



Tom Jackson

Co-founders of Disrupt Africa

METHODOLOGY

The Finnovating for Africa Report 2023 is based on data extracted from a list of 678 fintech startups from across Africa collated by the Disrupt Africa team. This list was built over a number of years from Disrupt Africa's own reporting on the African tech space, as well as additional research and information provided by third parties.

Fintech - financial technology - is an umbrella term used to describe tech-enabled solutions disrupting traditional financial services, and challenging incumbent service providers. While increasingly, many companies include an element of fintech in their work, and incumbents launch fintech-esque products in-house, this report focuses on startups with a fintech solution at the core of their business.

So, for example, while an e-commerce platform which accepts payments is not a fintech startup for the purposes of this report; an agri-tech company operating a crowdfunding solution specifically for farmers is considered a fintech venture. A fintech product rolled out by a bank or established company will not be included in this report even if it self-refers as a "startup".

We have broken fintech down into eight categories. Payments and remittances covers startups facilitating the transfer of money within or between countries using technology. Lending and financing focuses on companies allowing users to directly obtain credit-based services, or smooth that process by using technology to prove creditworthiness.

Business administration includes a range of back-end enterprise solutions including accounting, invoicing, payroll management and tax; while investtech startups are offering solutions that allow users to invest in and fund a variety of projects online.

Insurtech looks at the startups making innovative insurance products available online. Personal finance covers startups operating in the savings or personal financial management spaces; while security and ID denotes startups securing online financial services or helping firms with their Know Your Customer (KYC) and due diligence processes. The blockchain section focuses on startups active in the blockchain and cryptocurrency space, including those that apply these technologies to other fields.

A note on the definition of a startup. In deciding what "startups" to include and exclude from this study, Disrupt Africa has followed its usual editorial process, working on a case-by-case basis to decide whether a company qualifies as a startup. The definition of startup is more subjective than objective in any region; especially so in Africa where the scene is so nascent and there are no established qualifications in terms of revenues and employee numbers.

Startups are young businesses where success is not guaranteed, where people choosing to work for the company are forgoing stability in exchange for innovation and the promise of tremendous growth. This ability to grow is key, what differentiates startups from small businesses is the potential - and desire - to scale regardless of geography.

More specifically, the majority of companies featured in this report are still in the process of scaling up, their potential profitability is still growing - regardless of whether profitability has to date been achieved -, and they may still seek external funding.

Companies that are headquartered outside of Africa, or have no African involvement in the founding/management team - we do not consider "African".

Companies that are a spin-off or built by a corporate or other large entity; have developed past the point of being a startup; or have been acquired and subsumed into an established company are excluded going forth (ie. they will feature in the year of acquisition but not thereafter).

Launch dates of startups have been ascertained via our own research and surveys of the companies in question. Data on funding and acquisition comes from our separate annual report on funding for African tech startups, The African Tech Startups Funding Report.

We do not claim to have identified every single African fintech startup in existence in 2023 - there may well be some which have slipped through the net. The data contained in this report is, nonetheless, what we believe to be the most comprehensive information available currently on startup activity in the continent's fintech space.

Disrupt Africa data seeks to ascertain a minimum figure from which the growth of the African fintech startup ecosystem can be tracked. As such, comparative data used to reflect on progress over the years stems from the three previous editions of this report, published in 2021, 2019 and 2017.

OVERVIEW

OVERVIEW

Africa's fintech startup ecosystem continues on its growth trajectory.

Still comfortably the most-populated vertical within Africa's wider tech ecosystem, the fintech space has maintained its steady growth over the last two years. Since the last edition of Finnovating for Africa in 2021, the number of startups operating in the space grew by 17.7 per cent to 678.

This is a similar rate of growth to that witnessed between 2019 and 2017, when the number of active ventures increased by 17.3 per cent to 576. Overall, the number of fintech startups active in Africa has increased by 125.2 per cent between 2017 and 2023.

This growth is taking place across the continent, with all major markets bar South Africa posting an increase in the number of active ventures. Egypt and Nigeria are growing especially fast, with the number of fintech companies based in those countries leaping by 66.7 per cent and 50 per cent respectively over the course of the last two years,

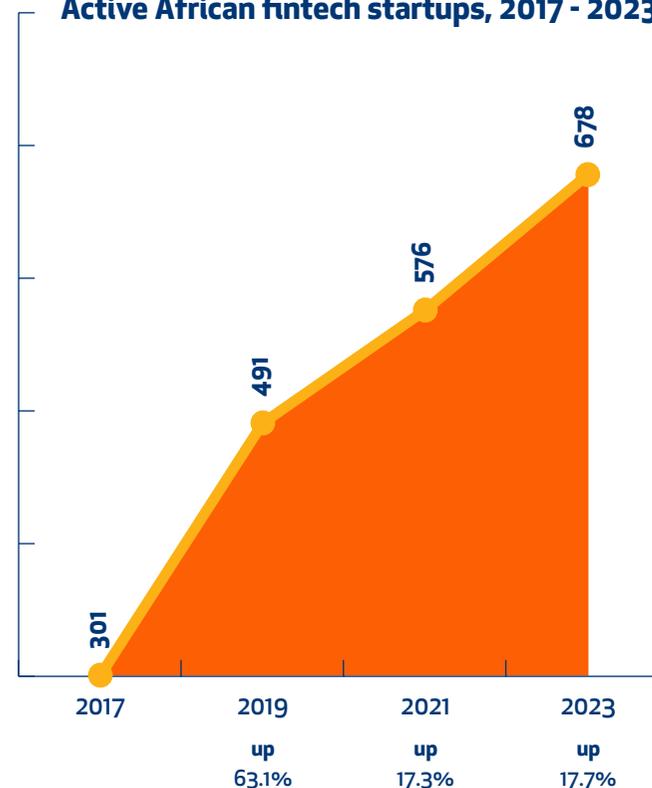
Startups continue to launch at a steady rate. Almost 40 per cent of currently active fintech ventures were launched between 2019 and 2021, and though numbers for 2022 and 2023 look lower for now, there will undoubtedly be many startups that formed more recently that have yet to flick across our radar.

The maintained growth trajectory of the African fintech startup ecosystem is even more impressive when one considers the relatively high churn rate within the sector. Of the 576 startups included in the 2021 edition of this report, 115 - 20 per cent - have since ceased to operate.

This is similar to previous findings. Between 2019 and 2021, 22.2 per cent of ventures closed their doors, and between 2017 and 2019, 23.2 per cent shuttered. The closure rate appears to be slowly falling, but remains high, something which is to be expected in a popular yet cluttered space that has so much potential but so many pitfalls.

Nonetheless, it is clear that African fintech is in its prime, driving forward financial inclusion and powering the commercial revolution occurring on the continent.

Active African fintech startups, 2017 - 2023



OVERVIEW

Fintech leads the way in Africa for investments, exits.

The fintech space is by far and away the leader within the wider African startup ecosystem when it comes to both funding and exit activity.

Since Disrupt Africa began tracking funding in the African tech startup space in 2015, 540 fintech startups from 25 countries have raised an extraordinary US\$3,635,823,965, three times more than any other sector.

Total investment per year has been on a fairly steady upward trajectory since 2016, yet growth has been especially impressive in the last two years. The number of funded ventures has almost doubled since 2021, and more than US\$2.7 billion has flooded into the ecosystem in the last 24 months.

Meanwhile, not only are African fintech startups more likely to raise funding than their peers, they are also more likely to be acquired. Disrupt Africa tracked 26 fintech startup acquisitions between June 2021 and July 2023, compared to just seven between 2019 and 2021, and accounting for over 60 per cent of the 43 such deals reported since 2011. This should serve to embolden both investors and entrepreneurs in the sector, as exits are the name of the game.

More than US\$2.7 billion was raised by fintechs in the last 24 months



OVERVIEW

African fintech startups are the continent's most accelerated.

No other vertical of Africa's exciting tech ecosystem is subject to more acceleration or incubation than fintech. In all, 315 (46.5%) of the 678 startups tracked by this publication have taken part in some such programme.

Supported by



YES 315

46.5%

NO 363

53.5%



OVERVIEW

Fintech underperforms for gender diversity.

Just 99 (14.6%) of the startups tracked by this report had at least one female co-founder, and only 52 (7.7%) were led by a female CEO.

These percentages mean fintech ranks below e-commerce and retail-tech, e-health, ed-tech, logistics, and recruitment and HR when it comes to gender diversity.

To compare with the whole ecosystem-wide average, 14.6% of African tech startups have at least one female co-founder, while 9.6 per cent have a female CEO. More information on gender diversity within the African startup and investor ecosystem available in our recent report [Diversity Dividend: Exploring Gender Diversity in the African Tech Ecosystem](#).

Female co-founder

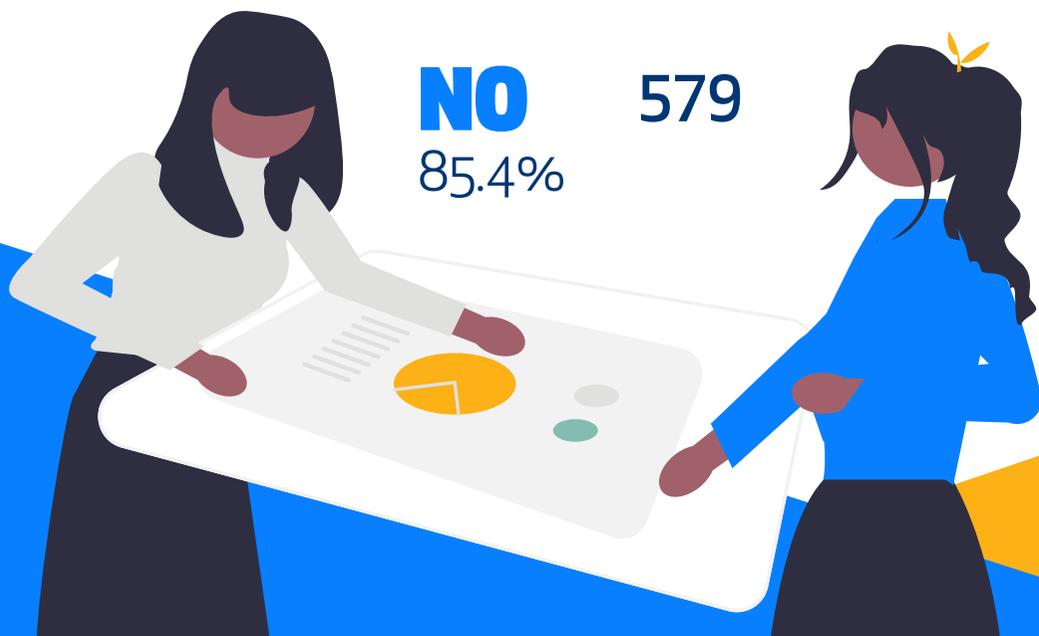
YES 99
14.6%

NO 579
85.4%

Female CEO

YES 52
7.7%

NO 626
92.3%



COUNTRIES

COUNTRIES

“Big three” markets retain dominance.

The share of fintech activity contributed by the “big three” markets of South Africa, Nigeria and Kenya maintained its 2021 levels, with 459 (67.7%) of the 678 startups tracked by this report hailing from one of those three countries.

This was ever so slightly down on the 67.9 per cent share these markets accounted for in 2021, which was up from 65.2 per cent in 2019. The 2017 figure was 74.4 per cent.

Indeed, when we “zoom out” a little, it is clear that fintech activity remains focused in the larger markets. When we move to discuss the “big six” of fintech in Africa, adding Egypt, Ghana and Uganda to the equation, these countries account for a whopping 86.7 per cent of startups, up from 85.4 per cent in 2021 and 81.7 per cent in 2019.

Nigeria

Kenya

South Africa

459
67.7%

COUNTRIES

Nigeria assumes role of true leader in African fintech ecosystem.

Over the course of the last two years, significant growth saw Nigeria finally overtake South Africa to become the most-populated fintech space on the continent, having already established itself as the most attractive fintech investment destination. Indeed, much of the growth of the sector, from both an active startup and an investment perspective, is being driven by Nigeria at present.

This edition of Finnovating for Africa tracks 217 Nigerian fintechs, up 50.1 per cent on 144 in 2021, which had in turn been up from 101 in 2019 and 74 in 2017. Nigeria's total market share is also on the rise, up to 32 per cent from 25 per cent in 2021, and 20.6 per cent in 2019.

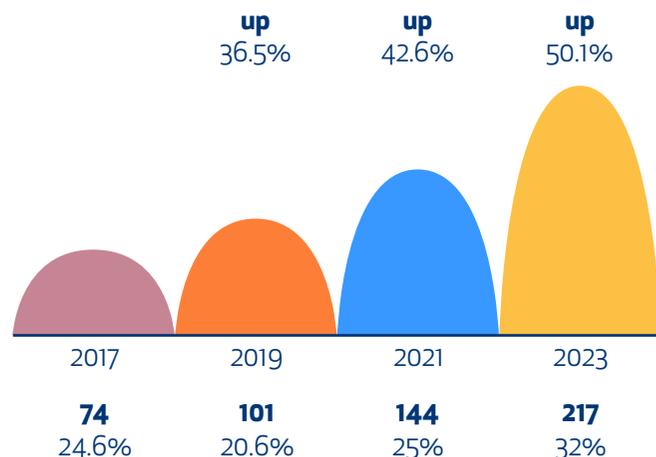
Nigeria has assumed a market-leading position when it comes to activity it has long held in the area of fintech investment. Of the US\$3,635,823,965 in funding secured by African fintech ventures in the last 8.5 years, US\$1,511,188,000 (41.6%) went into Nigeria-based companies.

Indeed, the Nigerian fintech space has added more than US\$1 billion to its total in the last two years, more than tripling its total figure, and making up more than one-third of the staggering US\$2.7 billion or so invested in African fintech since July 2021.

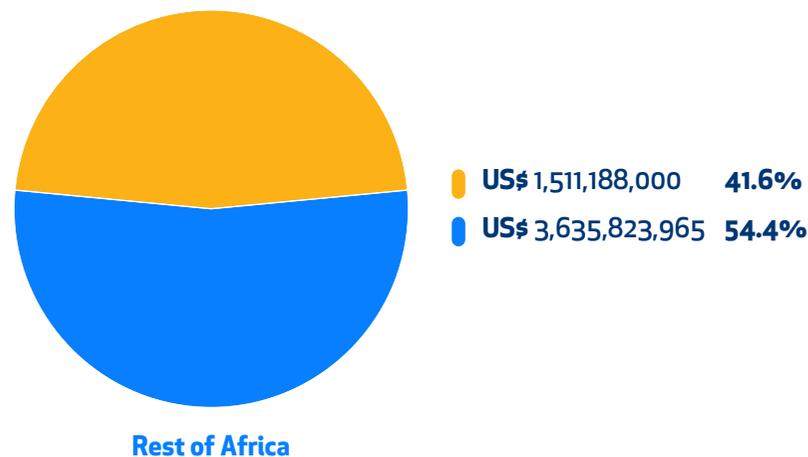
Since the publication of the last edition of this report, major rounds have been raised by the likes of Moove, FairMoney, Yellow Card, Smile ID, Nomba and Flutterwave, the latter of which had already achieved "unicorn" status in advance of our 2021 edition. Moreover, in the form of the 2020 acquisition of Paystack by Stripe, the country is also home to the continent's most-celebrated fintech acquisition thus far.

Given Nigeria's dominance of the market, we will not be surprised to hear of more similar success stories emerging from the country over coming years.

Active Nigerian fintech startups 2017 - 2023



Nigeria



LAUNCH DATES

LAUNCH DATES

Rate of new fintech startup launches appears to be slowing.

Plenty of new fintech startups have launched since the last edition of Finnovating for Africa, but things do seem to have slowed down as the sector begins the process of consolidation.

A full 38.3 per cent of the currently active African fintech startups launched in 2019, 2020, or 2021, yet this report tracks only 40 launches in the last 18 months.

This would seem to suggest that the scramble to be “the next big thing” in African fintech is over, but in the last edition of this report we said exactly the same thing. Ultimately, however, it emerged that more recently-launched startups had yet to be flagged, and this may yet prove to be the case with regard to the current relative lack of 2022 and 2023 launches.

African fintech startups by launch year



CHURN

High turnover of startups within Africa's fintech space.

In the two years that elapsed between this edition of Finnovating for Africa and the previous one, 115 startups - 20 per cent of the 2021 total of 576 startups - closed their doors.

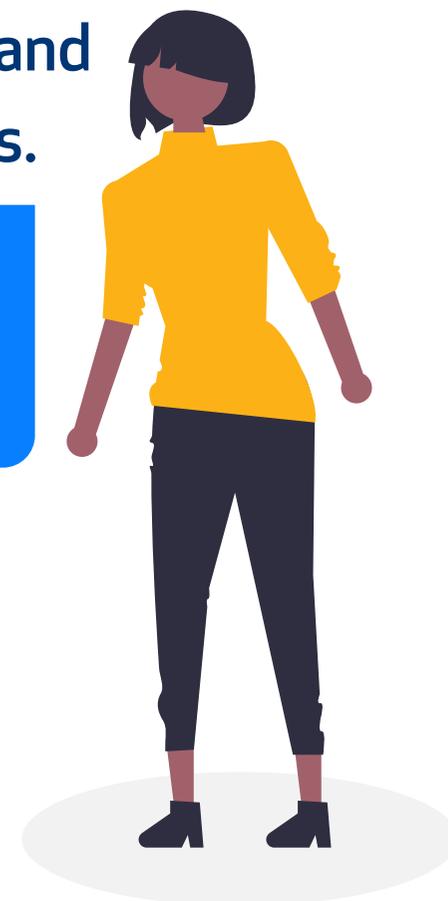
This is broadly in-line with the closure rate detected in previous editions of this publication, though it does seem to be slowing somewhat. Between 2019 and 2021, 22.2 per cent of ventures closed, while between 2017 and 2019, 23.2 per cent shuttered.

Unsurprisingly, the majority of closures occurred in bigger markets, and leading sub-sectors. South Africa (36; 31.3%), Kenya (25; 21.7%), and Nigeria (24; 20.9%) were the countries with the most closed startups in the two-year period, a combined 73.9 per cent. This was up from 59.6 per cent in 2021.

Once again, payments and remittances companies had the highest failure rate, with 37 (32.2%) shutting their doors in the last two years. This was up from 28.4 per cent in 2021. In comparison, 23 investtech, 22 lending and financing, 16 business administration, and 15 insurtech startups ceased to operate in the same period.

The majority of closures occurred in bigger markets, and leading sub-sectors.

	#	%
South Africa	36	31.3
Kenya	25	21.7
Nigeria	24	20.9



115 startups
20 per cent
of fintechs
listed in 2021



SECTORS

PAYMENTS & REMITTANCES

Payments and remittances ventures maintain dominance of Africa's fintech sector.

Among the earliest segments to emerge in African fintech, the payments and remittances space was once again the most populated in 2023, as in the previous three editions of this report. Indeed, almost half (48.7%) of the fintechs tracked by this publication are active either in the payments or lending verticals.

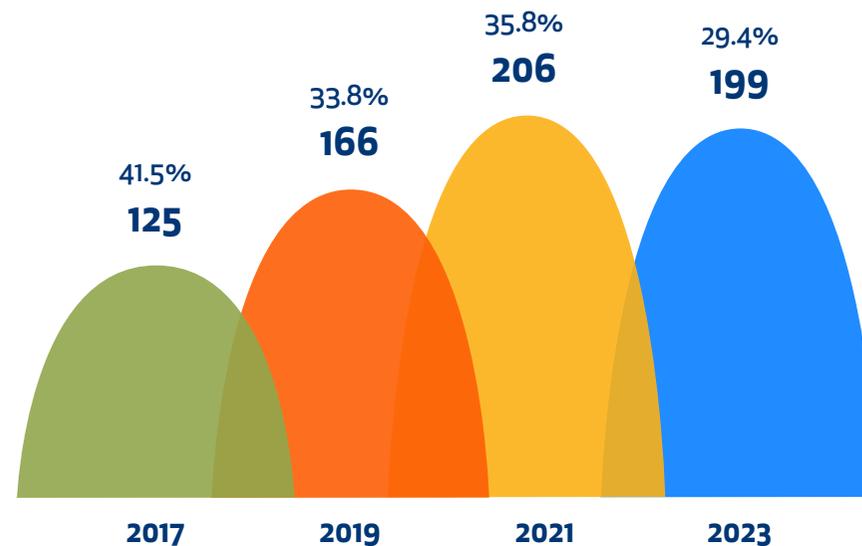
The significant pain points inhibiting payments on the continent, as well as moving money around and in/out of the continent, means entrepreneurs are ever-eager to provide new solutions to plug the gaps left by incumbents in the financial services sector.

A total of 199 startups - 29.4 per cent - of Africa's fintech ventures are active in this space, though its share is declining. It was 35.8 per cent in 2021, having been 33.8 per cent in 2019 and 41.5 per cent in 2017.

Fifty-nine (29.6%) of those 199 startups are based in Nigeria, up from 48 (23.3%) in 2021. South Africa (35 startups; 17.6%), Kenya (27; 13.6%) and Egypt (26; 13.1%) are the other leading markets. This is unsurprising given the volume of ventures in those markets, but in actuality, generally speaking, the more advanced an ecosystem is, the smaller percentage of its startups that are active in this sector.

The high-water mark for payment startup launches was in 2017, and no space saw more closures between 2021 and 2023, with 37 startups shutting down. This represented 32.2 per cent of failed ventures.

Payments and remittances startups tracked per year



Payments in Africa

Why **treasury** is the
key to scaling

for startups, fintechs,
corporates & more

presented by



Five definitions of corporate treasury

1

How your company funds are efficiently moved cross-border (internally and externally), into new currencies, and across accounts to **optimise your business**

2

A hidden payments headache, or **your fintech's superpower**

3

A challenge to international expansion, or **a competitive edge for your global operations**

4

Costly daily transfers in and out of USD, or **access to the local currencies you need now**

5

Slow money, slow, business, slow operations, or **same-day solutions for FX and business payments**

PARTNER CONTENT

The role of treasury in African businesses

A strong treasury function is crucial for the growth and success of any business. It not only ensures timely settlement of payments, but also helps foreign exchange rates, facilitates immediate fund transfers, and minimises losses when converting between currencies.

A well-functioning treasury can make all the difference between settling your payment on the same day or waiting until next week. It is the key to securing favourable foreign exchange rates. It provides the ability to send money promptly and deposit it when required. It empowers businesses to run and to scale.

Large corporations often hire large treasury departments that operate across several geographies. These departments are staffed with experienced professionals, including accountants, controllers, and specialists, who possess invaluable market knowledge. They are well-versed in relevant regulations, maintain strong relationships with banking and payments partners, and have mastered mitigating currency risk.

If you're a business without a treasury department, you might look to your bank for help. But you should know that banks focus their treasury services on large corporates and international companies.

This means if you're a founder or small business owner, your bank may not be able to offer treasury services like:

- ✓ Same-day settlement, much less at exceptional rates
- ✓ Well-priced, same-day liquidity in local currencies
- ✓ Sending money for you before they receive it (pre-funding)
- ✓ Providing local expertise in all of the currencies needed
- ✓ Managing your currency risk

African businesses can scale by partnering with fintechs with treasury expertise

including



Global currency support with local teams
including African and G20 currencies

Proven compliance and licensing
in multiple countries

Offering pre-funding or post-funding
indicating bank accounts in multiple countries

No involvement of USD
unless that's the currency you need

Risk management services
for currency and counterparty risk

For fintechs - partner with a treasury B2B fintech
to expand your service offering overnight



A strong treasury means your business can focus on acquiring new clients and expanding to more markets.

PARTNER CONTENT



We're an African fintech company offering secure and efficient financial infrastructure for treasury, payments, foreign exchange, and settlement.

For more than a decade, we've committed to helping businesses thrive in Africa.



It has never been easier to transact, exchange, payout and settle in African and G20 currencies.



Transparent pricing and deep liquidity across 115+ markets via our robust API and intuitive web platform



Certified by world-class security standards, including PCI-DSS, ISO27001 and SOCII



Fully regulated and licensed including by the Bank of Uganda, the Bank of Spain, and the UK Financial Conduct Authority



Seamless onboarding, 99.5% uptime and 24/7 support for your business



Direct payout to bank accounts, mobile money wallets, and cash

[learn more at azafinance.com](https://azafinance.com)

LENDING & FINANCING

Lending and financing holds steady as leading fintech vertical.

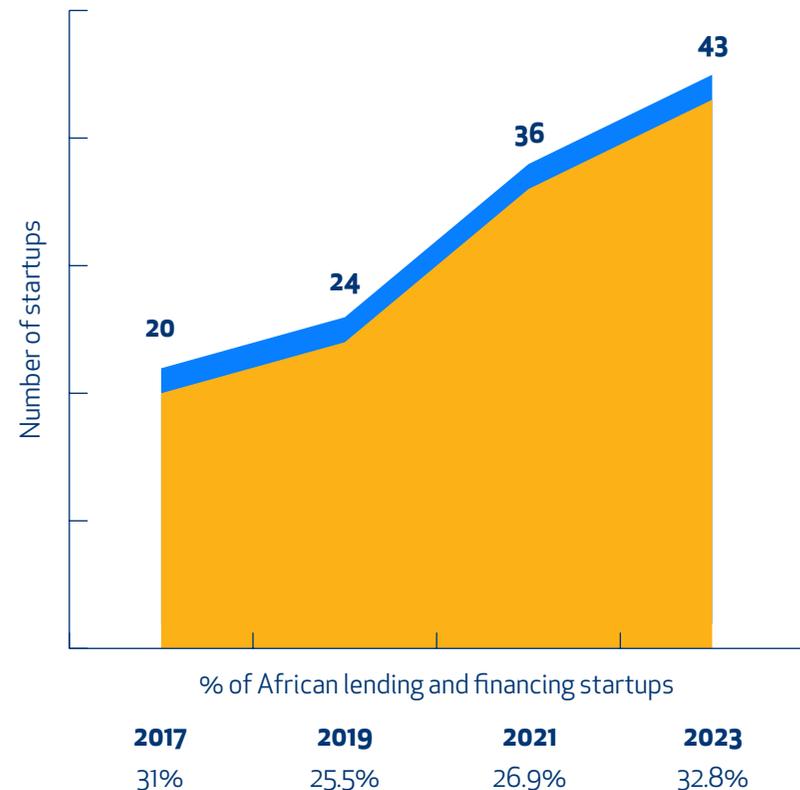
As in 2017, 2019 and 2021, lending and financing was the second most-populated vertical after payments, with 131 startups making up 19.3 per cent of the total. This was marginally down from 134 in 2021, and the sector's share of ventures, as with payments, has fallen. This does suggest a general diversification within the fintech space away from payments and lending solutions.

Africans continue to face difficulties in accessing credit-based services. Typically, either locally relevant product offerings don't exist; or the data required for the credit-scoring systems underpinning such services isn't available for many African consumers and businesses. Enter African entrepreneurs, unlocking credit services through localised knowledge and tech-enabled solutions.

As with payments, and fintech in general, Nigeria leads the way, with 43 startups making up 32.8 per cent of companies operating in this vertical. South Africa is second with 22 (16.8%), Kenya third with 21 (16%), and Egypt fourth with 14 (10.7%).

Lending and financing, which peaked for new startup launches in 2018 and 2019 and has been generally declining in this regard ever since, ranks third for closures since 2021, with 22 companies no longer active.

Growth of lending and financing vertical in Nigeria



BUSINESS ADMIN

Declining business administration space sees share fall.

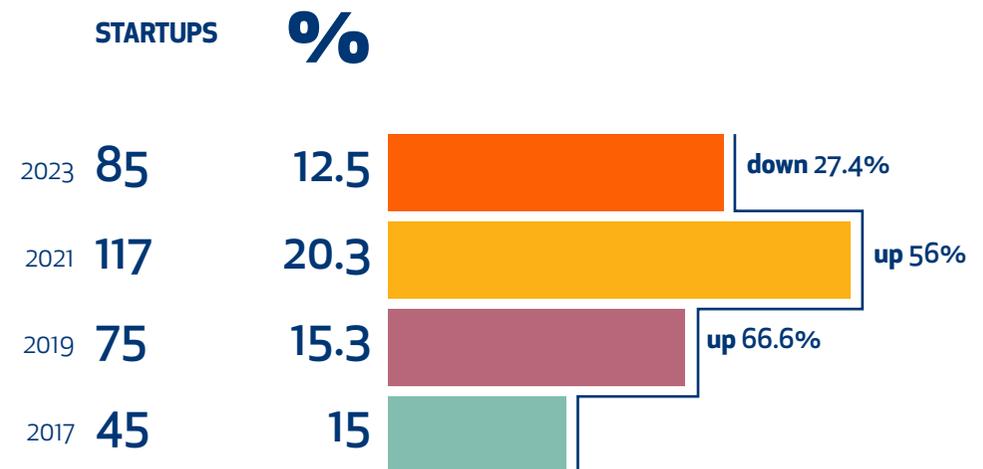
The business administration category held its place as the third most popular segment for the fourth edition running of this publication, but saw its share of total ventures decline significantly.

In all, 85 of the 678 startups tracked by this report were active in this category, representing 12.5 per cent of the total. This was down from a 20.3 per cent share in 2021, which had been up from 15.3 per cent in 2019. So this year represents a reset of sorts after strong growth between 2019 and 2021.

Ventures are fairly spread out, but again mostly in leading markets. Nigeria accounts for 19 (22.4%) of them, Kenya for 16 (18.8%), and South Africa for 15 (17.6%).

The best year on record for launches in this vertical was 2016, when 11 launched, and a general decline is evident since. Sixteen business administration companies ceased operations between 2021 and 2023, the fourth largest amount in that period.

In spite of its decline, the business administration category remains of high relevance. Although historically Africa has been a notoriously cash-based, off-grid and manual market when it comes to conducting business, this is very rapidly changing; and everyone from market traders to big companies are eager for and receptive to tech-forward options to give their business a competitive edge. Entrepreneurs are rushing to provide innovative tech-powered services to support this next phase of African business.



INVESTTECH

Slight reset in previously bullish investtech sector.

Having seen strong growth in recent years, the last two years have seen a reset of sorts in the investtech vertical, which has declined a little in the face of multiple startup closures.

This report tracks 69 investtech startups - 10.2 per cent of the overall total. This was down 10.3 per cent on 77 in 2021, and the share of startups has also fallen, from 13.4 per cent. Growth between 2017 and 2019 was 242 per cent, and between 2019 and 2021 it was 18.5 per cent, so this is quite a reversal.

This slight decline was driven by a relatively small amount of new launches, with just six new companies tracked since the beginning of 2021, and a high amount of closures. Only the payments space saw more companies cease to operate than investtech's 23.

Nigeria remains a leader in this vertical, though its share of ventures fell to 33.3 per cent from 40.3 per cent in 2021. South Africa was second with 26.1 per cent and Kenya third with 17.4 per cent. In general, the big markets are less dominant in this vertical.

**23 investtech startups
stopped operating between
2021 and 2023**



PARTNER CONTENT

The insurtech industry in Africa has witnessed remarkable growth and recent expansion, ushering in a new era of innovation and efficiency in the insurance sector. As the country's insurance landscape undergoes a digital transformation, Curacel, a pioneering company in the insurtech space, is at the forefront of revolutionising the way insurance is accessed and provided.

In the dynamic landscape of emerging markets, where over three billion people lack adequate risk protection, Curacel leads the charge in revolutionising the insurance industry. Our mission is clear - to make risk protection easy and delightful for individuals and businesses alike, by addressing the pain points that insurers and consumers face in these markets.

Africa's fast-growing population and increasing access to financial services present an immense opportunity for insurance companies to make a profound impact on people's lives. However, with the continent's insurance penetration still below three per cent, many individuals find themselves exposed to risks without proper coverage. Here, our embedded insurance platform, Grow, steps in as a game-changer. By seamlessly integrating insurance into digital experiences, businesses can offer consumers the protection they need without the hassles of traditional distribution methods.

A shining example of our success is Nigeria's first digital bank, ALAT, which has seamlessly embedded multiple insurance products from various carriers on their mobile app, sparing them the complexity of engaging with multiple insurers.

Additionally, our AI-powered platform, Curacel Claims, revolutionises the claims process by enabling real-time submissions and processing. By reducing the claims cycle by over 70 per cent and handling up to 10 times more claims, insurers can operate more efficiently, delivering a superior customer experience while mitigating the risks of fraud and waste.

POWERED BY Curacel

The importance of insurance to Africans cannot be overstated. It serves as a vital financial tool that fosters economic stability, provides access to healthcare, and safeguards against unforeseen circumstances. With high levels of poverty and vulnerability to financial shocks, insurance becomes a crucial safety net for individuals and businesses, contributing to broader economic and social development goals, promoting peace of mind, and alleviating stress.

Our journey into Africa's insurance landscape has offered invaluable insights. We recognise the enormous potential that arises from combining embedded insurance technologies with a win-win strategy involving big consumer brands. Furthermore, we have learned the significance of tailoring insurance products to cater to African consumers' needs, designing micro-sized and flexible payment options that align with their way of life.

As we embark on this journey of innovation, our partnership with Disrupt Africa amplifies our commitment to raising awareness about the transformative power of insurtech in Nigeria and across the continent. Together, we lead the charge in revolutionising the insurance landscape, ushering in an era of accessibility, efficiency, and financial security for all.



Henry Mascot

Co-founder and CEO, Curacel

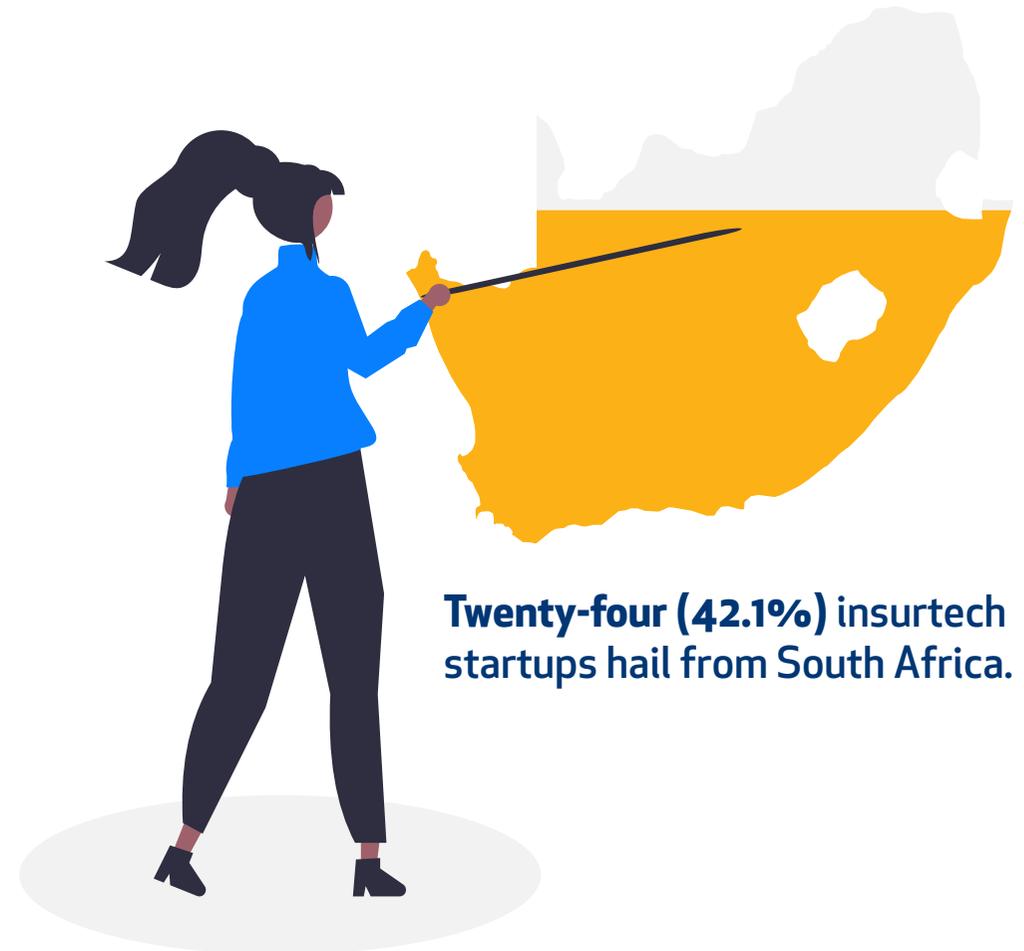
INSURTECH

Slowed development in Africa's insurtech ecosystem after recent boom.

This report tracks exactly the same amount of insurtech startups - nine - as in 2021 and 2019. The vertical's share of ventures has declined from 11.6 per cent, to 9.9 per cent, to 8.4 per cent over the course of the last three editions of Finnovating for Africa.

Insurtech remains very much the domain of the leading fintech startup ecosystems, especially South Africa, which has always been a leader in this space. Twenty-four (42.1%) of the ventures tracked here hail from South Africa, a huge percentage but nonetheless one that is down from 30 (52.7%) in 2021. Kenya accounts for 19.3 per cent of ventures, and Nigeria for 15.8 per cent.

The high-water mark was insurtech startup launches was 2017, when 10 of the companies listed here were founded, while the vertical ranks fifth for closures between 2021 and 2023, with 15.



PERSONAL FINANCE

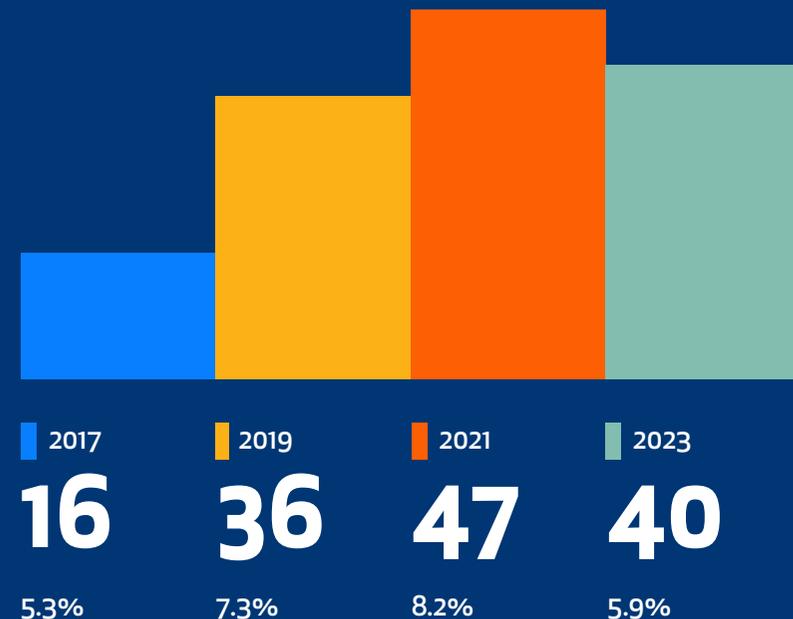
Personal finance sees market share decline, as Nigeria emerges leader.

Personal finance startups saw their share of the fintech market decline to 5.8 per cent in 2023, something of a correction having seen 30.6 per cent growth between 2019 and 2021.

Nigeria has emerged as a clear leader in this segment, with 16 (40%) of personal finance ventures hailing from the West African country. Kenya (12.5%), Egypt (12.5%), and South Africa (10%) are the other major markets.

New launches have slowed to a trickle since a record year in 2019, when 11 of the currently active ventures open their doors, while 10 have shuttered since 2021.

Personal finance startups, by year



BLOCKCHAIN

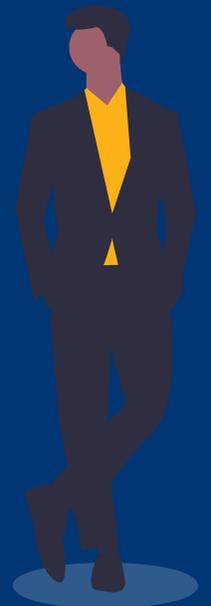
Blockchain in decline as crypto tables turn.

The number of active fintech-focused blockchain startups in Africa declined once again between 2021 and 2023, as the excitement over cryptocurrency continued to fade.

Linked to the positive sentiment around bitcoin and other cryptocurrencies, as well as things like smart contracts, the number of blockchain startups active in Africa leapt 150 per cent to 45 (9.2 per cent of the total) between 2017 and 2019. But since then, as volatility became evident and the crypto world became more fragmented, the sector in Africa has entered into a decline.

The number of active ventures fell to 42 (7.2%) in 2021, and has now fallen again, with 37 startups accounting for just 5.5 per cent of the total.

More than half of those are from Nigeria, with 21 startups representing 56.8 per cent of all active companies. This represents a huge leap from 17.8 per cent in 2019 and 11 per cent in 2017, suggesting blockchain is at least alive and well in Nigeria. South Africa (9; 24.3%) and Kenya (3; 8.1%) are the other main markets.



SECURITY & ID

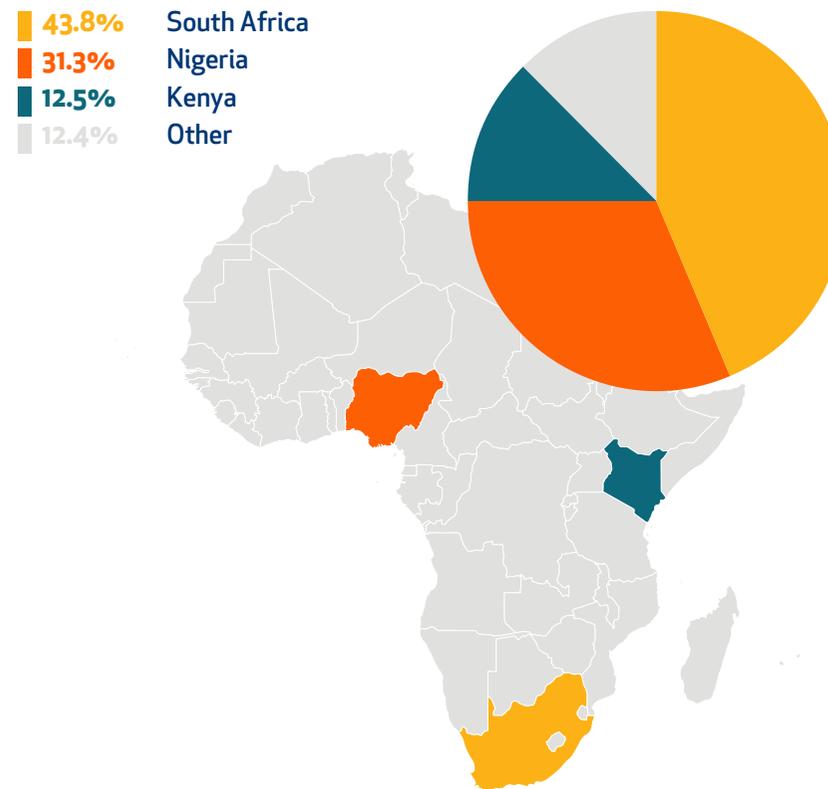
Slight reset in slow and steady security and ID.

Having seen significant growth between 2019 and 2021, when its number of active startups increased by more than half, the security and ID vertical saw its momentum checked over the last couple of years.

Sixteen startups were tracked for this edition of the report, representing 2.4 per cent of the total, and down from 22 (3.8%) in 2021.

South Africa, Nigeria and Kenya account for almost 90 per cent of startups in this segment, with only four of the currently active ventures having been launched since January 2019. An important but largely unaddressed area of fintech, its time is surely coming, but further growth is still for the future as the fintech space on the continent matures and develops.

Security and ID startups by country



FUNDING

FUNDING

Fintech is powering investment into Africa's tech startup space.

Since Disrupt Africa began tracking funding in the African tech startup space in 2015, 540 fintech startups from 25 countries have raised an extraordinary US\$3,635,823,965, an amount we estimate to be at least three times that of any other sector.

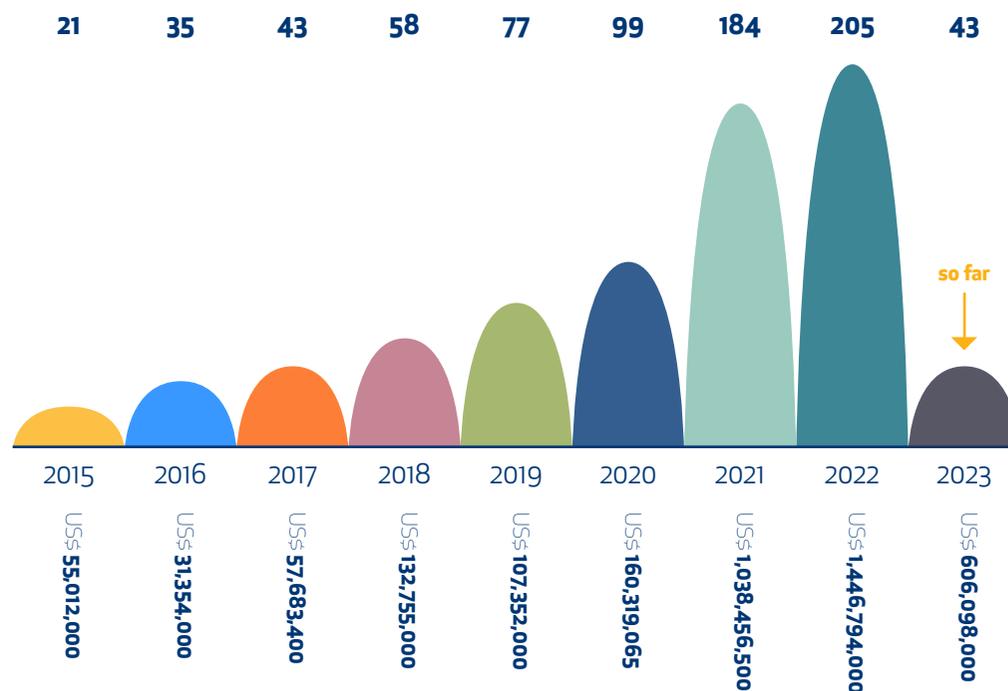
There has been extremely impressive growth since Disrupt Africa last analysed the space back in June 2021. Then, 277 fintech ventures on the continent had accumulated a combined US\$874,968,465. In the two years since, then, the number of funded ventures has essentially doubled, while total funding has exploded, with more than US\$2.7 billion flooding into the ecosystem in the last 24 months.

Standout fundraisers within the African fintech space include Flutterwave, MNT-Halan, Yoyo, Yoco, Kuda, Migo, AZA Finance, Moniepoint and VALR.

Total investment per year has been on a fairly steady upward trajectory since 2016, bar a small hiccup in 2019, peaking at just shy of US\$1.5 billion in 2022. This year, however, looks set to see a decline, as fintech feels the effect of the global capital shortage, or the reset. Well into the second half of 2023, just over US\$600 million has been raised by fintech companies so far, and with more than half of that attributable to Egypt's MNT-Halan, it is clear we should expect reduced figures once 2023 draws to a close.

540 fintech startups from 25 countries have raised an extraordinary **US\$3,635,823,965** since 2015

African fintech funding, by year



FUNDING

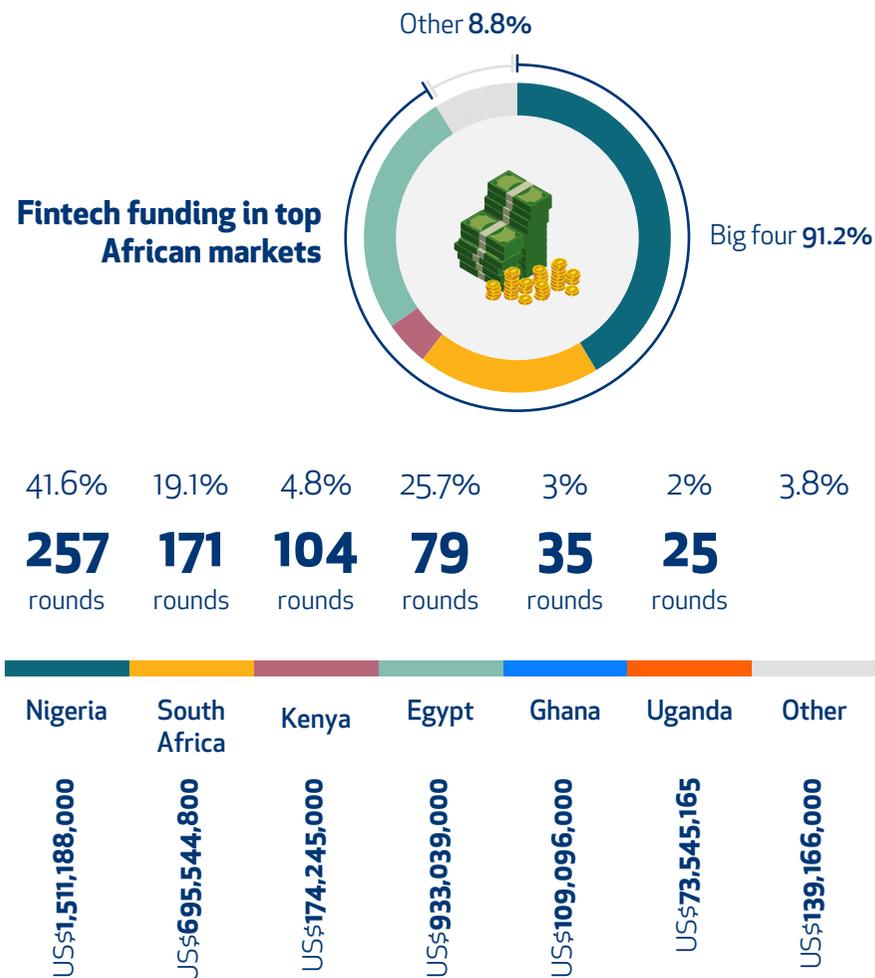
Nigeria the leader as “big four” account for majority of fintech funding.

Nigeria, as noted previously in this report, is by far the leader when it comes to fintech investment in Africa. Since January 2015, over US\$1.5 billion has been invested in the country across 257 rounds, far more than anywhere else.

Indeed, the country more than tripled its total raised funding over the last two years, with more than US\$1 billion invested into Nigerian fintech startups in that period.

That said, for all the cash flowing into the Nigerian fintech space, the country's share of overall funding fell, as other countries also had a productive couple of years. Egyptian startups raised almost US\$900 million in two years, to boost its market share from 5.1 per cent to 25.7 per cent, and Ghana's fintech sector, which in 2021 had raised a measly US\$3.5 million, took in over US\$100 million claim a three per cent share.

The vast majority of fintech funding in Africa goes to the “big four” startup ecosystems, with Nigeria, South Africa, Egypt and Kenya swallowing up 91.2 per cent of investment. This was, however, marginally down on 2021, when the same four countries shared 93 per cent of funding, so a small “trickle down” does appear to be taking place.



FUNDING

Leading categories increase their dominance, though lending's relevance grows.

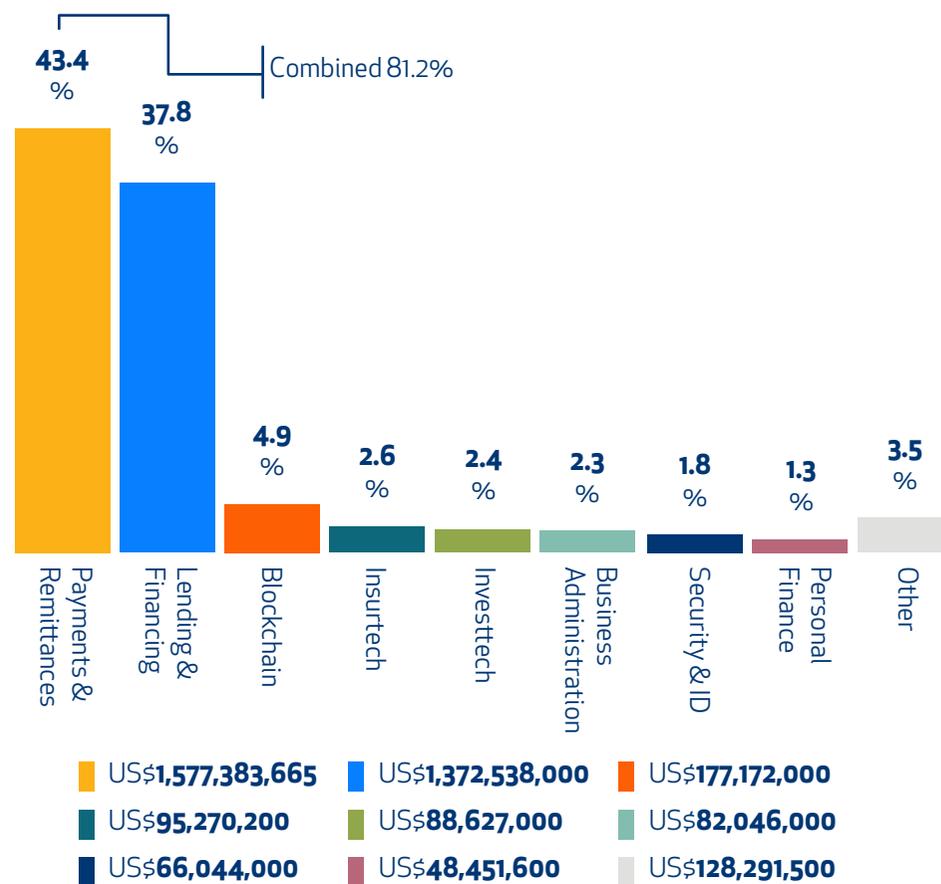
While from a geographic perspective leading markets are ever so slightly less popular with investors than in 2021, when we look at fintech funding from a category perspective the most popular segments are actually raising a larger percentage of funding than ever before.

Historically the two dominant sub-sectors of African fintech, the payments and remittances and lending and financing categories increased their combined share of African fintech funding to 81.2 per cent between 2021 and 2023, from 77 per cent two years previously. The two most populated categories, this pair have always also been the most attractive to investors, and there is little sign of that changing.

That said, the dynamic between the two has changed somewhat, with payments' share of total funding falling dramatically, from 62 per cent to 43.4 per cent, while lending's share of investment has leapt, to 37.8 per cent from 15 per cent in 2021. This narrowing of the gap between the two leading segments suggests the fintech investment ecosystem is beginning to mature beyond a heavy focus on payments ventures.

Various other sectors saw increased inflows of funding over the last two years, though most failed to keep up with payments and lending from a growth rate perspective. Investtech and personal finance had a particularly strong couple of years, approximately doubling their market shares to 2.4 per cent and 1.3 per cent respectively. For all that blockchain, insurtech, business administration and security and ID ventures continued to raise at impressive rates, their shares of total funding fell, or in the latter case remained the same, over the period.

Total African fintech funding, by category, 2015 - 2023



ACQUISITIONS

ACQUISITIONS

Twenty-six (26) fintech startup acquisitions between June 2021 and July 2023, compared to just seven between 2019 and 2021, suggest M&A activity in the space is really hotting up, which will serve as positive news for investors and entrepreneurs alike.

Indeed, Disrupt Africa data suggests you are much more likely to be acquired as a fintech business than in any other vertical.

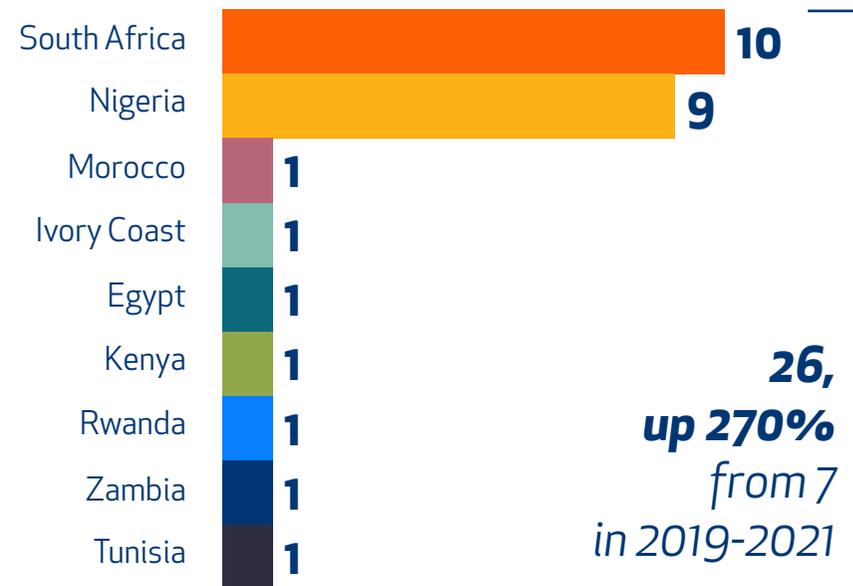
South Africa has generally led the way, accounting for 10 of the deals over the last 24 months, and 16 overall. The most famous ones remain the acquisition in 2011 of mobile financial services provider Fundamo by Visa for US\$110 million, and the buyout of SnapScan by Standard Bank in 2016.

Nigeria was the location for the flagship fintech acquisition of recent years - Paystack's reported US\$200 million acquisition by Stripe in 2020, a big moment that ignited increased interest in the continent's fintech space. It too has had a strong couple of years from an M&A perspective, with nine deals done since July 2021.

Startups in Morocco, Ivory Coast, Egypt, Kenya, Rwanda, Zambia and Tunisia have also been acquired in the last two years.

These numbers are obviously still relatively small compared to more developed ecosystems, but the quadrupling of fintech acquisitions within a two-year period is a significant statistic. It suggests there is a desire to "buy in" innovative services on the continent, and also signals consolidation is finally happening within the wider financial services space, as many of these deals are "startup-on-startup". All of this will serve to embolden both investors and entrepreneurs in the sector.

Fintech startup acquisitions July 2021 - July 2023



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