

IFC FinTech Investments in Sub-Saharan Africa



IFC

**International
Finance Corporation**
WORLD BANK GROUP

IFC Overview: Positioning within World Bank Group

IFC is the private sector arm of the World Bank Group



IBRD

International Bank for Reconstruction and Development

Loans to middle-income and credit-worthy low-income country governments

IDA

International Development Association

Interest-free loans and grants to governments of poorest countries

IFC

International Finance Corporation

Investment & advisory solutions for private companies

MIGA

Multilateral Investment Guarantee Agency

Guarantees of foreign direct investment's non-commercial risks

ICSID

International Centre for Settlement of Investment Disputes

Conciliation and arbitration of investment disputes

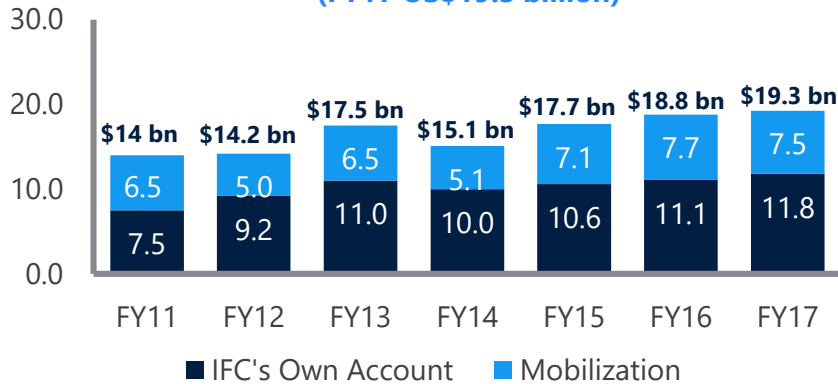
Together working towards World Bank Group goals: (i) ending extreme poverty and (ii) boosting shared prosperity

IFC Investments Overview

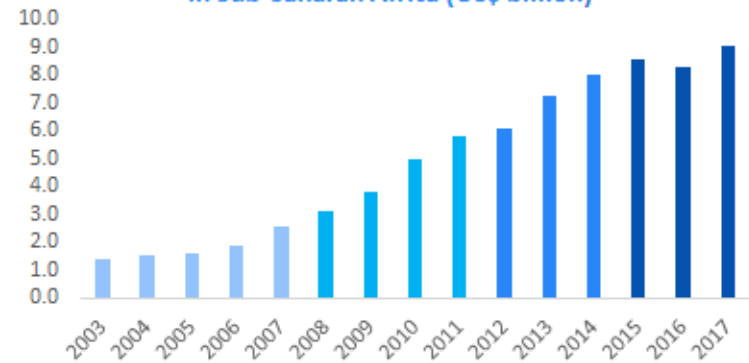
IFC has been investing in Emerging Markets for the past 60 years

...with over US\$19Bn invested (US\$8.5 Bn in Sub Saharan Africa) last year across all key sectors...

Global Long-term Debt & Equity Commitments (FY17 US\$19.3 billion)

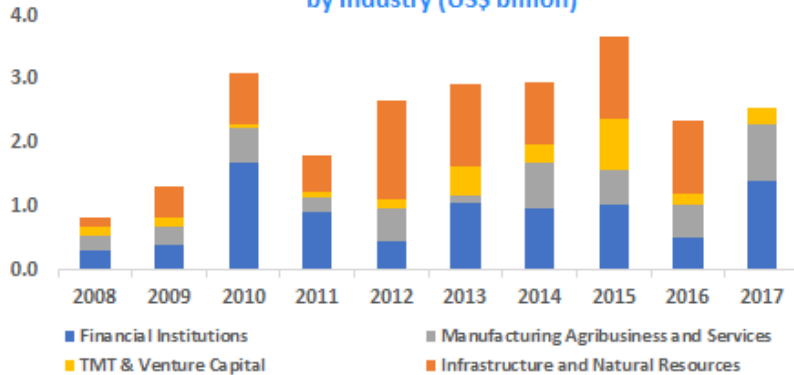


IFC Committed Portfolio in Sub-Saharan Africa (US\$ billion)



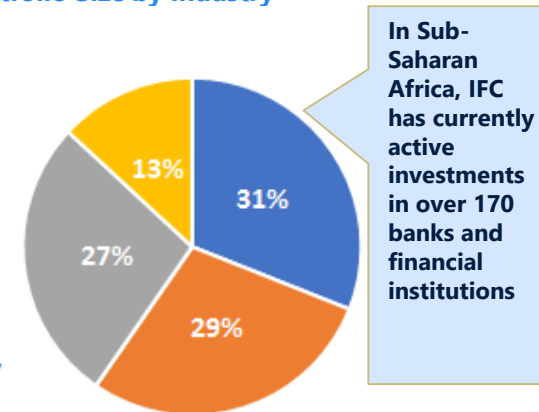
...including over US\$2.5 billion cumulatively invested across TMT & Venture Capital in past decade

Sub-Saharan Africa Historical Debt & Equity Commitments by Industry (US\$ billion)



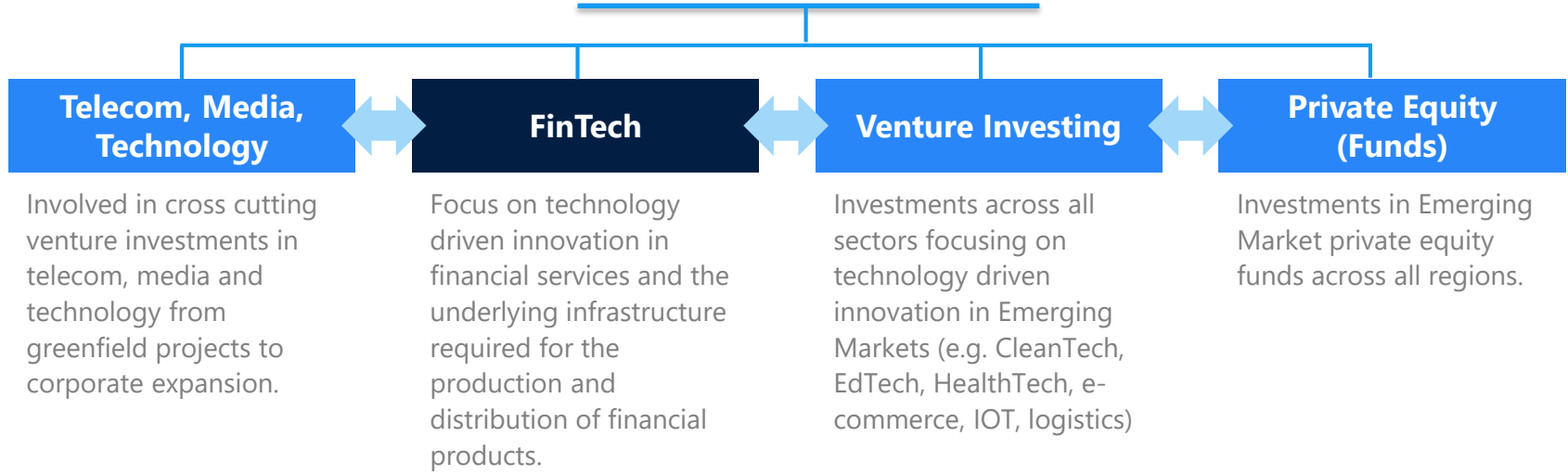
Sub-Saharan Africa FY17 US\$8.5 billion Portfolio Size by Industry

- Financial Institutions
- Infrastructure and Natural Resources
- Manufacturing Agribusiness and Services
- Telecom, Media, Technology & Venture Investing



In Sub-Saharan Africa, IFC has currently active investments in over 170 banks and financial institutions

FinTech Investments Group Positioning within IFC & Collaboration with Broader World Bank Group



..and we coordinate with IFC Advisory and World Bank to deliver projects



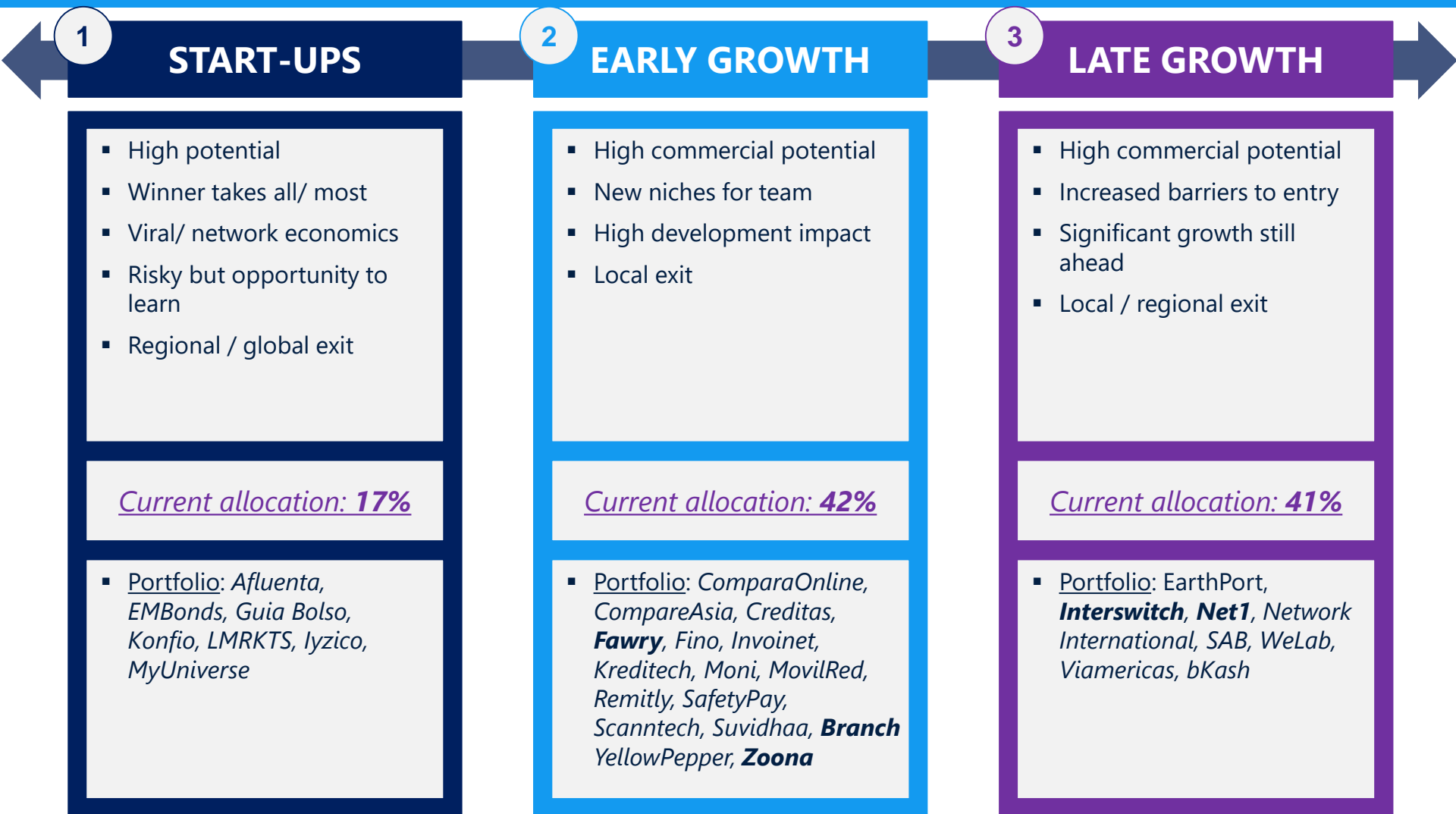
IFC FinTech Investments

Global Emerging Market presence and expertise



IFC FinTech Investments

Our portfolio ranges from early to late stage growth companies



IFC FinTech Investments

Our value add as a shareholder

Our network and experience differentiates IFC from other investors...

Emerging Markets

- Largest dedicated emerging markets FinTech investor with US\$350MM+ invested
- IFC has over six decades of equity investment experience
- Willingness and ability to engage in difficult environments

Patient Capital

- Permanent Capital allows IFC to take a patient, longer-term view
- Able to continue investment as company moves through successive venture stages to reach scale

Global Network

- Extensive relationships with traditional financial institutions and regulators due to IFC's history as a significant banking sector investor
- Introductions to potential co-investors, corporate clients and strategic partners
- 170+ credit lines or equity investments in African financial institutions alone

Full Value Chain

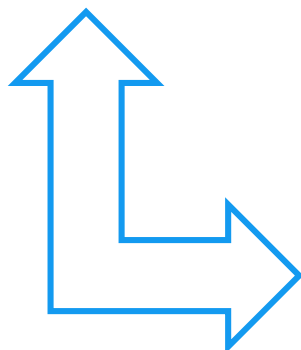
- Leverage mainstream IFC products to deliver debt facilities, grants and insurance per individual company needs
- Provision of ancillary services, including project advisory, corporate governance and environmental & social capabilities

IFC FinTech Investments

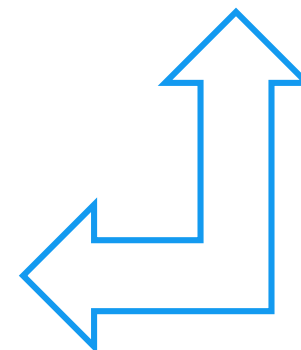
How we evaluate opportunities

Investment Criteria:

Business Model	People	Transaction	Why IFC
<ul style="list-style-type: none">• Product-Market Fit• Large Addressable Market• Disruptive Potential• Scalable Unit Economics	<ul style="list-style-type: none">• Management Team• Existing Investors• Co-Investor Quality• Key Man Risk	<ul style="list-style-type: none">• Expected Returns• Development Impact• Deal Structure• Investment Terms	<ul style="list-style-type: none">• Additionality• Fit with IFC Strategy• IFC Sector Knowledge• EM Growth Strategy



Our Sweet Spot
Mobile Wallets, Payments, Lending
Opportunity to Lead/Co-Lead Round
US\$3-\$25 MM Initial Equity Check
20% Max Stake
Board Representation



IFC FinTech Investments

Global \$350m+ emerging market portfolio across multiple verticals

		Payments				Lending & Exchanges		Sandbox			
<u>Sector</u>		Account Service Providers	Switches & Payment Infrastructure	Collection Networks	Cross Border Infrastructure /Remittances	Lending Service Providers	Originators & Marketplaces	Identity (eKYC)	Insurance	Capital Markets Infrastructure	Technology Providers
<u>Active Investments</u>		 	 	 	 	 	 		 	 	
	<u>Partial Exit</u>										
	<u>Full Exit</u>			 							

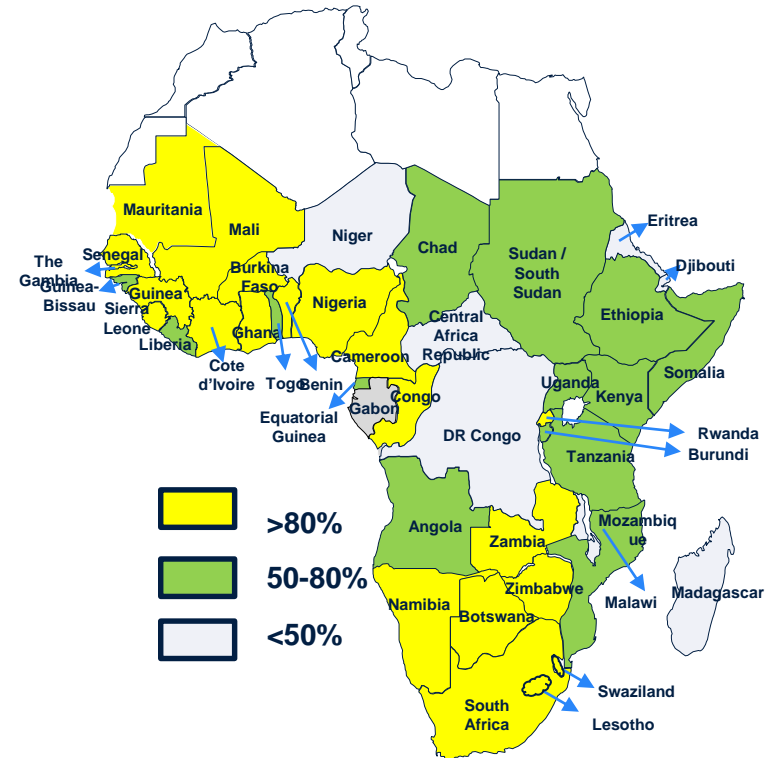
Africa Overview (1/2)

Digital tendencies create a conducive enabling environment....

A dramatic increase in mobile and internet penetration in SSA

- Africa is the fastest growing and second largest mobile phone market in the world. Avg. penetration rate has risen from 37% in 2010 to **83%** in 2017 (forecasted) and is still growing at 4.2% per year. The introduction of cheap smartphones primarily from China has led to a 53% year-on-year growth of smartphone penetration (estimated at 294 MM n May 2017). It was estimated that, by 2025 (in only 8 years), **70%** of mobile phones in SSA will be smartphones (as opposed to 33% today).
- Number of internet users has increased from 4 MM in 2000 to +353 MM in 2017 (~28% of population), primarily driven by increase in mobile data usage.
- Submarine cable connectivity has dramatically improved, leading to a strong drop in international bandwidth prices. In June 2015, 45.8% of the population in SSA (436 MM) was within a 25-km range of a fiber node.

Mobile Penetration in Africa (% of population)



Africa Overview (2/2)

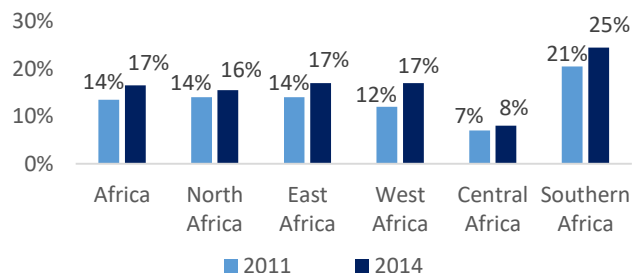
...while penetration of financial services remains low

Key Highlights

- Overall **banking penetration is low** in Africa (25%) compared to the emerging market average (50%).
- There are a total of **467 MM financially excluded adults** across Africa and the Middle East (61% of the adult population). Of these, 46% are poor (bottom 50% of country's income distribution), 54% are women and 61% are rural populations.
- Mobile money has been extremely successful in certain regions, particularly East Africa, and there are now **277 MM registered mobile money accounts** in SSA (**73 MM active**).
- Africa is also one of the most **underinsured regions** worldwide, measured as total written premiums as a % of GDP: Nigeria (0.3%), Kenya (2.8%), Ghana (1.1%), Ethiopia (0.4%)... SA is an outlier at 14.7%.

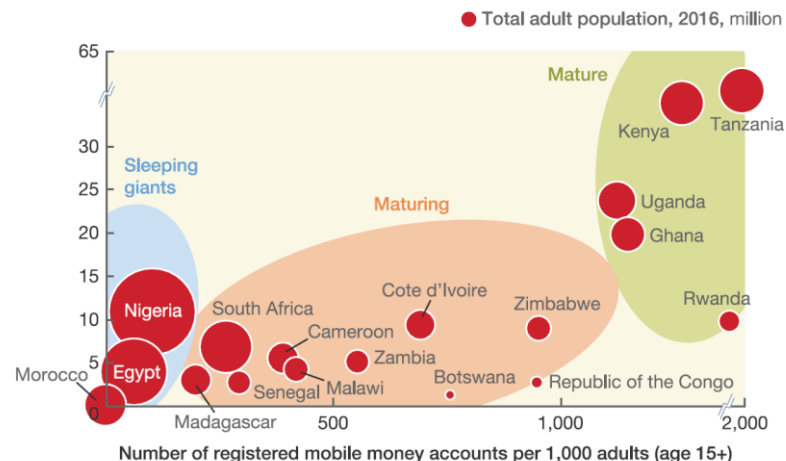
Only 1 in 4 adults have a bank account

Financial Institution Account Penetration in Africa (% total pop)



Africa's mobile money markets fall into 3 groups

Number of registered mobile money accounts, 2016, million



IFC FinTech Investments

Africa Portfolio

Portfolio Company	Country	Year Invested	Vertical	Overview
	Nigeria (+ Kenya, Uganda)	2011	Payments Infrastructure (switches)	Integrated payment and transaction processing company that facilitates electronic circulation of money. Provides online, real-time transaction switching that enables individuals and businesses to have access to their funds across the 24 banks in Nigeria across a variety of channels such as ATMs, mobile phones, kiosks etc...
	Zambia, Malawi, Mozambique (HQ: SA)	2016	Collection Networks	ZoonA's core service is to enable people to send and receive money in Sub-Saharan Africa via a network of franchise agents and on the back of a proprietary technology platform and the company's float financing product. ZoonA brings money transfer and other financial services to previously underserved communities.
	South Africa	2016	Account Service Providers	South-African based provider of payment solutions and transaction processing services across a range of industries. In South Africa, Net1 offers card based and mobile centric financial services to more than 12 million low income households, ranging from delivery of social welfare grants to account services, card issuance, micro-lending and life insurance services.
	Egypt	2013	Collection Networks	First and largest electronic bill payment platform in Egypt with 15 million customers and 1.3 million transactions daily. Fawry enables customers to conduct a variety of transactions (e.g. bill payments, airtime top-up, school fees payments). Services are available through ATM networks, post offices, a network of retailers and via mobile / internet channels.
	Kenya, Tanzania, Nigeria	2018	Lending Service Providers	Branch is building a modern microfinance institution. It operates in Kenya, Tanzania and Nigeria. Beginning with short-term credit (2 weeks-1 year), Branch aspires to become a full-service financial institution for the unbanked mobile generation
	South Africa	2008 (Exit: 2016)	Account Service Providers	Mobile financial service provider targeting the unbanked and underbanked population. First company in South Africa to provide affordable real time banking services that work on all networks, phone models, and SIM cards.

IFC Financial Institutions Group Advisory Projects

Africa Portfolio



The Financial Institutions Group (FIG) Advisory team in Sub-Saharan Africa offers clients expertise, experience and technical advice on how to deploy alternative delivery channels and develop associated products and business models. We work in partnership with clients to address the most critical challenges in scaling mobile money and agent banking.



BANKS

1. CAL Bank Ghana
2. FCMB
3. Fidelity Bank
4. Akiba Commercial Bank
5. Co-operative Bank



MFIs

12. AB Microfinance Bank Nigeria
13. AccessBank Madagascar
14. AccessBank Tanzania
15. Advans Cameroon
16. FINCA DRC
17. Lapo Microfinance Bank
18. MicroCred Madagascar
19. MicroCred Senegal
20. UOB Rwanda



MNOS

6. Airtel Uganda
7. MTN Cote d'Ivoire
8. Tigo Cash Ghana
9. Vodacom Lesotho
10. MTN Cameroon



PSPs

11. Zoona Zambia



Market Level Programs

21. Cote d'Ivoire Market Program
22. Tanzania Interoperability Project

IFC Financial Institutions Group Advisory Projects

Products



STRATEGY & FINANCIAL MODELING

We help our clients make key strategic decisions on their DFS offering taking in to consideration the market context, investment capital and regulatory requirements, in order to meet their outreach and profitability objectives. All strategies are supported with technology roadmaps, product development, implementation plans and financial projections.



AGENTS AND MERCHANTS

Agents and merchants are key channels for customers to access their financial services. We support our clients in designing effective agent and merchant acquisition and management strategies including agent and merchant requirements, training and performance management.



MARKETING & CUSTOMER ACQUISITION

Customer acquisition begins with understanding their needs and how they access and utilize financial services. We do primary and secondary research, followed by the development of value propositions and marketing strategies. In addition, we work directly with marketing firms to do both above-the-line and below-the-line direct marketing to customers.



RISK MANAGEMENT

We offer a comprehensive risk management approach that includes doing full risk assessments for DFS offerings including operations, technology, fraud and regulatory risk, as well as developing risk strategies for clients to directly implement the risk frameworks.



DATA MANAGEMENT & STRATEGY

We help clients identify and realize the value of their data for market insights, product development, operational and performance management as well developing algorithm based credit scoring models that can be used to offer digital lending products.

IFC Financial Institutions Group Advisory Projects

Results as of June 2017

4.7 MILLION

ACTIVE NEW
DFS USERS



**\$321
MILLION**



MONTHLY
MM TNX

**#SAVINGS
ACCOUNTS**



1.4M

41,000

NEW
AGENTS



270,000

**#NEW
CREDIT
ACCOUNTS**

IFC FinTech Investments

Key Africa Contacts

Andi Dervishi, Global Head, FinTech Investments

IFC Washington DC Office (HQ)

+1 202 458 5135 (office)

adervishi@ifc.org

Rostan Schwab, Africa Lead, FinTech Investments

IFC Johannesburg Office

+27 (011) 731 3070 (office)

+27 (0)83 299 9412 (South African cell, not working outside South Africa)

+1 202 294 7631 (US cell, not working in South Africa)

rschwab@ifc.org

Amandine Lobelle, Associate Investment Officer, FinTech Investments

IFC Lagos Office

+234 908 746 7946 (Nigeria cell)

+1 202 617 8636 (US cell)

alobelle@ifc.org