



FSD Africa Investments announces USD\$3.2 million in new investments to strengthen African financial markets

The investments will enhance the domestic banking sector, and make it cheaper and easier for African consumers to transact globally

London, 20 January 2020 – At the UK-Africa Investment Summit, FSD Africa Investments has today announced USD\$3.2 million in investments into MFS Africa and Frontclear, two leading companies transforming Africa’s financial sector.

MFS Africa, a leading pan-African fintech company operating the largest digital payments hub on the continent, secured a USD\$1.2 million follow-on investment from FSD Africa Investments to support implementation of a new partnership with Visa which will have a significant improvement on last-mile consumers.

Established in 2014, MFS Africa, which currently connects over 180 million mobile wallets in Sub-Saharan Africa, partners with banks, mobile operators and money transfer companies to transact across several platforms and operators including mobile money, e-commerce, peer-to-peer messaging platforms and money transfer. Last year, MFS Africa became the first non-bank to receive a pan-African issuing license from Visa. The partnerships will simplify remittances and expand access to global e-commerce across more than countries in sub-Saharan Africa; a significant development to improve payment services on the continent.

Meanwhile, Frontclear, a financial markets development company, secured a USD\$2 million investment from FSD Africa Investments to improve efficiencies and catalyse investment from the private sector. Established in 2015 with initial support from FSD Africa, Frontclear fosters more inclusive markets by supporting interbank lending between domestic banks. As of January 2020, Frontclear had mobilised USD\$1 billion in interbank credit through the issuance of USD\$590 million in guarantees. While active in emerging markets and developing countries around the world, 61% of Frontclear’s portfolio is in Africa, in countries including Ghana, Kenya, Nigeria, Tanzania, Zambia and Egypt. Frontclear plays an important role in building inclusive money markets that promote competition, improve the allocation of capital and reduce transaction costs.

Today’s investments build on earlier investments from FSD Africa in both companies. In 2018, FSD Africa Investments financed USD\$2.2 million in MFS Africa Series B capital raise to support the expansion of its services and network. In 2015, FSD Africa made an investment into Frontclear valued at USD\$7.5 million to improving interbank liquidity and strengthening financial markets on the continent

FSD Africa Investments is the development capital arm of FSD Africa. FSD Africa Investments invests in financial sector firms and funds companies that address some of the biggest challenges facing Africa’s financial markets. Investments focus on three key development areas: access to finance; unlocking access to basic services such as affordable housing and clean energy; and, enhancing capital markets.

Anne-Marie Chidzero, Chief Investment Officer, FSD Africa Investments, said: “MFS Africa and Frontclear are two firms that with the right support could have a transformative impact on Africa’s financial markets. MFS Africa has the potential to allow anyone on the continent with a mobile money account to send money

aboard or buy something on Amazon. While Frontclear is helping banks across the continent access liquidity and knowledge and support to address barriers within the continent's money market. By investing in these companies, we are giving them much-needed capital to drive change."

Dare Okoudjou, Founder and CEO, MFS Africa, said: "MFS Africa's vision, is to enable every African mobile user to transact freely with anyone, anywhere in the world focussing on creating new digital pathways. This can only happen through investments and partnerships. Therefore, this investment will help MFS Africa's capabilities to build a stronger payments service that will help strengthen Africa's financial markets, whilst providing support for emerging SMEs across the continent."

Hugh Friel, Vice President, Frontclear, said: "This investment will enable the Frontclear fund to have a more profitable and efficient capital structure allowing it to increase the number and volumes of inter-bank transactions that will contribute to the economic growth and financial stability of financial markets in Africa."

————— **Ends** —————

Notes to Editors:

For more information contact:

Lara Cornaro

Communication Coordinator

FSD Africa

Lara@fsdafrica.org

+254 700 176 846

About FSD Africa

FSD Africa is a specialist development agency working to reduce poverty by strengthening financial markets across sub-Saharan Africa. Based in Nairobi, FSD Africa's team of financial sector experts work alongside governments, business leaders, regulators and policy makers to design and build ambitious programmes that make financial markets work better for everyone. Established in 2012, FSD Africa is incorporated as a non-profit company limited by guarantee in Kenya. It is funded by UK aid from the UK government.

About MFS Africa

MFS Africa is a leading Pan-African fintech company, operating the largest digital payments hub on the continent. Connected to over 180 million mobile wallets in Sub-Saharan Africa, MFS Africa offers its partners unparalleled reach for scale across the continent. We allow merchants, banks, mobile operators and money transfer companies to leverage the ubiquity of mobile wallets as a safe, convenient, and cost-effective transaction channel. MFS Africa works in close partnership with players across the ecosystem to bring simple and secure mobile financial services to un- and under-banked customers. For millions of customers in Africa and beyond, we make borders matter less.

About Frontclear

Frontclear is a financial markets development finance company dedicated to stable and inclusive money markets. Its investors are largely European governments and development finance institutions. Frontclear unlocks access to global and local interbank markets for banks in Emerging Markets by providing credit guarantees to cover counterparty credit risk, on the condition that local currency assets can be used for collateral management purposes. Complementarily, Frontclear offers technical assistance in partnership with regulators and industry bodies on legal enforceability, industry training and market infrastructure development – all targeting the development of a healthy money market.