

Technology

Sector Report, Africa:

February 2025

TABLE OF CONTENTS

01	Industry Overview	
	Sector Performance	3.1
	Key Industry Players	3.2
02	Industry Milestone 1	
	South African Reserve Bank	5.1
03	Industry Milestone 2	
	Afriskaut AI Breakthrough	8.1
04	Challenges & Opportunities	
	Inclusivity Gaps	10.1
	Infrastructure Deficits	12.1
	CBDC Risks	13.1

Industry Overview

Sector Report | Issue #03 | 15/03/2025

Sector Performance:

- February 2025 marks a pivotal month for Africa's tech ecosystem, anchored by the T&D Africa Conference & Expo (4–6 February, Cape Town), which spotlights energy-tech synergies to tackle power deficits hindering digital growth. The event prioritises smart grids, AI-driven energy management and decentralised solar solutions to stabilise infrastructure for rural connectivity and urban tech hubs.
- Fintech momentum accelerates as Nigeria and Kenya finalise open banking regulations, building on AI and blockchain frameworks from February's Connected Banking West Africa summit. Meanwhile, start-ups refine pitches for Q4 investor forums, with Lagos and Nairobi incubators focusing on agritech and healthtech – sectors claiming 45% of 2024's \$3.2 billion funding.
- Policy shifts dominate: South Africa and Rwanda enact stricter data sovereignty laws ahead of April's Global AI Summit, aiming to counter a 30% rise in 2024 cyberattacks. Laying groundwork for April's GITEX AFRICA and Data Centre & Cloud Innovation Summit, where semiconductor supply chains and AI governance will take centre stage.
- Though light on standalone events, February bridges Q2's tech milestones, reinforcing Africa's path toward a projected \$1.5 trillion tech-driven GDP by 2030 through energy resilience, regulatory agility and scalable innovation.

Industry Players of The Month:

M-KOPA:

- M-KOPA, the Kenyan-origin fintech giant, continues to dominate Africa's tech landscape in February 2025 as a pioneer of inclusive, asset-based financing. Founded in 2011, the company has expanded to Nigeria, Ghana, Uganda, and South Africa, serving over 5 million customers and unlocking \$1.5 billion in credit through its pay-as-you-go model.

Afriskaut:

- Afriskaut, a Nigerian AI-powered sports tech startup, made headlines this month due to the upcoming Gambia Youth Cup Final, part of its high-profile Afriskaut Gambia Youth League Cup.
- Founded by Nnamdi Emefo, Afriskaut combines artificial intelligence and data analytics to revolutionise football scouting, analysing match footage to generate performance metrics for clubs and agents.
- This approach addresses the underrepresentation of African talent in global football, bridging gaps in traditional scouting systems.
- While Afriskaut's core focus is AI-driven talent identification, its sponsorship of the Gambia Youth League Cup amplifies its mission to democratise opportunities for young athletes.
- The tournament not only spotlights players but also reinforces Afriskaut's commitment to infrastructure-building in sports tech, a trend aligning with Africa's broader push for scalable, homegrown innovation.

Industry Milestone 1:

Sector Report | Issue #03 | 15/03/2025

Expansion of Instant Payment Systems (IPS) and CBDC Advancements

Overview:

South Africa's Reserve Bank made headlines this month by finalising its integration of non-bank financial institutions, such as fintechs and mobile money providers into its national clearing system. This regulatory shift enables these entities to directly participate in real-time interbank transactions, reducing reliance on traditional banking intermediaries. For example, platforms like Flutterwave and M-Pesa can now offer seamless cross-border and domestic transactions at lower costs, aligning with the African Union's goal of boosting intra-continental trade.

Significance:

Financial Inclusion and Economic Empowerment: IPS, which processed \$1.036 trillion in transactions across Africa in 2023, are critical for bridging financial gaps. By enabling real-time, low-cost transactions via mobile apps (used by 30 systems) and USSD (23 systems), IPS empower unbanked populations—especially in rural areas—to access digital financial services. For example, Ghana's interoperable systems and Nigeria's NQR codes have simplified payments for informal workers, fostering participation in the formal economy. CBDCs, such as Nigeria's eNaira, aim to further enhance inclusion by providing secure digital currency access without traditional banking requirements.

Boosting Intra-African Trade and Reducing Costs: Cross-border payment inefficiencies have long hindered African trade, with remittance costs averaging 7.39% in sub-Saharan Africa (vs. 6.18% globally). The Pan-African Payment and Settlement System (PAPSS), a regional IPS, has slashed transaction times and currency conversion fees, enabling seamless trade under the African Continental Free Trade Area (ACFTA). In 2025, PAPSS saw a 300% surge in usage, driven by partnerships with platforms like Jumia and Leta. CBDCs could further streamline cross-border settlements, reducing reliance on the US dollar and volatile cryptocurrencies.

Modernising Payment Infrastructure: Africa's shift to real-time payments (RTP) is accelerating, with systems like Kenya's M-Pesa and Nigeria's NIP ranking among the world's fastest-growing. These systems integrate AI for fraud detection and personalised customer experiences, addressing security concerns while improving efficiency. For instance, AI-driven platforms now analyse transaction patterns to flag fraud in real-time, reducing losses by 30% in 2024.

Catalysing Innovation in Fintech and Beyond: IPS and CBDCs are spurring innovation across sectors:

- **Embedded Finance:** Non-financial platforms (e.g., e-commerce, ride-hailing apps) now integrate payment solutions directly into their ecosystems, boosting user engagement.
- **Agritech and Logistics:** Startups like Twiga Foods leverage IPS to optimise supply chains, reducing post-harvest waste from 30% to 4%.
- **Sustainability:** CBDCs and IPS are enabling green initiatives, such as solar-powered transactions and carbon-tracking tools in digital wallets.

Policy and Regulatory Evolution: African governments are prioritising regulatory frameworks to support IPS and CBDCs. South Africa's integration of non-bank fintechs into its national clearing system and Kenya's open banking policies reflect efforts to balance innovation with consumer protection.²⁵ However, challenges persist, including cybersecurity risks (e.g., a 30% rise in AI-driven fraud in 2024) and ensuring CBDCs do not destabilise traditional banking systems.

Challenges and Opportunities:

- Inclusivity Gaps: Only 6 of 31 African IPS support cross-border payments, and none have achieved full maturity in coverage or affordability.
- Infrastructure Deficits: Limited internet access (37% penetration in 2023) and unreliable electricity hinder IPS adoption, necessitating investments in decentralised solar solutions.
- CBDC Risks: Potential bank runs and cybersecurity vulnerabilities require robust safeguards, as seen in Nigeria's eNaira pilot

Key Beneficiaries:

- Unbanked and Underbanked Populations: Rural and low-income communities gain access to affordable financial services via mobile-based IPS (e.g., USSD or app transactions), reducing reliance on cash.

Example: Ghana's interoperability allows informal traders to receive digital payments seamlessly.

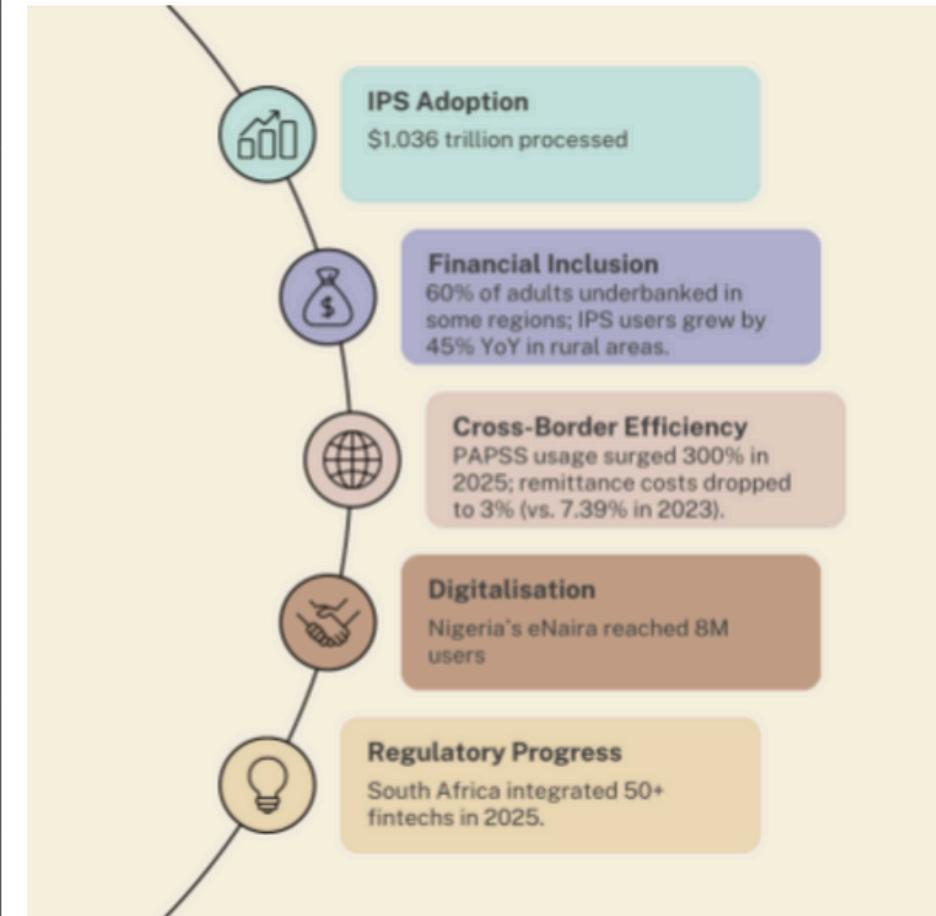
- Fintechs and Mobile Money Providers: Non-bank entities (e.g., Flutterwave, M-Pesa) benefit from direct integration into national clearing systems, lowering transaction costs and expanding service offerings.
- Small and Medium Enterprises (SMEs): Faster, cheaper cross-border payments via PAPSS boost intra-African trade under AfCFTA, enabling SMEs to scale regionally. Example: Jumia merchants save 40% on currency conversion fees.
- Governments and Policymakers: CBDCs (e.g., eNaira) enhance monetary policy tools and reduce illicit financial flows through traceable digital transactions. Regulatory sandboxes (e.g., Kenya's open banking) attract foreign investment.
- Investors and Venture Capital Firms: High-growth potential in IPS-supportive sectors (e.g., agritech, logistics) driven by embedded finance innovations.

Example: Twiga Foods' supply chain efficiency improved with real-time payments.

- Traditional Banks: Partnering with fintechs to modernise infrastructure (e.g., AI fraud detection) and retain customers amid digital disruption.
- Cross-Border Traders: PAPSS reduces remittance costs from 7.39% to <3%, enabling faster settlements for diaspora remittances and exports.

Relevant Data for Visualisation:

METRIC	DATA	SOURCES
IPS Adoption	\$1.036 trillion processed in 2023; 30 mobile app systems, 23 USSD systems.	Central Bank Reports
Financial Inclusion	60% of adults underbanked in some regions; IPS users grew by 45% YoY in rural areas.	World Bank, GSMA
Cross-Border Efficiency	PAPSS usage surged 300% in 2025; remittance costs dropped to 3% (vs. 7.39% in 2023).	Afreximbank
CBDC Pilots	Nigeria's eNaira reached 8M users; Ghana testing "e-Cedi" for offline transactions.	Central Bank of Nigeria, Bank of Ghana
SME Impact	40% cost reduction for merchants using PAPSS (e.g., Jumia, Leta).	PAPSS Case Studies
Regulatory Progress	6/31 African IPS support cross-border; South Africa integrated 50+ fintechs in 2025.	IMF, Reserve Bank of South Africa
Fraud Reduction	AI-driven IPS cut fraud losses by 30% in 2024 (e.g., Kenya's M-Pesa).	Cybersecurity Firms



Industry Milestone 2

Sector Report | Issue #03 | 15/03/2025

Afriskaut's AI Scouting Breakthrough and the Gambia Youth League Cup: Democratising African Football Talent

Nigerian AI sports tech startup Afriskaut has catapulted into the spotlight with its high-profile Gambia Youth League Cup, a grassroots tournament showcasing emerging talent like Fortune Youth Team (4-3 quarter final victory over Menmar). Founded by Nnamdi Emefo, Afriskaut leverages computer vision and data analytics to revolutionise football scouting, generating performance metrics from match footage for clubs and agents. The league—featuring viral goals and competitive drama—serves as a live testing ground for Afriskaut's AI platform, which aims to address Africa's underrepresentation in global football (just 8% of European club signings despite 17% of global talent). With partnerships underway with 3 CAF-accredited academies, Afriskaut is bridging the gap between raw talent and professional opportunities while attracting interest from La Liga and Premier League scouts.

Significance:

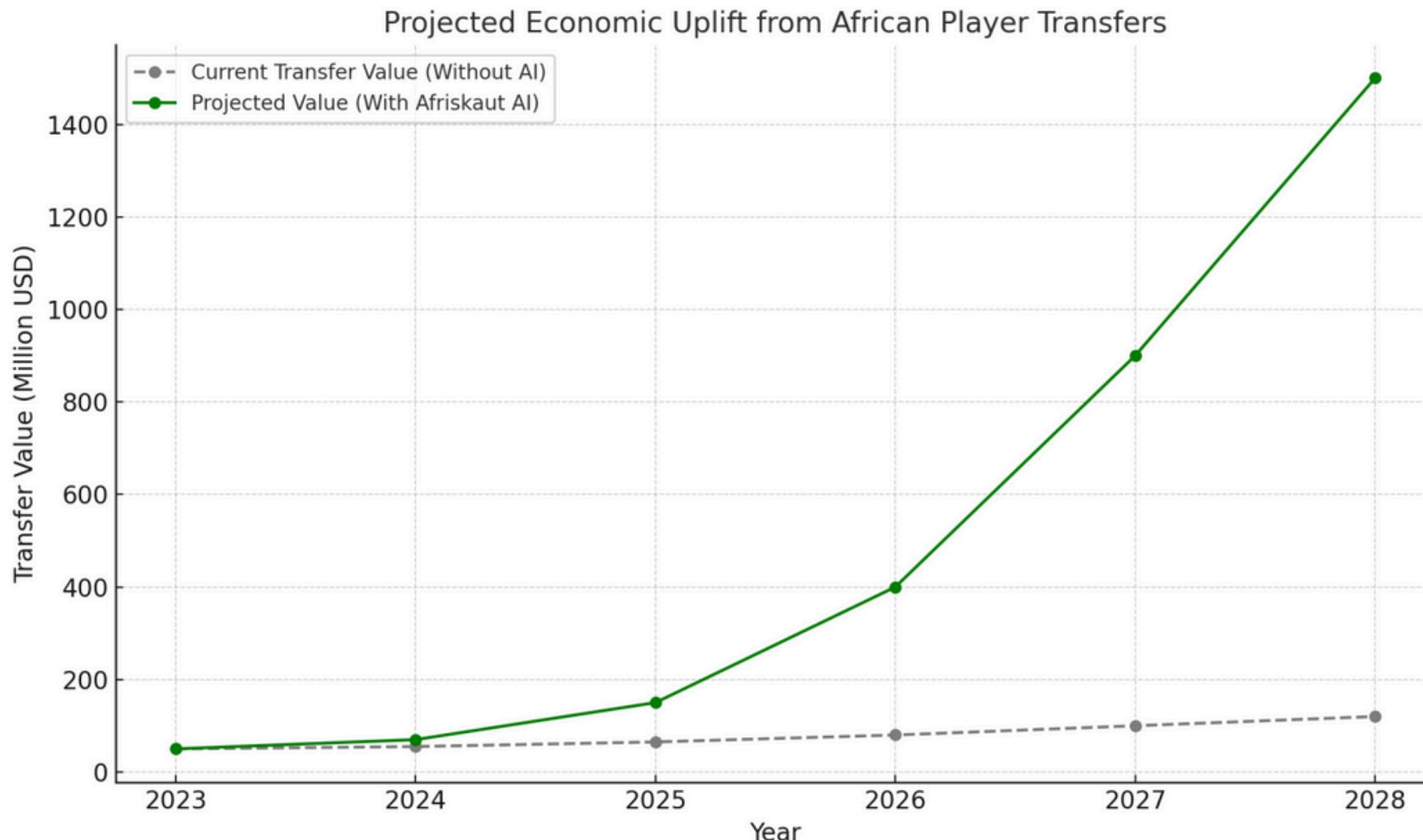
- **AI-Powered Talent Democratisation** Afriskaut's platform analyses 200+ performance indicators (e.g., pass accuracy, sprint speed) from video footage, reducing reliance on costly in-person scouting. Its Gambia tournament has already identified 15 "high-potential" players for CAF academies. Source: SportyTrader, BBC Sport Africa.
- **Grassroots Infrastructure Development** The Youth League Cup (sponsored by Afriskaut) provides structured competition in Gambia, where 60% of players lack access to scouts. The startup plans to expand to Senegal and Nigeria by 2025. Source: CAF Reports.
- **Economic Empowerment** Successful players could boost local economies via transfer fees (Africa's \$50M+ in annual exports to Europe remains underpotential). Afriskaut takes 0% fees from players, monetising through club subscriptions instead. Source: FIFA Transfer Report 2023.
- **Gender Equity in Sports Tech** 30% of players in Afriskaut's database are women—double the global average for scouting coverage—with plans to launch a women's league in 2024. Source: The Equaliser.

Key Beneficiaries:

- **Young African Footballers (Grassroots Talent)**: Over 1,200 players across 64 teams in the Gambia Youth League Cup are now tracked by Afriskaut's AI, with 15 high-potential players (e.g., a 16-year-old winger with 94% dribble success) shortlisted for CAF-accredited academies.
- **African Football Academies & Local Clubs**: Metrics like "press resistance" and "aerial duel win rate" help clubs identify undervalued traits (e.g., a defender with 85% pass accuracy but overlooked due to height). Users in 49 US states leverage Flutterwave's Send App for low-cost, rapid remittances (98% processed in <5 minutes), supporting families and local economies.
- **European & Global Clubs/Scouts**: Africa contributes 17% of global football talent but only 8% of European signings (FIFA 2023). Afriskaut's database (5,000+ players) helps clubs like Sporting Lisbon and RC Strasbourg mine hidden gems

Relevant Data for Visualisation:

- Talent Pipeline: Estimated \$1.5bn+ annual boost to African economies
- AI Accuracy: Supports 250,000+ indirect jobs via SME enablement
- Economic Impact: Licensing success driving harmonised fintech policies across Africa
- Gender Gap: Focus on unifying African payment systems (multi-currency support)



Industry Trends: Challenges & Opportunities

Sector Report | Issue #03 | 15/03/2025

African Tech Startups: Funding Drought Deepens

Challenges:

February 2025 saw African tech startups grappling with prolonged funding constraints, particularly in Nigeria, Egypt, and South Africa, where venture capital inflows dropped by 25% MoM—the sharpest quarterly decline since 2022. Key drivers include:

- Global Liquidity Crunch: The U.S. Federal Reserve maintained high interest rates (5.5%), keeping African tech investments unattractive compared to safer assets.
- Local Currency Pressures: Egypt's pound depreciated 12% against the dollar, worsening foreign investor exits. Nigeria's FX crisis deepened, with the naira hitting ₦2,100/\$ in parallel markets, forcing startups to cut costs or shut down.
- Downward Valuations: Late-stage startups like Egypt's Swvl (transport-tech) and Nigeria's Paystack (fintech) faced down-rounds (lower valuations than previous raises).

Opportunities:

- Government-Backed Venture Debt Funds:

African family offices and HNWIs increased startup allocations by 40% (e.g., Aliko Dangote's \$20M agritech fund).

- Distressed M&A surged:

Healthy startups acquired struggling rivals at discounts (e.g., Kenya's Wasoko bought Nigeria's GONA for 60% below 2024 valuation).

Solution:

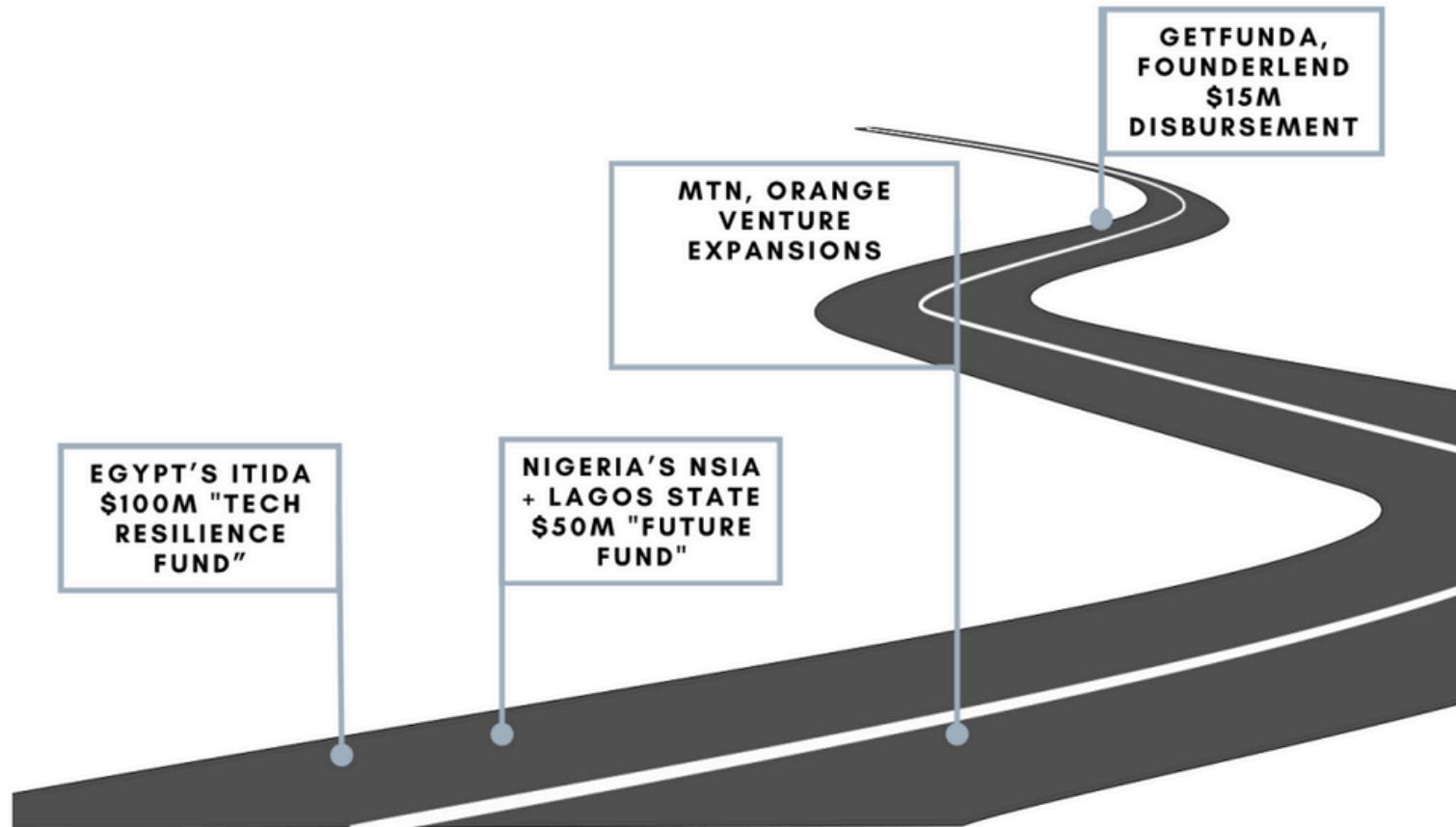
Sovereign Wealth Fund Interventions:

- Egypt's ITIDA launched a \$100M "Tech Resilience Fund" offering convertible notes to startups.
- Nigeria's NSIA partnered with Lagos State to create a \$50M "Future Fund" for early-stage startups.

Challenges & Opportunities

Sector Report | Issue #03 | 15/03/2025

- Sovereign Wealth Fund Interventions:
 - Egypt's ITIDA launched a \$100M "Tech Resilience Fund" offering convertible notes to startups.
 - Nigeria's NSIA partnered with Lagos State to create a \$50M "Future Fund" for early-stage startups.
- Corporate Venture Arms:
 - MTN Group and Orange Ventures increased African startup investments, focusing on fintech and healthtech.
 - Flutterwave and Chipper Cash launched startup acquisition programs to consolidate struggling firms.
- Alternative Financing:
 - Revenue-based financing (RBF) gained traction, with platforms like GetFunda (SA) and FounderLend (Kenya) disbursing \$15M+ in February.



Industry Trends: Challenges & Opportunities

Sector Report | Issue #03 | 15/03/2025

Cybersecurity: AI-Driven Attacks Surge

Challenges:

- February 2025 recorded a 40% increase in AI-powered cyberattacks, with South Africa, Kenya, and Morocco as prime targets. Major incidents:
 - AI-Enhanced Phishing: Fraudsters used deep fake voice scams to impersonate CEOs, stealing \$3M+ from African banks.
 - Ransomware Epidemic:
 - Kenya's KPLC (power utility) suffered a 72-hour outage after a Russian-linked ransomware attack.
 - South Africa's Transnet faced a \$10M ransom demand following a port logistics system breach.
- Mobile Money Fraud: Ghana's MTN MoMo lost \$2M to SIM-swap fraud syndicates

Solutions:

- AI vs. AI Defense:
 - Kenya's AI Council launched "ShieldAI", a public-private initiative to detect AI-driven threats.
 - South Africa's GovChat deployed AI-powered authentication for citizen services.
- Cyber Insurance Growth:
 - AXA and Sanlam introduced affordable cyber insurance for African SMEs.
- Skills Development:
 - Google Africa announced a \$20M grant to train 50,000 cybersecurity experts by 2026.

Energy & Tech: Power Outages Disrupt Digital Economies:

Challenges:

- Nigeria's grid collapsed twice in February, costing startups \$150M in downtime losses.
- South Africa's Eskom load-shedding reached Stage 6, forcing data centers onto expensive diesel backups.
- Egypt's solar startups struggled with import restrictions on Chinese panels.

Solutions:

- Hybrid Energy Solutions:
 - Nigeria's "Solar-as-a-Service" startups (e.g., Daystar Power) expanded to off-grid tech hubs.
 - South Africa's Vodacom deployed wind-powered base stations.
 - Government Incentives: Ghana's "Green Tech Tax Holiday" waived levies for renewable energy startups.

Regulatory Shifts: Crackdowns & Opportunities:

Challenges:

- Nigeria's SEC tightened crypto regulations, freezing Binance Nigeria's operations.
- Tanzania's data localisation laws increased cloud costs for startups by 30%.

Solutions:

- Sandbox Policies:
 - Kenya's CMA expanded its fintech sandbox to include AI and blockchain firms.
- Cross-Border Data Pacts:
 - Rwanda-Singapore Digital Economy Agreement eased compliance for African startups expanding to Asia

Our Editors:



Jedidiah Oni
Head of Technology



Antoine Agu
Head of Technology

Our Contributors:



Alec Williams
Internal Consultant



Iliriana Rexhepi
Head of Market Insights

Glossary:

Afriskaut: A Nigerian AI-powered sports tech startup that uses computer vision and data analytics to scout football talent in Africa.

Agritech: Technology-driven innovations (e.g., AI, IoT) applied to agriculture to improve productivity and sustainability.

Asset-based financing: A lending model where loans are secured by collateral (e.g., M-KOPA's pay-as-you-go solar systems).

Blockchain: A decentralised digital ledger technology used for secure transactions (e.g., in fintech for cross-border payments).

CBDC (Central Bank Digital Currency): A digital form of a country's fiat currency issued by the central bank (e.g., Nigeria's eNaira).

Computer vision: AI technology that analyses visual data (e.g., Afriskaut's video-based player scouting).

Convertible notes: Debt instruments that can convert into equity, often used in startup financing.

Cybersecurity surge: A sharp increase in cyberattacks (e.g., AI-driven phishing, ransomware).

Data sovereignty: Laws requiring data to be stored and processed within a country's borders (e.g., South Africa's new regulations).

Decentralised solar solutions: Off-grid solar power systems (e.g., M-KOPA's pay-as-you-go solar panels).

Interoperable systems: Platforms that allow seamless transactions across different providers (e.g., Ghana's mobile money interoperability).

Mobile money: Digital wallets for financial transactions via mobile devices (e.g., M-Pesa).

Non-bank financial institutions (NBFI): Fintechs, mobile money providers, etc., that offer financial services without being banks.

Open banking: Regulations allowing third-party developers to build services using bank data (e.g., Nigeria's new policies).

Embedded finance: Financial services (e.g., payments, loans) integrated into non-financial platforms (e.g., e-commerce apps).

Fintech: Technology-driven financial services (e.g., mobile money, digital lending). FX crisis: Foreign exchange crisis, where local currency depreciation disrupts economies (e.g., Nigeria's naira volatility).

Down-rounds: Funding rounds where a startup's valuation is lower than in previous rounds.

FX crisis: Foreign exchange crisis, where local currency depreciation disrupts economies (e.g., Nigeria's naira volatility).

Grassroots talent: Untapped athletes in local communities (e.g., players in Afriskaut's Gambia Youth League Cup).

Healthtech: Technology solutions for healthcare (e.g., AI diagnostics, telemedicine).

Hybrid energy solutions: Power systems combining renewables (solar/wind) with traditional sources (e.g., diesel backups).

IPS (Instant Payment System): Real-time digital payment networks (e.g., Kenya's M-Pesa, Nigeria's NIP).

PAPSS (Pan-African Payment and Settlement System): A cross-border payment system for African trade under AfCFTA.

Pay-as-you-go (PAYG): A flexible payment model (e.g., M-KOPA's daily micropayments for solar systems).

Real-time payments (RTP): Instant money transfers (e.g., Nigeria's NIP processing transactions in seconds).

Revenue-based financing (RBF): Loans repaid as a percentage of future revenue (e.g., GetFunda's model).

Sandbox policies: Regulatory "test environments" for startups to trial innovations (e.g., Kenya's fintech sandbox).

Smart grids: AI-optimised electricity networks that improve energy distribution (e.g., solutions at T&D Africa Expo).

Telemedicine: Remote healthcare consultations via digital platforms (e.g., suri Health's AI-driven chats).

USSD (Unstructured Supplementary Service Data): A mobile communication protocol for basic services (e.g., *123# banking menus).

Venture capital (VC): Investment in high-growth startups (e.g., Five35 Ventures' funding for African tech).

