

Technology

Sector Report, Africa:

DECEMBER 2024

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Industry Overview:

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Sector Performance:

As we start the new year, the global technology sector continues to demonstrate strong growth, driven by increasing mergers and acquisitions (M&A), and investment activity. In 2024, technology remained the most targeted sector globally for M&A. Despite economic and geopolitical headwinds causing the technology sector index to recede by 5.35% MoM, a positive outlook is forecasted for 2025.

Corporate interest in tech is expected to outpace other sectors as businesses seek to leverage AI, pursue strategic M&A, and drive innovation. Key growth areas like AI, digital infrastructure, climate tech, fintech, and cybersecurity are poised to attract significant global investment in the year ahead.

This month, the African technology sector continues to gain momentum as key industries experience transformative shifts. The telecommunications industry is undergoing significant changes, with major investments in expanding 5G infrastructure and bridging the digital divide across rural and urban areas. These advancements aim to improve connectivity, boost digital inclusion, and empower tech-driven economies across the continent.

This report will also explore Africa's evolving technology landscape, focusing on key milestones and innovations driving growth across the continent. It highlights groundbreaking developments like Juicyway's transformative impact on cross-border payments and examines private equity's pivotal role in scaling African tech ventures. The report also delves into challenges and opportunities shaping the sector, such as the electric vehicle race in Africa, the continent's crypto mining boom, the surge in server capacity in sub-Saharan Africa, and the development of a robust tech talent pipeline and compute ecosystem. Together, these elements illustrate Africa's unique position as a hub for innovation and growth in the global tech economy.

Industry Players of The Month:

Tyme Group:

- The South African fintech company recently raised \$250 million in a Series D round, pushing its valuation to \$1.5 billion. Led by Nu Holdings, which invested \$150 million for a 10% stake, the round also saw contributions from M&G Catalyst Fund (\$50 million) and existing shareholders. Founded in 2019, Tyme operates a hybrid digital banking model, serving 15 million customers across South Africa (10 million via TymeBank) and the Philippines (5 million via 4 GoTyme). With over \$400 million in customer deposits and \$600 million in small business financing, Tyme plans to expand into Vietnam and Indonesia in 2025, solidifying its position in emerging markets.

UnoTelos:

- Nigerian telecommunications leader UnoTelos has partnered with India's Niral Networks to revolutionise connectivity in Africa. Combining UnoTelos' market expertise with Niral's advanced Private 5G and Edge AI technology, the partnership aims to address critical network challenges and drive digital transformation. Initial deployments will focus on key industries like mining, oil and gas, manufacturing, and logistics, leveraging secure, low-latency, and scalable connectivity solutions.

Industry Milestone:

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- The partnership is set to boost industries with IoT-enabled systems, smart factory solutions, and advanced private network infrastructure, catalysing innovation and competitiveness. UnoTelos and Niral Networks plan to expand their collaboration to develop cutting-edge 5G and Edge AI solutions tailored to Africa's unique needs.

Juicyway:

- Nigerian fintech Juicyway has emerged from stealth after processing over \$1.3 billion in transaction volume for 4,000 users across 25,000 transactions over three years. Utilising stablecoin technology, Juicyway enables fast, cost-effective cross-border payments for businesses, including prominent clients such as Bolt, Piggyvest, Bamboo, and IHS. Remarkably, the company achieved these milestones without a public app or marketing, relying on organic growth and word-of-mouth referrals.
- Juicyway's platform converts fiat currencies into stablecoins like USDC or USDT, allowing users to access funds via digital wallets. This approach provides a faster, more affordable alternative to traditional cross-border payment systems. With its innovative technology and focus on emerging markets, Juicyway is poised to challenge conventional payment platforms and redefine international money transfers, empowering businesses across Africa with efficient, scalable financial solutions.

Tyme Group Reaches Unicorn Status, Driving Fintech Innovation Across Africa and Beyond:

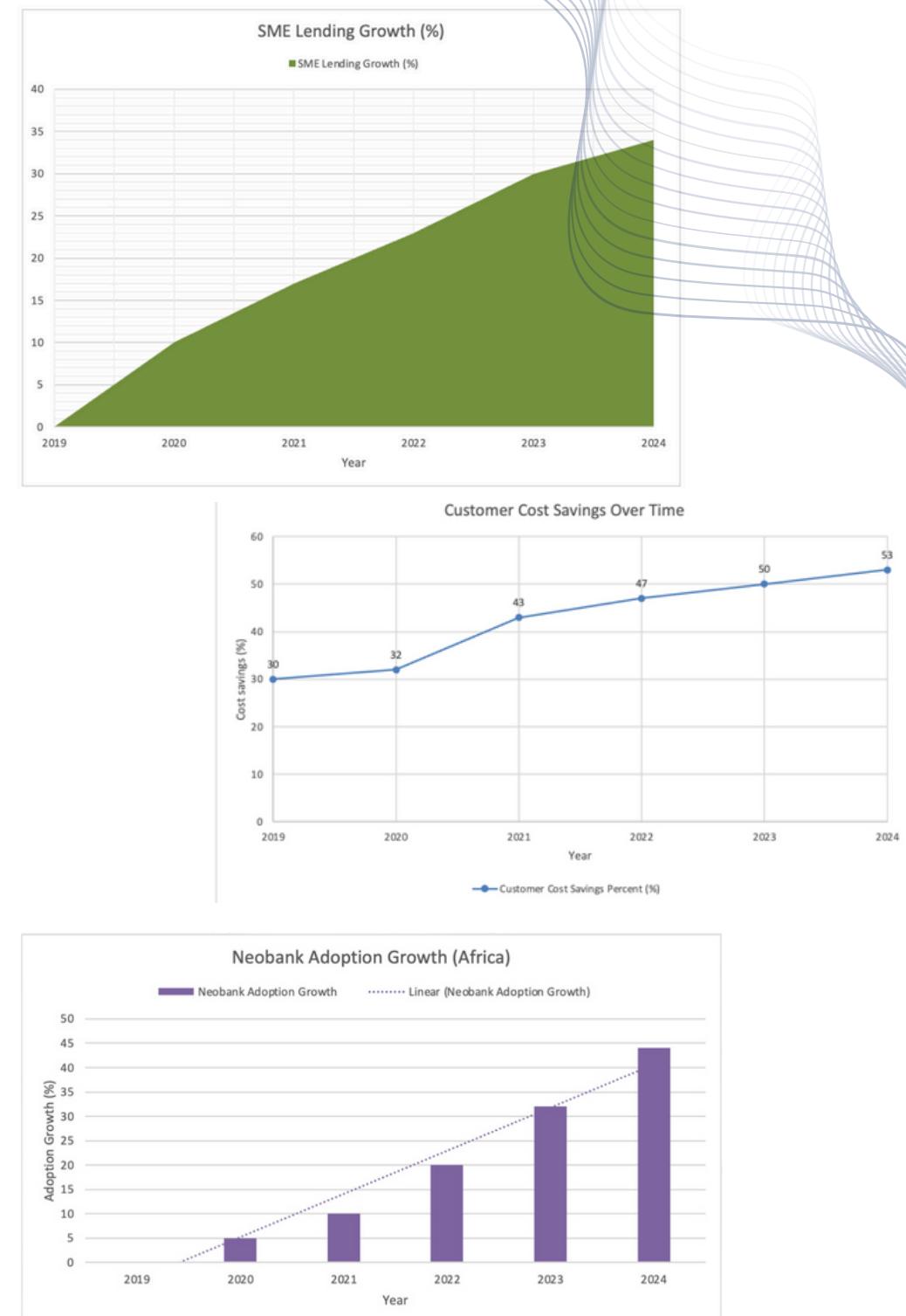
Overview: Tyme Group, a pioneering digital banking leader headquartered in Singapore with roots in South Africa, has achieved unicorn status following an oversubscribed \$250 million Series D funding round, placing its valuation at \$1.5 billion. This milestone solidifies Tyme as a transformative player in Africa and Southeast Asia's fintech ecosystems, boasting over 15 million customers across South Africa and the Philippines.

The funding round was led by Nubank, Latin America's largest digital financial services platform with over 110 million customers, contributing \$150 million. M&G Catalyst Fund invested \$50 million, while existing shareholders, including African Rainbow Capital, Tencent, and the Gokongwei Group, added \$50 million. Nubank's strategic investment not only enhances Tyme's credibility but also brings critical expertise in data analytics, credit risk management, and product development, helping the group refine its offerings and scale efficiently.

With this funding, Tyme aims to deepen its impact, enhance financial accessibility, and prepare for a potential public listing by 2028. The partnership with Nubank highlights the strategic importance of collaborative innovation in driving Africa's fintech growth, setting a new benchmark for digital banking in emerging markets.

Significance:

- Tyme Bank has achieved remarkable growth in Africa, securing 8.5 million customers since its launch in 2019, making it one of the world's fastest-growing digital banks. Its focus on SME lending led to a 30% increase in its portfolio in 2024, with over 50,000 businesses funded, empowering economic growth.
- Through its MoreTyme Buy-Now-Pay-Later product, TymeBank enables credit access in 5,500 stores and 1,200 e-commerce sites. Operating via 1,000 kiosks and 15,000 retail points, it ensures widespread access while offering transaction costs 30–50% lower than traditional banks.
- As the fastest profitable standalone digital bank globally, TymeBank demonstrates the transformative potential of affordable, inclusive digital banking for underserved African populations.
- This milestone signals significant advancements in Africa's financial services infrastructure, blending cutting-edge technology with deep market insights.
- By leveraging Nubank's expertise and Tyme's scalable model, the group is positioned to revolutionise digital banking for small businesses and individuals, offering tailored solutions such as savings accounts, debit cards, and innovative credit services.



Industry Overview:

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Key Beneficiaries:

Underserved African populations:

Impact: TymeBank's rapid scaling bridges financial gaps, providing access to banking services for those previously excluded from the financial system.

African small and medium enterprises (SMEs):

Impact: By supporting over 50,000 businesses, TymeBank fosters economic empowerment, encourages job creation, and stimulates local economies in Africa.

Vulnerable demographics in Africa (caregivers, old-age grant recipients, and individuals with disabilities).

Impact: TymeBank enhances financial inclusion, ensuring critical financial support reaches disadvantaged groups.

African Credit Sector:

Impact: The wide adoption of TymeBank's BNPL product provides accessible credit options to diverse customer bases, stimulating spending and financial empowerment.

South African GDP:

Impact: TymeBank's extensive network of kiosks and retail points ensures accessibility and convenience for customers, driving adoption and market reach.

Relevant Data for Visualization:

- Total Investment: \$158 million in renewable energy projects.
- Small and medium business lending growth (South Africa): 30% in 2024
- Product Distribution (South Africa): 5,500 physical stores, 1,200 ecommerce stores
- Consumer Impact (South Africa): 30%-40% lower transaction costs than traditional South African banks

Industry Milestone 2:

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Juicyway:

Juicyway, an African fintech leveraging stablecoin technology to drive fast and affordable cross-border payments, has emerged from stealth after processing over \$1 billion in transactions for thousands of African businesses over the last three years. By facilitating payments using stablecoins like USDC and USDT, Juicyway is revolutionising cross-border transactions, offering faster, cheaper, and more flexible alternatives to traditional systems. The platform grew organically, acquiring similar businesses and relying on word-of-mouth referrals, with no publicly available app or marketing efforts.

With remittance fees in Africa averaging 13% for \$200 transfers, Juicyway is stepping in to solve a critical challenge in global money movement. Its platform offers fast, affordable transactions with 24/7 settlement, unlocking liquidity for African currencies and enabling greater financial inclusion. The company has secured prominent customers, including corporates like Bolt and IHS, and fintechs such as Piggyvest, Bamboo, and Afriex. Juicyway provides liquidity for businesses involved in cross-border transactions, offering competitive, transparent pricing based on real-time market rates. Juicyway's focus on using stablecoin technology has enabled it to address liquidity gaps in intra-African currency exchange, particularly benefiting regions like Nigeria and Zimbabwe, where exchange rates can be volatile. .

- **\$1.3 billion processed across 25,000 transactions**
- **4,000+ customers**
- **Licensed in Nigeria, Canada, USA and UK**

With a \$3 million pre-seed funding round led by early-stage investors such as P1 Ventures and Ventures Platform, Juicyway is poised for expansion across Africa and globally. The platform integrates with key partners like Access Bank in Nigeria and Lead Bank in the U.S. to ensure compliance, risk management, and fraud prevention. Juicyway's innovative use of stablecoin tech and strategic partnerships positions it at the forefront of Africa's evolving fintech landscape, offering significant opportunities for increased economic participation and inclusion. As it expands, the company aims to provide seamless cross-border payments for individuals and businesses while helping to shape the future of the global financial ecosystem.

Significance:

Juicyway's expansion across Africa and internationally (U.S, U.K, Nigeria) demonstrates its geographical scalability and ability to tap into underserved regions and emerging markets. By facilitating cross-border trade and reducing transaction barriers, Juicyway supports Africa's digital transformation and promotes its participation in the global economy.

People in Africa will benefit from seamless cross-border payments, enabling them to send and receive money efficiently and affordably. This positions Juicyway at the forefront of blockchain-based financial systems, addressing challenges like unstable local currencies and high transaction fees.

It also means Increased economic participation for underbanked and unbanked populations, fostering financial inclusion. Partners like Access Bank in Nigeria and Lead Bank in the U.S. gain enhanced integration capabilities for streamlined operations, compliance, and security. Finally, the use of stablecoin technology contributes to the modernisation of payment systems and the development of a more inclusive financial infrastructure in Africa.

Industry Trends:

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This innovative approach, coupled with a customer-centric model, showcases how fintech solutions can empower African businesses to thrive in volatile economic conditions, ultimately contributing to increased African participation in the global economy and advancing the continent's technological landscape.

Key Beneficiaries:

African Emerging Markets:

Impact: By breaking geographical barriers, Juicyway facilitates cross-border trade, reduces transaction challenges, and drives Africa's digital transformation, empowering businesses and individuals to participate more actively in the global economy. **African Emerging Markets Impact:** By breaking geographical barriers, Juicyway facilitates cross-border trade, reduces transaction challenges, and drives Africa's digital transformation, empowering businesses and individuals to participate more actively in the global economy.

Relevant Data for Visualisation:

- **Transaction and Customer Data:** US\$1.3 billion processed transactions, 4,000 customers
- **Key Partnerships:** Bolt, Piggyvest, Access Bank (Nigeria), Lead Bank (US)
- **Total Investment:** US\$3 million
- **Remittance Fees Solved (Nigeria):** 13% average reduction
- **Settlement Speed:** 24/7, real-time transactions
- **Liquidity Provided:** Stability for volatile currencies like the Nigerian naira and Zimbabwean dollar
- **Transaction Volume Growth (Nigeria):** Year-on-year or cumulative growth to \$1.3 billion over three years.
- **Customer Growth (Nigeria):** Growth in the number of businesses (4,000) using the platform since inception.
- **Currency Liquidity Access:** Proportion of currencies handled (NGN, USD, GBP, CAD). 10. **Transaction Fees:** Distribution of take rates between 0.2% and 10%.

Challenges & Opportunities

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Africa's Crypto Mining Boom:

Africa is emerging as a hotspot for cryptocurrency mining, with regions like North and West Africa becoming attractive due to low electricity costs. This trend has gained traction with the rise in Bitcoin's value and the growing adoption of digital currencies.

Driving Factors:

- **Energy:** Countries like Morocco and Ethiopia leverage low-cost electricity from renewable sources, particularly hydropower, creating a favorable environment for energy-intensive mining operations. This renewable-driven energy model not only reduces operational costs but also appeals to the growing global focus on sustainable cryptocurrency practices.
- **Youth-Driven Tech Adoption:** Africa's tech-savvy youth, characterized by high rates of mobile and internet adoption—are at the forefront of blockchain exploration and crypto ventures. This demographic is driving both adoption and innovation in the crypto-mining ecosystem, signaling a significant shift toward a more decentralized financial landscape in Africa.
- **Global Diversification:** As regulatory pressures in Asia and Europe rise, mining operations are relocating to Africa.

Challenges:

- **Electricity Scarcity:** Frequent power outages and unreliable grids disrupt mining operations.
- **Regulatory Uncertainty:** Ambiguities in crypto policies across African countries create risks for investors and miners.
- **Environmental Concerns:** The high energy consumption of mining can strain fragile energy ecosystems. Solutions:
 - **Investment in Renewable Energy:** Promote solar and wind energy projects to support sustainable mining operations.
 - **Clear Regulatory Frameworks:** Governments should draft and enforce policies that encourage responsible crypto mining while protecting the economy.
 - **Skills Development:** Offer training programs to build expertise in blockchain technology and crypto-related fields.

Challenges & Opportunities

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Surge in Server Capacity in Sub-Saharan Africa Sub-Saharan

Africa experienced a 25.8% surge in server capacity in 2024, according to the Tony Blair Institute for Global Change. Côte d'Ivoire is at the forefront, with server revenue growth expected to reach 84.3% over the next five years, bolstered by investments such as the newly opened CIV1 data center in Abidjan. Mature ecosystems like South Africa and emerging contributors like Rwanda, Senegal, and Mauritius are driving this growth.

Driving Factors:

- **Massive Investments:** Countries are scaling capacity with investments in lower-value servers to match global trends.
- **Regional Collaborations:** Data centers like CIV1 are strategically placed to serve regional economic unions.
- **Renewable Energy Solutions:** Innovations in energy resilience, such as Microsoft's \$1 billion geothermal-powered data center in Kenya and solar-plus-storage systems in Nigeria, are critical for mitigating infrastructure challenges.

Challenges:

- **Power Reliability:** Frequent grid outages, averaging 7.3 outages per month, undermine operational stability.
- **Digital Divide Risk:** Infrastructure deficits threaten to exacerbate inequalities between well-equipped and underserved regions.

Solutions:

- **Energy Innovations:** Increased adoption of renewable energy systems, such as co-located solar installations and geothermal energy.
- **Cross-Sector Collaboration:** Governments, private investors, and tech firms must collaborate to fund and expand resilient infrastructure.

Challenges & Opportunities:

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Tech Talent Pipeline and Compute Ecosystem Development:

Overview:

Sub-Saharan Africa is witnessing significant growth in its tech talent pipeline, with software engineer growth rates of 40% in Ethiopia, 39% in Rwanda, and 29% in Kenya. However, the region faces challenges in nurturing human capital for compute roles due to limited institutional training.

Driving Factors:

- **Community Growth:** Developer communities in Rwanda, Nigeria, Kenya, and Ghana are rapidly expanding.
- **Self-Learning Channels:** In the absence of formal training programs, aspiring tech professionals are relying on informal education.

Challenges:

- **Training Gaps:** A lack of commercial computer training programs impedes the development of compute-specific expertise.
- **Brain Drain:** Without opportunities in local computer ecosystems, skilled professionals may seek work abroad, stymieing regional growth.

Solutions:

- **Edge Computing Expansion:** Shifting data processing to local devices or servers can create opportunities within the region.
- **Education and Training Initiatives:** Increasing access to institutional and commercial training programs will strengthen the talent pipeline.
- **Industry Engagement:** Encouraging local compute ecosystems to offer competitive opportunities to retain talent.

These trends highlight the interplay between technological progress and systemic challenges, emphasizing the importance of sustainable infrastructure and human capital development for Africa's continued growth in the tech sector.

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Glossary:

Fintech - Financial Technology refers to innovative technologies designed to improve and automate the delivery of financial services.

Artificial Intelligence (AI) - AI refers to the simulation of human intelligence in machines that are programmed to think, learn, and solve problems.

IoT (Internet of Things) - The interconnection of everyday devices to the internet, allowing them to collect and exchange data.

Cybersecurity - The practice of protecting systems, networks, and programs from digital attacks or unauthorised access.

Tech Hub - A physical or virtual space where technology startups, innovators, and entrepreneurs gather to collaborate, learn, and innovate.

Agri-Tech - Agricultural Technology refers to innovations in the tech space aimed at improving the efficiency, output, and sustainability of farming.

Venture Capital - A form of financing where investors provide funding to early-stage startups with high growth potential in exchange for equity.

Big Data - Large volumes of data that can be analyzed for insights to improve decision-making. Large volumes of data that can be analyzed for insights to improve decision-making.

Mergers & Acquisition (M&A) - Business deals where companies come together or one company buys another. These deals help companies grow, enter new markets, or improve their business by combining resources or cutting costs.

Crypto mining - The process of verifying and adding new transactions to a blockchain ledger in a cryptocurrency network. This process involves solving complex computational problems, which requires significant computational power. Miners who successfully solve these problems are rewarded with new cryptocurrency tokens and transaction fees, making mining an essential part of maintaining and securing decentralized networks like Bitcoin and Ethereum.

Private Equity - Investing in privately held companies to improve their value over time, often through restructuring or capital infusion, with the goal of selling the company for a profit later.

Cryptocurrency - digital currency that uses cryptography for security and operates on decentralized networks, typically based on blockchain technology. It is not controlled by any central authority, such as a bank or government.

Stablecoin - a type of cryptocurrency designed to maintain a stable value by being pegged to a reserve asset, like a currency or commodity, reducing price volatility.

