



FINTECH INVESTMENT-FOCUSED H1 2022 LANDSCAPE REVIEW

# Why Egypt is a PROMISING MARKET for FinTech Investments?

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# Introduction

In the last few years, Egypt took several leaps on the road to digital transformation; seizing all opportunities to bolster digitalization across all industries. Subsequently, the Egyptian FinTech industry has been witnessing an unprecedented growth, as Egypt becomes one of the most promising markets for FinTechs in the region. The Central Bank of Egypt (CBE) has been the main catalyst of change for digitalizing the financial sector, adopting all necessary measures to attract the full array of digital financial services into its realm.

The CBE recognizes the importance of FinTech and innovation to support and advance the banking landscape, and as such is playing a pivotal role in supporting and enabling the FinTech ecosystem in Egypt. For this purpose, FinTech Egypt – an initiative powered by CBE – is releasing its FinTech and FinTech-enabled investment-focused landscape review covering the first half (H1) of 2022. This review follows in the footsteps of the recently published “Egypt FinTech Landscape Report 2021”, in providing a full-fledged understanding of the investment scene in the Egyptian Fintech industry that is set to soar.

The review is based on conducted surveys with 148 startups, payment service providers and enablers, and 26 investors and accelerators to cover all aspects of the investment scene from a comprehensive view. The review is divided into 4 main sections starting by showcasing FinTech Egypt’s Map for H1 2022, then the key investment highlights of the Fintech industry in Egypt. The 3rd section spots the light on the ecosystem insights and their views on the potential approaches of attracting more investments. Finally, the review concludes with the future outlook in the FinTech market with a special look on Egypt’s FinTech sector treasure chest of opportunities.



# FinTech EGYPT

## EGYPT'S FINTECH & FINTECH-ENABLED MAP H1 2022

<b>DATA ANALYTICS &amp; AI</b> 	<b>INSURTECH / HEALTHTECH</b> 	<b>PERSONAL FINANCE MANAGEMENT &amp; FINANCIAL LITERACY</b> 	<b>ACCOUNTING &amp; EXPENSE MANAGEMENT</b> 	<b>PAYROLL &amp; BENEFITS</b> 	<b>REGTECH</b> 	<b>PROPTECH</b> 
<b>OPEN BANKING &amp; INFRASTRUCTURE</b> 	<b>B2B MARKETPLACE</b> 	<b>WEALTH MANAGEMENT &amp; SAVINGS</b> 	<b>AGRITECH</b> 	<b>ROSCA</b> 		

<b>ANGEL INVESTORS</b> 	<b>PAYMENTS &amp; REMITTANCE</b> 	<b>OTHER</b> 
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**ACCELERATORS**  
**VENTURE CAPITALS**  
**LENDING & ALTERNATIVE FINANCE**  

This map is based on surveys done with 148 startups, payments services providers and 26 investors. Thus; non-exhaustive of the total Egyptian FinTech Ecosystem Stakeholders

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# Highlights

WHAT YOU NEED TO  
KNOW ABOUT  
FINTECH  
INVESTMENTS IN  
EGYPT



This section delves into the FinTech and FinTech-enabled investments in the Egyptian market and highlights the FinTech investment scene happening in the first half of 2022.

# Highlights

WHAT YOU NEED TO  
KNOW ABOUT  
FINTECH  
INVESTMENTS IN  
EGYPT



## H1 2022

In the first half of this year, FinTech & FinTech-enabled investments have witnessed a 12-times increase compared to 2017, reaching an all-time high of almost \$167M in a total of 31 deals as of H1 2022. In addition to that, 5 deals out of 31 with investment amounts \$10M and more.

VC INVESTMENTS  
SOARS TO NEW HIGH OF

**\$167M** → IN **31 Deals**

**12x INCREASE**  
IN VC INVESTMENTS  
COMPARED TO  
**2017**

**5 DEALS**  
WITH INVESTMENT  
AMOUNTS  
**\$10M+**

# Highlights

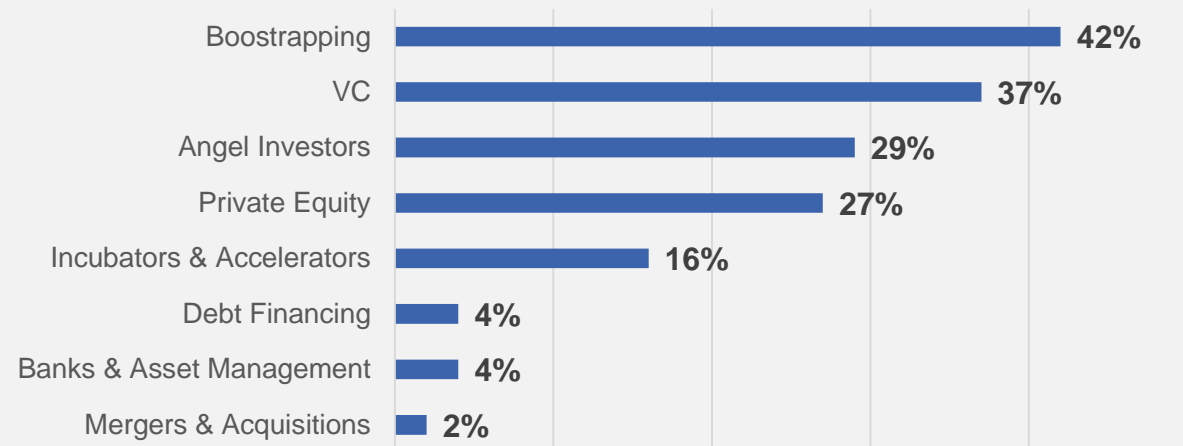
WHAT YOU NEED TO  
KNOW ABOUT  
FINTECH  
INVESTMENTS IN  
EGYPT



## BOOTSTRAPPING & VENTURE CAPITAL FUNDING ARE THE MOST USED & EASIEST SOURCES OF FUNDING FOR STARTUPS

As per 42% of the surveyed FinTech and FinTech enabled startups, the easiest and most common source of funding for their businesses is bootstrapping.

However, as they grow from one stage to another their need for funding opportunities to scale up increases compelling them to seek venture capital investment as the second easiest and most common source of funding; accounting for 37%.



# Highlights

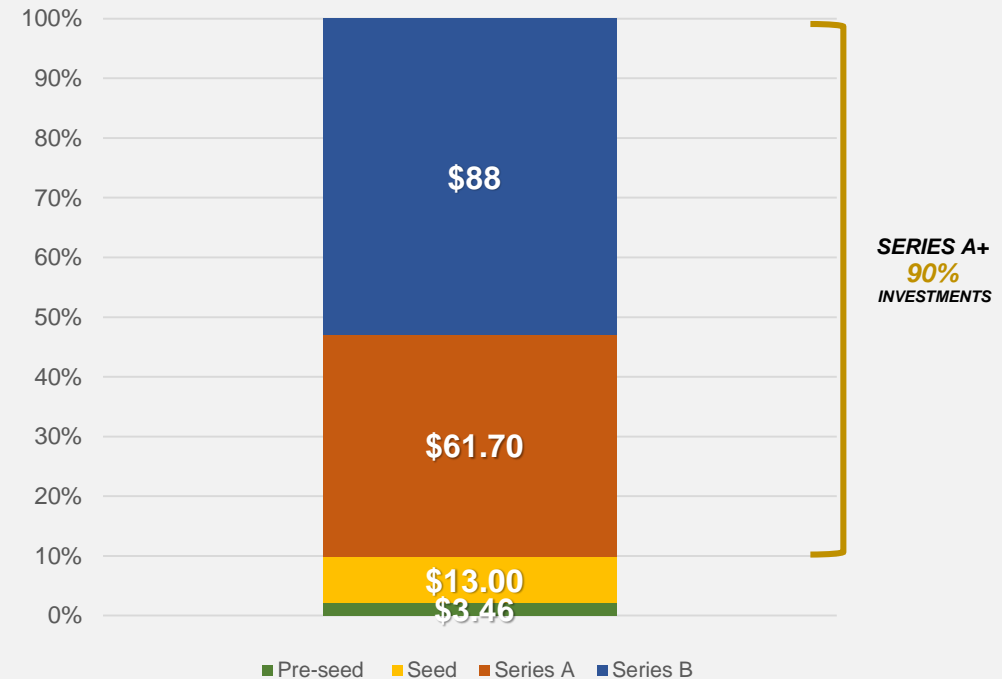
WHAT YOU NEED TO  
KNOW ABOUT  
FINTECH  
INVESTMENTS IN  
EGYPT



## 90% OF FUNDING AMOUNTS COMING FROM SERIES **A+** ROUNDS NOTABLE GROWTH IN LATE-STAGE FUNDING

There has been a notable growth in later stages with funding rounds of Series A and above; accounting for 90% of total investments in H1 2022.

H1 2022 FUNDING AMOUNTS BY Round Type





# Highlights

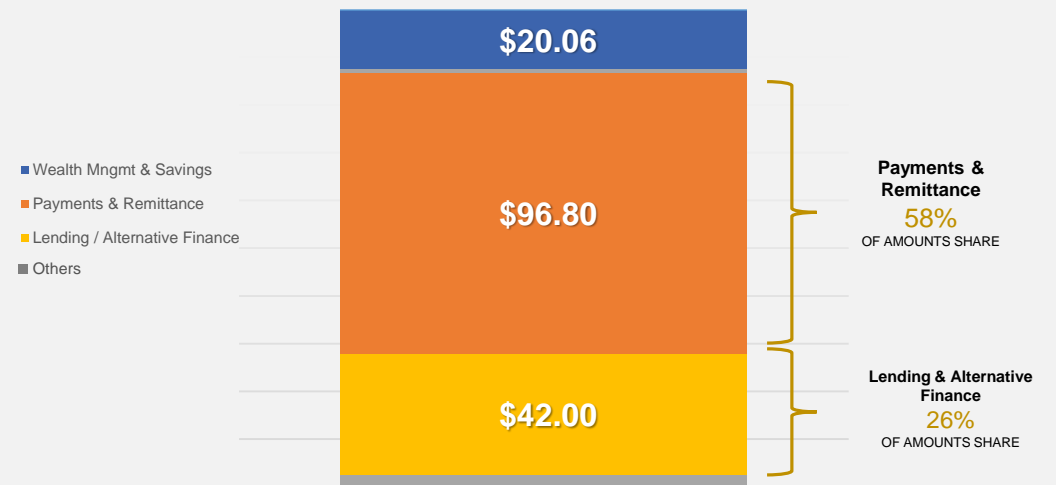
WHAT YOU NEED TO  
KNOW ABOUT  
FINTECH  
INVESTMENTS IN  
EGYPT

## TWO SUB-SECTORS DOMINATING VC FINTECH INVESTMENTS (84% OF TOTAL INVESTMENTS H1 2022)

2 main primary sub-sectors; Payments and Remittance as well as Lending & Alternative Finance continue to dominate investments.

As such; Payments & Remittance dominating H1 2022 investments by 58%, followed by Lending & Alternative finance representing 26%. On the other hand, more investments were directed to Wealth Management & Savings accounting for 12% of H1 2022 total investments. While the rest of investments (6%) were directed to other 7 sub-sectors (ex. B2B Marketplace, Data Analytics, InsurTech, Payroll & Benefits...etc.)

FUNDING AMOUNTS BY SUB-SECTORS (IN \$M)



# Deep-Dive

## A Closer Look at Egypt's FinTech Investors



This section focuses on the investors of the Egyptian FinTech and FinTech-enabled startup community, the most dominant type of investors, their headquarters, and the representation of FinTech within their portfolios

# Deep-Dive

# FINTECH ECOSYSTEM INVESTORS

## VENTURE CAPITALS



## ANGEL INVESTORS



## ACCELERATORS



*This map is based on surveys done with 26 investors and thus non-exhaustive of the total Egyptian FinTech Ecosystem Stakeholders  
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A Closer Look at Egypt's  
FinTech Investors



# Deep-Dive

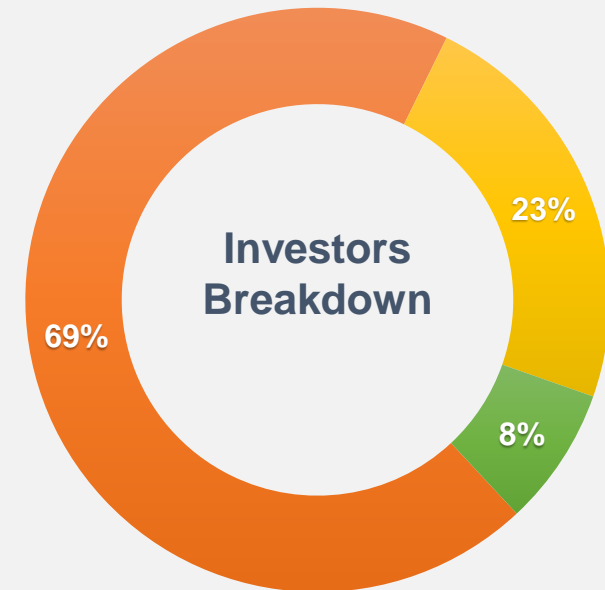
A Closer Look at Egypt's  
FinTech Investors



## VENTURE CAPITALISTS (VC) ARE THE TOP INVESTOR TYPE IN NUMBERS

Currently, 26 investors have been surveyed; who are investing in innovative and talented Egyptian FinTech & FinTech-enabled startups.

Where 69% of the 26 investors are venture capitalists; while 23% are Accelerators, and only 8% are Angel Investors.



**26 INVESTORS**  
surveyed

- Venture Capitals (VC)
- Accelerators
- Angel Investors

# Deep-Dive

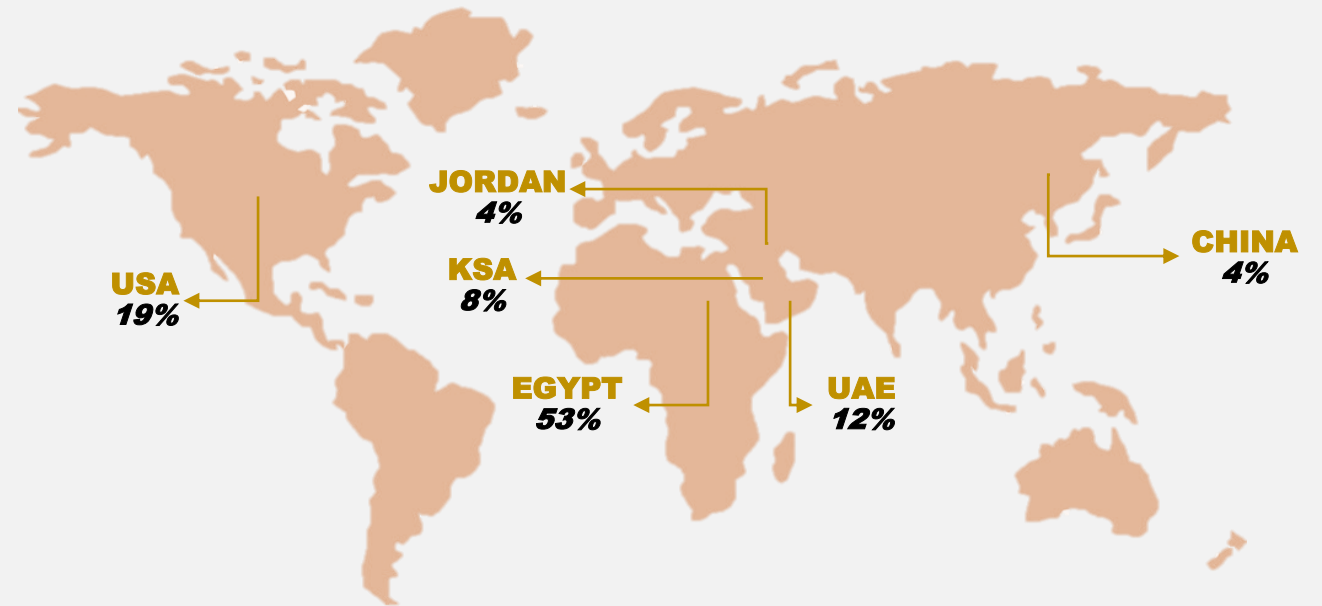
A Closer Look at Egypt's  
FinTech Investors



## MORE REGIONAL & INTERNATIONAL INVESTORS STARTED TO INVEST IN EGYPT

More than half of investors are headquartered in Egypt. Yet; more investors of the MENA region (24%) have started to inject money in Egypt, as well as investors of the USA. (19%).

In addition to that; China's Investors (4%) have started to look at Egypt as promising market when it comes to FinTech.



WHERE ARE INVESTORS OF EGYPTIAN STARTUPS  
HEADQUARTERED

# Deep-Dive

A Closer Look at Egypt's  
FinTech Investors



## 27% OF INVESTORS HAVE FINTECH-FOCUSED FUND

7 of the Investors surveyed have dedicated FinTech focused fund or program (27%); while the rest have FinTech and FinTech-enabled startups embedded within their fund; with an average of 26% of their portfolio startups as FinTech and FinTech-enabled.

WHILE



**7** INVESTORS HAVE  
FINTECH-FOCUSED FUND

**19** INVESTORS HAVE  
**AVERAGE OF 26%**  
OF THEIR STARTUPS' PORTFOLIO AS  
FINTECH/FINTECH-ENABLED

# Insights

In-depth views  
from the Ecosystem



This section represents interesting insights; where FinTech and FinTech enabled startups and different ecosystem stakeholders, including investors, accelerators and other ecosystem enablers, share their own views and perspectives on a broad range of interesting topics, such as the key areas that startups focus on to approach an investor, and the key areas that investors focus on to invest in a startup.

# Insights

KEY AREAS INVESTORS  
FOCUS ON TO  
INVEST IN A  
STARTUP

In-depth views  
from the Ecosystem

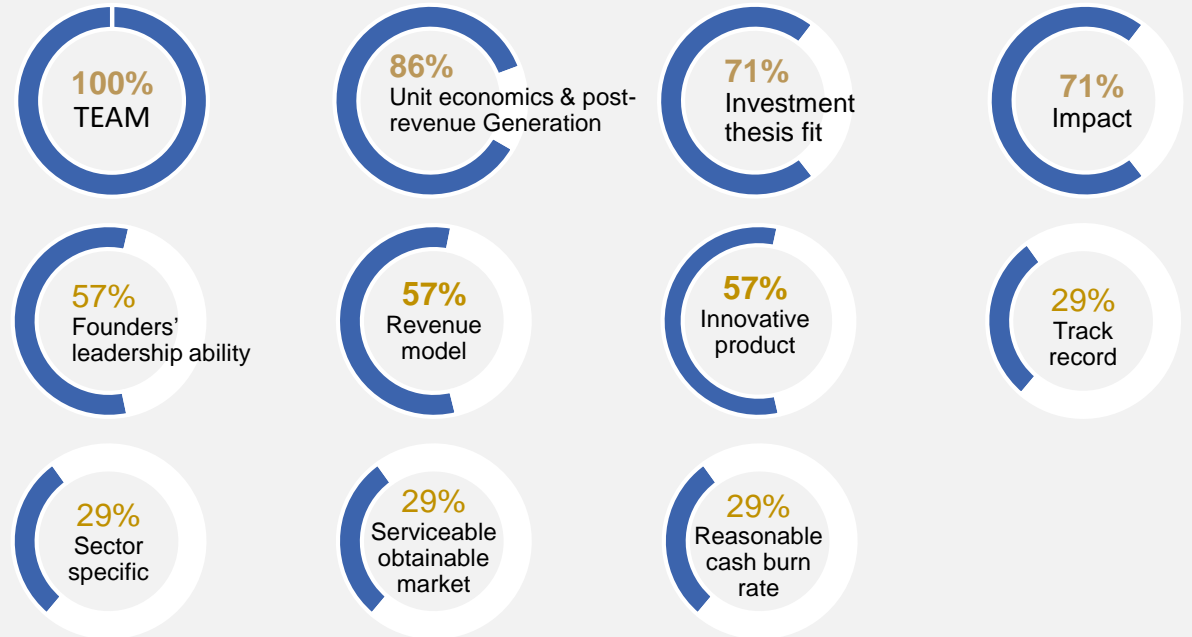


# TEAM

SEEN AS MOST IMPORTANT KEY AREA

## INVESTORS FOCUS ON TO INVEST IN A STARTUP

When looking to the investors side; we can conclude that when making an investment decision they mainly focus on the capabilities of the startup's team as number 1 priority; followed by the post revenue generation and the revenue model. Thus, investors are primarily focused on the calibers and the revenue and give relatively less attention to the startups' relating subsector, while they are less concerned about the cash burn rate.





# Insights

## KEY AREAS INVESTORS FOCUS WHEN APPROACHING VENTURE CAPITALS

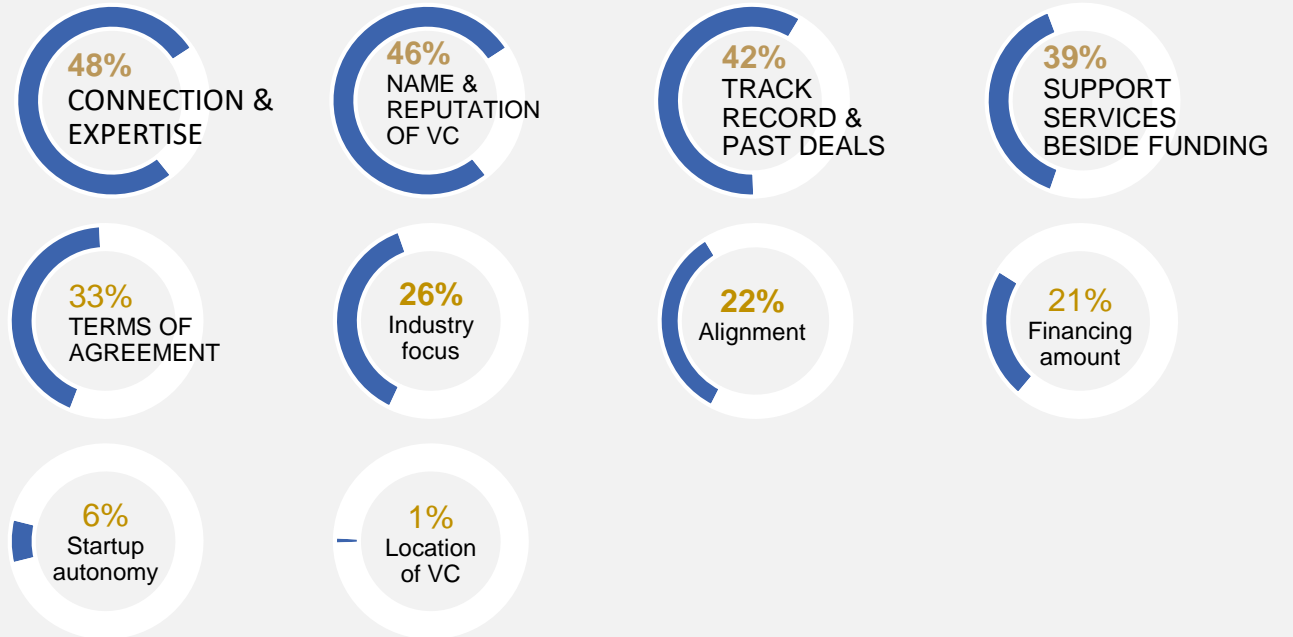
In-depth views  
from the Ecosystem



# CONNECTION & EXPERTISE

SEEN AS MOST IMPORTANT  
KEY AREA STARTUPS FOCUS ON WHEN APPROACHING A VC

When startups were asked about the most important key areas they focus on when selecting a Venture Capital; 48% of those startups chose “connection and expertise of the VC” as most crucial. While; 46% of startups selected “name and reputation of the VC”; followed by “Track record & VC past deals” (42%); “Support services provided by VC besides funding” (39%) consecutively.



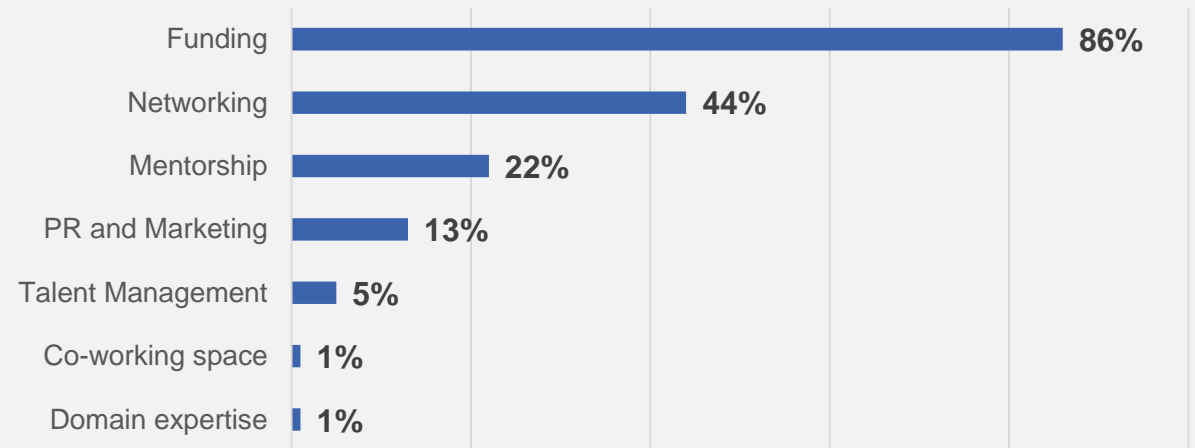
# Insights

In-depth views  
from the Ecosystem



## MOST NEEDED SUPPORT AREAS BY STARTUPS FROM VENTURE CAPITALS AND ACCELERATORS

In route to foster their growth and address their business needs, FinTech and FinTech enabled startups stated that funding is the most needed area of support from both Venture Capitals and Accelerators; followed by networking as the second most needed areas of support.



# Insights

A Look into the  
Future of FinTech



Last but not the least, this section takes a futuristic view and represents the amount of funding that FinTech and FinTech enabled startups want to raise in the next 12 months. Similarly, the projected amount of funding dedicated to FinTech and FinTech-enabled investments in the next 3 years are illustrated. It also includes market views on exit strategies, and FinTech trends to watch for in the future.

# Insights

A Look into the  
Future of FinTech



## 70% OF INVESTORS HAVE PRE-SET FUTURE PLANS FOR FINTECH/FINTECH-ENABLED INVESTMENTS IN THE NEXT 3 YEARS IN EGYPT

As clarified by the surveyed investors, there is a variation between investors' plans for the near future. Out of the 26 investors surveyed, 70% have pre-set future plans for FinTech & FinTech-enabled investments in the next 3 years in the Egyptian market. In which; almost 29% are planning to invest around \$10-\$20 million in the FinTech/FinTech-enabled industry, while 24% are planning to invest more than \$50 million

**18%**

PLANNING TO INVEST  
UP TO \$5M

**11%**

PLANNING TO INVEST  
\$5M - \$10M

**29%**

PLANNING TO INVEST  
\$10M - \$20M

**18%**

PLANNING TO INVEST  
\$20M - \$50M

**24%**

PLANNING TO INVEST  
>\$50M

# Insights

A Look into the Future of FinTech



## 108 STARTUPS

CURRENTLY SEEKING FUNDING WITH APPROXIMATE AMOUNT OF **>\$600M**

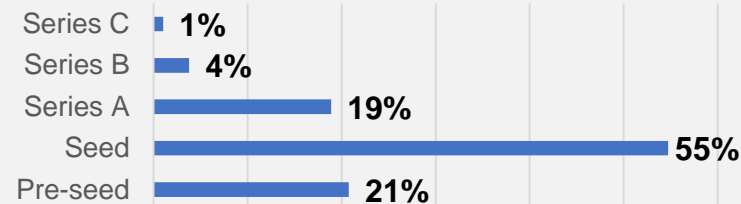
Around 108 startups are seeking funding; in which 45% are currently approaching VCs; 48% are planning to seek funds in the next 12 months; while 7% are planning to join an acceleration program.

When looking at the needed funding rounds; 76% of startups are looking for early-stage funding with range amounts; while 24% are looking forward to later-stages funding Series A+.

**45%**  
STARTUPS  
APPROACHING  
VENTURE CAPITALS  
NOW

**7%**  
STARTUPS  
LOOKING FORWARD  
TO JOIN AN  
ACCELERATION  
PROGRAM NOW

**48%**  
STARTUPS  
PLANNING TO  
SEEK FUNDS  
IN THE NEXT  
12MONTHS



# Insights

A Look into the  
Future of FinTech



## EGYPTIAN STOCK MARKET IS SEEN AS A FUTURE POTENTIAL EXIT STRATEGY FOR STARTUPS

As previously shown; Local IPOs have been seen as potential exit strategy by 53% of investors, and 26% of startups. Also; when asked about their views on the potential of Egyptian stock market as an exit strategy, most says that it could definitely be a promising route for exits.

*“Would be great for the EGX to provide an IPO route for Egypt and African startups, so we would be happy to see more efforts done in this aspect.”*

Cairo Angels

*“The EGX offers a significant opportunity as more individuals are incorporated into the financial system (i.e. financial inclusion), and more mediums for investing are available as opposed to traditional brokerage houses. Dual-listing between the EGX and other global stock exchanges are hopefully going to become more prevalent in the future.”*

Foundation Ventures

# Insights

A Look into the  
Future of FinTech

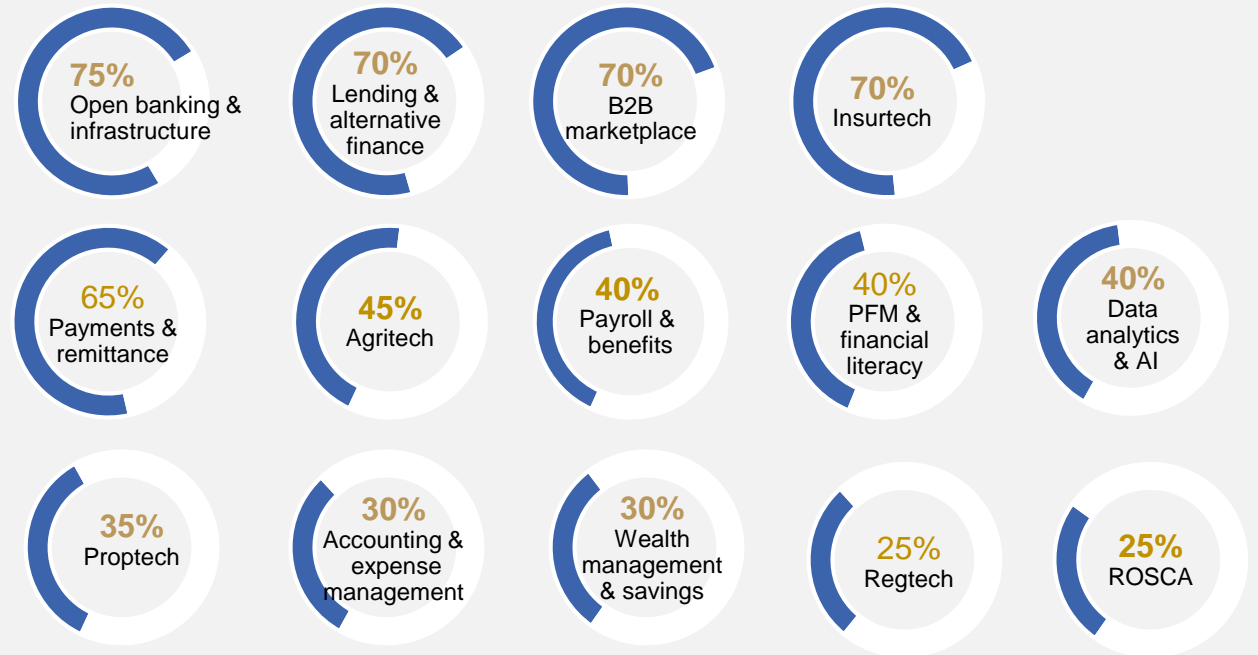


## OPEN BANKING

### IS SEEN AS FROM THE TOP TRENDS TO WATCH FOR

This part shows the rising trends in the FinTech market and reveals investors' thoughts on the sub-sectors that have a high growth potential in the near future in the Egyptian market.

Open banking & infrastructure (75%), followed by lending & alternative finance (70%); B2B Marketplace (70%); InsurTech (70%) are seen as the top sub-sectors with growth prospects.



# Conclusion

In conclusion, this report comes in light of the continuing efforts of the Central Bank of Egypt to endorse the FinTech industry and to support the ecosystems' data-driven decisions by providing a comprehensive overview of the market, pinpointing the unprecedented progress of FinTech and FinTech enabled investments in Egypt taking place in H1 2022, based on surveys done with 148 startups & payment service providers, and 26 investors. It is inevitable that FinTech is fundamental for a sustainable and an inclusive development. This entails unleashing the present opportunities to help promote investments in the various stages of the startups' growth cycle.

There are several driving forces behind the notable growth of the Egyptian FinTech industry, these include but are not limited to: 1) The systematic regulatory reforms implemented over the last few years that encourage and support innovation; 2) The increase in the total number of investors who started to invest in Egypt over the last few years; 3) A large ripe domestic market with a total population of more than 100M of median age of 24.7 years old; 4) A vast reservoir of young talents and tech calibers that are the key factors to the growth of the FinTech market; 5) Multiple mega initiatives that are already in place to support FinTech and FinTech enabled startups: such as the Regulatory Sandbox, the FinTech Fund "Nclude", and finally the FinTech Innovation Hub "Grid" that will open its doors in 2022.

As the FinTech ecosystem in Egypt thrives, the Central Bank of Egypt will continue to support the FinTech industry growth in order to expand the reach into underserved markets. There is no doubt that Egypt has been on a healthy growth trajectory, even during the height of the Covid-19 pandemic, as it continues to attract substantial investments to accelerate the growth of the FinTech industry. Nevertheless, the Central Bank of Egypt has to remain vigilant to market changes in order to ensure that the rapid innovations of the financial sector serve the public interest especially the unserved and the underserved to enhance financial inclusion, digital transformation and become a less-cash society.





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