



African
Hidden
Champions

CASE STUDY

MFS Africa: Making Borders Matter Less



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About AFG

Africa Foresight Group (AFG) is a women-led company founded in 2016, that is on a mission to build African people and companies into global champions. The business delivers top professional services to African companies across the continent through a flexible talent platform called Peralta. Founded in 2016, the company has grown to support businesses in more than 20 African markets and works for more than 100 clients from Africa and across the world. The company was started in Ghana, and has locations in Accra, Johannesburg, and Lagos.

For more information: www.africaforesight.com

About DEG

For almost 60 years, the DEG has been a reliable partner to private-sector enterprises operating in developing and emerging-market countries. With a portfolio of around EUR 10 billion in approximately 80 countries, the DEG is one of the world's largest private-sector development financiers. The DEG provides clients with tailor-made solutions, including financing, promotional programs, and advice required to develop successfully and sustainably while generating local added value and creating qualified jobs.

For more information: www.deginvest.de

About AfDB

The African Development Bank Group (AfDB) is Africa's premier development finance institution. It comprises three distinct entities: the African Development Bank (AfDB), the African Development Fund (ADF) and the Nigeria Trust Fund (NTF). On the ground in 44 African countries with an external office in Japan, the AfDB contributes to the economic development and the social progress of its 54 regional member states.

For more information: www.afdb.org

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Africa Foresight Group, 7 Bell Yard, London, WC2A 2JR, United Kingdom

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African Hidden Champions (AHC) initiative was founded in 2020 to promote the growth of African companies and aid their transformation into global champions. The initiative is supported by three co-partners, the Africa Foresight Group (AFG), DEG – *Deutsche Investitions- und Entwicklungsgesellschaft*, and the African Development Bank (AfDB). AHC identifies African firms that are involved in building capacity for global leadership in their sector. It helps the firms on their growth journey by telling their stories through case studies, video-documentaries and other media; exposing them to new markets and networks; and providing technical assistance.

For information on African Hidden Champions, bernard.adjei@africaforesight.com

MFS Africa: Making Borders Matter Less



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Executive Summary

MFS Africa was established in 2009 by Dare Okoudjou to address African payment system challenges. In rapid succession, he was joined by Mazunzo Chaponda (Chief Engineering Automation Officer), Sharon Welang (Regional Managing Director, Francophone sub-Saharan Africa) and Filip Nilsson made up the first group of employees and got the business up and running.

Sending remittances into Africa and making payments across borders are hindered by challenges such as a lack of interoperability and the high costs of clearing payments, within an environment characterised by unreliable payment systems and complex regulations.

MFS Africa is building and operating a digital payment network that connects all African countries to each other and to the world. In its network, MFS Africa has over 500 million mobile wallets and more than 200 million bank accounts across 800 live payment corridors. The “network of networks” connects 40+ countries in Africa and more than 60 countries globally.

MFS Africa connects over 180 MTOs, MNOs and banks and has more than 300,000 enterprise and merchant customers.

The payment network boasts of a diverse team, with more than 30 nationalities represented. We operate in over 40 countries, our staff are in 24 countries, but we have offices in 11 countries, with a 600+ staff complement. To ensure a common purpose, MFS Africa has also undergone a significant branding exercise, with a very clear culture and values.

As MFS Africa grows, in terms of network, service offerings and acquisitions, integrating teams into the culture is critical. Primary acquisitions since the beginning are Sochitel, which was a majority investment, an international airtime top-up provider which has since been sold; the East African small business payment company Beyonic in 2020; and Baxi (Capricorn Digital Limited), one of the leading super-agent networks in Nigeria with more than 120,000 agents; and Africa’s leading prepaid card processor the US-based Global Technology Partners (GTP) in 2022.

MFS Africa does not have direct competitors, but rather companies that compete on different products and services. As a result, the challenges and opportunities that the company faces include being able to focus and effectively scale up, while being more visible and feeling the effects of a constrained global economy.

Snapshot: The African Payments Landscape



When it comes to the movement of money in Africa, there are three streams, namely: remittances from Africans outside into the continent; intra-African payments; and payments within the individual countries.

According to the World Bank in the release titled “Defying Predictions, Remittance Flows Remain Strong During COVID-19 Crisis”, remittances to Sub-Saharan Africa declined in 2020 to US\$42 billion, primarily as a result of a significant decline (27.7%) to Nigeria, although it is anticipated that the volume of remittances will continue to increase in the medium term. Yet, “Sub-Saharan Africa remains the most expensive region to send money to, where sending US\$200 costs an average of 8.2 percent in the fourth quarter of 2020.”¹ And, it is important to note that this only covers the formal channels, with little data existing around informal remittance flow.

When it comes to cross-border payments between African countries, there is a significant lack of interoperability of payment systems and friction in the existing systems. As an example, SWIFT, which comes at a high cost with clearing of payments, is often still being done by international banks, although over the last decade there has been a shift. In addition, unreliable payment systems and the complex regulatory challenges can make sending money to, and receiving money in Africa, cumbersome.

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To address this, on 7 July, 2019, the Pan-African Payment and Settlement System (PAPSS) – which is being implemented by the Afreximbank (Africa’s leading trade finance bank) with the support of the African Union (AU) and the Secretariat of the African Continental Free Trade Area (AfCFTA) – was launched to enable “the efficient flow of money securely across African borders, minimising risk and contributing to financial integration across the regions”.

Afreximbank is well positioned, having “built a presence in 52 member countries and today is supporting trade finance activities in Africa through its relationships with other banks, financial institutions and export credit agencies”.

PAPSS is planning to facilitate payment transactions in 42 national currencies and, as a result, is expected to save around US\$5 billion dollars in currency conversion every year.

At the heart of this initiative is the shift to digital payments, with Africa, in 2021, said to account for at least 70% of the total value of mobile money transactions globally.

According to the Statista Research Department, there are approximately 144 mobile money providers operating in Sub-Saharan Africa, with Safaricom’s M-Pesa, MTN’s MoMo and Orange Money having significant market share. In 2019, US\$456.3 billion worth of mobile money transactions in the region were made while, in 2021, the value was US\$697.7 billion.

Meanwhile, in the September 2022 McKinsey & Co article, “The Future of Payments in Africa”, “Africa’s electronic-payments market is expected to grow by 152% from 2020 to 2025.”

Africa has, in a way, bypassed mainstream banking services, which continue to be limited with a less-than-ideal market penetration, and embraced mobile money, particularly in the form of smartphone and USSD mobile payments, which are becoming integral to the continent’s payment ecosystem.

With the explosion of FinTech and other companies across the continent, the space continues to be extremely fragmented due to the lack of interoperability, both within countries themselves and across borders.

The Origin Story

The seeds of MFS Africa were planted in 1995 on the day Dare Okoudjou left Porto-Novo, Benin, where he was born and raised, to study in Casablanca, Morocco, before moving onto Telecom Paris, where he completed a Master of Science in Electrical Engineering in Telecommunications.

He went on to work in Morocco, France, the United States and South Africa in the telecom and mobile payment space, including a three-year stint as, first, Senior Manager of Business Strategy, and then Head of MTN Mobile Money International Development, where he developed MTN’s mobile payment strategy, across Africa and the Middle East.

For Okoudjou, his professional focus would turn to Africans who leave the continent’s shores to find work across the world, leaving their families and building a professional life far away from home. This meant regularly sending money home.

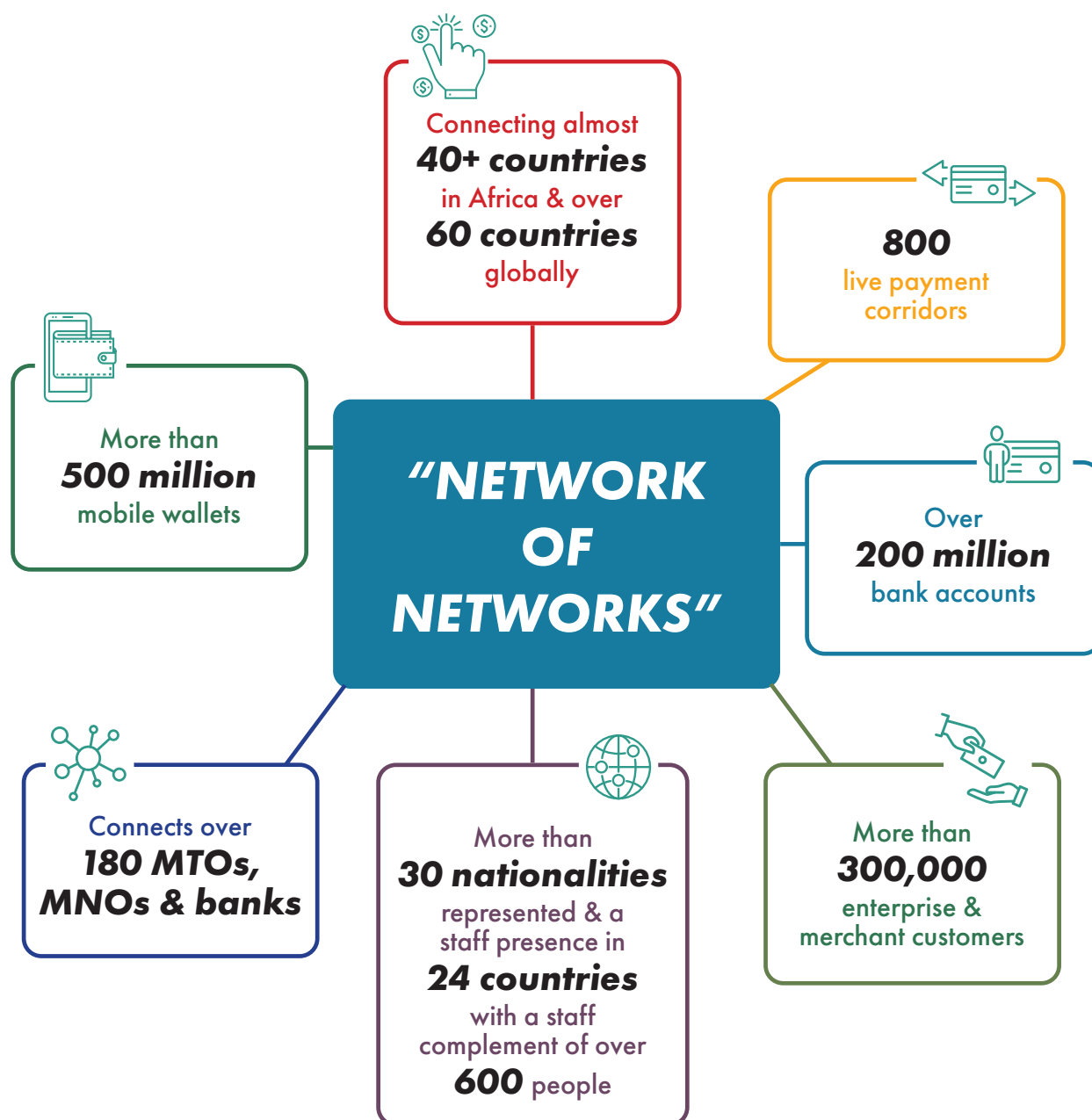
MFS Africa does not have direct competitors, but rather companies that compete on different products and services.

First-hand experience of the difficulties in sending money, coupled with insights into possible technology-based solutions, prompted Okoudjou to establish the pan-African FinTech company, MFS Africa, in 2009, with an initial focus on facilitating the ease of sending and receiving remittances.

In the beginning, there were several pivots as MFS Africa developed what could be called its “real” (and current) model, around 2015.

MFS Africa is now Africa’s largest digital payments hub that exists to connect not only Africans to each other and the world, but also the world to Africa. The payment company does this by easing payment barriers and facilitating transactions securely and affordably, ensuring the easing of barriers to development and to prosperity.

MFS Africa is a VISA Principal Issuing Member, allowing MFS Africa to issue cards, acquire members, and provide authorisation services. It also serves as a network of networks, connecting various stores of value, such as mobile money wallets, bank accounts, cash and debit cards to each other digitally so that companies and people can send and receive money in a manner that is not expensive, risky and difficult.



"To ensure a common purpose, MFS Africa has also undergone a significant branding exercise, with a very clear culture and values."

Scaling up

MFS Africa is diverse, both in terms of its team – with more than 30 countries represented – and over 40 languages spoken, and its presence in multiple countries, including South Africa, Ghana, Uganda, the DRC, Kenya, Côte d’Ivoire, Nigeria, the United States, China, Rwanda, Tanzania, Mauritius, Cameroon and the United Kingdom. In addition, the staff complement, which currently sits at 600+ people, has doubled year-on-year for the last three years.

With the business growing rapidly, especially in the last five years, there has been a clear drive to shift from a start-up mindset, with a great deal of work being done to relook at how the teams see the business, re-organise structures and operations, set up systems and processes, establish clear targets and measure performance.

With the explosion of FinTech and other companies across the continent, the space continues to be extremely fragmented.

Leading this from an operational perspective is the Chief Operating Officer, Rashi Gupta, who currently leads a team of close to 170 people, while a group of Executive Directors lead a team that prioritises experience of MFS Africa employees. The organisation believes that the quality of the work delivered is dependent on how well MFS Africa equips members of staff with the skills, environment and tools to deliver.

While this includes conventional Human Resource practices, such as attraction, recruitment, onboarding, performance management, promotion and off boarding, it also includes information flow and knowledge management. For example, the internal IT Help Desk falls under People Operations.

Simplify, Care and (Be) Revolutionary

In 2021, MFS Africa went through a significant rebranding exercise, with a drastic change to both the visual identity and the values of the business. The process was comprehensive and involved all levels of the organisation. The vision to “make borders matter less” is supported by the key values of the company: *Simplify, Care and (Be) Revolutionary*. To ensure that MFS Africa’s culture is always at the forefront, especially with the rapid growth of the company, explicit, deliberate values-based conversations are constant, with all decisions brought back to the three core values. It is about team members holding themselves and each other accountable.

An internal body of peer-nominated “culture ambassadors”, representing approximately 10% of the team (currently about 70 people), are tasked with holding regular interactions across the business and ensuring that the corporate culture and identity is top of mind, without taking away from the subcultures that exist in the various countries. It is important not to lose the benefit of the range of perspectives that the subcultures provide without the overall MFS Africa culture being diluted or disrupted. The leadership team is also deeply involved in both debating policy, before implementation, and the ambassador and culture workshops to ensure buy-in from the teams in the organisation. Alignment to mission and values is a criterion used to set targets and measure performance across the business, at micro and macro levels.



Integrating acquisitions

MFS Africa has acquired a number of businesses, to either add to its product base or to gain a foothold in specific markets. Absorbing new teams into a strong culture has not always been easy and the Integration Project Office is in the process of developing the MFS Africa Playbook for Acquisitions to address this challenge. One of the ways of doing this is by mixing the teams, both ways. The three primary acquisitions are:

Beyonic

Launched in Uganda in 2012 as a cloud-based enterprise payment product for small businesses to pay and collect money, in 2020, Beyonic, which had expanded operations to Kenya and Tanzania, was acquired by MFS Africa. For MFS Africa, this acquisition was a product play in which they acquired a new set of portals, collection features and some functionality, especially in the last mile for entrepreneurs.

Integrating the Beyonic team into MFS Africa was straightforward, with the main founder of Beyonic, Luke Kyohere, and the CEO of Beyonic, Carina Rumberger, joining MFS Africa as Chief Product Officer and Chief People Officer, and were an integral part of the rebranding exercise.

Capricorn Digital

Mobile money has a smaller footprint in Nigeria and, therefore, digital payments are driven more by agents – “mom and pop” stores, kiosks and the like – who offer a range of services including deposits, withdrawals, electronic airtime, utility bill payments, money transfers, etc. Capricorn Digital, which MFS Africa acquired in 2021, provides a range of products to the agent network, such as a point-of-sale device called the BaxiMpos, the BaxiPay online payment platform and the retail inventory management system, BaxiRims.

With this acquisition, MFS Africa gains a strong foothold within the Nigerian market. It also makes it easier for agents to connect to mobile money providers across the continent as well as serve as another channel for remittances from the diaspora into Nigeria. MFS Africa is in the process of integrating the business and the teams into the MFS Africa culture, a process aided by the fact that there already exists between them a strong values alignment.



Global Technology Partners (GTP)

Based in Oklahoma in the United States, GTP is Africa's leading prepaid card processor, enabling over 80 banks in over 30 African countries to provide, amongst others, travel cards, virtual cards, e-commerce cards and payroll programmes.



With this acquisition, which happened in 2022, MFS Africa builds a stronger presence in North America and enables it to offer customers the ability to link card credentials to mobile money wallets, thereby easing online purchases and connecting mobile money to traditional card scheme ecosystems, like Visa and Mastercard.

In terms of bringing GTP into the MFS Africa fold, it is a different challenge. While GTP is the #1 prepaid solution for Africa, many of the staff are based in the United States and have never been to Africa.

MFS Africa has brought in a new CEO, Christian Bwakira, an executive with extensive African experience, but who has also spent a large part of his professional career in the United States to help with the process of, to a certain extent, Africanising the business. Early this year, the company also appointed an African payments veteran, Olaseni Alabede, as the new CTO. He joined MFS Africa from Mastercard, where he ran their

Buy Now Pay Later products. It has not been without its challenges and MFS Africa continues to be agile and deliberate about ensuring that all the businesses under it, especially GTP, operate guided by the same values and mission. While there can be different subcultures, the basics of the culture need to be the same and rooted in an African perspective, as opposed to from an outside-in lens.

The vision to “make borders matter less” is supported by the key values of the company: Simplify, Care and (Be) Revolutionary.

Competition

The breadth of MFS Africa's offering ensures that there are no direct competitors to the business. Rather, in general, a portion of their products and services compete with the offering of other companies. There are a number of companies that they compete with in the different segments, such as Thunes from Singapore in the remittances and disbursement segment; Flutterwave in the Enterprise segment; Paymentology in the card segment; and, in the Nigerian agent network space, there is OPay and PalmPay.

On the other hand, MFS Africa also partners with local telecommunication companies, banks and similar organisations which informs the decision on specific product offerings to push in different territories. As an example, while MFS Africa has a product that helps small and medium businesses better organise their business-related digital transaction flows, Safaricom has a sophisticated offering that does the same in Kenya specifically. MFS Africa works very closely with Safaricom and, therefore, does not push their offering within the Kenya market. They focus on other markets, while also facilitating the cross-border aspects.

Milestones

Along the way, MFS Africa has achieved a number of milestones that show that, for them, they are on the right path. These include:

The GTP acquisition

It is not often that an African company acquires a US company, the significance of which serves as a point of pride, not just for the company, but the broader network and African FinTech landscape.

Financial inclusion

By connecting over 500 million wallets and more than 200 million bank accounts and having a network of 100,000 agents in Nigeria, and working with the spectrum of remittance companies, global organisations, banks and other financial companies, MFS Africa is reaching the millions of unbankable and unbanked people across the continent in a way that ensures greater financial inclusion.

Attrition rate

The culture and nature of the company that is being built has ensured that the staff attrition rate is negligible, evidenced from their 2022 annual employee experience survey where 98% of the respondents stated that they are proud to work at MFS Africa.



Challenges and Opportunities

With the growth of the business, particularly in the last five years, the key challenges that MFS Africa faces today are:

Focus

With so many opportunities available to the business, the challenge is which opportunities to focus on, to emphasise and direct efforts to and which ones to discard.

Scaling up

This is in terms of being able to maintain the culture and scaling it up at the same pace as the growth of the organisation, particularly with the expansion of the staff complement from recruitment and acquisitions.

Visibility

Going from being a small fish in a big pond to a big fish brings with it greater visibility from competition and the regulators.

In the beginning, the FinTech space was new and there were very few regulations.

As the ecosystem grew, regulators became familiar with the innovations and approaches to problem solving and they gradually began to introduce more regulations.

For example, in Nigeria, where, in some quarters, FinTech is seen as a menace, there is the risk of regulations that hamper certain transactions. In ECOWAS, some countries, including Nigeria, have banned crypto-currency transactions.

MFS Africa's approach has been to, when it comes to regulation, in particular, work closely with the regulators, navigating the delicate balance between innovating and not rocking the boat much, but also providing regulators with the expertise and insights with that strong African lens.

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Global economy

MFS Africa is directly impacted by the state of the economy. The risk of a looming recession has resulted in lower purchasing power, which means that people have less money to send.

While these challenges may seem daunting, MFS Africa continues to see the demand for what they provide outweighing what they can currently supply. There continues to be a need to create greater interoperability, whether in remittances, between mobile money providers or between enterprises and their customers, which is why MFS Africa has joined the PAPSS network. Africa's 1.4 billion consumers need and demand it.

1. See <https://www.worldbank.org/en/news/press-release/2021/05/12/defying-predictions-remittance-flows-remain-strong-during-covid-19-crisis>