4. Why Africa

Sub-Saharan Africa is an attractive investment destination that is underpinned by favourable demographic trends and structurally underserved financial markets. The region's working age population is growing rapidly, and an increasingly urbanised consumer and enterprise base is creating demand for financial services.

A substantial resource base. Africa's natural and human resources will support growth in trade, production and consumption. Those value chains will require banking services, payment infrastructures, working capital and trade finance.

A large and young population. The continent's population is projected to increase from 1.5 billion in 2025 to 2.5 billion by 2050. 70% of sub-Saharan Africa's population is under the age of 30[1]. This demographic profile will be a significant driver of demand for financial services as people enter the workforce, form households, start businesses and engage with formal finance, often for the first time.

A significant informal sector. The informal economies in sub-Saharan Africa are substantial[2]. The participants in these economies are transitioning from cash to wallets and banking products, including transaction accounts, savings products and credit, and represent a material source of growth for financial service providers.

Rapid growth in mobile access. Sub-Saharan Africa is the world's most active mobile money region, with 1.1 billion registered accounts (over two thirds of the global total) through which USD 1.4 trillion flowed[3] in 2025. USSD supports a substantial proportion of the transactions, providing access to customers at the base of the pyramid, while the adoption of smartphones is growing rapidly as the cost of the devices declines[4]. These trends provide an important foundation for the expansion of digital financial services.

A demonstrated shift from cash to digital. Account ownership in sub-Saharan Africa increased from 34% of adults in 2014 to 58% in 2024, driven largely by mobile money adoption[5]. The shift from cash to digital transacting is continuing.

Digital offerings that are scalable and commercially viable. Leading digital financial platforms in African markets have demonstrated an ability to scale.

Regulation. Banking regulation and supervision across the region have been strengthened. Basel aligned capital frameworks, clearer conduct requirements and increasingly capable central banks have contributed to more resilient financial institutions.

The African financial sector investment opportunity

Significant structural constraints to inclusive growth mean that a large proportion of the population is excluded from formal financial services, SMEs face a substantial financing gap, and agriculture is underfunded relative to its importance.

These factors, combined with growing access to technology and affordable data, represent a compelling opportunity for financial institutions that are structured to serve lower income customers, retail or SMEs, and frontier markets[10].

Growing access to technology and affordable data mean that banking services can, increasingly, be delivered digitally. This has been led by mobile money in many countries and is opening significant new markets that were previously difficult to operate in profitably, to banks.

Financial inclusion

18+

42%

of adults are financially excluded[6]

SME finance

USD 331bn

SME financing gap[7]

Agriculture and food systems

50% / <6%

of employment, but less than 6% of bank lending[8]

Jobs and demographics

20–25mn

jobs needed each year[9]

The potential represented by the unbanked and underbanked markets in Africa, when considered in the context of the high growth rates in many countries and the myriad of other positive factors that exist, is a significant opportunity for financial institutions. In addition, the increase in large scale lending opportunities driven by infrastructure development, downstream activities from growing resource extraction and increasing industrialisation, in which local banks will participate, are substantial.

African banks have experienced some rerating since Covid but still trade at prices that offer significant value. The stronger tier 1 African banks should grow at rates above those of the countries in which they operate creating considerable value for their shareholders.

As a specialised African financial services investor with a core portfolio of high quality holdings, we expect to produce attractive risk adjusted returns over the medium term. Our current portfolio generates a strong dividend yield which, when combined with the underlying investee growth, will provide investors with balanced, sustainable returns.