

Fintech Crossfin sold to consortium for R1.5bn

A private equity consortium has bought Crossfin for R1.5bn, the companies said on Wednesday, saying the deal would give the financial technology firm capital to expand.



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The consortium is lead by African private equity firm Ethos' Mid Market Fund I and includes investment company African Rainbow Capital (Arc) led by billionaire tycoon Patrice Motsepe.

Ed Pitsi, managing partner of Ethos' Mid Market Fund, said fintech was an area of focus for the firm, with digitalisation and a shift away from cash payments set to benefit the sector.

Many Africans still lack access to financial services, prompting traditional lenders and technology upstarts to look at ways to tap the opportunity.

Charmaine Padayachy, deal executive at Arc, said the consortium was attracted to Crossfin because of its business lines that give investors broad exposure to fintech.

Crossfin has three main units: payments, lending to small businesses that struggle to obtain traditional credit and a venture capital division that makes early investments in new fintech firms.

Crossfin chief executive Dean Sparrow said the company aimed to use the capital injection to expand in markets across Africa and make acquisitions in areas it now operates or complementary sectors like remittances.

Pitsi said Crossfin had a promising pipeline of acquisitions and the consortium expected to exit the investment in three to five years.

"There's a lot of interest in the assets already," he said. "We don't think there will be a lack of suitors."

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