



Kisumu Real Estate Investment Opportunity, & Cytonn Weekly #28/2018

Private Equity

German investment firm, GreenTec Capital Partners, has invested an undisclosed amount for an undisclosed stake in Bismart Insurance, a Kenyan insurance aggregator start-up. The capital investment is expected to facilitate upscaling of Bismart's digital platform to reach more clients and secure a strong foothold as the first Pan African blockchain - powered insurance aggregator. Blockchain technology, a digital database system, will enable the platform to generate digital ledgers containing insurance transactions that are well secured and easily verifiable. In April 2018, the company received seed capital of Kshs 1.0 mn (USD 10,000.0) from Standard Chartered's Women in Tech Program.

GreenTec Capital Partners, which primarily invests in African start-ups and SMEs with a focus on transformative venture building, has made investments in Kenya, Uganda, Nigeria, Ghana, and Rwanda. Prior funding deals include investments in Ugandan start-ups Safarini Translators, Wazi Vision and Divine Masters Limited of USD 100,000.0 (Kshs 10.0 mn), USD 800,000.0 (Kshs 80.0 mn), and USD 5.0 mn (Kshs 500.0 mn) for the start-ups, respectively.

Founded in 2017, Bismart Insurance leverages cutting-edge technology to provide a digital interface to connect their customers to the best insurance services and investment solutions in the market. The company aims to provide transparency in the insurance process in a bid to increase the insurance penetration level in Kenya and across Africa. According to the Swiss Re Institute, insurance penetration in Kenya in 2017 was 2.6%. This is below the average in African countries of 3.0%, that in emerging markets of 3.3%, and the global average of 6.1%.

The investment in Bismart Insurance comes at the wake of the accelerated development of mobile start-ups in Sub-Saharan Africa and increased funding for tech start-ups in the region. According to ***The Mobile Economy: Sub-Saharan Africa 2018 Report***, funding for Sub-Saharan Africa mobile start-ups increased by 52.7% to Kshs 56.4 bn (USD 563.5 mn) from Kshs 36.9 bn (USD 369.1mn) in 2016. Of the Kshs 56.4 bn (USD 563.5 mn), Kenyan mobile start-ups raised Kshs 14.8 bn (USD 147.0 mn) in 27 deals in the last year. This endorses the increasing investor interest in solutions that work towards bridging the financial inclusion gaps in the region.

Private equity investments in Africa remains robust as evidenced by the increasing investor interest, which is attributed to; (i) rapid urbanization, a resilient and adapting middle class and increased consumerism, (ii) the attractive valuations in Sub Saharan Africa's private markets compared to its public markets, (iii) the attractive valuations in Sub Saharan Africa's markets compared to global markets, and (iv) better economic projections in Sub Sahara Africa compared to global markets. We remain bullish on PE as an asset class in Sub-Sahara Africa. Going forward, the increasing investor interest and a stable macroeconomic environment will continue to boost deal flow into African markets.

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