

# Nakuru Real Estate Investment Opportunity, & Cytonn Weekly #30/2018 Private Equity

Mauritius based African Rainbow Capital, an investment holding company that invests in financial service entities, has agreed to acquire 90% stake in the Commonwealth Bank of South Africa Limited (CBSA), which trades as TymeDigital, from the Commonwealth Bank of Australia. African Rainbow Capital currently holds a 10% stake in TymeDigital, whilst the Commonwealth Bank of Australia holds the remaining 90%.

Commonwealth Bank of Australia bought Tyme (Take Your Money Everywhere), a South African FinTech business, in 2015. TymeDigital currently uses self-service kiosks and mobile phones to enable for the authentication of an individual, verification of address details, which then allows them to transfer money, easily, and within minutes to other TymeDigital accounts, with a daily limit of a minimum transaction amount of Kshs 7.2 (Zar 1.0) and a maximum of Kshs 35,761.6 (Zar 5,000.0). TymeDigital operates the money transfer service in partnership with Pick n Pay and Boxer Stores in South Africa and has more than 200,000 customers using the service. TymeDigital by CBSA, which received a bank operating licence from the South African Reserve Bank in 2017, aims to provide affordable and accessible banking services through a growing network of partners such as Pick n Pay and Boxer Stores, who have a distribution network of 750 stores across South Africa. Increasing awareness about financial services through financial education is an essential part of its plans to grow the market in South Africa and win customers. Their targeted client segments include; the unbanked and underserved clients as well as small and medium enterprises. Competitive technology allows the bank to on-board clients with greater ease relative to its competitors and maintain bank charges at more affordable as compared to what SA banking clients pay in general.

Sub-Saharan Africa has a fast-growing tech start-up ecosystem, which plays an increasingly important role in the development of home-grown digital content and services. Mobile is a key factor in the region's start-ups ecosystem. Many tech start-ups now use the technology as the primary platform to create solutions that address various socioeconomic challenges such as financial inclusion.

***Private equity investments in Africa remains robust as evidenced by the increasing investor interest, which is attributed to; (i) rapid urbanization, a resilient and mushrooming 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-Saharan Africa. Going forward, the increasing investor interest and stable macro-economic environment will continue to boost deal flow into African markets.***

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