

## **MASTERCARD BUYS MINORITY STAKE IN FINTECH BUSINESS OF MTN GROUP IN AFRICA**

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**Mastercard Incorporated** MA recently announced its intention to buy a minority stake in the fintech business of MTN Group in Africa. MTN Group values its fintech arm at \$5.2 billion. However, the size of MA's stake is still not disclosed.

This move bodes well for Mastercard as it will help the company reap opportunities from the growing market in Africa. Moreover, as transaction volume increase, MA's topline is likely to increase in the future. MTN Group will leverage Mastercard's technology infrastructure to grow its remittance and payment services in Africa.

Africa is an attractive market for Mastercard, given the increasing use of mobile phones to weather obstructions in banking services. Wireless carriers have gained popularity due to this fast-growing space in Africa. Mastercard bought a minority stake in Airtel Africa's mobile-money unit two years ago.

Mastercard has always promoted digitizing the money movement process, owing to its ease and cost-effective nature. A booming digital economy further provides an impetus to the tech giant to upgrade cross-border payments across different parts of the globe. MA's intensified focus on strengthening its foothold in Africa is also clearly reflected in its latest move.

Mobile Internet connections are expected to grow rapidly in Africa due to low-cost smartphones. This growth in Internet connections is spurring demand for digital content, social media, e-commerce and online education. Hence, it is vital to

make online payments easy and secure for both banked and unbanked consumers.

MasterCard is collaborating with governments, central banks, financial institutions, mobile network operators, large retailers and other stakeholders across Africa to understand the economic outlooks of its countries, their unique demographics, infrastructure challenges and hidden opportunities.