PesaTech analysis 1:

Why Tanzanian fintech is becoming the infrastructure for MSME finance

How trusted digital data is transforming access to finance for underserved businesses

For decades, expanding finance to Tanzania's micro, small and medium-sized enterprises (MSMEs) has been constrained by a familiar challenge: lenders struggle to assess businesses operating with limited collateral, informal records and fragmented financial histories. While the financing gap is often described as a shortage of capital, the underlying market failure is equally a shortage of reliable data that enables financial institutions to price risk with confidence.

Fintechs are increasingly solving this problem by digitizing everyday business activity. Every payment processed, transport ticket sold, pharmacy inventory replenished, farm input purchased or invoice generated creates a verified digital trail that reflects the health of a business. These data assets allow financial institutions to move beyond collateral-based lending towards cash-flow-based financing, creating new opportunities for embedded finance, working capital and alternative credit scoring.

Analysis of the PesaTech Accelerator portfolio reveals the emergence of **two complementary fintech segments** that together are reshaping Tanzania's MSME finance ecosystem. The first consists of **data-driven finance providers** that directly deliver digital lending, payments, savings and investment services to underserved businesses. The second comprises **digital infrastructure providers** that may not lend themselves but generate commercially valuable operational and transaction data from sectors such as agriculture, healthcare, transport, retail and enterprise management. Together, these businesses reduce information asymmetry between lenders and borrowers while expanding the reach of formal financial services.

Data-driven Finance

Positioning data as a strategic asset

This evolution reflects the central thesis of UNCDF's FinWise approach: the future of MSME finance will be driven not only by innovative financial products but also by trusted digital infrastructure that enables financial institutions to better understand their customers. Data is becoming a strategic asset that allows banks and other financial service providers to design financing products around real business behaviour rather than traditional collateral requirements.

The PesaTech portfolio demonstrates this transformation in practice. Dawa Mkononi is using inventory and sales data to unlock working capital for pharmacies. Kilimo Maendeleo combines farmer registration, market transactions and input purchases to support alternative credit scoring in the agricultural sector. MySafari digitizes transport operations, generating operational data that can underpin fleet financing and insurance. Rather than acting solely as technology companies, these fintechs are becoming critical infrastructure partners for the financial sector.

As Tanzania's digital economy matures, the opportunity extends beyond financing individual startups. It lies in building a connected ecosystem where fintechs, financial institutions, and regulators work together to transform digital data into inclusive financial services. By strengthening this ecosystem, Tanzania is laying the foundations for a more efficient, scalable and resilient MSME finance market—one in which fintech infrastructure enables commercial finance to reach businesses that were previously invisible to the formal financial system.