PesaTech analysis 4:

Catalytic investment capital is building Tanzania's fintech investment market

How small public investment is crowding in commercial capital

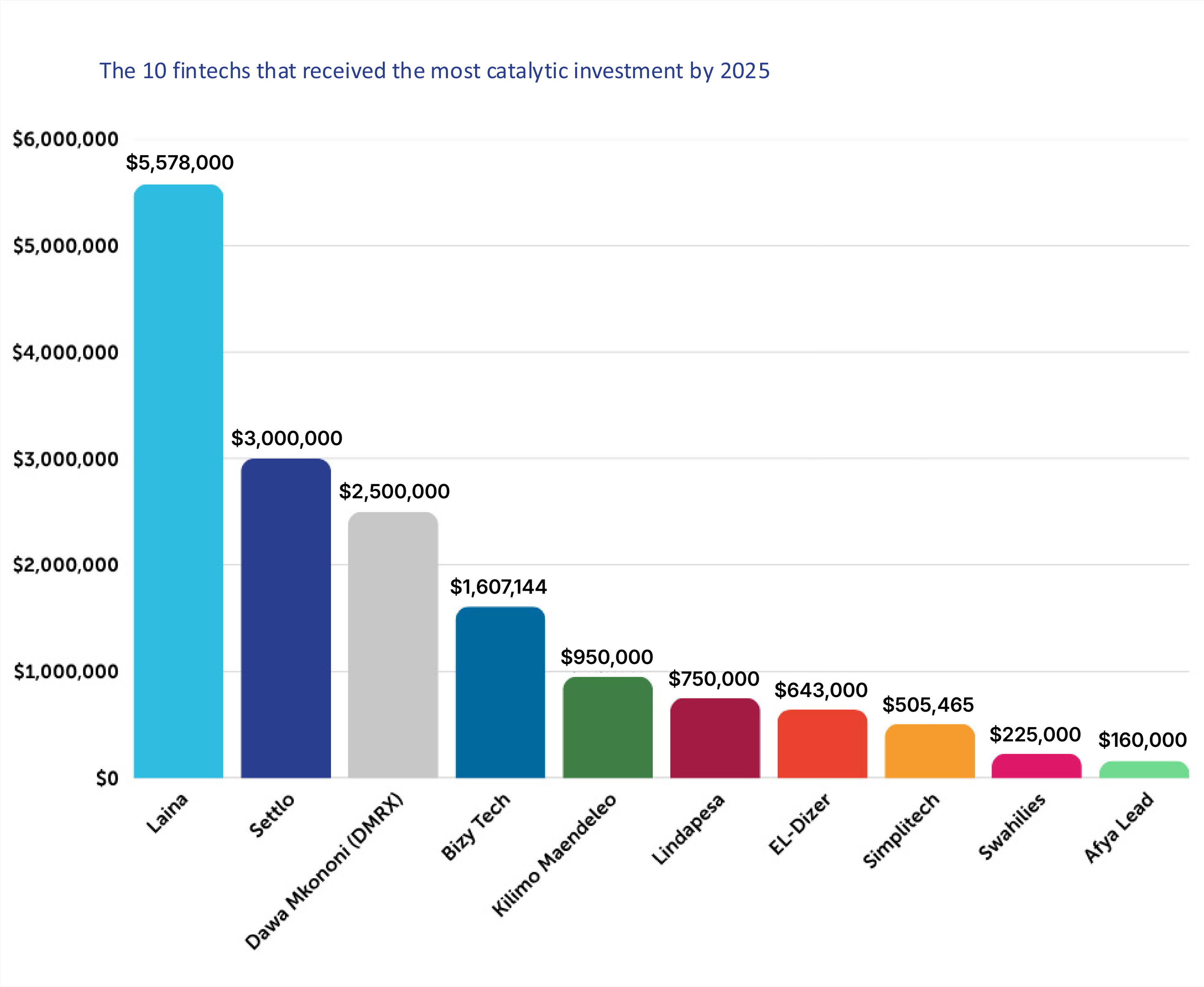
Access to growth capital remains one of the biggest constraints facing early-stage fintechs across Africa. Many startups demonstrate promising technologies and strong customer demand but struggle to attract commercial investors before reaching sufficient scale. Closing this financing gap requires more than grants—it requires catalytic capital that reduces risk, strengthens investment readiness and builds investor confidence.

The PesaTech Accelerator was designed with this objective in mind. By combining catalytic investment funding with tailored technical assistance, investor readiness support and strategic partnership facilitation, the programme has helped promising fintechs strengthen their commercial fundamentals and become more attractive to private investors.

The results demonstrate the effectiveness of this market-shaping approach. By 2025, the PesaTech portfolio had mobilised more than **$18 million in follow-on investment**, validating the growing confidence of venture capital funds, angel investors, commercial lenders and strategic partners in Tanzania's fintech ecosystem. Importantly, investment has not been concentrated in a single business model but has flowed across companies transforming agriculture, digital lending, mobility, healthcare and enterprise finance.

Laina Finance emerged as the portfolio's largest capital raiser, attracting approximately one-third of total follow-on investment, demonstrating strong investor confidence in digital asset financing. Settlo recorded the portfolio's second-largest capital outcome, culminating in a strategic acquisition that further validates the commercial value being created within Tanzania's fintech ecosystem. Kilimo Maendeleo, BizyTech and Dawa Mkononi also mobilised significant follow-on investment as they strengthened their products, strategic partnerships and market traction. Together, these outcomes demonstrate that Tanzania is producing a diversified pipeline of investable fintechs, with companies attracting venture investment, strategic acquisitions and commercial finance across multiple fintech verticals rather than relying on isolated success stories.

For investors, the message is clear. Catalytic capital is not intended to replace private investment—it is designed to unlock it. By reducing early-stage risk and validating commercially viable business models, public capital creates the conditions for larger pools of institutional finance to enter the market. The PesaTech experience demonstrates that relatively modest catalytic investments can help establish a sustainable pipeline of fintechs capable of attracting commercial capital while expanding access to finance for underserved MSMEs.


The 10 fintechs that received the most catalytic investment by 2025
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
$5,578,000
$3,000,000
$2,500,000
$1,607,144
$950,000
$750,000
$643,000
$505,465
$225,000
$160,000
Laina
Settlo
Dawa Mkononi (DMRX)
Bizy Tech
Kilimo Maendeleo
Lindapesa
EL-Dizer
Simplitech
Swahilies
Afya Lead