

Finding exceptional people, doing exceptional things, a profile of CommerzVentures

In the ever-growing investment landscape, funds are multiplying and diversifying, and for startups there is more to raising investment than the money and the media moment. With #QVCS Maddyness profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today we interview Hangwi Muambadzi, Principal and Head of Africa at CommerzVentures.

Temps de lecture : minute

27 February 2023

“I want to invest in Africa”, was my default answer whenever I was asked what I wanted to do after high school. I had no idea what I actually meant by that, but I was acutely aware that there existed within the continent an untapped potential that investment had the key to unlock.

It was not until I joined Barclays Africa, many iterations later, that I realised the key to unlocking that potential might lie in the financial liberation of the continent. Can the elderly lady in the market pay for her loaves of bread at the end of the day? Does the small business that has just opened around the corner have access to finance to scale enough to hire 5 more people in that community? Is there a safe place where I can save my money? Basic problem statements, which often do not have a straightforward solution in the African context. And so it became critical to me that we find and enable answers to those questions.

I believe two things are fundamental to unlocking growth in any economy

and even more so in emerging markets: the first is developing exceptional talent. Talent that embodies and defines vision, and talent that can also execute said vision. The second is routing capital to where it is needed. It is the combination of this, the talent and timing of capital, that is crucial for unlocking growth. Most of my professional journey has centred on unifying these two elements.

Today, since joining *CommerzVentures* in April 2022, I am incredibly honoured to get to do this. In leading investment opportunities that are primarily Africa-focused, it has become my job to find exceptional people, doing exceptional things, and direct investment in the form of both capital and access, to enable them to solve complex problems.

Which industries are you working in?

My primary focus is in fintech. There is a saying that there is never a dull moment in the world of VCs, and I would argue that this is even more so the case in the world of fintech.

Financial services is, of course, a very broad sector. In truth, it overlaps many other industries in one way or another, given the mechanics of money and its movement are fundamental to all industries. Nevertheless, we prioritise four key verticals within our core investment mandate. The first vertical is payments and digital lending. The second is insurtech, followed by defi-crypto space. Most recently, we have pioneered a lot of the research and investment into a new vertical, climate fintech, a vital intersection that merges sustainability initiatives and financial services in a tech-enabled world.

As mentioned previously, fintech is an expanding industry that gets even more exciting when we look at markets in Africa, where embedded finance forms part of hybrid business models that are often not pure-play fintech.

What do you look for in a founder?

It is very easy to distinguish between a founder who is in love with the solution they have built, and a founder who is more in love with the problem they are solving. The latter is adaptable, and centred around a strong product-market fit, which indicates that the problem identified is actually being solved by the solution they have built. If that fit is not there, then a good founder is able to recalibrate and adjust the solution accordingly. This founder is the kind you want to back, because you know that they are more likely to confidently rise to challenges, as the focus for them is solving for the opportunity in the market gap they identified.

Another key trait I look for in founders is resilience. The start-up world is turbulent enough before you throw in large-scale macro factors that only add to the uncertainty of an environment. There is a common saying that was always thrown around in light banter “tough times never last, tough people do”. You want to find founders made of tough stuff.

Can you talk about your current portfolio?

We have an exceptional portfolio across Europe, the United States and Israel. The team is proud to have partnered with some of fintech’s most innovative leaders, such as ManyPets (formerly Bought By Many), eToro, Marqeta and Mambu, and we are now building something very exciting across Africa.

Although CommerzVentures may still be the new kid on the block when it comes to investing across the African continent, collectively, this fantastic team are exceptional VC operators and already have two exceptional African companies in their portfolio:

- In June 2022 we invested in *MFS Africa*’s \$100M Series C round. The Pan-African digital payments network MFS Africa had already raised

\$100M in equity and debt, with the additional funding taking its Series C round to \$200M

- Egypt has always been a fascinating market, and so we were thrilled to get to lead the Series B round of MoneyFellows in October 2022. MoneyFellows is an Egyptian consumer finance platform modelled on the core enabling principles of the widely adopted practice of Rotational Savings and Credit Associations (RoSCAs).

How has COVID-19 changed the way you operate?

In many ways, I would say not much has changed for me. I have always held roles that require a pan-African focus, and so a lot of my time was divided across multiple countries as and when needed. Consequently, a lot of my work was virtual. This hybrid life has been a part of the way I have operated for some time now. And since I am the only member of my team based outside of Europe, as far as the African market is concerned, the office is wherever I am.

I joined CommerzVentures during the pandemic as the world was starting to open back up again. Which I am grateful for because one really cannot substitute the value of getting to meet founders in person and see their operations first hand.

What does the future look like? New trends/technologies, changes in the global/local economic landscape?

What excites me the most about fintech, which is particularly true to Africa too, is that it is hardly ever just pure-play fintech that orchestrates some genius process to execute payments in the blink of an eye. Fintech in Africa is, like most things there, extremely nuanced. As fun as it is to

offer a cool UI on an app to do your regular banking and call it a neobank, you often have to go back to first principles before you get there in our markets.

To start, does your market have smartphones to download an app? Is the cost of data conducive to creating multiple touchpoints on this app? Do they have access to money that they can interact with on this app? Such questions are only the beginning.

The brilliant thing is that Africans are never solving for, heaven forbid, all of Africa. They start with a focus point, where they can solve for a community. Let's take small merchants in a marketplace. No bank cares about catering to their needs. But one has to cater for far more than merely financial needs. Once you are able to solve the pain points that matter most to them, you have automatically created a captive audience. From here on, you can begin to solve more holistic needs. This is where the focus can be redirected to in future, once we have the infrastructure in place to explore more nuanced and sophisticated innovations.

Even now, we have started to see the emergence of “neo-bank for doctors” or “lending for youth”. Why create subdivisions? Finances are not just one meeting in a busy weekly schedule, they are omnipresent and integrated into our lifestyle, embedded into just about everything we do. In the future, I see a world where niche financial solutions are centred around lifestyle and not just products.

What makes CommerzVentures different?

CommerzVentures differentiates itself first by only focusing on fintech opportunities in the markets where we have strong networks and relevant experience. We have combined decades of expertise as investors, with a very specific focus on technology-enabled financial services.

But without doubt, the most outstanding thing about this fund is the people that are part of it - I have never come across a team that is as passionate about the problems their founders are solving for as the people behind CommerzVentures. We have both local and global experience to draw from, across the developed and emerging landscapes, which gives us multiple viewpoints and perspectives to tap into when supporting our founders in their growth journey. More importantly, it's amazing to see a team that goes above and beyond for their founders - I don't think anyone is rooting for their founders harder than we are. It still surprised me somewhat to see how uncommon it is to come across investors that are willing, and able, to step in and do the hard work and additional investment required (outside of capital) to truly act as a key enabler to the businesses within their portfolio.

What one piece of advice would you give founders?

Investors and founders are just people on the other side of registered company names. Take the time to get to know the people you intend to welcome to the table. Like any partnership, do the due diligence on who you are about to enter into business with. Find out how they are regarded by other investors, reach out to their portfolio companies through your networks, find out what their experience has been having a particular investor on board.

Above all else, ask questions. What value have they brought to their portfolio companies outside of capital? Are they active or passive? What additional, or complementary, experience and skillset do they add, and is this relevant to where you want to go as a company?

You have to be deliberate about aligning the type of investors you do business with to the needs of your business in the current and next chapter. Capital is the most basic form of investment an investor can

make. If you have the choice, always go for the option that offers you more.

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