

## **PRESS RELEASE**

### **Futuregrowth makes venture capital investment in Ozow**

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The growth in eCommerce has boomed in recent years, with the pandemic spurring even more demand for online shopping. One company that has been successfully riding this wave is Ozow, an online – soon-to-be omni-channel – payment gateway that enables consumers to make instant electronic fund transfers (EFTs) at check-out online.

Futuregrowth Asset Management, via the Futuregrowth Development Equity Fund, took the opportunity to get in on the action when it participated in Ozow's Series B funding round alongside Tencent, Endeavour Catalyst – whose Investment Committee is chaired by the co-founder of LinkedIn – and Endeavour Harvest. The \$48 million raised from the Series B funding round provides Ozow with the capital to continue building its consumer-facing brand, launch new products and expand into new regions.

"We were attracted by the prospect of investing in an up-and-coming fintech business that is set on transforming the banking industry. Ozow aligns with Futuregrowth's purpose of making a positive difference in South Africa through developmental investing," says Amrish Narrandes, Head of Private Equity/Venture Capital at Futuregrowth. The business is run by an ambitious, driven and extremely innovative management team who have previous entrepreneurial experience prior to founding Ozow, he adds.

Clayton Wiggill, M&A and Investments Manager at Ozow says, "We are delighted to have Futuregrowth join our table as one of the leading investment firms in South Africa. They share our vision that payments are ripe for disruption and that Ozow is well placed to lead this evolution whilst providing digital and financial inclusion to the previously underbanked. We are looking forward to a fruitful relationship with the Futuregrowth team."

Ozow's digital payment solution enables consumers to make EFT payments instantly online using a basic bank account. At present, credit cards are the dominant in-person and online form of payment in South Africa, with EFTs a close second, but a large portion of the under-banked population don't have access to a credit card.

By automating the EFT process, Ozow's proposition offers huge potential in an eCommerce payment market where manual EFT processes are inefficient, time consuming and prone to human error.

Ozow is also working with government and industry players to roll out a Rapid Payment Programme to create an instant payment ecosystem for the unbanked, using simple identifiers such as phone numbers and email addresses.

For merchants, the payment gateway is compelling because fees charged are affordable and, because the platform is easy to use, merchants can increase their conversion rates and sales. Ozow also offers preferential payment terms for NGOs and small- to medium-sized enterprises (SMEs).

Ozow aspires to become an omni-channel payment gateway and has already automated the manual EFT payment process across eCommerce, point-of-sale, e-billing and peer-to-peer transactions.

Previously known as i-Pay, the company was founded in 2014 by Thomas Pays, Lyle Eckstein and Mitchan Adams, and has gained strong traction since then, achieving double-digit growth in revenue and transaction values since going live in 2016.

The payment company has serviced both SMEs and large enterprises, such as Takealot, FlySAFair, NetFlorist, Uber, Shoprite, and telecommunications companies. The manual EFT market is twice the size

of other payment methods, but instant EFTs are still in their relative infancy, making up a mere 0.2% of the total EFT market. This gives Ozow access to a market that has huge upside potential.

Ozow has already made impressive inroads. EFTs represented about 4% of the volume of sales in eCommerce stores in South Africa before Ozow came into the picture. Now that volume has grown to an average of about 30%.

Futuregrowth's investment case indicates that there is significant scope for further growth in the EFT market. Our case is further strengthened by the fact that Ozow is already a leading instant EFT brand in the South African market.

Futuregrowth's investment into Ozow has bolstered its carefully selected portfolio of fintech assets that includes Yoco, Cash Connect and Retail Capital. This is especially significant as Futuregrowth moves towards offering a standalone, sector-diverse VC portfolio. Our recent exit from Cash Connect highlights Futuregrowth's strength in managing VC assets from entry to exit – meeting its twin objectives of achieving superior returns while making a difference developmentally in South Africa. The link to the Cash Connect exit can be found [here](#).

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## **About Futuregrowth**

Futuregrowth Asset Management is a leading fixed interest investment company that manages around R193 billion (+/- US\$12 billion)\* as at 31 December 2021 of assets on behalf of its investors, which are predominantly South African retirement insurance and retail funds. Futuregrowth has been the leader in responsible and developmental investing in the South African asset management landscape since 1995.

For more information, visit [www.futuregrowth.co.za](http://www.futuregrowth.co.za)

## **About Ozow**

Ozow believes that payments should be easy. It's why Ozow provides easy, fast, and secure payment solutions for everyone. From QR codes, point of sale, eCommerce, e-billing, peer-to-peer payments, and everything in between, Ozow has your payment needs covered. With Ozow, you can make and receive payments... from anywhere and at any time. All you need is a bank account and a smart-enabled device. It's that simple.

Since its inception in 2014, Ozow has attracted millions of transacting consumers and merchants in the South African market. Amongst many of its merchants are household names such as Uber, Takealot.com, FlySafair, MTN, Vodacom, Makro, and Netflorist.

In November 2021, Ozow announced its \$48m Series B funding round led by Tencent.

For more information, visit [www.ozow.com](http://www.ozow.com)

## **For further information contact:**

Amrish Narrandes  
Head: Private Equity/Venture Capital  
Email: [amrishn@futuregrowth.co.za](mailto:amrishn@futuregrowth.co.za)  
Twitter: [@imAnarrandes](https://twitter.com/imAnarrandes)

Adele du Bois Botha  
Marketing Project Manager  
Tel: 021 659 5476  
Email: [adeledb@futuregrowth.co.za](mailto:adeledb@futuregrowth.co.za)