

Floatpays secures \$4m seed funding round

Local on-demand pay provider, Floatpays - a fintech that helps employees build financial wellness and provides a solution to employers looking to enhance their employee value proposition - announced that it has secured just under \$4m in an oversubscribed seed funding round.



Simon Ward, founder of Floatpays

Several prominent venture capitalists and angel investors joined the round who share Floatpay's vision to create a "financially resilient and financially well workforce in Africa."

"The investment allows us to consolidate our position in South Africa and expand into the rest of Africa. We are accelerating the development of important features that complement our existing product, such as our new interest-bearing savings account that is directly linked to employees' paychecks", says Simon Ward, founder of Floatpays.

In July 2021, Floatpays joined accelerator programmes, Y Combinator – an initiative known for having backed a number of startups that would later become multi-billion-dollar companies. These include Airbnb, Stripe, Dropbox, DoorDash and Instacart. Floatpays is reported to be the only South African startup in the Y Combinator summer class and is one of only a handful South African startups to be accepted into the program in its history.

Growth

Since launch, despite the setback of Covid-19, Floatpays has achieved 43% growth of their employer base and 70% user growth. The funding is a crucial foundation for the next phase of Floatpay's growth, and was collectively backed by industry leaders in the fintech investment space, among which are the likes of Global Founders Capital, Base Capital, Finca Ventures, Raba Partnership and 4DX Ventures.

Key Floatpays' investor, Raba was an early partner to leading African fintechs, including Flutterwave, Stitch, as well as an investor in South African fintech disruptor, Yoco, whose phenomenal success recently helped them to raise \$83m in a Series C funding round! Another heavyweight to invest in Floatpays includes Global Founders Capital – the current backers of travel and tourism metasearch engine, Trivago, which realised an annual revenue of over R4bn in 2020.

“We are witnessing the potential technology has in offering fair and transparent financial services products. Floatpays is a leader in the earned wage space and on their way to building the leading trusted brand across the continent. We are excited to partner with Simon and team in supporting Floatpay's mission in becoming the financial services platform of choice for Africa's large and growing workforce”, says George Rzepecki, founder of Raba.

A further 4 angel investors joined the seed round of funding. These include Alan Rutledge – a seed investor in over 410 startups worldwide, serial investor and business mogul Shaun Hurwitz, Youcef Oudjidane, the current Managing Partner of American-based venture fund investing firm, Class 5 Global and Olugbenga Agboola, the co-founder and CEO of Flutterwave – an African tech startup valued at \$15 billion and fondly known as an industry “unicorn.”

The new investors join existing backers Founders Factory Africa, Kepple Africa Ventures, Norrsken Foundation and MFS investments. Floatpays was founded in 2019 by Simon Ward as part of Founders Factory Africa's Build Programme.

According to Ward, Floatpays was established as a “small company with big dreams to create a financially inclusive Africa.” As he explains: “I launched Floatpays as a social impact-driven business on a mission to help move employees out of bad debt cycles and into savings and long term financial wellness. Our mission is to educate employees on better personal finance management, support them with financial planning and saving, and give them an alternative to payday lenders/high-interest credit solutions when mid-pay cycle liquidity becomes a problem.”

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