

Request for Proposal (RFP)

Consultancy Services to Conduct a Feasibility Study Toward Establishing a Payment Services Directive for Africa (PSDA) as a Digital Financial Services (DFS) Policy and Regulation Harmonization Framework

March 2025

1. Background.

The digital payment landscape for cross-border transactions in Africa is rapidly changing due to market and technological advancements, shifting consumer behavior, and a growing demand for seamless, efficient, and affordable payment options. The State of Inclusive Instant Payment Systems (SIIPS) in Africa 2023 report identifies several key challenges; lack of risk-proportional cross-border licenses and level playing field in payment system access, conflicting or misaligned customer due diligence (CDD) requirements, burdensome foreign exchange control requirements, stringent data localization requirements (cloud data storage prohibited), lack of simplified and proportionate balance of payments reporting requirements, differing tax regimes and associated reporting or documentation requirements and lack of regulatory certainty or consistency.¹

These challenges are attributed to fragmented regulatory frameworks, differing compliance requirements, limited interoperability among payment systems, high transaction costs, long processing times, and limited transparency. They hinder the seamless flow of funds across borders, impede regional trade and economic growth, increase reliance on costly intermediaries, and restrict financial inclusion. Fit-for-purpose regulation has been identified as the most significant factor in lowering these barriers of high cost, inaccessibility, and informality.

Digital payment policies and regulations are designed to protect the stability and integrity of the financial system and provide clarity to the market. As highlighted in the SIIPS in Africa 2023 report, regulations and regulators play a crucial role in the formation, operation, and governance of Instant Payment Systems (IPS), laying the groundwork for thriving payment systems. However, regulations can inadvertently create friction and misalignment if countries involved in cross-border payments operate under different regulations. This friction could lead to end-users avoiding digital channels for cross-border payments, negatively impacting trade and remittances, and consequently limiting the potential scale of regional IPS.

2. The Case for a Payment Services Directive for Africa (PSDA) to Support Policy and Regulation Harmonization Necessary to Facilitate Efficient and Affordable Instant Retail Cross-border Payments.

The establishment of a Payment Services Directive for Africa (PSDA) could play a transformative role in harmonizing policies and regulations across the continent to support efficient and affordable instant retail cross-border payments. The PSDA could enhance competition, consumer protection, and innovation in the payments industry, through creating a unified framework for payment service providers in Africa. Such an initiative would address the fragmented regulatory landscape, promote financial inclusion, and foster economic integration by enabling seamless

¹ [State of Inclusive Instant Payment Systems \(SIIPS\) in Africa 2023 Report, AfricaNenda](#)

and secure transactions across borders. This harmonization is essential for achieving inclusive growth, improving governance and oversight.

i. **Harmonization for inclusive growth**

Increased financial inclusion - Harmonizing policies can lead to the development of a unified financial sector framework that better addresses the needs of underserved communities. This can include simplified account opening procedures, lower transaction costs, and easier access to cross-border financial services, thereby increasing the financial inclusion of large, underserved populations in rural and low-income urban areas. Micro, Small, and Medium Enterprises (MSMEs) often struggle with the complexities and costs of doing business across African borders. A harmonized payment services directive can reduce these barriers, encouraging entrepreneurship and job creation, which are key drivers of economic inclusion.

Enhanced payments infrastructure, a unified legal framework, and the simplification of compliance requirements - Policy and regulatory harmonization can lead to the development of interoperable instant payment systems across borders. Such systems can reduce processing delays, lower transaction fees, and make real-time transaction tracking feasible, all of which are conducive to increased trade and investment flows, especially in promoting digital trade under the African Continental Free Trade Area (AfCFTA). A harmonized legal framework across countries creates a predictable and stable business environment. This uniformity can open new markets for cross border payments solution providers and attract foreign investment, as investors have clearer insights into regulatory expectations and lower risks associated with regulatory discrepancies. Harmonized regulations simplify the compliance obligations for businesses operating in multiple African countries. This reduction in bureaucratic layers can decrease transaction costs and times, encouraging more frequent and formal cross-border transactions, and more competition with the growth of pan-African fintechs across the continent.

ii. **Harmonization for improving governance and oversight**

Effective regulatory collaboration, and increased transparency as well as traceability - Harmonization promotes stronger collaboration among financial services regulators across the continent. This cooperation is critical for sharing benchmarks and best practices for detecting and preventing illicit financial flows. A uniform approach to Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) across African nations ensures there are no weak links in the chain that could be exploited. Collective enforcement can close gaps that criminals use to launder money across borders. A harmonized payment services directive facilitates better monitoring and reporting mechanisms. With a centralized regulatory standard, tracking the origin, destination, and purpose of funds becomes more straightforward, thereby reducing the avenues for money laundering and other financial crimes. Inclusive Instant Payment Systems (IIPS) play a critical role in addressing illicit financial flow challenges in Africa. They create the much-needed transparency and traceability of financial transactions allowing governments enhanced oversight and control which invariably reduce and mitigate money laundering, corruption, and sophisticated tax evasion practices.

Fostering sustainable development through resource mobilization and allocation, economic stability, and streamlined trade and investment - Harmonized policies can help mobilize capital towards development projects by reducing transactional risks and costs, and by providing clearer regulatory guidelines for investors. A more integrated payments ecosystem will allow for a more efficient allocation of financial resources across the continent. This will enable better management of economic shocks and support stable economic growth, which is critical for sustainable development. Harmonized payment regulations facilitate smoother transactions across borders, reducing the time and expense involved in trade, especially for the Micro, Small, and Medium Enterprises (MSMEs) whose participation in the digital economy is crucial. Enhanced trade increases productivity, economies of scale, and foreign direct investment, which are all fundamental for sustainable economic growth.

Africa could build on the successes and objectives of PSD1, PSD2 and now PSD3 in development, in the EU, to advance a payment services directive. By acknowledging the African

market nuances and aligning with the principles of competition, consumer protection, innovation, and regulatory coherence, Africa can establish a robust regulatory framework that harnesses the transformative potential of digital financial services, ultimately driving financial inclusion and economic prosperity across the region.

3. A Feasibility Study Toward Establishing a Payment Services Directive for Africa (PSDA)

The [African Union Commission](#) (AUC) in collaboration with the [AfricaNenda Foundation](#) seeks a consultant (consulting firm) to conduct a feasibility study to assess the viability of a PSDA, identify key barriers, and recommend actionable strategies for its implementation, necessary to facilitate efficient and affordable instant retail cross-border payments in Africa.

Objectives

- Assess the feasibility of developing the PSDA as a regulatory harmonization framework for DFS in Africa.
- Research regulatory harmonization benchmark and best practice initiatives in the payments and compliance sectors in Africa, in the EU and in the Association of Southeast Asian Nations (ASEAN region).
- Build on the initial PSDA concept note to develop a framework for regulatory harmonization to support interoperable cross border payment services in Africa.
- Develop an implementation roadmap for PSDA aligned with Africa's digital transformation goals.

4. Project Scope

The consultant is expected to conduct a comprehensive literature review, design and administer surveys and interviews with stakeholders to collect qualitative and quantitative data, analyze the collected data to identify gaps, opportunities, the feasibility of a PSDA in Africa, examples, benchmarks and best practices. Prepare a detailed report sharing insights, and recommendations regarding the feasibility of a PSDA. This specifically involves:

i. Regulatory landscape analysis

Review existing policies and regulations across African countries and assess the role of inclusive instant payment systems in facilitating cross-border payments and its alignment with the PSDA objectives.

ii. Stakeholder consultations

Engage with RECs, policymakers, central banks, financial service providers, and consumers to gather insights into challenges and opportunities.

iii. Benchmarking global best practices

Analyze regulatory harmonization initiatives (payments and compliance) in Africa and the ASEAN region for best practices and benchmarks, and derive insights from successful payment services directives such as the EU's PSD1, PSD2 and PSD3 (in development) for lessons applicable to Africa.

iv. Feasibility assessment

Evaluate technical, financial, legal, and institutional requirements for implementing PSDA.

v. Policy recommendations

Propose a harmonized PSDA framework addressing regulatory coherence, licensing models, risk management, interoperability standards, consumer protection, among others

vi. Implementation roadmap

Develop a phased roadmap detailing timelines, milestones, resource requirements, and governance structures for the PSDA implementation.

5. Project Outputs

The consultant is expected to prepare and submit all the project deliverables to the highest standard as required, stating all actions taken during the project. The outputs of the project will be as follows:

- i. **Inception report - A report** that provides details of the project approach, methodology and clear project timelines.
- ii. **A detailed research plan** - This shall be presented to the AfricaNenda and AUC representatives before the commencement of the feasibility study.
- iii. **Comprehensive draft feasibility study report** - Provide a first draft of the feasibility study report highlighting the PSDA framework and which includes a roadmap for the implementation of the PSDA, including potential timelines and required resources. The draft report will be submitted for review by the AUC and AfricaNenda Foundation project representatives.
- iv. **4 Case studies** - To ensure a comprehensive and actionable feasibility study for the establishment of a PSDA, provide four detailed case studies (Africa, EU and ASEAN region) to highlight practical insights and best practices into regulatory harmonization as well as actionable recommendations to support the case for the PSDA.
- v. **Comprehensive final feasibility study report** – Provide the final detailed and summary reports in Microsoft Word and PPT presentation respectively, incorporating feedback from the AUC and AfricaNenda Foundation review process.

6. Project Timelines

The project is expected to run for **90 days**, commencing on **April 7th, 2025**.

7. Project Expertise and Technical Competencies Required

- Master's degree in a related area such as Financial Services, Economic Development, or Public Administration. PhD holder would be an added advantage.
- Relevant certifications such as Certified Financial Analyst (CFA), Certified Payment Professional (CPP), or similar credentials.
- Proven experience in conducting feasibility studies or policy research in DFS or payment systems in Africa. Having successfully conducted feasibility studies.
- Expertise in regulatory frameworks for cross-border payments or fintech innovation
- Strong stakeholder engagement skills with experience working with governments or regional organizations
- Proven experience in conducting feasibility studies, or policy research in digital financial services.
- Strong expertise in digital financial services, payment systems, payment services directives and regulation in Africa.

- Strong stakeholder engagement skills with experience working with governments or regional organizations
- Strong experience in qualitative and quantitative research methodologies.
- Excellent analytical and communication skills, with the capability to present complex information clearly.
- Evidence of high-quality relevant publications or reports in the area of financial services, regulation, or public policy.
- Demonstrate significant commitment to quality assurance procedures and risk mitigation measures for the project.

8. Project Reporting

The consulting firm will work under the direct supervision of the AUC and AfricaNenda Foundation project representatives to conduct the feasibility study.

9. Proposal Content

Consulting firms should submit technical and financial proposals that address the objectives outlined above. While there is no minimum page limit for the proposal, the maximum page limit is 15 pages (including the CVs of the project team members). The proposal is expected to be clear, concise, and with no font smaller than size 11. The proposal should detail the firm's proposed approach to delivering the project. It must also focus on demonstrating how the consulting firm will ensure that high levels of quality will be maintained at all stages of the project.

10. Risk Management

The technical proposal should contain a comprehensive list of expected project risks and possible mitigation measures.

11. RFP Process

Submissions

Proposals should be submitted electronically by **Monday, March 31st, 2025**, to info@africanenda.org. The technical proposal and the financial proposal shall be provided in separate documents. Proposals received after the deadline will not be considered.

Queries

Queries relating to the preparation of the proposal should be submitted to AfricaNenda, by email, to the above-provided email by **Monday, March 17th, 2025**.

Notification And Contracting

All bidders will be notified of the outcome of their proposals **as soon as possible**. AfricaNenda will issue a contract once the selection process has been completed. **The contracted firm will be expected to start the project April 7th, 2025.**

12. Budget

The applicants are expected to submit competitive value for money financial proposals for this assignment.

13. Evaluation Criteria

All proposals will be evaluated based on the criteria listed in the table below. The technical bids will be reviewed by the AUC and AfricaNenda Foundation project representatives and scored according to the criteria below. Upon completion of the scoring of technical proposals, the financial proposals shall be opened. With an overall score calculated.

Technical Proposal Criteria	Weighting
Quality of proposal: Technical understanding of TOR, mechanisms for quality assurance, innovative approaches to data collection, assessment of risks, and contingency planning	40%
Competence and experience of the consultant: Experience/reputation of the consulting firm	10%
Project resources and proposed team member CVs: Demonstration of expertise for all key roles required for the project	20%
Capability: Demonstrated industry experience related to DFS policy and regulations, payment systems, and stakeholder engagement. Demonstrated experience in feasibility studies in financial services, preferably for policy formulation.	30%
Maximum Score	100%

Overall Criteria	Weighting
Preference will be made to African-led consulting firms with a gender-balanced project team	5%
Technical Proposal: Well-articulated project approach and deliverables	70%
Financial Proposal: Comprehensive breakdown with justifications	25%
Maximum Score	100%