

Accelerating the Scale-Up of Inclusive Instant Payments in Africa: Launching AfricaNenda in a Post-Covid World



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1. Introduction

Inclusive, low-cost instant payments systems are today's frontier for financial inclusion on the African continent. Recent experience shows that the ability to send and receive low-value payments at any time, free of charge or at very low cost, has great value in itself and also serves as the first step on the ladder and a gateway to other digital financial services.



[AfricaNenda](#) is a newly founded independent, African-led organisation created to accelerate the growth of instant and inclusive payment systems that will benefit all Africans, including the poorest and currently financially excluded. 'Nenda' means 'go!' or 'go faster!' in Swahili, and we believe that instant and inclusive payment systems (IIPS) can play a pivotal role in creating universal access to financial services for many financially excluded adults and are critical to achieving universal financial inclusion in Africa by 2030.

The Covid-19 pandemic has already provided a unique opportunity to rebuild the financial and payments system to be better

than before: more inclusive, fully digitised, and fit for purpose for 21st-century Africa. Covid's lockdowns and social distancing measures have markedly increased the value of digital payments as a practical solution not only for payments, but to keep communities, trade and commerce, SMEs, and others functioning throughout the pandemic.

To date, more than 50 countries worldwide have built instant payment systems that enable real-time transfers of value, including successful deployments in Ghana and Kenya. Across the continent, an ever-increasing number of instant payment systems are under development. At this crucial moment, it is imperative that these systems get the support needed to succeed, and that they are designed to be inclusive to unleash their full potential.

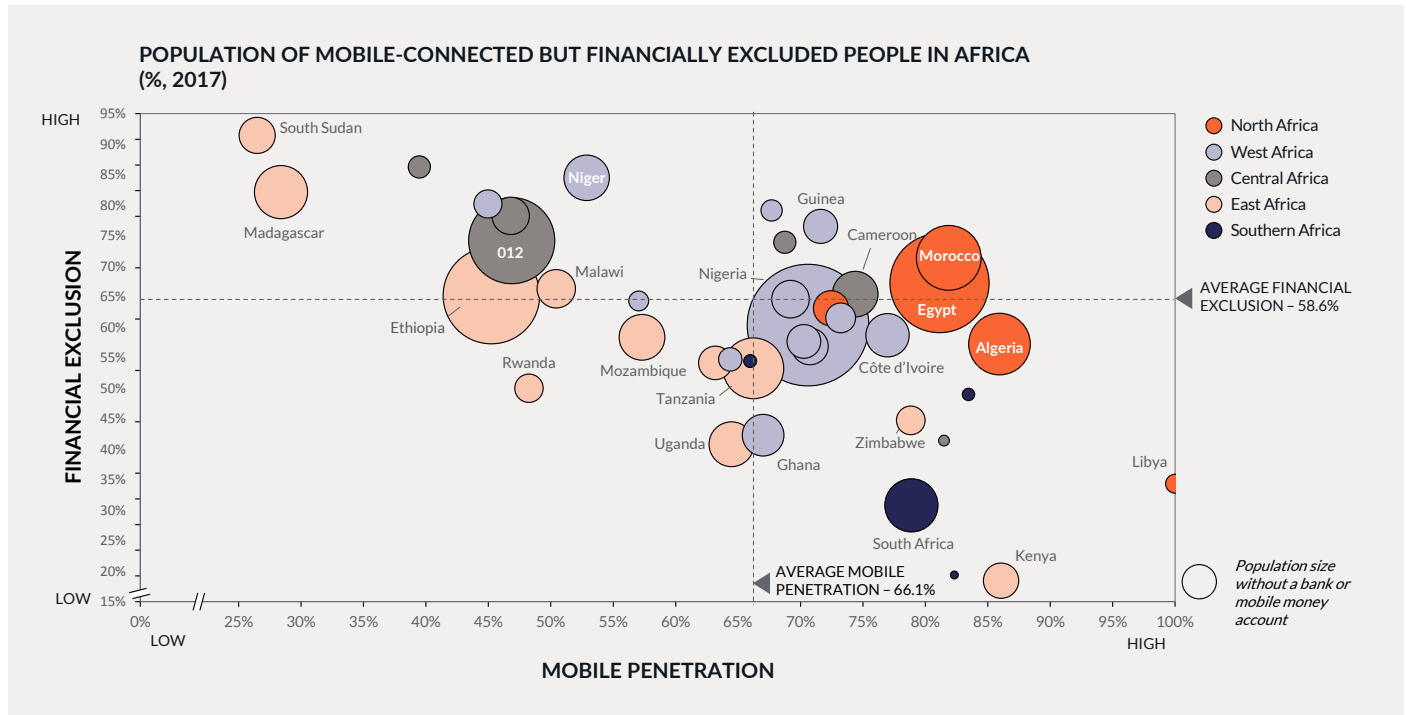
2. Financial Inclusion in a Post-Covid World

Financial inclusion is rapidly increasing on the African continent, but still has a long way to go. Our best estimate of the total number of financially excluded adults in Africa (who do not have access to a bank or mobile money account) stood at an estimated ~400 million in 2017, representing ~60% of adults in Africa and a significant decline from ~70% in 2014.¹ As might be expected, groups including women, the poor, and rural residents are less likely to be financially included.

¹ Financial inclusion has likely continued to increase since 2017, which was prior to the effects of the pandemic and the last four years of massively increased mobile phone ownership and mobile money adoption. The [Global Findex database](#) from 2017 contains the most recent comprehensive financial inclusion data for 40 countries in Africa (with 14 countries excluded including Sudan, Angola, Burundi, Djibouti, Equatorial Guinea, The Gambia, Cape Verde, Comoros, and the Seychelles). Data collection for the Global Findex database was meant to take place in 2020, but was delayed by the pandemic, and new data for 2021 are currently being collected and will not be available until early 2022.

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Figure 1: Africa's mobile and financial inclusion landscape



Note: 14 countries omitted from analysis due to data unavailability; bubble size illustrates size of the financially excluded population.

Source: Global Findex Database 2017; AfricaNenda analysis.

Mobile phones can make a unique contribution to transitioning from informal money management to financial inclusion by leapfrogging legacy banking and payment systems. As Figure 1 shows, many countries with high rates of mobile penetration still have not managed to give their citizens access to the benefits that come with financial inclusion, but are well-placed to expand access quickly.

We at AfricaNenda are laser-focused on the African continent's estimated ~250 million adults who have access to a mobile phone, but do not yet have a bank or mobile money account. An additional ~100 million adults on the continent are covered by a mobile network, but do not have access to a mobile phone and are financially excluded.

Because of the possibilities opened by mobile phone ownership, the countries and regions home to the mobile-connected but not yet financially included are where AfricaNenda's work to accelerate inclusive instant payments systems will likely be most impactful.

3. Covid-19 Policy Reforms for Digital Payments

Covid-19 also showed that bold regulatory change can go hand-in-hand with consumer-driven behavior change to rapidly drive

digital payments adoption and safeguard lives and livelihoods. Total mobile money transaction value in Africa – the majority of digital payments on the continent – jumped by 23% to 495 billion USD, while the number of active mobile money accounts (used in the last 30 days) rose by 18% to 161 million.²

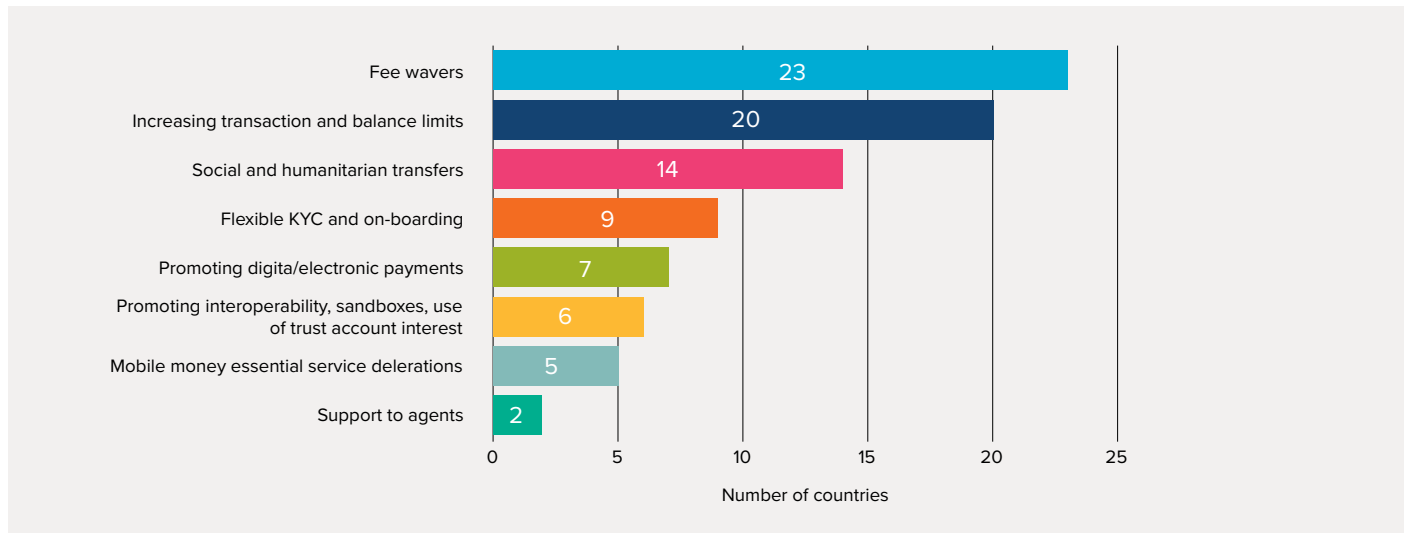
As digital payments adoption during Covid-19 illustrates, some of the greatest bottlenecks to the proliferation of digital payments in Africa have been stringent and unsupportive policy frameworks. Strict regulatory processes such as transaction limits, KYC requirements, and restrictions on cross-country transfers set out to ensure user security, but they have long stood in the way of user uptake as well as private investment in digital payments innovation.

As is now widely recognised, mobile money played a powerful role in supporting remote financial service provision during the Covid-19 pandemic, and several countries did adopt measures to boost the use of digital payments and create a more conducive policy environment. One of the most popular policy instruments deployed was to suspend mobile money transaction fees. As Figure 2 shows, more than two thirds of 32 selected low and middle income countries researched by GSMA waived fees, while ~60% increased transaction limits, and ~40% partially or fully digitised government payments.

² GSMA 2021: "State of the Industry Report on Mobile Money 2021"

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Figure 2: Mobile money policy responses in 32 selected low and middle income countries



Source: *GSMA Mobile for Development 2020: "Tracking mobile money regulatory responses to COVID-19"*

Similar policies standing in the way of instant payment system inclusivity – such as excluding fintechs or mobile money operators from interoperability – could make an equally big impact if addressed.

A few critical policy questions for AfricaNenda and the central bank, regulator, and policy community on digital payments and instant payment systems at this moment relate to:

- How many favourable regulatory changes have been rolled back already as the initial urgency of Covid-19 abated?
- How can we work together to maintain the most important post-Covid regulatory changes for the payments sector and even deepen them while sensibly managing risks and trade-offs?
- How robust and profitable are the commercial business models underlying digital payments in the Covid era (whether for banks, fintechs or mobile money operators)?
- Relatedly, how can instant payment systems both incentivise users to use digital payments and operators to push payment products to users by reaching sufficient volumes to drive down per-transaction cost?

We at AfricaNenda are looking forward to exploring these questions alongside central banks and regulators, as well as the broader digital payments ecosystem.

4. Introducing AfricaNenda, the Inclusive Payment Systems Accelerator for Africa

So who are AfricaNenda? And how will AfricaNenda deliver on its mission to accelerate inclusive instant payment systems?

As an inclusive instant payment systems accelerator for Africa, AfricaNenda was created through broad-based stakeholder consultations with public sector institutions, private sector digital financial service providers, technical assistance partners, and other key stakeholders on the continent who played a critical role in informing the structure and mission of AfricaNenda.

We are an independent actor that mobilises the African payments ecosystem and acts as an open hub for African digital payments knowledge and expertise. AfricaNenda's objective is to support the development of instant digital payments systems at national and regional levels, rather than specific funders, technologies or approaches. AfricaNenda's partners include Rockefeller Philanthropy Advisors and the Bill & Melinda Gates Foundation.

5. AfricaNenda's Core Activities

Across Africa, the need for **pre-project support** and **greater institutional capacity** currently restricts the scale-up of much-needed instant and inclusive payment systems. AfricaNenda will address those key bottlenecks around pre-project support and institutional capacity building, providing a dual service offering.

To address bottlenecks, we advise governments, regional economic communities, private sector associations, and other stakeholders across Africa. AfricaNenda is able to assist in identifying funding from a mix of public, private, and multilateral actors, while our own services are provided free of charge. We do not play a role in ownership or operations of digital payments systems, but rather provide advisory and technical support to deployments owned and controlled by local, national, and regional actors.

After identifying a key collaboration area and the potential of working together, we can provide the types of support listed below through various types of engagement – short-term support, ongoing technical assistance provision, or longer term secondments, all provided free of charge.

5.1 Pre-project support service offering

AfricaNenda works with a roster of experts to be deployed to provide critical pre-project planning support to expand the broader pipeline of fundable, instant, and inclusive payment system projects.

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Among the types of support we provide are the following:

- **Project definition and vision.** Supporting project owners to define project objectives and design principles, as well as identify, convene, and align key payments stakeholders.
- **Scheme design and structuring.** Supporting project owners in developing project work plans and budgets, and identifying project facilitators, technical assistance, and implementation partners.
- **Readiness assessments.** Working with project owners to determine the economic feasibility of a potential deployment. Assess if deployment is instant and inclusive, and identify areas in project design where AfricaNenda can support.
- **Stakeholder support.** Generating interest in instant and inclusive payment systems by disseminating information, meeting with potential project owners, and convening key private sector stakeholders.

We are currently having conversations with central banks, payments technology providers, and various other project stakeholders to begin accelerating projects through support as soon as possible.

5.2 Institutional capacity building service offering

In addition to engaging directly on policy around IIPS, we also work hand-in-hand to enhance the capacity of African institutions, payments experts, and other key stakeholders to support the development and growth of instant and inclusive payment systems.

Among the types of support provided by AfricaNenda are the following:

- **Institutional capacity building.** Helping to build capacity in the market by providing seconded technical experts and ad hoc technical assistance to support pan-African institutions in scaling digital payments initiatives.
- **Knowledge sharing.** Convening stakeholders across the African payments ecosystem to share experiences and best practices, and to accelerate the agenda for universal financial access across the continent.
- **Instant and inclusive payment system tools.** Building actionable and evidence-based tools, playbooks and trainings on instant and inclusive payment systems, in order to reduce the cost and complexity of project initiation and design.
- **Digital payments training.** Supporting the training of the next generation of African payments talent in partnership with top professional development institutions.

We have already begun formalising partnerships with key African institutions and are preparing to second two AfricaNenda experts to two multilateral organizations.

6. AfricaNenda's People and Position in the Ecosystem

Our team is responsible for driving AfricaNenda to achieve its vision of universal financial inclusion in Africa by 2030. Together, our leadership, team, and advisory board members bring deep experience and knowledge of Africa's digital payments ecosystem and the broader field of financial inclusion within the public, private, and non-profit sectors.

A three-person **leadership team** guides AfricaNenda's activities. As the leadership team, we direct AfricaNenda's overall strategy. We are:

- [Dr Robert Ochola](#), Chief Executive Officer
- [Sabine Mensah](#), Deputy Chief Executive Officer
- [Akinwale Goodluck](#), Deputy Chief Executive Officer

Additionally, **regional payments experts** advocate for, shape, and help launch instant and inclusive payment system projects across Africa. AfricaNenda also hires **project facilitators** on a rolling basis to support specific deployments and handle project management operations. An **Advisory Board** of six to ten members oversees staff and approves AfricaNenda's strategy and activities.

7. The Way Forward for AfricaNenda

AfricaNenda's official launch will take place at an online event on October 7th 2021 with a broad range of payment ecosystem participants. Feel free to reach out to info@africanenda.org if you would like to be invited to the online launch event, and our team will assess your request to join.

AfricaNenda has already started outreach towards central banks and regulators engaged in instant and interoperable payment systems projects, and our resources are available at no cost to various groups of stakeholders upon demand. We are particularly interested in working with African central banks involved in interoperability projects and invite any and all interested to connect with Deputy CEO Sabine Mensah at smensah@africanenda.org or Wale Goodluck at agoodluck@africanenda.org.

We would be keen to see which support and tools we can avail to them to fast-track our common mission of universal financial inclusion on the African continent.

8. Conclusion

Now is the time to push for inclusive instant payments. As we look to an uncertain future, where Covid-19 may continue to afflict the African continent for the next few years, digital payments and instant payment systems will be critical to keep the wheels turning in a continued new normal.

At this inflection point for Africa's payments infrastructure, AfricaNenda is here to accelerate and support emerging instant payments initiatives and push for universal financial inclusion for every African on the continent by 2030. 