About this report

This is the first of a series of annual reports by AfricaNenda on the landscape and state of instant and inclusive payment systems in Africa and the extent to which these systems are inclusive, especially for low-income consumers.

It is based on a cataloguing of instant payment systems in Africa, insights from a range of expert and stakeholder interviews across the continent, primary consumer research in seven countries, and detailed case studies.

This report was made possible through the partnership involving AfricaNenda, the World Bank, and the United Nations Economic Commission for Africa (UNECA). Cenfri conducted the research.

This report would not be possible without the generous support of the Bill & Melinda Gates Foundation and AfricaNenda’s fiscal sponsor, Rockefeller Philanthropy Advisors (RPA).

Only instant payment systems that were processing transactions by June 2022 were considered to be “live” for the purpose of the report.

The full report is available at www.africanenda.org/SIIPS2022
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>ACH</td>
<td>Automated clearing house</td>
</tr>
<tr>
<td>ATM</td>
<td>Automated teller machine</td>
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<tr>
<td>B2B</td>
<td>Business-to-business</td>
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<tr>
<td>B2P</td>
<td>Business-to-person</td>
</tr>
<tr>
<td>BSA</td>
<td>BankservAfrica</td>
</tr>
<tr>
<td>CAR</td>
<td>Central African Republic</td>
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<tr>
<td>CEMAC</td>
<td>Central African Economic and Monetary Community</td>
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<tr>
<td>CBDC</td>
<td>Central bank digital currency</td>
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<tr>
<td>CICO</td>
<td>Cash-in and cash-out</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound annual growth rate</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<tr>
<td>DFSP</td>
<td>Digital financial service provider</td>
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<tr>
<td>DRC</td>
<td>Democratic Republic of the Congo</td>
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<tr>
<td>CDD</td>
<td>Customer due diligence</td>
</tr>
<tr>
<td>EAC</td>
<td>East African Community</td>
</tr>
<tr>
<td>EFT</td>
<td>Electronic fund transfer</td>
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<tr>
<td>GhIPSS</td>
<td>Ghana Interbank Payment and Settlement Systems</td>
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<tr>
<td>GIP</td>
<td>GhIPSS Instant Pay</td>
</tr>
<tr>
<td>G2P</td>
<td>Government-to-person</td>
</tr>
<tr>
<td>GNI</td>
<td>Gross national income</td>
</tr>
<tr>
<td>IIPS</td>
<td>Instant and inclusive payment system</td>
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<tr>
<td>IPS</td>
<td>Instant payment system</td>
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<tr>
<td>MauCAS</td>
<td>Mauritius Central Automated Switch</td>
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<tr>
<td>MFB</td>
<td>Microfinance bank</td>
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<tr>
<td>MMI</td>
<td>Mobile Money Interoperability</td>
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<tr>
<td>MMO</td>
<td>Mobile money operator</td>
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<tr>
<td>MSMEs</td>
<td>Micro, small and medium enterprises</td>
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<tr>
<td>NFC</td>
<td>Near-field communication</td>
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<tr>
<td>NIBSS</td>
<td>Nigeria Interbank Settlement System</td>
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<tr>
<td>NIP</td>
<td>NIBSS Instant Payment</td>
</tr>
<tr>
<td>NPS</td>
<td>National payment system</td>
</tr>
<tr>
<td>OCT</td>
<td>Original credit transfer</td>
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<tr>
<td>PAPSS</td>
<td>Pan-African Payment and Settlement System</td>
</tr>
<tr>
<td>P2B</td>
<td>Person-to-business</td>
</tr>
<tr>
<td>P2G</td>
<td>Person-to-government</td>
</tr>
<tr>
<td>P2P</td>
<td>Person-to-person</td>
</tr>
<tr>
<td>POS</td>
<td>Point-of-sale</td>
</tr>
<tr>
<td>QR</td>
<td>Quick response</td>
</tr>
<tr>
<td>RTC</td>
<td>Real Time Clearing</td>
</tr>
<tr>
<td>RTGS</td>
<td>Real-time gross settlement</td>
</tr>
<tr>
<td>RTP</td>
<td>Request-to-pay</td>
</tr>
<tr>
<td>SIIPS</td>
<td>State of instant and inclusive payment systems</td>
</tr>
<tr>
<td>SIMO</td>
<td>Sociedade Interbancaria de Mocambique</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
</tr>
<tr>
<td>SYRAD</td>
<td>Système de Règlement Automatisé de Djibouti</td>
</tr>
<tr>
<td>TIPS</td>
<td>Tanzania Instant Payment System</td>
</tr>
<tr>
<td>TCIB</td>
<td>Transactions Cleared on an Immediate Basis</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>USD</td>
<td>United States dollar</td>
</tr>
<tr>
<td>USSD</td>
<td>Unstructured supplementary service data</td>
</tr>
<tr>
<td>WAEMU</td>
<td>West African Economic and Monetary Union</td>
</tr>
<tr>
<td>ZAR</td>
<td>South African rand</td>
</tr>
<tr>
<td>ZECHL</td>
<td>Zambia Electronic Clearing House Limited</td>
</tr>
<tr>
<td>ZIPIT</td>
<td>Zimswitch Instant Payment Interchange Technology</td>
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Contents

1. Landscape of IPS in Africa
2. How inclusive are IPS in Africa?
3. Evolving digital payment customer behavior
4. Snapshots of case studies
5. Building more inclusive IPS in Africa: opportunities and future perspectives
Instant and inclusive payment systems are an essential foundation for financial inclusion in Africa

The need to transact and make payments is a core financial need for individuals and MSMEs. Digital payments serve as a key gateway to other financial services. Cash is at times the only option in the absence of underlying infrastructure supporting digital transactions.

Digital payments can help individuals and MSMEs to manage their finances more optimally and, in that way, support financial inclusion and broader economic policy goals.

To incentivize a sustained shift to frequent digital transaction behavior, digital payments need to be widely available, easy to use, quick, and reliable.

WHAT IS AN INSTANT PAYMENT SYSTEM, AND WHEN DOES IT BECOME INCLUSIVE?

IPS INSTANT PAYMENT SYSTEMS are multilateral, open-loop retail payment systems that enable digital push payments in near real time for use 24 hours a day, 365 days a year, or as close to that as possible.

IIPS INSTANT AND INCLUSIVE PAYMENT SYSTEMS process retail transactions digitally in near real time and are available for use 24/7, 365 days a year, or as close to that as possible. They enable low-value, low-cost push payments that are irrevocable and based on multilateral, open-loop interoperability arrangements. Licensed payment providers have fair access to the scheme, and participants have equal input opportunities into the scheme. The central bank has a role in scheme governance. End-users have access to a full range of use cases and channels, as well as transparent and fit-for-purpose recourse mechanisms.

IIPS are designed to serve the lower- and no-income population.

66%

The consumer research conducted for this study shows that 66% of low-income digital payment users, use digital payments weekly.
Africa is witnessing a dramatic growth in IPS, scaling from 2 systems in 2012 to 29 today, with more than a third of these coming online in the past year.

Although the average annual growth in total transaction volumes and values since 2017 was 32% and 40% respectively, a multitude of systems and the young age of many systems mean that few individual IPS have scaled.

Three regional IPS:

- **GIMACPAY (CEMAC)**
  - Cameroon | Central African Republic | Chad | Republic of Congo | Equatorial Guinea | Gabon

- **TCIB (SADC)**
  - Angola | Botswana | Comoros | DRC | Eswatini | Lesotho | Madagascar | Malawi | Mauritius | Mozambique | Namibia | Seychelles | South Africa | Tanzania | Zambia | Zimbabwe

- **PAPSS (Africa-wide)**
  - All countries
An additional 18 domestic and 3 regional IPS are under development: opportunity to strengthen financial inclusion in North and Central Africa

**DOMESTIC IPS IN DEVELOPMENT**

Domestic IPS are developed with the purpose of enabling interoperability among digital financial service providers (DFSPs), promoting competition, and enhancing the value proposition of digital payments for end-users. Financial inclusion is often an overarching goal.

**REGIONAL IPS IN DEVELOPMENT**

Regional IPS primarily aim to facilitate cross-border solutions for remittances, P2B and B2B payments. They also have the potential to serve domestic payment needs where no IPS exists.
While within-sector schemes have traditionally dominated, cross-domain schemes have an accelerated trajectory.

Of the existing 29 IPS:

- Bank IPS: 31%
- Mobile money IPS: 31%
- Cross-domain IPS: 35%
- Sovereign currency IPS: 3%

**Interoperability is needed to ensure effective competition and a level playing field between incumbents and new market players. The type of interoperability arrangement depends on the market context.**

Interoperability via a third party:
- All
- Bank and cross-domain IPS
- Mobile money IPS

Direct multilateral interoperability:
- 4
- Mobile money IPS

**INCLUSIVITY IMPLICATION**

The rise in cross-domain schemes supports integration for scale, resulting in a competitive market that delivers value to consumers.
IPS process nearly USD 1 trillion in value across 16 billion transactions annually, driven by mobile money and cross-domain systems

**Total transaction values and volumes have been steadily increasing over the last five years. Growth rates have been most rapid for cross-domain IPS relative to mobile money and bank IPS.**

**Increased prominence for cross-domain IPS.** Mobile money-led systems processed the highest share of total IPS transaction volumes between 2017 and 2021. Mobile money IPS are the most common IPS and are typically used for low-value payments.

Disclaimer: Countries with missing data in the public domain were excluded from the calculations. These included ZIPIT (Zimbabwe), Tanzania mobile money, TIPS (Tanzania), SIMO (Mozambique), SYRAD (Djibouti), Madagascar mobile money, Instant Payment Network (Egypt), Ta7Weel (Egypt), Tunisia mobile money, Gamswitch (The Gambia), TCIB (SADC), PAPSS (Africa-wide), eKash (Rwanda), Somalia National Payment System, and NamPay (Namibia).
There is an opportunity to integrate recurring use cases that have the most potential to drive scale

**USE CASES**

Apart from P2P and P2B, no other use cases are broadly supported by IPS.

**INCLUSIVITY IMPLICATION:** P2P and P2B use cases offer the most immediate utility for end-users and are already supported. However, use cases that provide inflow of digital funds and can drive first-time use, such as salaries and government payments, are not yet widely integrated.

Currently, only seven domestic IPS support G2P payments.¹

**Opportunity:** G2P payments have scope to drive larger scale through the system, and can act as catalysts for both initial access and sustained use of digital payments.

**DOMESTIC IPS SUPPORT FOR G2P PAYMENTS:**

- Morocco
- Tanzania
- Malawi
- South Africa
- GIP (Ghana), Ghana MMI, MarocPay (Moroc), Madagascar mobile money, Nigeria mobile money, Uganda mobile money and ZIPIT (Zimbabwe).

¹ GIP (Ghana), Ghana MMI, MarocPay (Moroc), Madagascar mobile money, Nigeria mobile money, Uganda mobile money and ZIPIT (Zimbabwe).
A range of public and private stakeholders support IPS, usually guided by a central bank, with roles often overlapping and shifting.

Central banks are prevalent in the IPS landscape and can hold multiple roles. They are often catalysts in the establishment of the system and maintain the associated development objectives.
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Functionality and governance design inform the extent of IPS inclusivity: for end-users, breadth and depth of use of digital transactions facilitated by the IPS are clear indicators

Based on the cataloguing exercise, the IPS landscape in Africa can be classified into three broad levels of inclusivity, ranked according to the inclusivity of their features, governance, the use cases supported, cost, and recourse for low-income users:

- **Not ranked**
  - Not ranked if the IPS does not fulfill basic inclusivity criteria where it does not enable P2B or P2P transactions, or does not offer channels that are most used.

- **Basic level**
  - Minimum channel functionality: most-used channel is supported
  - Minimum use-case functionality: P2P and P2B transactions are supported

- **Progressed level**
  - In addition to basic-level criteria:
    - Participation by all PSPs (cross-domain model) in the IPS
    - Pro-poor governance: inputs possible by all PSPs or there is an explicit inclusivity mandate
    - Central bank involvement in governance

- **Mature level**
  - In addition to basic- and progressed-level criteria:
    - Expanded use cases supported
    - Transparent and efficient consumer recourse mechanisms
    - Low-cost for end-users within a not-for-profit business model

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*Image of two women working together, possibly involved in digital transactions.*
Where IPS offer preferred use cases and channels, there is potential to improve inclusivity, with a few promising examples toward mature level.
Better design of IPS features can expand the potential reach to underserved individuals and MSMEs

Many IPS fall short in meeting the needs and preferences of individuals and MSMEs who, as a consequence, might not use digital payments consistently and frequently. There is still scope for IPS in Africa to effectively reach underserved and financially excluded individuals by designing and implementing IPS that reflect end-user preferences and needs.

Are instant digital payments inclusive in the eyes of consumers?

- Digital payments offer convenience, but user frustrations regarding cost, reliability, and frictions around reversals are holding back true inclusivity.
- Digital payments are used for limited use cases and are not truly mimicking the value proposition of cash in African economies.
- Women are disproportionately affected by access barriers and exploitative agent behaviour.

Male respondent in Tanzania
“You might try even up to five times and it is still telling you that the transaction has failed, yet the money has already been sent five times to that person.”

Young respondent in Tanzania
“I like using cash because mobile money has a big charge.”

Female respondent in Egypt
“The payroll card doesn’t include all transaction services, just withdrawing the salary.”

Female respondent in Ghana
“They will call you in the name an MMO or whatever company to try to defraud you; that’s our biggest challenge.”
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There is scope to promote digitalization of important household use cases by streamlining digital P2B payments

The consumer research conducted for this report provides telling insights on the extent to which key payment needs are already digitalized

### Table 10. Top 5 payment use cases for individuals and most digitalized use case

<table>
<thead>
<tr>
<th>INDIVIDUAL-LEVEL</th>
<th>Kenya</th>
<th>Ghana</th>
<th>Tanzania</th>
<th>Zambia</th>
<th>Nigeria</th>
<th>DRC</th>
<th>Egypt</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rank of the top 5 payment types based on the percentage of individual respondents that have the payment need at least once a week</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Airtime</td>
<td>Airtime</td>
<td>Airtime</td>
<td>Airtime</td>
<td>Airtime</td>
<td>Transport</td>
<td>Transport</td>
</tr>
<tr>
<td>2</td>
<td>Transport</td>
<td>Transport</td>
<td>Receive money</td>
<td>Household goods</td>
<td>Transport</td>
<td>Charity</td>
<td>Household goods</td>
</tr>
<tr>
<td>3</td>
<td>Household goods</td>
<td>Household goods</td>
<td>Send money</td>
<td>Transport</td>
<td>Household goods</td>
<td>Household goods</td>
<td>Send money</td>
</tr>
<tr>
<td>4</td>
<td>Send money</td>
<td>Receive income</td>
<td>Household goods</td>
<td>Charity</td>
<td>Receive income</td>
<td>Airtime</td>
<td>Receive money</td>
</tr>
<tr>
<td>5</td>
<td>Receive income</td>
<td>Send money</td>
<td>Transport</td>
<td>Receive money</td>
<td>Receive money</td>
<td>Receive money</td>
<td>Receive income</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Most digitalized payment type overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay for government services</td>
</tr>
</tbody>
</table>

### P2P use case need is well met:

- **82.5%**
  - send money to friends and family digitally.
- **79.8%**
  - receive money from family and friends digitally.

### Potential opportunities for further digitalization of P2B use cases:

To promote the adoption and use of digital payments for household shopping and transport, IPS should maximize the availability of payment channels and maintain a simple pricing structure with low-costs. Ensuring quick and easy settlement increases the use of digital payments for purchasing goods and transport services.
For more MSMEs to receive customer payments digitally, IPS need to integrate solutions for merchant acceptance that are easier and more efficient than cash.

Table 11. Top 5 payment use cases for MSMEs and most digitalized use case

<table>
<thead>
<tr>
<th>MSME-LEVEL</th>
<th>Rank of the top 5 payment types based on the percentage of MSME respondents that have the payment need at least once a week</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Kenya</td>
</tr>
<tr>
<td>1</td>
<td>Receive customer payments</td>
</tr>
<tr>
<td>2</td>
<td>Supplier payments</td>
</tr>
<tr>
<td>3</td>
<td>Send staff airtime</td>
</tr>
<tr>
<td>4</td>
<td>Send stuff money for transport</td>
</tr>
<tr>
<td>5</td>
<td>Utility payments</td>
</tr>
</tbody>
</table>

Most digitalized payment types overall

| Loan repayments | Send stuff money for transport and loan repayments | Pay for business government services | Pay for utilities | Send stuff airtime, send stuff money for transport, loan repayments | Send stuff airtime | Send stuff airtime |

**B2P and B2B are the most digitalized use cases:**

- 68% frequently pay staff airtime digitally.
- 76% use digital means to pay suppliers.

**P2B use case is currently underserved, with scope to digitalize:**

Increasing digitalization of the P2B use case should be accompanied by IPS features that make digital payments as tangible and instant as cash for merchants, for example, by supporting payment acceptance technology like QR codes or request-to-pay (RTP) services.
For individuals to complete the financial inclusion journey, actors across the IPS value chain must provide ongoing, coordinated support.

Context matters. It shapes the pathway for individuals and businesses.

Individuals and businesses adopt digital payments because they are convenient and save time for long-distance transfers. They find any value-added services attractive. They want to avoid risks relating to cash-handling.

Individuals and businesses use digital payments if they find it easy and simple enough. Merchant acceptance of digital payments helps individuals to use it consistently, especially if there is instant verification of beneficiary details. MSMEs use it to track sales and to monitor finances.

Consumers cannot access digital payments if they cannot meet the requisite registration requirements and cannot access transaction accounts. Access is limited by lack of mobile phone ownership, inadequate network coverage, and limited access to agents or CICO infrastructure. Not all IPS support USSD; without access to USSD, end-users with no smartphones are barred from accessing digital payments.

Women are the most impacted by barriers.

Consumers are reluctant to adopt digital payments if they are familiar with cash and don't trust the banking sector or digital payments because of security concerns. They are further deterred if services are not offered in their native language.

Low level of digital payments in the ecosystem creates a barrier to usage. Usage is lacking because of unreliable infrastructure and fears of fraud and harassment. Transaction costs and perceived unfairness around pricing deter usage. Cash is still considered instant for many use cases.

Low level of digital payments in the ecosystem creates a barrier to usage. Usage is lacking because of unreliable infrastructure and fears of fraud and harassment. Transaction costs and perceived unfairness around pricing deter usage. Cash is still considered instant for many use cases.

SUSTAINED USE
OF DIGITAL PAYMENTS

Digital payments are used consistently and frequently.

Insights are from consumer research across seven countries, including Kenya, Ghana, Tanzania, Zambia, Nigeria, DRC, and Egypt, with a quantitative sample size of 1,200 respondents and qualitative sample of 50 to 110 respondents per country.
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GhIPSS INSTANT PAY (GIP) | GHANA
Completing the financial inclusion triangle

**Value proposition**
For consumers: Provides a convenient, liquid, and low-cost alternative to cash.

**Channels**
- Agent
- App
- ATM/ kiosk
- POS
- QR code
- USSD

**Participations**
1. central bank (direct)
2. banks (direct)
3. MMOs (indirect)
4. fintechs (indirect)
5. savings & loans companies (indirect)

**Transaction flow**
Sender initiates payment → GIP → Switch operator → RTGS → Bank of Ghana → Direct participant → Recipient receives payment instantly into bank account or mobile wallet

**Inclusivity ranking**
Progressed: Supports the most used channels and essential use cases. Potential to achieve inclusive governance with more ownership and decision-making power by participants.

NIBSS INSTANT PAYMENT (NIP) | NIGERIA
An integrated ecosystem of instant payments

**Value proposition**
For consumers: Convenient, instant, low-cost digital payment
For providers: No need for complex bilateral arrangements and access to additional service offerings

**Channels**
- Agent
- App
- ATM/ kiosk
- POS
- QR code
- USSD

**Participation**
1. central bank (direct)
2. commercial banks (direct)
3. MMOs (direct)
4. MFBs (direct), fintechs and super agents (indirect)

**Transaction flow**
Sender initiates payment → NIP → Switch operator RTGS → Central Bank of Nigeria → Direct participant → Recipient receives payment instantly into bank account or mobile wallet

**Inclusivity ranking**
Basic: Serves most use cases and offers many payment channels, but governance structure does not allow for inclusive decision-making.

The CAGR between 2019 and 2021 for volumes and values were 74% and 61%, respectively.
**PESALINK | KENYA**
The banking industry’s real-time platform

**Established 2017**

**Value proposition**
For consumers: Low-cost alternative to M-Pesa for bank customers
For providers: Competition between banks and M-Pesa

**Inclusivity ranking**
Not ranked: Does not support P2B payments or access to widely used channels. Provides for equal input opportunity for participants in decision-making, but lacks clear governance role for the central bank and pro-poor mandate.

**USE CASES**
- G2B
- B2B
- B2P
- G2P
- P2B
- P2G
- P2P

**CHANNELS**
- Agent
- App
- ATM/kiosk
- Branch
- Browser
- NFC
- POS
- QR code
- USSD

**PARTICIPANTS**
1. Central bank (direct)
2. Banks (direct)
3. MFIs, PSPs, MMOs, fintechs, SACCOs (indirect)

**TRANSACTION FLOW**
Sender initiates payment
- Direct participant
- Indirect participant
- Switch operator: IPSL
- Recipient receives payment instantly into bank account or mobile wallet

**Value proposition**
For providers: Improves the cross-border payment process, standardizes compliance requirements, and removes the need for complex bilateral arrangements.

**Inclusivity ranking**
Not ranked: but shows considerable promise. It has inclusive governance, but does not offer P2B.

**USE CASES**
- G2B
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- B2P
- G2P
- P2B
- P2G
- P2P

**CHANNELS**
- Agent
- App
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- Browser
- NFC
- POS
- QR code
- USSD

**PARTICIPANTS**
14
1. Bank
2. PSP
3. Member countries

**TRANSACTION FLOW**
Sender initiates payment
- Direct participant
- Indirect participant
- Switch operator: BSA
- Recipient receives payment instantly into bank account or mobile wallet

**PESAlink**
The banking industry’s real-time platform

**Established 2017**

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**Levers for inclusivity: a multistakeholder approach can ensure that the design and implementation of IPS meet end-user needs**

<table>
<thead>
<tr>
<th>Value proposition</th>
<th>Cost drivers</th>
<th>Regulatory hurdles</th>
<th>Cybersecurity threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>To overcome the limited value proposition for larger players, there is an opportunity to...</td>
<td>To keep per-unit transaction costs down, there is an opportunity to...</td>
<td>To ensure regulatory hurdles do not stifle competition and innovation, there is an opportunity to...</td>
<td>To mitigate potential cybersecurity threats, there is an opportunity to...</td>
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</table>

- Articulate a **long- and short-term vision** to demonstrate the market and ecosystem value proposition for participants, and continuously consult and bring in DFSPs to drive scheme buy-in.
- Support use cases and channels that the majority of consumers prefer, with an aim to develop alternative **low-cost solutions** for non-smartphone users.
- Assess existing payment infrastructure for integration or interoperability potential between systems, especially for countries with smaller populations.
- Analyze market contexts to assess appropriate **use case integration** depending on end-user needs.
- Assess the market to determine the **optimal messaging standards**. If ISO 20022 is not adopted, investigate the use of a translation service.
- Ensure **pro-poor governance**: all participants have equal opportunity for input into scheme rules and decisions.
- Promote consolidation between participants on a **risk-based CDD** approach at a local level, and establish roundtable discussions at a regional level, to build **CDD harmonization**.
- Provide clarity for end-users on how to access **recourse mechanisms** and ensure that they do not face additional charges for disputes.
- Adopt **consumer protection measures** to address digital scams or cybercrimes and integrate real-time fraud protection mechanisms.
- Utilize additional tools, such as transaction receipts, to make consumers **aware of transaction status**.
As underlying technology and user needs evolve, a number of scheme-, market- and end-user-level trends will shape the IPS ecosystem for years to come.

**SCHEME LEVEL**
- Utilization of open-source software
- Adoption of the ISO 20022 messaging standard
- Emergence of original credit transfer (OCT) to allow end-users to push money to a recipient’s card and vice versa
- Enabling merchant acceptance through integration of P2B use cases and lower merchant fees
- Transition towards open API and cloud computing
- Involvement of IPS participants in scheme design

**MARKET LEVEL**
- Increasing 3G, 4G, 5G rollout
- Market entry by techfins, such as social media platforms
- Utilization of data through data mining
- Emphasis on payment technologies driving convenience, such as QR codes and RTP services
- Increased risk of fraud reported by IPS participants and end-users

**END-USER LEVEL**
- Increasing smartphone adoption
- Rising consumer security concerns underpinning the importance of consumer protection

**Nascent but broad exploration of retail CBDC.** Nigeria has already launched the eNaira, and Ghana is set to launch the pilot of its e-Cedi. Fifteen (15) other African countries are considering retail CBDC to enhance or supplement IPS, with the longer-term objectives of leading to deeper engagement and inclusion.
To close the inclusivity gaps, various payment system stakeholders must collaborate to design IPS that meet end-user needs.

 FUNCTIONALITY IMPLICATIONS

Well-researched scenario pathways for developing IPS can indicate when to roll out use cases appropriately.
Integration of as many channels and instruments as possible increases utility for end-users.

 GOVERNANCE IMPLICATIONS

A visionary plan spearheaded by a champion can motivate stakeholder participation.
Equal opportunity for input by participants into scheme rules can ensure pro-poor governance.
Appropriate ownership structure and the regulator’s role can safeguard the system as a public good.

 INFRASTRUCTURE IMPLICATIONS

Achieving scale is necessary for long-run sustainability; but, to date, total IPS transaction values remain low, relative to GNI.

 Potential solution? Leveraging or appropriately decommissioning underutilized infrastructure can keep per-unit transaction costs down.

Opportunity for private sector players together with public sector efforts:
Upgrading and improving mobile network infrastructure, and making mobile network connections more affordable can drive uptake of capable mobile phones in underserved areas, allowing end-users to access the IPS available.

Transaction values

- 75% of GNI: 4 IPS have transaction values in excess of 75% of GNI.*
- 10% of GNI: 10 IPS have transaction values of 10% of GNI or lower.

*NIP (Nigeria), GIP/Ghana MMI, Uganda mobile money, and Kenya mobile money
AfricaNenda invites stakeholders and partners to pave the way towards fully inclusive IPS across Africa

The foundation is there: Instant payments have a foothold on the continent, and IPS have made substantial efforts to extend access to low-income users.

But more is needed: To truly transform the way that African citizens and MSMEs transact to meet their daily needs, deliberate steps are needed to make the IPS landscape even more inclusive.

THE ROAD TO GREATER INCLUSIVITY REQUIRES:

Inclusive functionality
that paves the way for a digital ecosystem that has a compelling value proposition for all use cases relevant to users

Inclusive governance
with fair access for all digital financial service providers and equal input into decision-making

A call to action:
The more IPS share their data and stories on progress and performance, the greater the learnings will be to the benefit of all.

AfricaNenda is committed to achieving the common goal of making digital instant payments more accessible and useful for all. AfricaNenda acknowledges the role and contributions of other development partners in pursuing this mission.

Forthcoming: SIIPS 2023