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FOCUS NOTE

Unlocking Pan-African Trade: The Transformative Power of Regional Instant Payment Systems

Africa is at a turning point in advancing intra-continental trade, with regional instant payment systems (IPS) emerging as a game-changer. By reducing transaction costs, enabling local-currency settlements, and connecting banks, fintechs, and mobile money providers, IPS can empower MSMEs and accelerate Africa's transition from cash-heavy trade to an integrated digital economy. To fully realize this potential, harmonized regulations, interoperable infrastructure, and active stakeholder engagement are essential.

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Breaking Barriers:

Why Africa's Payments Landscape Holds Key to Continental Prosperity

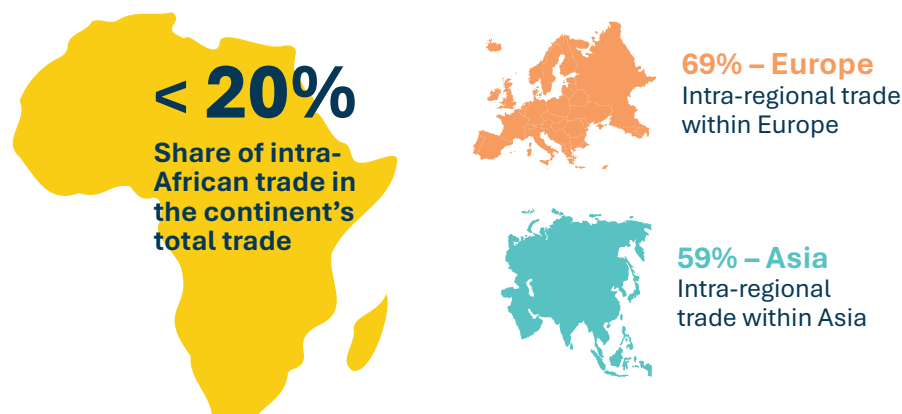
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Pan-African trade currently faces a decisive moment, shaped by historic challenges and unprecedented opportunities. Africa's population has surpassed 1.5 billion,¹ making it the world's largest free trade bloc under the African Continental Free Trade Area (AfCFTA), which encompasses 54 countries and aims to connect a combined GDP of over \$3 trillion.² Despite this economic potential, intra-African trade remains stubbornly low—consistently less than 20% of the continent's total trade—a figure far below intra-regional trade levels in Europe (69%) and Asia (59%).³

One of the primary reasons for these low trade levels is the fragmented nature of Africa's cross-border payments

landscape. Many African businesses and individuals face complex, expensive, and slow transaction processes due to instant payment system interoperability challenges, a reliance on correspondent banking relationships that often route transactions through foreign centers, and settlement processes anchored in third currencies such as the US dollar. This fragmentation is compounded by divergent national policies and regulations, inconsistent foreign exchange regimes, and a patchwork of know-your-customer (KYC) and anti-money laundering (AML) requirements, which create barriers to entry for financial service providers and increase the cost and risk of cross-border transactions.⁴

Africa still trades more with the world than with itself.



¹ At the time of writing, the population of Africa was 1,555,497 based on [Worldometer's elaboration of the latest United Nations data](#).

² Mensah, Kobby, A. and Madichie, Nnamdi, O. 2025. "African Continental Free Trade Area at Five: Taking Stock." *The Elephant*, August 28.

³ UNCTAD. 2025. *Economic Development in Africa Report 2024: Unlocking Africa's Trade Potential — Boosting Regional Markets and Reducing Risks*.

⁴ *The State of Inclusive Instant Payment Systems (SIIPS) in Africa 2023 Report*

The resultant high transaction costs are significant, and cross-border payment fees in Africa are among the highest globally, with recent data showing costs around 7.4% to 8.4%. This significantly exceeds the approximate global average of 6.4% and makes the Sustainable Development Goal (SDG) target (under 3% by 2030) unlikely for Africa.⁵ The World Trade Organization (WTO), African Export-Import Bank (Afreximbank), and World Bank stress that high costs, limited access to credit, stringent regulations, and information asymmetries for African micro, small, and medium-sized enterprises (MSMEs) hinder their participation in regional trade. This reinforces informal, cash-based transactions, and contributes to the continent's large trade finance gap.

However, sweeping change is underway and African digital financial services are growing into a vibrant ecosystem of policymaker partnerships, central banks, instant payment system (IPS) operators, participating financial service providers, and application programming interface (API)-based wallet aggregators from leading fintechs. This organic community is building and integrating instant cross-border retail payment rails that promise to turbocharge commerce, empower MSMEs, and bridge Africa's trade finance gap at last. These efforts have demonstrated that instant, low-cost, and local-currency cross-border payments are possible without the need for foreign intermediaries. By empowering MSMEs with digital payment tools and enabling seamless intra-African commerce, these innovations are set to close the continent's trade finance gap and unlock inclusive economic growth.

Africa's Cross-Border Payment Costs Remain Among the Highest in the World



7.4% – 8.4%

Africa

Average cost of cross-border payments in Africa



6.4%

Global

Average cost of cross-border payments



< 3%

SDG Target 2030

UN SDG Goal for affordable cross-border payments

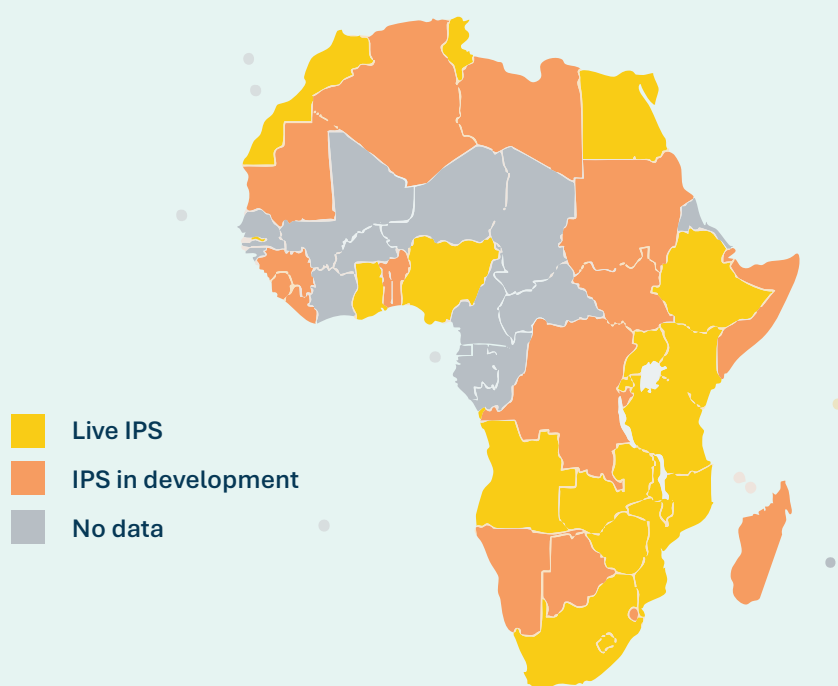
High transaction costs limit African MSMEs' access to regional trade and credit, reinforcing informal, cash-based systems.

— WTO | Afreximbank | World Bank

⁵ tralac. 2025. "Africa's Remittance Costs Are Coming Down, but Very Slowly?" tralac, April 23, 2025.

The Cross-Border Payments Revolution:

Instant Payment Systems on the Rise



According to the State of Inclusive Instant Payment Systems in Africa (SIIPS) 2024 report, IPS transaction volumes have increased by 37% and transaction values by 39% over the past five years. Over 31 IPS are now operational, covering 32 billion transactions valued at \$1.2 trillion (as of June 2024). Regional IPS across Africa are rapidly transforming the prospects for

cross-border retail digital transactions - making them seamless, affordable, and secure whilst laying the groundwork for regional integration and a new era of Pan-African trade vitality. Monetary union-led systems and independent regional systems (live or in development) seek to address Africa's historic payment fragmentation and catalyze economic growth.



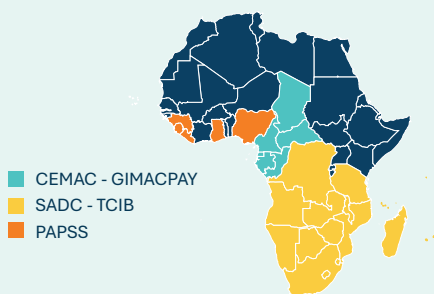
+37%

Growth in IPS transaction volume over the past 5 years.



+39%

Growth in IPS transaction value over the past 5 years



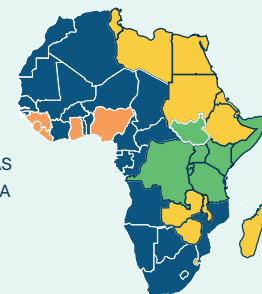
Live regional instant payment systems include:

- **CEMAC - GIMACPAY** serving the Economic and Monetary Community of Central Africa. It is unifying cross-country payments in six francophone economies under a single monetary policy and currency: the CFA franc (XAF).
- **SADC - TCIB (Transactions Cleared on an Immediate Basis)**. In Southern Africa, the TCIB IPS enables retail instant payments in multiple currencies, directly connecting banks and mobile money providers across markets.
- **PAPSS (Pan-African Payment and Settlement System)** - developed by Afreximbank and the African Union, PAPSS enables cross-currency instant payments between central banks in any participating country, using local currencies for both sender and recipient. As of 2024, PAPSS is live in nine West African countries.
- **The Central Bank of West African States (BCEAO)** recently launched the instant payment system PI-SPI on September 30, 2025⁶, marking a significant milestone for the West African Economic and Monetary Union (UEMOA) region. The system aims to modernize payment services, enhance financial inclusion, and strengthen monetary sovereignty in the eight UEMOA member countries, laying the groundwork for further digital financial innovations.

Several domestic IPS in Africa have developed - or are piloting - cross-border functionality, allowing users to send and receive payments across national boundaries. Notable examples, interconnected with PAPSS, include:

- GIP: Ghana Interbank Payment and Settlement System (GhIPSS) instant payments
- NIP: Nigeria's National Inter-Bank Settlement System (NIBSS) instant payments

This advancement enables banks, mobile money operators, and fintechs in these countries to offer seamless cross-border retail payments - often in local currencies - to consumers and MSMEs.



Regional instant payment systems in development include:

- **The East African Community (EAC)** is in the process of developing a regional instant retail payment system as part of its broader digital integration agenda.
- **The Economic Community of West African States (ECOWAS)** has mandated the West African Monetary Agency (WAMA) to establish a regional payment and settlement system—including an instant retail payment component—as part of the roadmap for the ECOWAS single currency program. This initiative seeks to harmonize and interconnect existing payment systems across the region, including an IPS being rolled out in WAEMU, a regional sub-group of ECOWAS.
- **The Common Market for Eastern and Southern Africa (COMESA)** is developing an instant retail payment system as part of its digital financial inclusion program.



⁶ Speech by Governor Jean-Claude Kassi BROU at the official launch ceremony of the Interoperable Platform for the Instant Payment System (PI-SPI)

The Opportunity:

A Pan-African Payments Highway and How to Get There

The emerging opportunity for a Pan-African payments highway is becoming increasingly evident as more regional and domestic IPS come online or approach completion across the continent.

In the next couple of years, overlapping integrations and direct linkages among these systems are poised to cover more than 40 African nations, creating an unprecedented digital trade ‘superhighway.’

This infrastructure will empower millions of MSMEs, fuel diaspora remittance flows, and revolutionize retail commerce by slashing transaction costs, cutting settlement timelines, and enabling local currency payments across borders - thereby breaking dependency on USD for regional trade. As robust IPS interconnectivity spreads, even informal and small merchants can participate, ensuring that the digital economy serves every African business and household and accelerating the continent’s shift from cash-dominated, fragmented trade to an integrated, inclusive, and thriving intra-African market.

1 Enabling scale, interlinking IPS, and minimizing redundancies

Coordinated policy and infrastructure reforms are essential to enable scaling and interlinking and to minimize redundancies across Africa’s IPS. First, a continent-wide push to harmonize policy and regulatory frameworks, especially standardizing KYC, AML, and combating financing of terrorism (CFT) protocols, as well as licensing models, stands out as a foundational intervention for Africa’s digital payments future, according to AfricaNenda’s SIIPS 2023 report. Fragmented rules and compliance requirements create friction, slow down transaction flows, and make it costly for fintechs and non-banks to scale cross-border offerings. The 2024 SIIPS research highlights the transformative impact of recent interoperability mandates in several countries, where unified protocols have unlocked rapid, secure connections among banks, fintechs, and mobile money providers. By building these precedents and embracing continental standards, policymakers can open the digital finance ecosystem to more providers, foster true competition, and drive seamless, real-time payments for MSMEs and consumers alike, making every transaction cheaper, safer, and more inclusive.

At the operational level, Africa must invest in interoperable clearing protocols and shared settlement layers. This involves building technology infrastructure so that different platforms can clear and settle transactions across borders in real time. Such investments will allow these systems to ‘talk’ to each other, avoid costly duplication of rails, and further reduce transaction friction, making local currency settlement and cross-payment system payments a practical reality.

Finally, the development and use of unified messaging protocols and aggregators are critical. Adopting API-driven switches, industry-wide messaging standards (such as ISO 20022), and establishing regional interoperability hubs will address technical fragmentation. This approach empowers ecosystem players to connect, exchange data reliably, and scale services faster and more securely, providing the backbone for a truly integrated Pan-African payments landscape.

2 Addressing overlaps and duplications

To tackle overlaps and reduce duplications in Africa’s rapidly evolving instant payment infrastructure, strong coordination is essential. Regional coordination forums could help prevent parallel investments in similar infrastructure and ensure resources are channeled where they are most needed, maximizing socio-economic impact across the continent.

Finally, the involvement of active stakeholder feedback in shaping expansion roadmaps, especially from MSMEs, fintech innovators, and cross-sector user groups, ensures that these systems are built to address real-world needs. By embedding business and user perspectives into design and decision-making, regional payment systems will align not only with integration goals but also with practical priorities like convenience, cost, and inclusion, making Africa’s digital payment future both efficient and people-centered.



Africa's Payments Revolution:

The Moment to Act Is Now

In this decisive era for African trade and financial inclusion, the growth of regional instant payment systems is unlocking the continent's true economic potential. As highlighted throughout this focus note and validated by AfricaNenda's SIIPS 2023 and 2024 reports, the rapid expansion and interlinking of cross-border instant payment platforms are laying the foundation for an inclusive, vibrant Pan-African market. These digital rails promise to slash transaction costs, eliminate friction from legacy correspondent banking, and empower millions of MSMEs with local-currency payments in real time.

Yet, to make this promise real, collective action is imperative. Policymakers must drive bold harmonization of regulatory frameworks, especially around KYC, AML, CFT, and licensing, setting a Pan-African standard that opens IPS participation to banks, fintechs, and mobile money providers alike. Strategic investments in interoperable infrastructure and unified messaging must ensure that every IPS 'talks' to each other, minimizing redundancies and maximizing reach. Regular mapping and regional coordination, together with active stakeholder inclusion, from MSMEs to tech innovators, must guide expansion and responsiveness to real-world needs.

If Africa delivers on these interventions, the continent will close its Pan-African trade gap - the shortfall in trade finance, estimated at around US\$100 billion annually ⁷, which limits African businesses' ability to participate in both intra-African and global trade. The continent will propel equitable growth and transition from fragmented, cash-heavy trade to a modern, people-driven digital economy. The time for transformative action is now - so that every African business, consumer, and innovator benefits from a truly integrated payments highway.

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⁷ African Trade Report 2025: African Trade in a Changing Global Financial Architecture



About AfricaNenda

AfricaNenda Foundation is an Africa-based, African-led nonprofit working with central banks and payment ecosystem stakeholders to accelerate the design, development, launch, and improvement of inclusive instant payment systems.

Our team of 24 experts in 13 countries provides technical expertise, builds capacity, shares knowledge, and advocates for inclusivity across the instant payment system project lifecycle.

Through this work, we aim to help **deliver the power of seamless and affordable digital payments to 260 million financially excluded Africans by 2030.**

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