



THE STATE OF INCLUSIVE INSTANT PAYMENT SYSTEMS IN AFRICA

SIIPS 2024 • Executive Summary

Acknowledgments

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About this report

The State of Inclusive Instant Payment Systems (SIIPS) in Africa 2024 report is a flagship annual report by the AfricaNenda Foundation. The SIIPS report aims to inform public-sector and private-sector players in Africa and beyond about the developments in the instant retail payment system (IPS) ecosystem in Africa, including an assessment of the inclusivity of such systems, both in functionality (accessible to all end users) and governance (all licensed payment providers have fair access and design input

opportunities). For this report, only systems with live transactions and functionality as of June 2024 were included. The authors gathered the data in this report directly from central banks and public or public-private instant payment system operators in Africa and from publicly available resources between January and June 2024. The findings also include insights from extensive stakeholder interviews conducted during the same period. The consumer research was conducted between February and March 2024.

Thank you

We sincerely thank the central banks of Angola, Egypt, The Gambia, Ghana, Kenya, Lesotho, Madagascar, Mauritius, South Africa, Tanzania, Tunisia, and Uganda, and the IPS operators EthSwitch (Ethiopia), Gamswitch (The Gambia), Integrated Payment Systems Ltd. (Kenya), Natswitch (Malawi), Nigeria Inter-Bank Settlement System, RSwitch (Rwanda), BankservAfrica (South Africa), Zambia Electronic Clearing House Limited (ZECHL), Zimswitch Technologies (PVT) Ltd. (Zimbabwe), and GIMAC (CEMAC) for providing data to help close information gaps.

This data has helped enrich the analysis of the IPS landscape and enable deeper insights into what is working and where inclusivity gaps remain. We invite more central banks and instant payment system operators to share data and contribute to increasing transparency and sharing knowledge that enables access to digital payments. The list recognizes contributing central banks and IPS operators in alphabetical order by country.

System	Volume and values data by central Bank
KWiK (Angola)	National Bank of Angola
IPN and Meeza Digital (Egypt)	Central Bank of Egypt
Gamswitch (The Gambia)	Central Bank of The Gambia
GIP and Ghana MMI (Ghana)	Bank of Ghana
Kenya mobile money (Kenya)	Central Bank of Kenya
LeSwitch (Lesotho)	Central Bank of Lesotho
Madagascar mobile money (Madagascar)	Banque Centrale de Madagascar
MauCAS (Mauritius)	Bank of Mauritius
RTC (South Africa)	South Africa Reserve Bank
Taifa Moja; TIPS (Tanzania)	Bank of Tanzania
Tunisia mobile money (Tunisia)	Banque Centrale de Tunisie
Uganda mobile money (Uganda)	Bank of Uganda
System	Volume and values data by IPS operator
EthSwitch (Ethiopia)	EthSwitch
Gamswitch (The Gambia)	Gamswitch
PesaLink (Kenya)	Integrated Payment Systems Ltd. (IPSL)
Natswitch (Malawi)	Natswitch
NIP (Nigeria)	Nigeria Inter-Bank Settlement System (NIBSS)
eKash (Rwanda)	RSwitch
Payshap (South Africa)	BankservAfrica
NFS (Zambia)	Zambia Electronic Clearing House Limited (ZECHL)
ZIPIT (Zimbabwe)	Zimswitch
GIMACPAY (CEMAC)	Groupement Interbancaire et Monétique de l’Afrique Centrale (GIMAC)

Tracking progress toward inclusive instant payments

One of the most powerful aspects of account ownership is that it equips people to receive and to make digital payments, which are proven to bring significant economic benefits. People with an account are better able to safely and conveniently manage their finances, including unexpected dips in income, by having a safe place to store and save income, and to receive financial support from a geographically dispersed network of friends and family (Jack & Suri 2014; Riley 2018).

Ensuring these benefits of digital payments accrue to everyone in Africa requires dramatic expansion in the share of adults who can access and use them. Digital payments cannot be limited to the 55% of Africans who are financially included but must also be available to the 45% who currently are not—over 400 million adults on the continent. Yet one of the reasons why they are limited is because the payments infrastructure on the continent is not yet fully inclusive—neither in terms of geographic coverage nor in terms of accessibility and affordability.

In this third annual *State of Inclusive Instant Payment Systems (SIIPS) in Africa 2024* report, AfricaNenda analyzes

the efforts to make instant digital payments more available and accessible in Africa through the development of inclusive instant payment infrastructure. Using a combination of supply-side and demand-side sources, we offer an in-depth look at the public-sector and private-sector instant payment systems (IPS) in Africa and assess the inclusivity of such systems, both in functionality (accessible to all end users) and governance (all licensed payment providers have fair access and design input opportunities).

For this report, only systems with live transactions and functionality as of June 2024 were included, as determined through data collected between January and June 2024 directly from central banks, from public or public-private instant payment system operators, and from publicly available resources. The findings also include insights from extensive stakeholder interviews and from end-user research conducted between February and March 2024 in Algeria, Ethiopia, Guinea, Mauritius, and Uganda. Finally, the report includes detailed case studies from Mauritius, South Africa, Tanzania, and Zimbabwe.¹ Together, these sources provide an overview of key trends, barriers, and opportunities for IPS inclusivity in Africa.

The resulting analysis of these information sources shows that the availability and maturity of instant payment systems has increased in the past year—a promising outcome. Yet there is still more to do to ensure that IPS are reaching everyone on the continent, including women and the poor. At present, the report shows that no IPS in Africa has reached a mature level of inclusivity. Instead, according to the AfricaNenda 2024 Inclusivity Spectrum detailed on pages 12-13 of this Executive Summary and Chapter 2 of the full report, more systems have reached basic or progressed levels of inclusivity.

Specifically, most IPS still do not support a broad range of use cases (e.g., person-to-person (P2P), person-to-business (P2B), business-to-business (B2B), government-to-person (G2P), etc.) across a variety of participant types. Nor do they yet provide effective recourse options to end users. Thus, there is still an urgent need for IPS to evolve into inclusive IPS (IIPS) if they are to effectively deepen financial inclusion in Africa.

By enabling easy and instant transfer of money between people, businesses, and governments, IIPS can evolve to serve as key **digital public infrastructure** (DPI) in Africa.

What is Digital Public Infrastructure?



DPI is a concept recently endorsed by the G20 to unify the efforts around building the infrastructure of the digital era. It has been defined as “a set of shared digital systems that are secure and interoperable, built on open technologies, to deliver equitable access to public and/or private services at a societal scale” (UNDP, 2023b).



GPFI clarifies for the financial context, “... ‘system’ should be interpreted broadly to include protocols, frameworks, and governance arrangements that market players rely on and use to provide products and services to their customers. Conceptually, DPIs could be seen as a core set of foundational systems that enable intensive use and provision of digital services across a range of economic and social interactions and actors. What constitutes a DPI could vary by country context, but, in general, includes digital ID, digital payments, and data exchange in the financial sector” (GPFI, 2023).

What is an instant payment system and when does it become inclusive?²



Instant payment systems (IPS) are retail payment systems that are **open loop** and that enable **irrevocable, low-value**, digital credit push transactions in **near real time** for use **24 hours** a day, **365 days** a year. IPS and Fast Payment Systems (FPS) are synonyms.



Inclusive instant payment systems (IIPS) process payments **digitally in near real-time** and are available for use **24 hours** a day, **365 days** a year. They **enable low-value, low-cost** push transactions that are **irrevocable** and based on **open-loop and multilateral interoperability arrangements**. Licensed payment providers have **fair access** to the system, and system participants have **equal input opportunities** into the system. The **central bank** has the ability to shape the **governance**.³ End users have access to a **full range of use cases, payment instruments, and channels**, as well as transparent and fit-for-purpose **recourse** mechanisms.

For a full description of the AfricaNenda 2024 IPS Inclusivity Spectrum and the criteria that constitute the different levels of inclusivity, see pages 13-14 of this Executive Summary.

The following pages detail how the landscape of IPS in Africa has evolved in the past year, including how much progress they have made along the Inclusivity Spectrum. The previous SIIPS reports highlighted the importance of market innovations—offered by bank and non-bank IPS participants—for reaching underserved groups with trustworthy payment

services. This report reiterates those findings and emphasizes how convenient access and diverse use cases drive end-user adoption. This edition also showcases how regulatory reforms related to electronic know-your-customer processes (eKYC) and fintech licensing can help IPS evolve into IIPS.

¹ MauCas in Mauritius, PayShap in South Africa, Tanzania Instant Payment System (TIPS) in Tanzania, and ZIPIT in Zimbabwe.

² The definitions used in this report are in principle aligned with the definition of the 2016 Fast Payments report by Committee on Payments and Market Infrastructures: “... fast payments can be defined as payments in which the transmission of the payment message and the availability of final funds to the payee occur in real time or near-real time and on as near to a 24-hour and 7-day (24/7) basis as possible.” The SIIPS IPS definition seeks to emphasize a few specific aspects that are relevant from a financial inclusion context in several low-income countries—notably, mobile money accounts and push payments. Given this, even solutions that enable users of different mobile money providers to make and receive transfers in real time are considered under this definition, though the limitations of such arrangements are recognized in the different categorizations of IIPS. FPS could also include pull transactions.

³ The central bank has the requisite regulatory powers and implements effective oversight arrangements on an ongoing basis to determine and take corrective action to ensure that governance arrangements are appropriate and support the achievement of public policy objectives. In some country contexts, the central bank might exercise ownership control, and/or be directly represented on the board (for e.g. by nominating its serving staff or nominating an external member) to fully achieve desired governance arrangements.

An evolving landscape

Over the last year, the IPS landscape in Africa has evolved to include 28 domestic IPS and three regional IPS, bringing the total number of live and operating IPS to 31 (see Map 0.1):

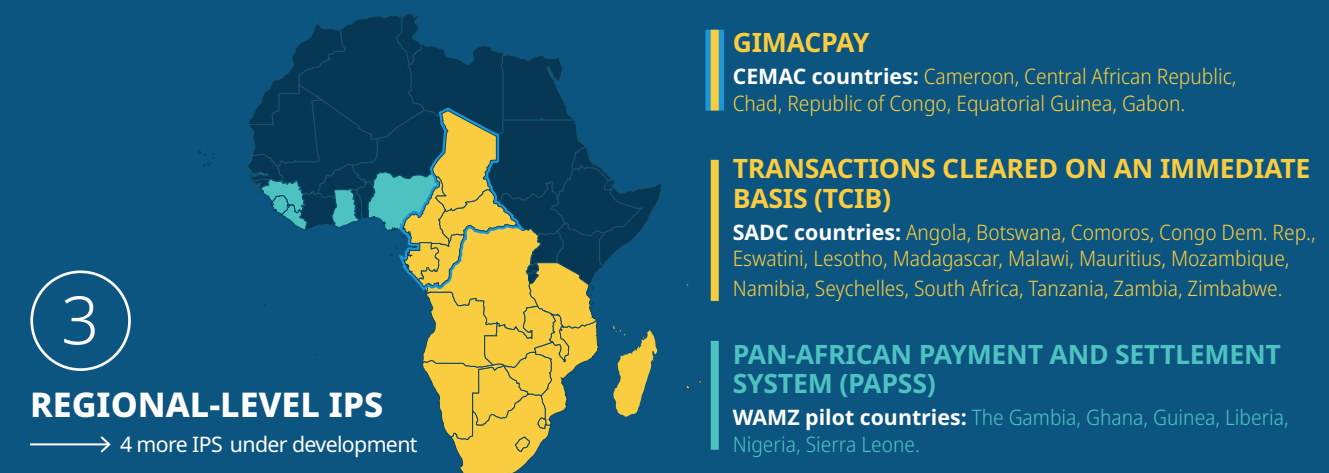
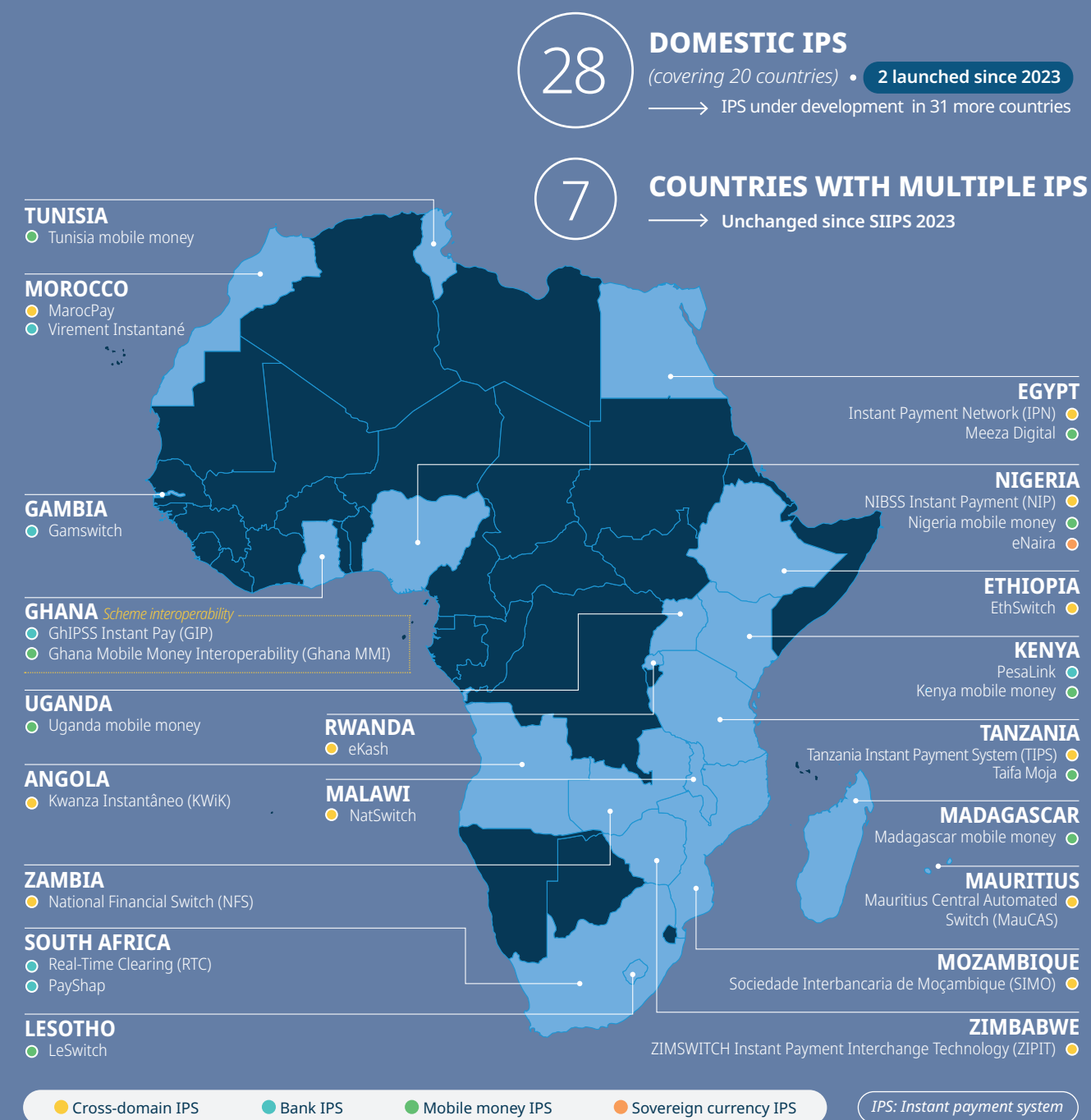
Box 0.1 | Changes since SIIPS 2023

- Between July 2023 and June 2024, two new systems launched: KWik in Angola and LeSwitch in Lesotho.
- Three systems included in the 2022 and 2023 IPS landscapes were removed after the 2024 research found that they did not fulfill the definitional requirements for inclusion. They are SYRAD (Djibouti), which is not fully operational; NamPay (Namibia), which is not available 24/7/365; and Somalia Instant Payment Network, which is undergoing modernization but is not yet fully operational.
- Two systems in the Arab Republic of Egypt were reclassified—IPN from a bank to a cross-domain system, and Meeza Digital from a cross-domain to a mobile money system.

Cross-domain systems allow both bank and non-bank participants, while mobile money systems only allow mobile money provider participation.



Map 0.1 | Active domestic IPS in Africa as of June 1, 2024



Of the 31 systems that are now live, 14 are cross-domain systems. That means they provide all-to-all interoperable payment processing and clearing between different types of payment service

providers (PSPs), such as between a bank and a mobile money provider. In addition, seven of the IPS are bank IPS and nine are mobile money IPS. The eNaira in Nigeria remains the only sovereign currency IPS in Africa.

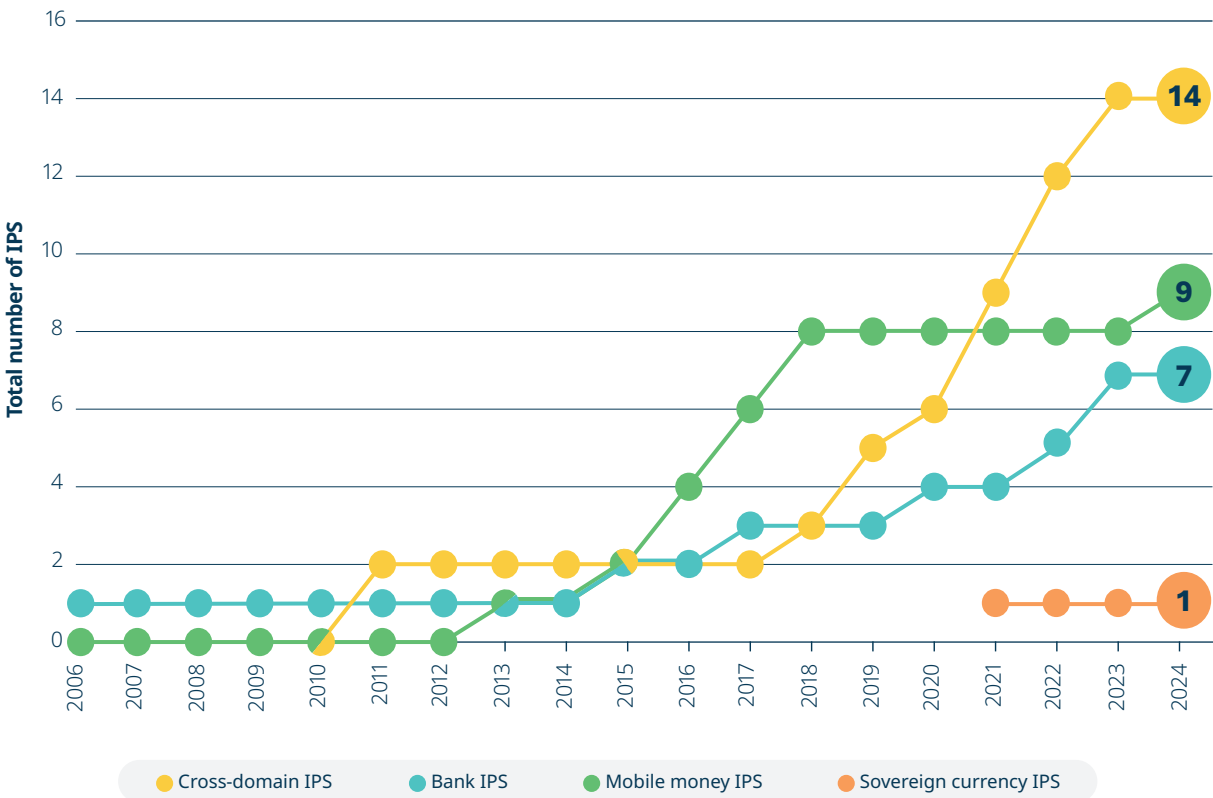
Box 0.2 | The dominant IPS types are shifting

All IPS in Africa fall into one of four “types”: **cross-domain** IPS, **bank** IPS, **mobile money** IPS, and **sovereign currency** IPS. The IPS type is based on its interoperability arrangements, which in part defines the PSPs it allows to participate: bank IPS only support banks, mobile money IPS only mobile money operators (MMOs), and cross domain IPS a range of participants. Sovereign currency IPS combine a central bank digital currency instrument and a value transfer system that can provide a unified digital value transfer mechanism between commercial instrument systems, institutional stakeholders, and individuals within an economy.

The balance in the African IPS landscape has shifted since 2010 from bank-based systems to mobile money systems to cross-domain systems (see Figure 0.1):

- Nine mobile money systems launched between 2012 and 2018.
- Cross-domain systems have gained in popularity, with eight new systems launched since 2020.

Figure 0.1 | IPS types over time (n=31)



Seven countries (Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, and Tanzania) have multiple live IPS. Ghana is still the only country where the domestic schemes are interoperable with one another. There is notable progress towards inter-scheme interoperability, however. Regulators in Egypt, Kenya, Tanzania, and Uganda have all supported the call for interoperability through amended regulations. In Kenya, there are plans underway to integrate the bank and mobile money systems more seamlessly, while TIPS in Tanzania, following a unique approach, has added all MMOs as direct participants.

In addition to the live domestic systems, there are three live regional systems; that number is unchanged since 2022. The regional systems are GIMACPAY in the CEMAC region,⁴ the Pan-African Payment and Settlement System (PAPSS),⁵ and the Southern Africa Development Community (SADC) Transactions Cleared on an Immediate Basis (TCIB).⁶ Of these, two are cross-domain (GIMACPAY, TCIB) and one is bank-based (PAPSS).

The market is poised to expand as new IPS in development come online. Thirty-one countries across the continent are developing new IPS: 27 of these countries do not have an IPS currently, and four of these countries are upgrading existing IPS capabilities. The 31 countries poised to gain IPS capabilities include the eight countries in the West African Monetary Union (WAEMU) region, which will gain domestic interoperability capabilities once a regional system that is currently in pilot has been fully rolled out.

Other regional initiatives include one covering all 15 members of the Economic Community of West African States (ECOWAS)—the WAEMU system is set to interconnect with it. Regional IPS initiatives have also been underway for several years in the Common Market for Eastern and Southern Africa (COMESA) and in the East African Community (EAC), though these systems are not yet live.

If all the planned domestic and regional IPS projects come to fruition, only Eritrea will lack domestic IPS functionality.



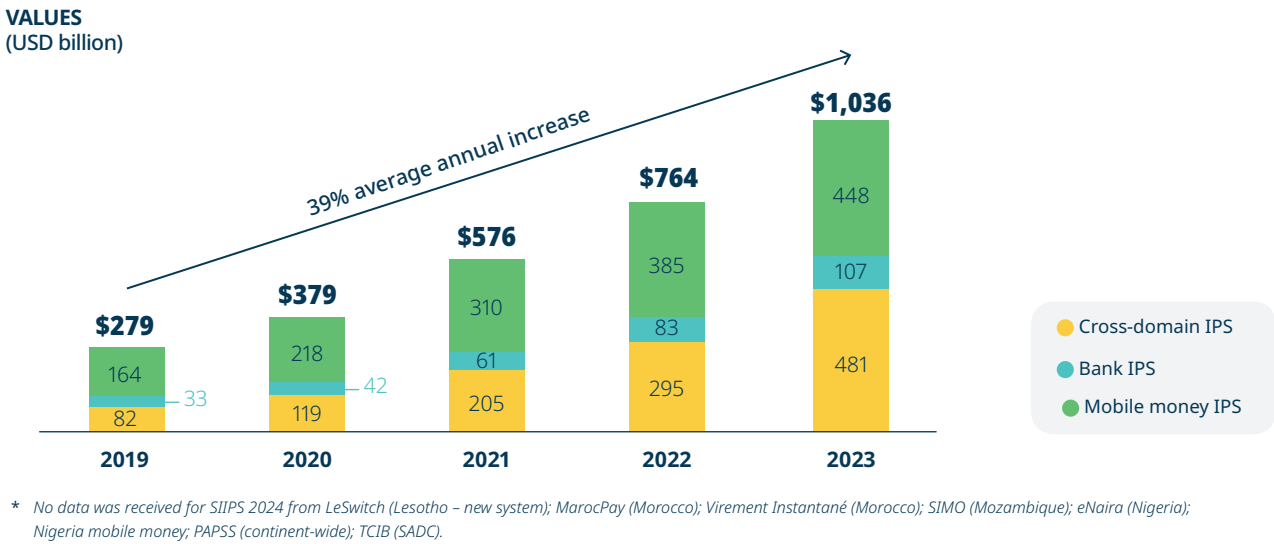
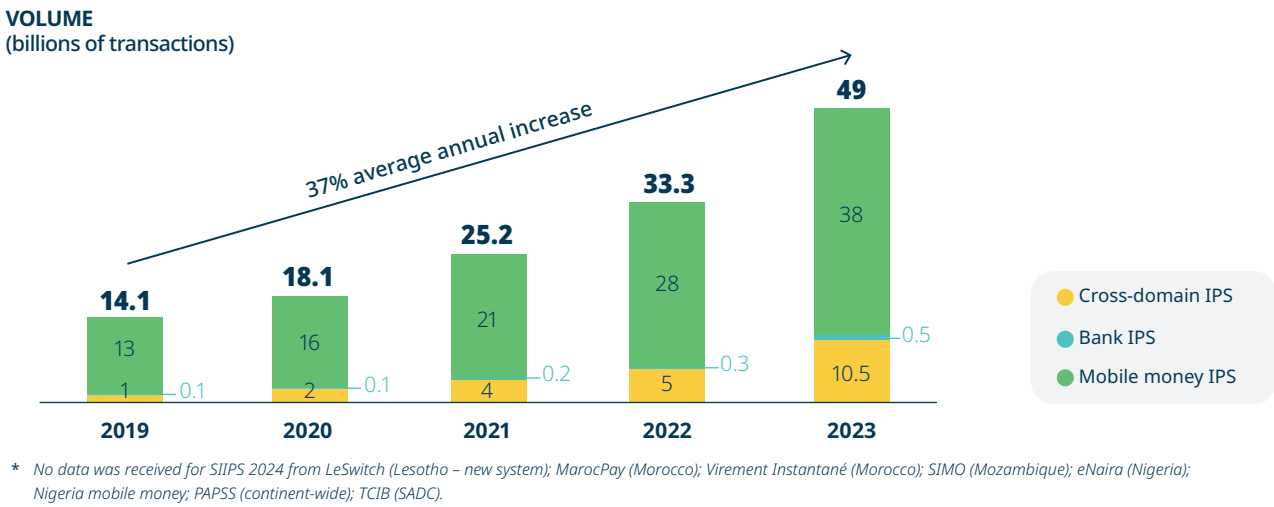
⁴ GIMACPAY covers six countries: Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea and Gabon.
⁵ PAPSS is live in the West African Monetary Zone (WAMZ) pilot countries: The Gambia, Ghana, Guinea, Liberia, Nigeria, and Sierra Leone. Djibouti has integrated to the system and more countries are in the pipeline, but it is unclear whether any retail transactions are currently processed.
⁶ TCIB is currently live in one corridor between Namibia and Zimbabwe but is set to expand to the rest of SADC: Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Seychelles, South Africa, Tanzania, and Zambia.

Reaching new heights in volumes and values

In 2023, live IPS in Africa processed 49 billion transactions, the highest volume yet. The value transacted increased at an average annual growth rate of 39% between 2019 and 2023 to over US \$1 trillion in 2023 (see Figure 0.2).

Not-on-us transactions, an indicator of interoperable transaction values, were equal to 10% or more of Gross National Income (GNI) in five countries in 2023. When looking at aggregate system volumes, IPS in two countries (Kenya and Uganda) processed values equivalent to more than 100% of GNI.

Figure 0.2 | Transaction volumes and values (n=23)*



Note: The total transaction volumes and values may be underestimated. The data in Figure 0.2 came from written survey inputs by central banks and/or IPS operators. Overall, 23 surveys were returned. The data for eight IPS were unavailable. LeSwitch (Lesotho) was only officially launched in 2024. TCIB (SADC) did not provide volumes and values in its survey response. Central banks/IPS operators of six additional IPS did not submit survey, resulting in missing values for the following systems: MarocPay (Morocco), Virement Instantané (Morocco) (both Bank Al-Maghrib), SIMO (Mozambique) (Bank of Mozambique), Nigeria mobile money, eNaira (Nigeria) (both Central Bank of Nigeria), and PAPSS (Afreximbank). Information about these systems relied on desktop research. As the eNaira is the only sovereign currency IPS and the data is missing, this category was excluded from the analysis.

Improving performance across channels, instruments, and use cases

IPS become more inclusive as they increase the variety of channels, instruments, and use cases they support, and thereby fulfill the payment requirements of end users. The picture in SIIPS 2024 largely shows similar dynamics to those seen in SIIPS 2022 and 2023:



Mobile-based channels are the most popular. Mobile phone applications, or apps, have since 2023 overtaken USSD as the most widely supported channel—at least 30 IPS support them. This is consistent with the general shift towards smartphone technologies, which can offer a more personalized user experience and can be outsourced to third-party technology providers, including fintechs. Yet this focus on smartphones may create a digital inclusion divide between people who have them and those who still use feature phones.

- **After the app channel**, the largest share of IPS support other self-initiated channels, namely browsers (supported by 24 systems) and USSD (supported by 23 systems). The latter does not require a smartphone but comes with security concerns due to a lack of message encryption.
- **Human-assisted channels** (through mobile money and banking agents) are next in line in terms of widespread support—available in 21 IPS (mobile money agents) and 20 IPS (bank branches). These channels are expensive to maintain but are crucial in markets with lower digital payment awareness, or for populations with low levels of financial literacy.
- **Channels relying on digital financial service provider technology**, notably QR codes, point of sale (POS), automated



E-money instruments remain the most common, followed by EFT. Twenty IPS support e-money instruments,⁷ followed by 18 that support credit EFT,⁸ and that support debit EFT.⁹ Ten IPS support debit cards,¹⁰ one supports CBDC (eNaira).



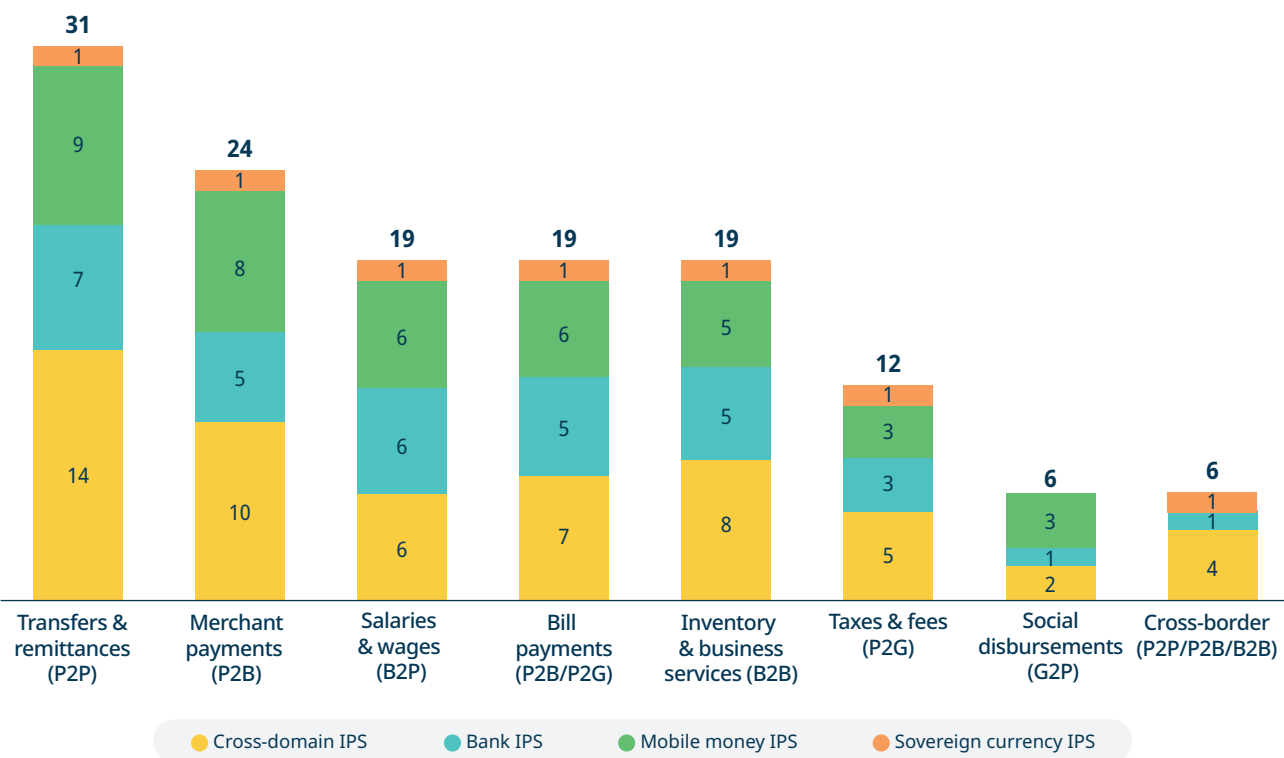
The P2P use case is universal; P2B and P2G availability are increasing (see Figure 0.3). All 31 IPS serve end-user needs for fast and convenient P2P use cases. P2B use cases are also on the rise, now supported by 24 systems. As one of the most important drivers of IPS scale, the P2B use case is key to an inclusive instant payment system. However, neither individual nor merchant end users may experience a strong value proposition compared to cash, especially in countries with nascent digital payment markets and limited e-commerce adoption. Making P2B transactions as user-friendly and quick as possible can help with the transition for both individuals and merchants. Beyond P2P and P2B payments, private-sector employers are digitalizing wage and salary payments, which the nation's IPS can enable. Nineteen systems support bill (P2B/P2G) payments. Government-to-person (G2P) payments are, however, only supported by six IPS.¹¹



Cross-border functionality is rare. Only six IPS offer it.¹²

7 KWIK, IPN, Meeza Digital, EthSwitch, Ghana MMI, Kenya mobile money, NatSwitch, MauCAS, MarocPay, SIMO, Nigeria mobile money, eKash, Taifa Moja, TIPS, Tunisia mobile money, Uganda mobile money, NFS, and GIMACPAY.
8 IPN, EthSwitch, Gamswitch, Ghana MMI, GIP, PesaLink, NatSwitch, MauCAS, Virement Instantané, SIMO, NIP, Nigeria mobile money, eKash, RTC, TIPS, GIMACPAY, TCIB, and PAPSS.
9 IPN, Meeza Digital, EthSwitch, Gamswitch, GIP, PesaLink, MauCAS, Virement Instantané, NIP, Nigeria mobile money, GIMACPAY, TCIB, and PAPSS.
10 IPN, Meeza Digital, EthSwitch, Gamswitch, NatSwitch, SIMO, NIP, NFS, ZIPIT, and GIMACPAY.
11 Ghana MMI and GIP, Madagascar mobile money, MarocPay, NIP, and Uganda mobile money.
12 The regional systems GIMACPAY, PAPSS, and TCIB, together with Madagascar mobile money, MauCAS, and NIP.

Figure 0.3 | Enabled use cases by IPS type, multiple mentions (n=31)



Banks and MMOs remain the most common direct IPS participants; fintechs mostly participate indirectly

The scope of participation in IPS is broadening. Banks have been the most prominent direct participants in bank IPS to date, and they continue to be well-represented. Mobile money IPS, in turn, have MMO participants at their core. With the rise of cross-domain systems, however, the landscape of participants is broadening to more systematically include banks, MMOs, microfinance institutions (MFI), and other non-bank PSPs. Four IPS now include all four of these categories: NIP (Nigeria), NFS (Zambia), ZIPIT (Zimbabwe), and GIMACPAY (CEMAC).

Notably, GIMACPAY unites 105 participants, including 53 banks, 11 MMOs, 27 non-bank PSPs, and 14 MFIs. Fintechs, for their part, still face hurdles to joining as direct participants.¹³ The IPS scheme rules set out the participation conditions, but the regulatory framework, and especially the PSP licensing approach, ultimately dictates which types of institutions can qualify as direct or indirect participants in a system.

Currently, all countries with live IPS in Africa have adopted some approach to regulating fintechs in their jurisdictions based on the specific activities those fintechs engage in. Regulators may apply direct licensing, indirect licensing (for example, through partnerships with licensed financial institutions), alternative tools such as regulatory sandboxes, or a complementary mix of these approaches. Due to bottlenecks in licensing reforms, however, fintech participation (other than MMOs) is still limited unless they partner with direct participants to provide front- or back-end services. Currently, only 11 out of 31 systems have non-bank PSPs that are not mobile network operator-led MMOs, including IPN (Egypt), Meeza Digital (Egypt), EthSwitch (Ethiopia), GIP (Ghana), MauCAS (Mauritius), MarocPay (Morocco), eNaira (Nigeria), NIP (Nigeria), NFS (Zambia), ZIPIT (Zimbabwe), and GIMACPAY (CEMAC).

13 For the purposes of this report, a payment fintech refers to a firm that is not a bank, microfinance institution, or postal service, yet provides technology-enabled digital payment services. The topic is further explored in Chapter 5.



More IPS have achieved progressed inclusivity, but gaps remain

Aggregating the various characteristics of the IPS in Africa allows us to map them along an IPS Inclusivity Spectrum. This spectrum includes basic, progressed, and mature inclusivity levels, according to whether they offer certain functionality and meet certain criteria (see Figure 0.4 for complete definitions and mapping). The SIIPS 2024 IPS Inclusivity Spectrum shows the following:

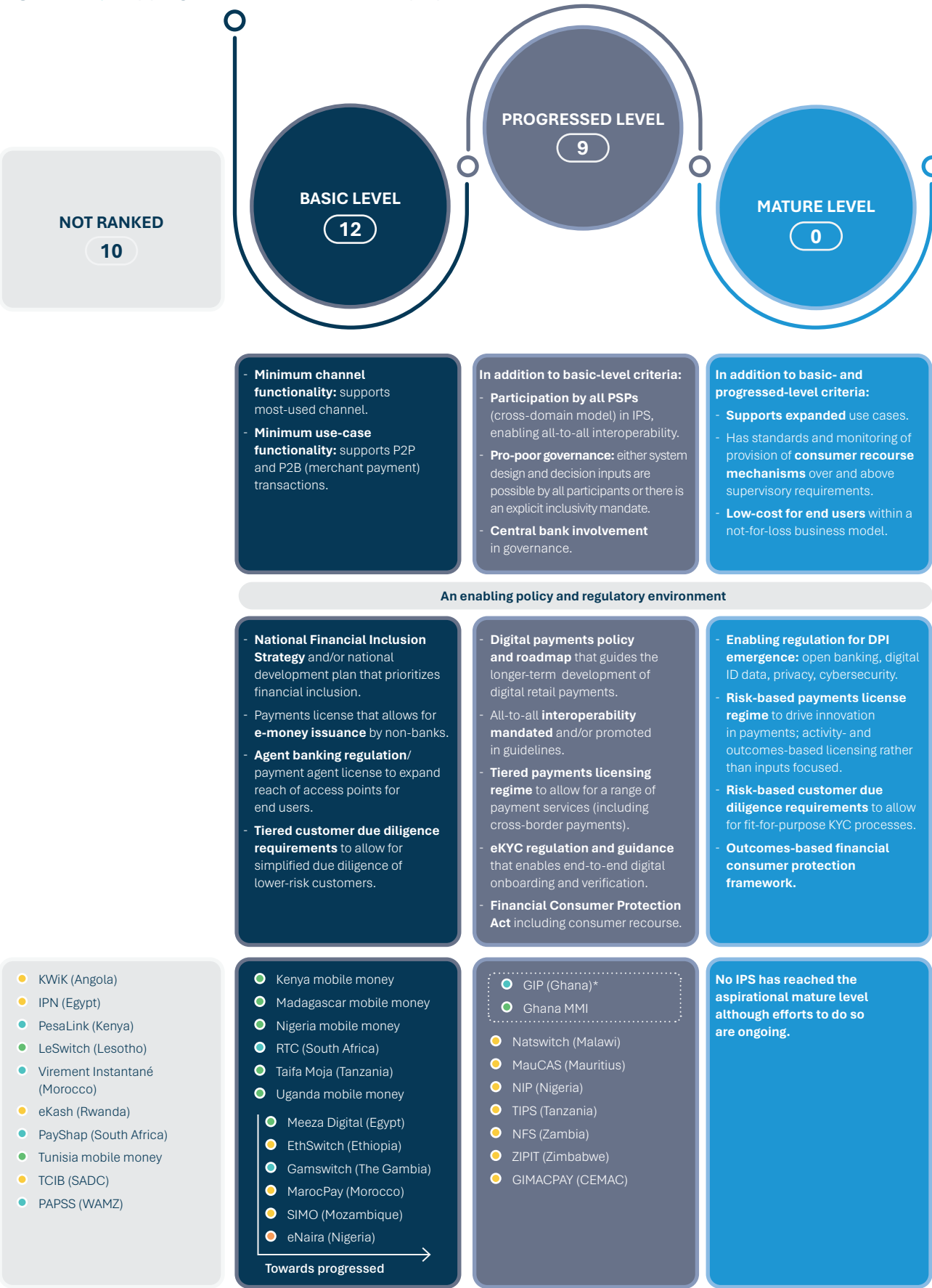
- Twelve IPS are at a **basic** level of inclusivity, meaning that they enable the channel(s) most used by the population, and they at least enable P2P and P2B use cases. Notably, the mobile money systems are all at the lower spectrum of inclusivity even though their footprints in their markets are large. This is because they do not provide cross-domain interoperability. Their industry-led origins also often mean the central bank is not involved in governance.
- Nine IPS, covering 13 countries,¹⁴ have reached a **progressed** level of inclusivity, in that they fulfill the basic-level criteria, plus (i) allow all licensed PSPs to utilize the system, (ii) engage in pro-poor governance through joint decision-making, and (iii) include the central bank in governance. They have made strides towards providing non-bank participants with a seat at the decision-making table through the creation of working groups and forums. In doing so, these systems acknowledge the rising market share of non-banks in their respective digital payment markets.

- No system is **mature** yet, meaning that no IPS meets the above criteria in addition to enabling all use cases, setting standards to ensure end-user recourse, and operating according to cost-recovery or not-for-loss principles, so that end-user transaction fees are as low as feasibly possible. NIP in Nigeria currently has the highest likelihood of reaching mature inclusivity in the short-term, as it has integrated all use cases and only falls short on providing additional recourse channels for end users. Recourse is the most complex criteria to implement, as it requires additional resources, monitoring, and continuous participant engagement. So far, only the eNaira provides a direct channel for customer disputes in the system itself.
- Ten IPS are **not ranked** as they do not fulfill the basic criteria of inclusivity, primarily due to not enabling the P2B use case.¹⁵
- This spread across the Inclusivity Spectrum reflects progress since 2023, when 12 IPS were not ranked, 15 were at the basic level, and only five at the progressed level.

14 Due to the GIMAC regional scheme enabling inclusivity in six countries.

15 KWIK, IPN, PesaLink, LeSwitch, Virement Instantané, eKash, PayShap, Tunisia mobile money, PAPSS, and TCIB.

Figure 0.4 | Mapping IPS across the Inclusivity Spectrum



* The two Ghana systems jointly achieve progressed level.

End-user insights underscore the need for reliability and convenience to drive habitual payments

End-user research conducted for SIIPS 2022 and 2023 showed a lack of phone ownership and internet access as barriers to access, but that IPS functionality and reliability could go a long way toward building trust and promoting more habitual usage of digital payments.

This year, the study sample focused on low-income people and micro, small, and medium-sized enterprises (MSMEs) that are typically underserved by payments providers, but who live in urban and peri-urban areas where payment services are available, and who could benefit from greater use of digital payments. Research was conducted in Algeria, Ethiopia, Guinea, Mauritius, and Uganda.

Gender, age, and workforce participation influence usage rates. Female respondents, for example, report that their low literacy levels, low incomes, and lack of financial independence discourage them from using digital payments. Age also affects usage patterns, with respondents younger than 30 using digital payments most frequently. How users receive income also matters. Across the sample countries, respondents with infrequent income sources use digital payments less than those with regular incomes.

Respondents highlighted several barriers that limit their current usage rates, and drivers that could help to increase them. They include:

Access: The biggest barriers to digital payment usage for the study sample include a lack of access to a transaction account or to an agent or branch; lack of documentation (such as an ID) to open an account or initiate a transaction; high perceived financial services costs;¹⁶ a lack of mobile phone and/or internet access—unreliable mobile networks in particularly stood out for some respondents; and a lack of literacy, including digital literacy, which makes it difficult to read the instructions and navigate user interfaces.

“Families won’t approve this freedom and this technology.”*
— Female, non-user of digital payments, Algeria

**Disclaimer: This quote reflects the views of the speaker and should not be interpreted as the opinion of the entire Algerian sample or of the AfricaNenda Foundation.*

“I discovered it as people were using it, I was hearing people talking about Provider A, so that’s how I started using it too.”
— Female, digital payments user, Guinea

¹⁶ In countries across Africa, such as Guinea, Kenya, and Niger, financial inclusion initiatives such as the removal of minimum fund requirements, the creation of various low-cost transaction accounts, and the reduction of agent fees, as well as the increase in mobile money service providers with lower costs have increased digital payment access (Beck, et al., 2023).



Early use: Early usage is most likely for respondents who receive their income directly into an account, whose family and friends use digital payments, or—in the case of small businesses—whose customers want to pay money digitally. End users who do not use digital payments despite having accounts and the means to pay transaction fees require a compelling reason to shift their behavior away from cash.

Five key barriers that prevent the shift to early use, include: (i) data privacy concerns, (ii) lack of need, (iii) lack of trust, (iv) perceived high costs compared with cash, and (v) lack of awareness and knowledge about digital payments.



Habitual use: Convenience is the main factor that motivates early users to become habitual users. These individuals and small business owners value the ability to access digital payments from anywhere, the time it saves them, and the safety against theft. Yet barriers still stand in the way of end users transitioning from early or

ad-hoc use to habitual use. Chief among these are: (i) unreliable mobile networks that disrupt user experiences; (ii) difficulty correcting or reversing transactions in the case of a mistake or fraud; and (iii) limited acceptance of digital payments. A lack of consistent help from service providers exacerbates the second issue, especially for surveyed users who lack financial or digital confidence, and thus worry about making mistakes. Furthermore, fraud and scams continue to undermine trust, again exacerbated by poor customer service and recourse. Finally, transaction costs can also be a barrier in some countries.

“The math you have to do is the value of your time to run your business or go to a bank just to save the money you pay for the transaction you are making.”
— Male, digital payments user, Ethiopia

Key trends and opportunities for promoting inclusivity

In the coming years, several key trends will influence the evolution of the IPS landscape in Africa, each bringing unique opportunities to build inclusivity and, with it, habitual usage. These trends play off at the market, scheme, and end-user levels (see Table 0.1):



Market conditions shape the environment in which an IPS and its stakeholders operate. These conditions include internet infrastructure and smartphone penetration. Three key trends are likely to significantly affect the market environment in the coming years:

- 1. The foundational role of DPI as a concept.
- 2. Domestic payments digitalization.



3. Key regulatory frameworks related to eKYC and fintech licensing.

The **IPS systems** on the continent are characterized by accelerated domestic roll-out prioritizing mobile phone solutions; the regional IPS systems, in contrast, are seeing comparatively delayed roll-out.



For **individual end users**, habitual use will likely remain inhibited, except for those who receive digital payments regularly, including government payments, private sector wage payments, or digital payments for agricultural goods. PSPs and IPS operators should stay aware of user trends and use them to inform their actions.

Table 0.1 | Key trends and opportunities

Market trends	Why important?	Opportunities for generating IPS inclusivity
1. The DPI concept shapes the IPS debate more explicitly	DPI has high priority in the global discourse due to its positioning as a foundation of digitalization.	<ul style="list-style-type: none">Take advantage of the momentum around DPI to position IPS schemes as an inclusive and sustainable element of digital public infrastructure. This could give IPS access to strategy development and capacity support. It could also provide a platform for collaboration with other ecosystem stakeholders—such as those working on digital ID and data exchange—to agree on standards that cut across the digital economy.
2. IPS and financial inclusion depend on mature national digital infrastructure	USSD time-outs or network errors undermine user trust, even if PSPs are not to blame. Increasing end-user trust therefore requires access to reliable mobile networks and internet connectivity, and therefore service quality. Without it, countries will struggle to increase IPS inclusivity.	<ul style="list-style-type: none">Adjust digital payment services to leverage the gains from digitalization by deploying modern payment acceptance and transfer options.Co-create infrastructure upgrade plans in places where the existing eco-system does not yet support the transition beyond USSD and develop interim workarounds such as offline payments or near-field communication (NFC) tags.Increase trust through transparency around payment status and adequate recourse channels.
3. IPS innovation will continue to be constrained by regulation and under-use of data to inform IPS processes	Most regulatory frameworks in Africa cannot yet accommodate IPS-relevant innovation. Key pain points are inadequate licensing categories within which to house fintech activities, as well as a lack of clarity and guidance on the permissibility of eKYC.	<ul style="list-style-type: none">Advocate for and offer input into regulatory reform processes to ensure IPS stakeholder realities are considered.Centralize the KYC facility within the IPS to improve the CDD processes of IPS participants. This centralization will make data available to all participants for KYC purposes. Include end-user consent mechanisms.Build a consistent approach to data collection to enable data-for-decision-making around IPS governance, required features, participant and end-user onboarding transaction risk analysis, etc.
Scheme trends	Why important?	Opportunities for generating IPS inclusivity
1. Regional IPS face roll-out delays	Regional IPS are even more complicated to set up than domestic IPS. Even the live systems continue to face challenges. It may take well over a decade for all regional IPS to achieve live status and sustainable usage rates. In the meantime, private, closed-loop, cross-border solutions are filling the gaps.	<ul style="list-style-type: none">Prepare domestic IPS for regional integration and focus on solving forex, data sharing, and cooperation challenges, thereby paving the way for faster deployment of regional IPS.Build the value proposition for regional IPS, either to double up as domestic IPS if no such domestic system exists, to bring interoperability for all PSPs and end users for both domestic and cross-border functionalities, or to solve key bottlenecks for remittances and trade payments in the cross-border context, such as foreign exchange inefficiencies.¹⁷

17 Including settlement, cross-border data sharing, and regulatory cooperation across jurisdictions.

Scheme trends	Why important?	Opportunities for generating IPS inclusivity
2. Dramatic increase in instant payment capacity	Whether an IPS evolves to become DPI depends on the business model and the number and type of participants it can attract. The volume of new IPS under development on the continent means that multiple solutions will battle each other for scale. There is the possibility that such competition will undermine IPS business models if it results in more expensive instant payment services for end users.	<ul style="list-style-type: none">• Leverage competition between PSPs to improve the value proposition of the system, including by meeting unmet needs of large PSPs.¹⁸• Optimize the business model through appropriate IPS design (such as, for example, hub-spoke models) and participation strategy.
3. IPS prioritize payments via mobile phone	Africa continues to experience an increase in mobile money accounts, and the mobile phone will remain the center of modern IPS developments. Increasingly, the focus will be on mobile apps and on using mobile numbers as a proxy identity or alias.	<ul style="list-style-type: none">• Roll out user-friendly mobile technology across the board.¹⁹• Upgrade security measures for mobile phone processes via the IPS, including through a centralized KYC facility at the IPS.• Consider the realities of USSD for those for whom smartphones remain unaffordable.
Consumer trends	Why important?	Opportunities for generating IPS inclusivity
1. Barriers to habitual use remain	Fraud, data privacy, and cost have remained consistent barriers in the past three years in all sampled countries.	<ul style="list-style-type: none">• To combat fraud, improve security features, and incorporate fast redress channels.• Mitigate the risk of data abuse through a robust data governance framework at the IPS level.• Revise pricing strategies in light of DPI and inclusivity discussions.
2. Receiving recurring income directly into an account is becoming a main catalyst for instant payment use	The Global Findex and the SIIPS end-user research consistently show the relevance of receiving income through digital channels for instant payment adoption.	<ul style="list-style-type: none">• Incorporate G2P use cases into IPS, given the high reliance on social assistance on the continent.• Centralized KYC information at IPS level can assist in beneficiary confirmation.

18 E.g. relating to KYC verification services and interoperability fee structures.
19 Including QR codes and apps with features such as request-to-pay and a verification message with recipient account details before the transaction is completed.

Enabling the ecosystem with risk-based regulation

One of the key trends that could drive more inclusive market conditions concerns the regulations related to fintech licensing and eKYC enablement.

Payment fintechs with newer business models are delivering innovative capabilities and embracing channels that may be more accessible for remote or otherwise underserved groups. Yet these payment market participants are often unable to join IPS, either because they struggle to get licensed or are perceived as increasing risk. Regulators aiming to increase inclusivity in their payments markets are exploring risk-proportionate licensing approaches that effectively manage the real-world risks that fintechs pose. Combined with alternative licensing approaches, such as test-and-learn methods or innovation facilitators, risk-proportionate licensing can help advance financial inclusion goals, especially if regulators encourage fintech participation and reduce the cost of compliance by providing guidance, revising and expanding the licensing process, leveraging supervisory technology, and making inclusion an integral part of regulatory sandboxes or innovation hubs.

Similar to licensing for non-bank PSPs, regulatory approaches to KYC can have a significant impact on a PSPs’ ability to inclusively onboard customers and equip them to use digital payments. Since IPS systems are vulnerable to the risk of money laundering, the financing of terrorism, and proliferation financing (ML/TF/PF), African countries with a live IPS are striving to implement the recommendations provided by the Financial Action Task Force (FATF), the global standard-setting body on ML/TF/PF risk management (FATF, 2023). PSPs are compelled by local regulations to implement know your customer (KYC) measures—the

terms KYC and eKYC refer to the process of capturing and verifying identity information before allowing customers to fund an account or make payments. Over-stringent approaches to KYC coupled with a strong reliance by PSPs on paper-based and manual processes not only result in excluding people but also in ineffective risk mitigation outcomes, high compliance costs, and burdensome processes for customers (FATF, 2021). eKYC replaces this manual approach with alternatives that allow the use of electronic documentation and validation.

This report’s analysis of KYC practices in African countries with a live IPS finds that all the countries have enabled elements of eKYC. For instance, most countries enable remote interactions, though many classify such interactions as high-risk. Eight countries (Egypt, Kenya, Mauritius, Nigeria, Rwanda, South Africa, Tunisia, and Zimbabwe) enable end-to-end eKYC processes, meaning that the three steps of the KYC process (e.g., customer supplies credentials, PSP checks credentials, and PSP verifies credentials) can be fulfilled electronically.

For the remaining countries, the largest gap remains in the use (or non-use) of electronic credentials, which are either not allowed or there is a lack of guidance around how to use them. The latter can breed uncertainty among PSPs on how to comply with the law, leading them to default to more stringent and less inclusive approaches (Cenfri, 2018b). This report offers six recommendations for transitioning to eKYC, and optimizing buy-in and uptake of electronic practices by developing clear regulatory guidance and amending existing regulatory frameworks in close consultation with all relevant payment and national identity system stakeholders.



Where to next?



The *State of Inclusive Instant Payment Systems in Africa 2024* report showcases the continent’s progress toward increasing digital payment transaction access and usage through IPS. More systems have moved up in the inclusivity ranking, and maturity status is within reach. For IPS to become truly inclusive, they will need to increase functionality; overcome barriers related to trust, affordability, and accessibility; and provide end users with meaningful recourse.

Further progress requires distinct imperatives for each IPS stakeholder group:

IPS operators: Incorporate user recourse and bring inclusive functionality through the use cases, channels, and instruments they support. Pursue a not-for-loss or cost-recovery IPS business model that provides a value proposition for PSPs without compromising on the inclusivity goal of creating societal-scale infrastructure. Share experiences with the broader development community—including other DPI stakeholders—and nudge regulators and policymakers to engage in DPI discussions.

IPS participants: Make the necessary technology updates to design IPS in line with inclusivity goals, take active part in DPI discussions, and champion the call for a shared and interoperable payments infrastructure.

IPS regulators, policymakers, and supervisors: Develop a strategy to lead the domestic and regional discussions around IPS as a part of DPI, and to ensure that IPS projects achieve optimal outcomes in terms of inclusivity. Develop and implement infrastructure reforms, and introduce innovation-friendly regulations, including to facilitate risk-proportionate fintech licensing.

Development partners: Play a key role to facilitate and support the efforts of IPS stakeholders, including by generating data-based evidence to inform policy making, by assisting IPS stakeholders in the design of the optimal IPS business model, and by coordinating on the various ongoing and planned DPI efforts in a country or region.



AfricaNenda is committed to helping IPS stakeholders build IIPS to serve all Africans. We are an avid proponent of interoperability to drive inclusivity in digital payment systems. Together with the World Bank and the United Nations Economic Commission for Africa, we are ready to further support relevant stakeholders in the IPS ecosystem.

