



THE STATE OF INCLUSIVE INSTANT PAYMENT SYSTEMS IN AFRICA

SIIPS 2024 • Short Report



Acknowledgments

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About this report

This is the third annual State of Inclusive Instant Payment Systems (SIIPS) in Africa report. It aims to inform public-sector and private-sector players in Africa and beyond about the developments in the instant retail payment system (IPS) ecosystem on the continent and how inclusive they are in their functionality and governance.

It draws on data gathered from central banks and IPS operators in Africa, as well as insights from extensive stakeholder interviews, detailed case studies, and primary consumer research from five countries.

SIIPS 2024 was made possible through the partnership involving AfricaNenda, the World Bank Group, and the United Nations Economic Commission for Africa (UNECA), with the generous support of the Bill & Melinda Gates Foundation.

The research for this report includes only systems with live transactions and functionality as of June 1, 2024.

The full SIIPS report is available at www.africanenda.org/siips2024

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1

Why inclusive instant payment systems matter for Africa

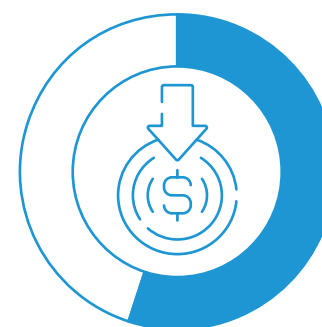


Reaching all Africans with digital payments

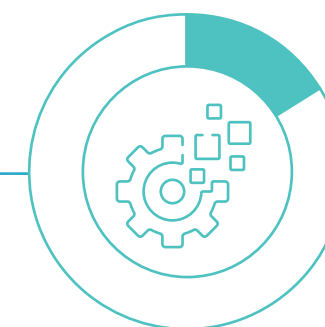
One of the most powerful motivators of account ownership is the ability to receive digital payments—39% of adults in developing economies opened their first account to do so (World Bank, 2021).

Yet the ability to promote convenient and affordable payments and drive financial inclusion is limited because half of the countries in Africa do not have a national scale instant payment system (IPS).

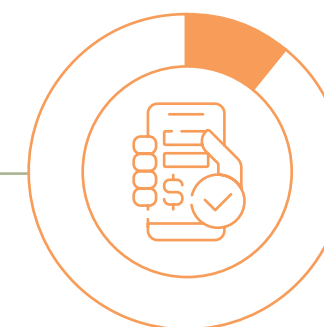
This inclusion gap is one of the reasons why only 16% of individuals in sub-Saharan Africa made a digital merchant payment and only 11% paid a utility bill using a mobile phone as of 2021 (World Bank, 2021). More needs to be done to deliver inclusive digital payment services.


55%

of African adults were
financially included
as of 2021


16%

made a digital
merchant payment


11%

Paid a utility bill using
a mobile phone

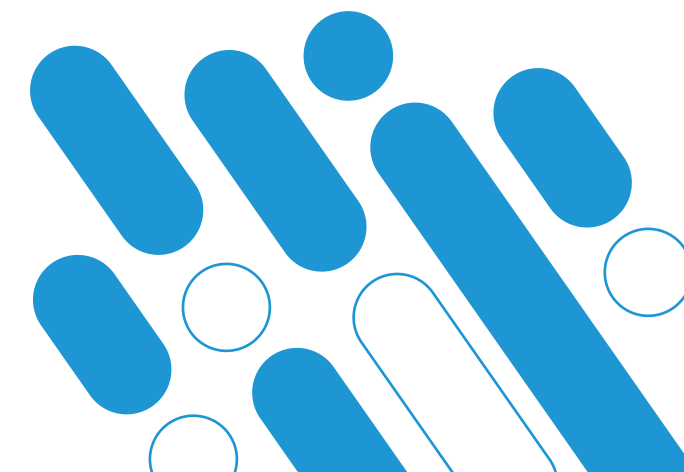
Source: World Bank (2021). Global Findex Database.



Digital Public Infrastructure: The next frontier of inclusivity in payments

One of the primary ways to expand inclusive digital payments is by building and expanding the payments layer of digital public infrastructure, thereby ensuring that every country has access to an IIPS capable of delivering at societal scale.

IPS domiciled in Africa have the potential to provide the payment layer of digital public infrastructure (DPI).



What are inclusive instant payment systems (IIPS)?



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, unless there is planned maintenance or system downtime. 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, or as close to that as possible. 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****. End users have access to a **full range of use cases and channels**, as well as transparent and fit-for-purpose **recourse** mechanisms.

What is Digital Public Infrastructure?



Digital public infrastructure (DPI) is “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.” The elements of DPI include identification, private and safe data sharing, and payments (G20, 2023).



The Global Partnership for Financial Inclusion (GPFI) clarifies, “... ‘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” (GPFI, 2023).

* 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.

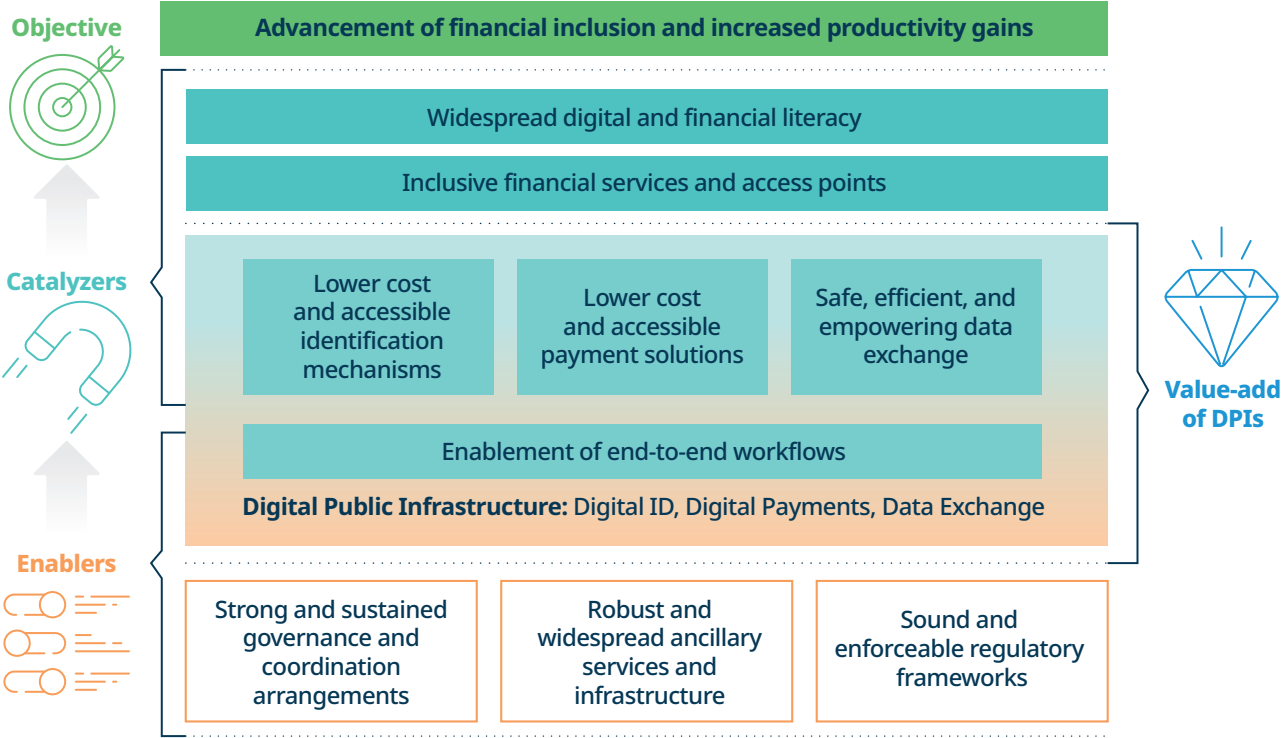
** The central bank has the requisite regulatory powers and implements effective oversight arrangements on an ongoing basis to determine and take corrective action to ensure that governance arrangements are appropriate and support achievement of public policy objectives. In some country contexts, central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



Despite the growth in the number of IPS over the past decade, however, they are not yet well integrated with existing DPI efforts. This is because most nascent DPI initiatives initially focus on ID systems. Moving forward,

it will be vital to ensure that DPI projects build on ongoing IPS efforts in the move towards more inclusive payment services.

Figure 1.1 | DPI and financial services



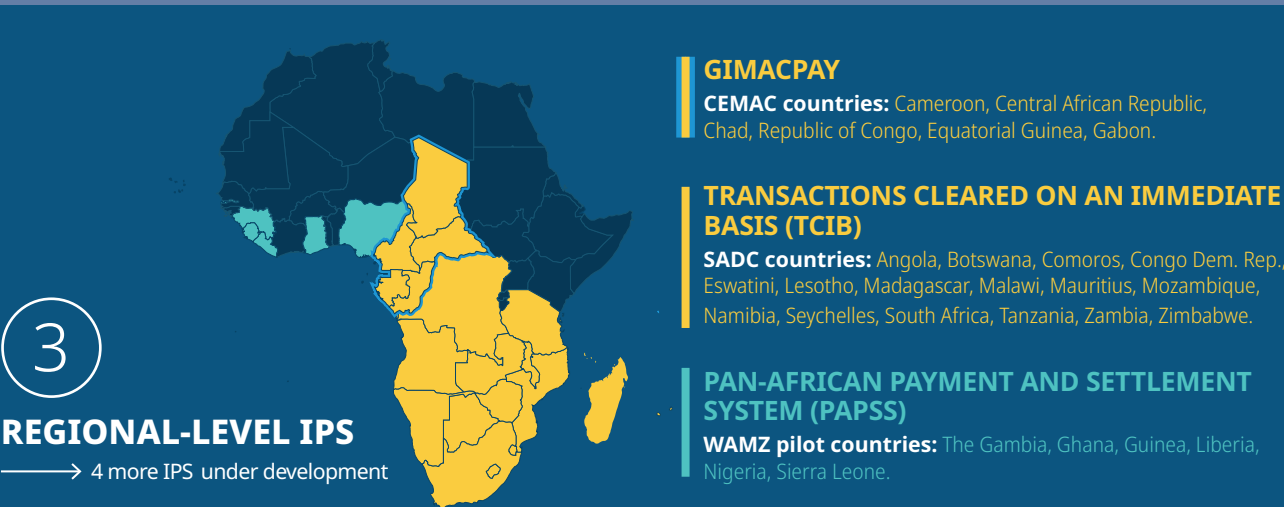
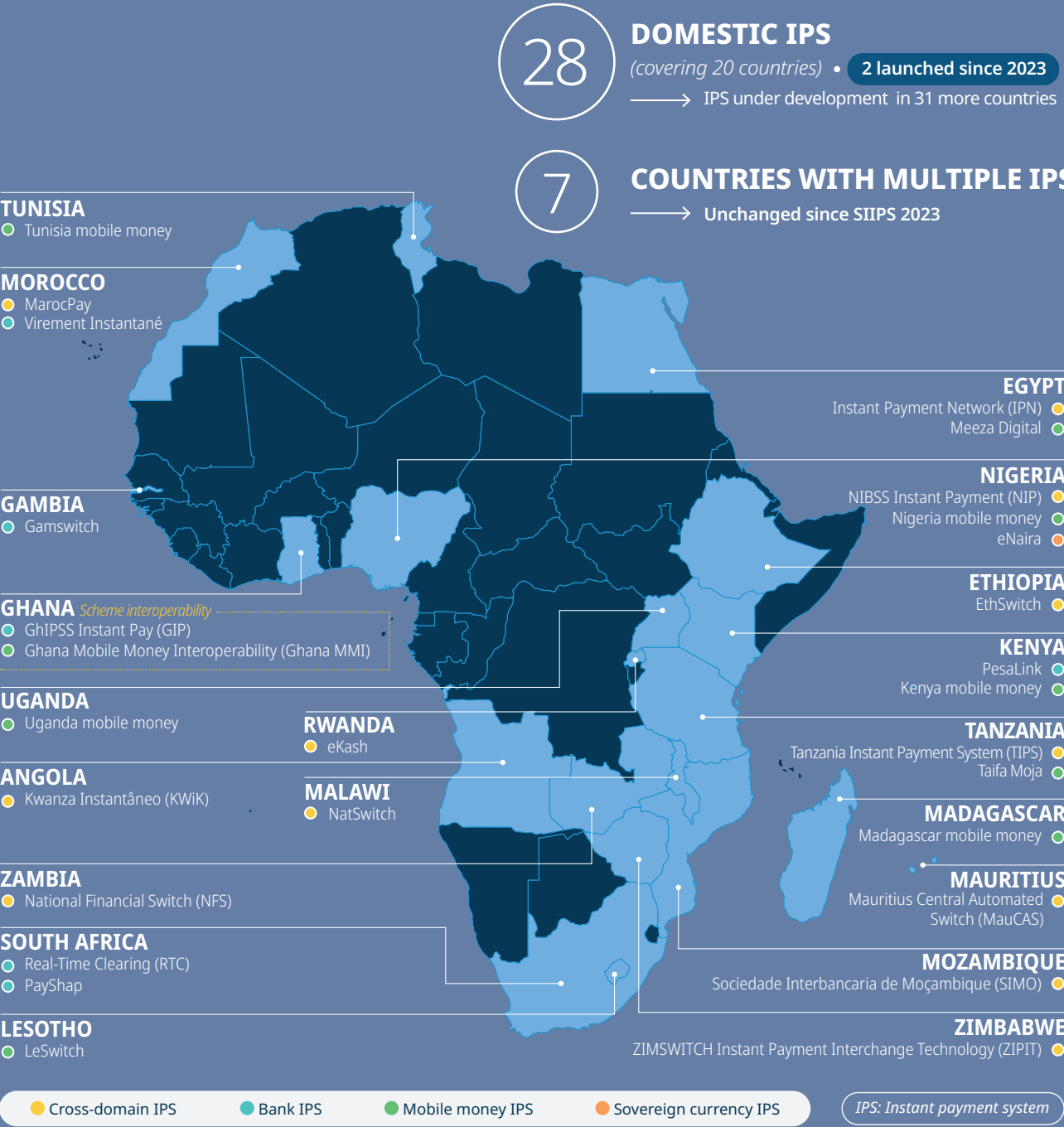
Source: Authors' elaboration (G20 Policy recommendation for Advancing Financial Inclusion and Productivity Gains Through Digital Public Infrastructure).



2

The landscape of instant payment systems in Africa in 2024

Map 2.1 | Active domestic IPS in Africa as of June 1, 2024



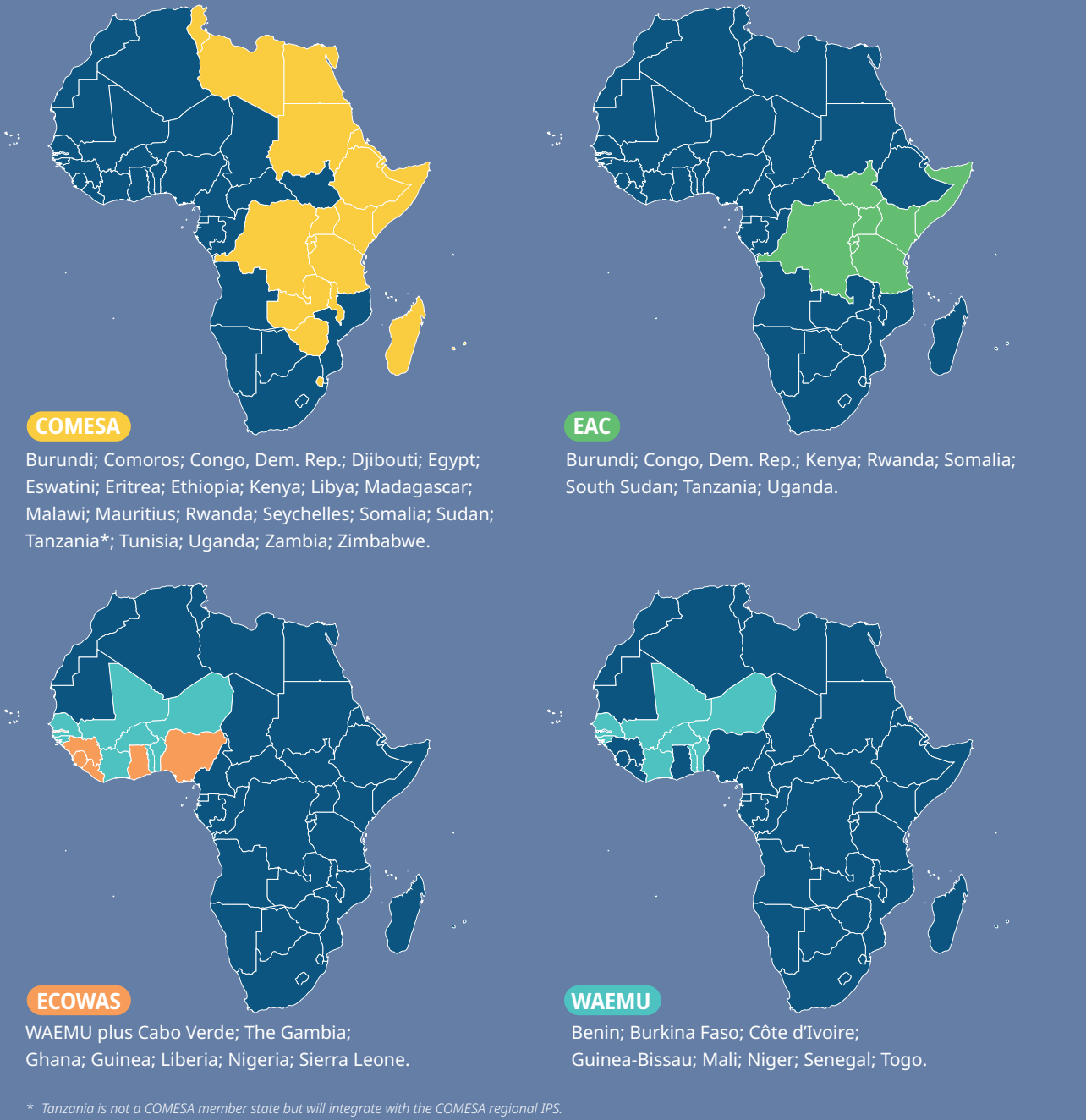
IPS in development

Though there are still gaps in IPS coverage as of July 2024, 25 countries across the continent are in the process of upgrading their IPS or developing a new system. Twenty-one of these countries are developing new domestic systems and four countries that had domestic systems in place are either upgrading them or launching new ones.

Two of the countries adding domestic capabilities are Benin and Togo. They are also part of the West African Economic and Monetary Union (WAEMU), which is developing a regional IPS. In addition to cross-border

functionality, the WAEMU system will include domestic interoperability capabilities for its eight member countries—Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo. It is currently in the piloting stage.

If all these planned domestic and regional IPS projects come to fruition, 27 additional countries which currently do not have a live IPS will gain one, leaving Eritrea as the only country on the continent without domestic IPS functionality.



IPS types

IPS type definitions

Cross-domain IPS



A system that provides for all-to-all interoperability within one overarching system, providing switching, clearing, and exchange of instruments for and between banks and non-banks and their respective account types and regulated currency instruments. All-to-all interoperability includes the ability for end users to directly transact between wallet accounts at different MMOs, between mobile money accounts and bank accounts, and across bank accounts. The single system provides the governance framework and coordinates the operational functions end-to-end for the instruments.



Bank IPS

A system that provides access only to banks and supports instruments associated with bank accounts.



Mobile money IPS

A system that provides access only for mobile money providers and supports instruments associated with mobile money accounts. This type of system has some form of common scheme rules and standards that form the basis for clearing and settlement of transactions between customers of the participating MMOs. They may be based either on a centralized infrastructure or based on some form of bilateral and multilateral arrangements between participating MMOs.



Sovereign currency IPS

A central bank digital currency IPS. Such an IPS combines a sovereign 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.



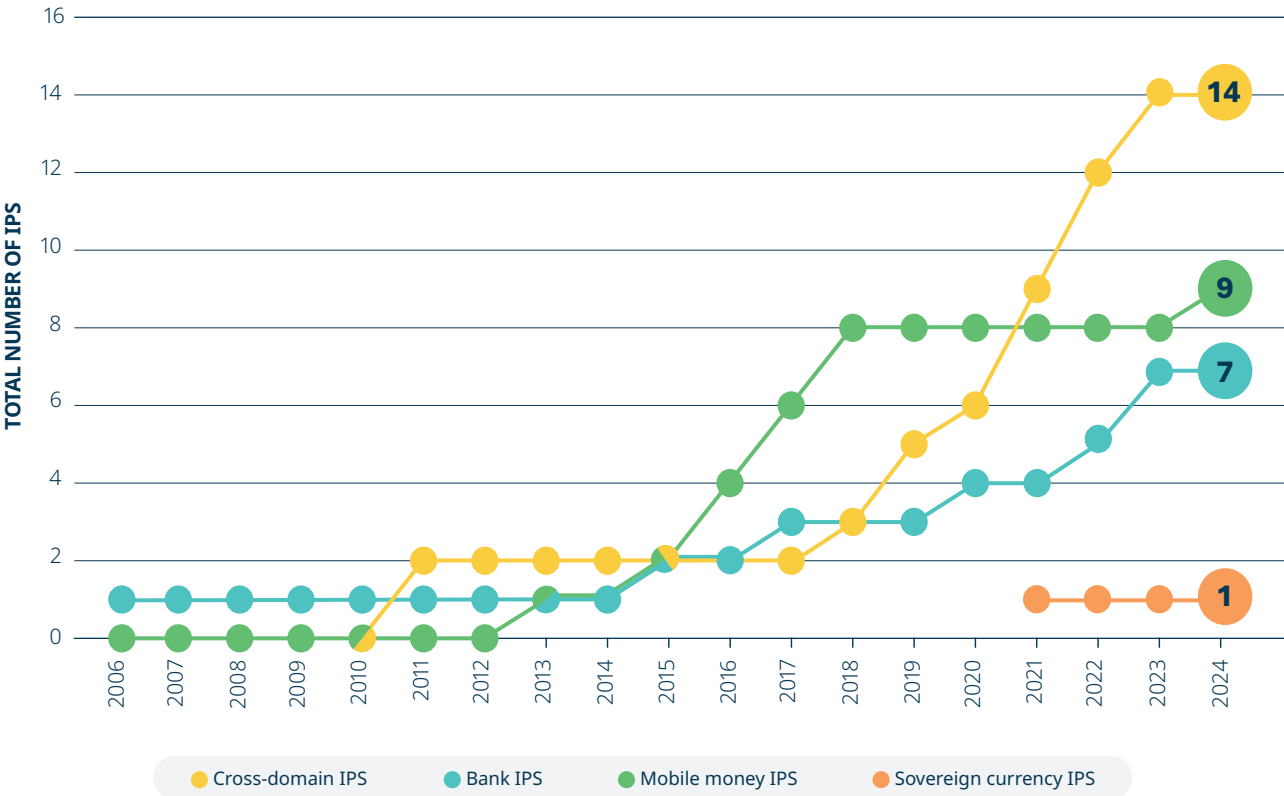
Cross-domain IPS are becoming more prominent

Mobile money systems were the most common IPS type as of 2018. Since then, cross-domain systems have gained in popularity and now represent about half of the total IPS.

system providers. Interoperability is an essential element of inclusivity and a core criterion of DPI, as it creates a level playing field between different payment providers and between incumbents and new market players. It also brings greater potential for scale and reach.

Cross-domain systems provide interoperable payment processing and clearing between different payment

Figure 2.1 | Number of IPS by type over time (n=31)



Transaction volumes and values

IPS transaction values have increased by 39% annually since 2019.

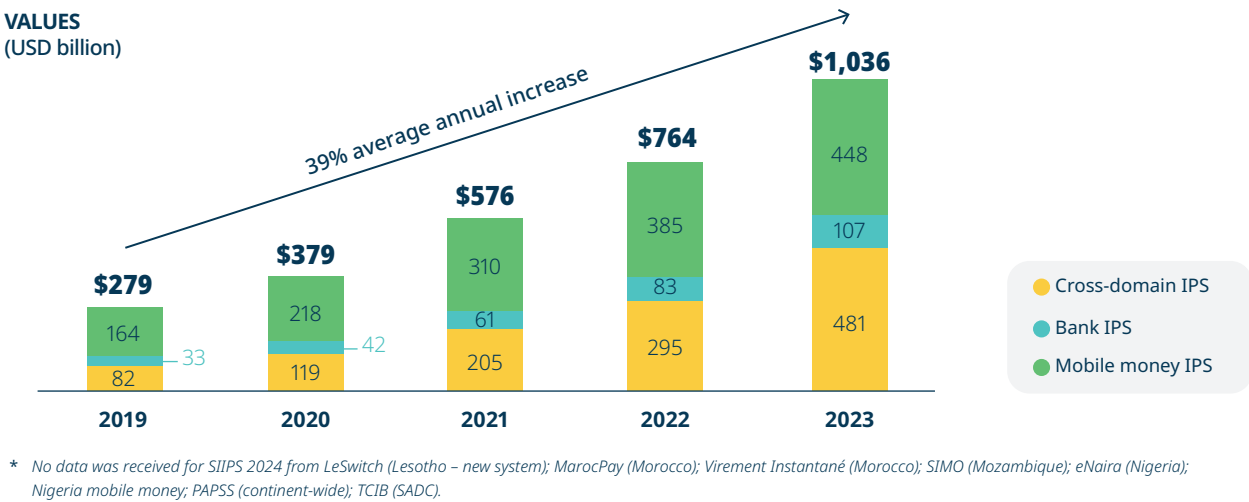
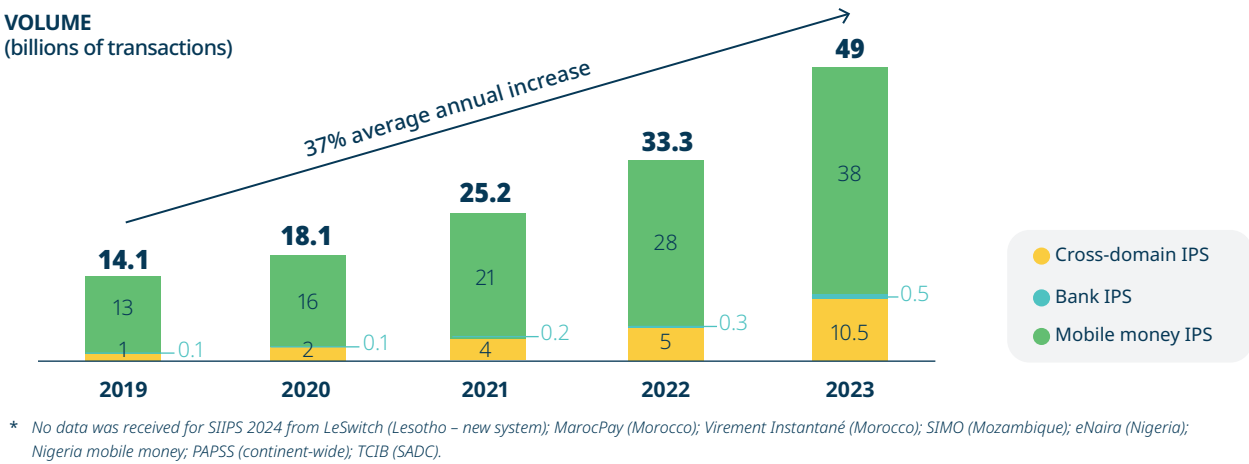
Over the past five years, the volumes and values of processed transactions increased by an average annual growth rate of 37% and 39%, respectively.

In 2023, IPS processed 49 billion transactions, the highest annual volume yet, 47% more than in 2022. Such growth reflects more entrenched IPS usage in many countries.

The total annual IPS value has reached over US \$1 trillion. Between 2020 and 2023, IPS transaction values increased by 273%.

Mobile money IPS process by far the largest volume of transactions with 38% of total transaction in 2023, while cross-domain IPS process the largest values with US \$481 billion in 2023.

Figure 2.2 | Transaction volumes and values (n=23)*



Note: The total transaction volumes and values may be underestimated. The data in Figure 2.2 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.

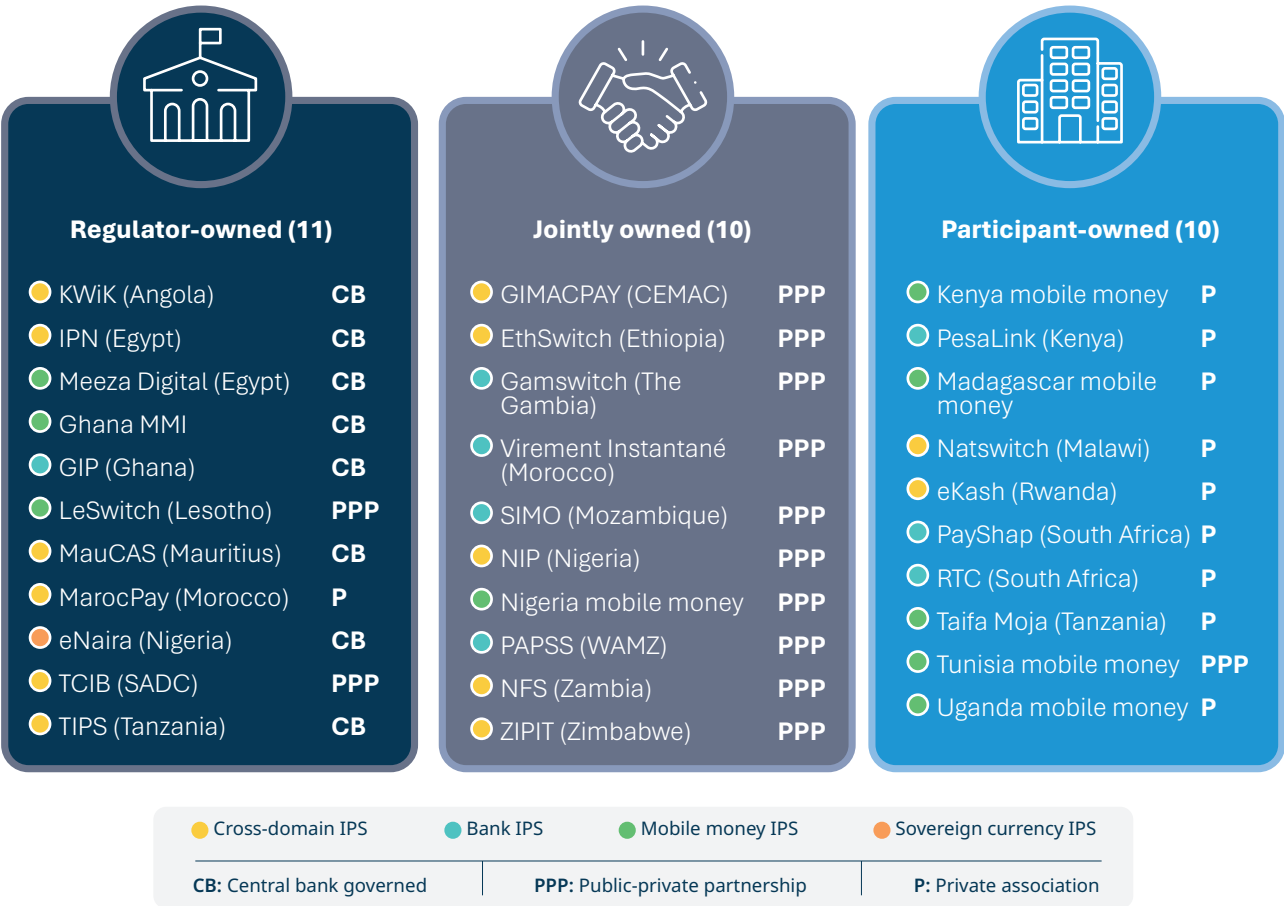
Ownership and governance

Thirteen IPS are governed by public-private-partnerships.

IPS are either owned by participants, regulators, or a combination of both. There is an even distribution of ownership structures among IPS in Africa:

Thirteen systems are governed by public-private partnerships (PPP). Ten IPS are governed by private

associations, and eight IPS are governed solely by the central bank. Notably, the cross-domain systems, which allow different types of participants, are more often governed by the central bank or a PPP.



Governance and Inclusivity

Collaborative governance between the public and private sector is crucial for inclusivity:


- Systems owned solely by large banks may be less accommodating to smaller banks or non-bank PSPs and may charge higher fees to recoup investments.
- An IPS solely owned and governed by the central bank, on the other hand, may struggle to get buy-in from PSPs.

A collaborative governance approach ensures that central bank inclusivity goals are reflected in IPS design, while the industry gets a direct line to provide feedback on necessary policy and regulatory reforms. Collaborative governance can be achieved through direct ownership and voting rights, or indirectly via committees or working groups.

Use cases

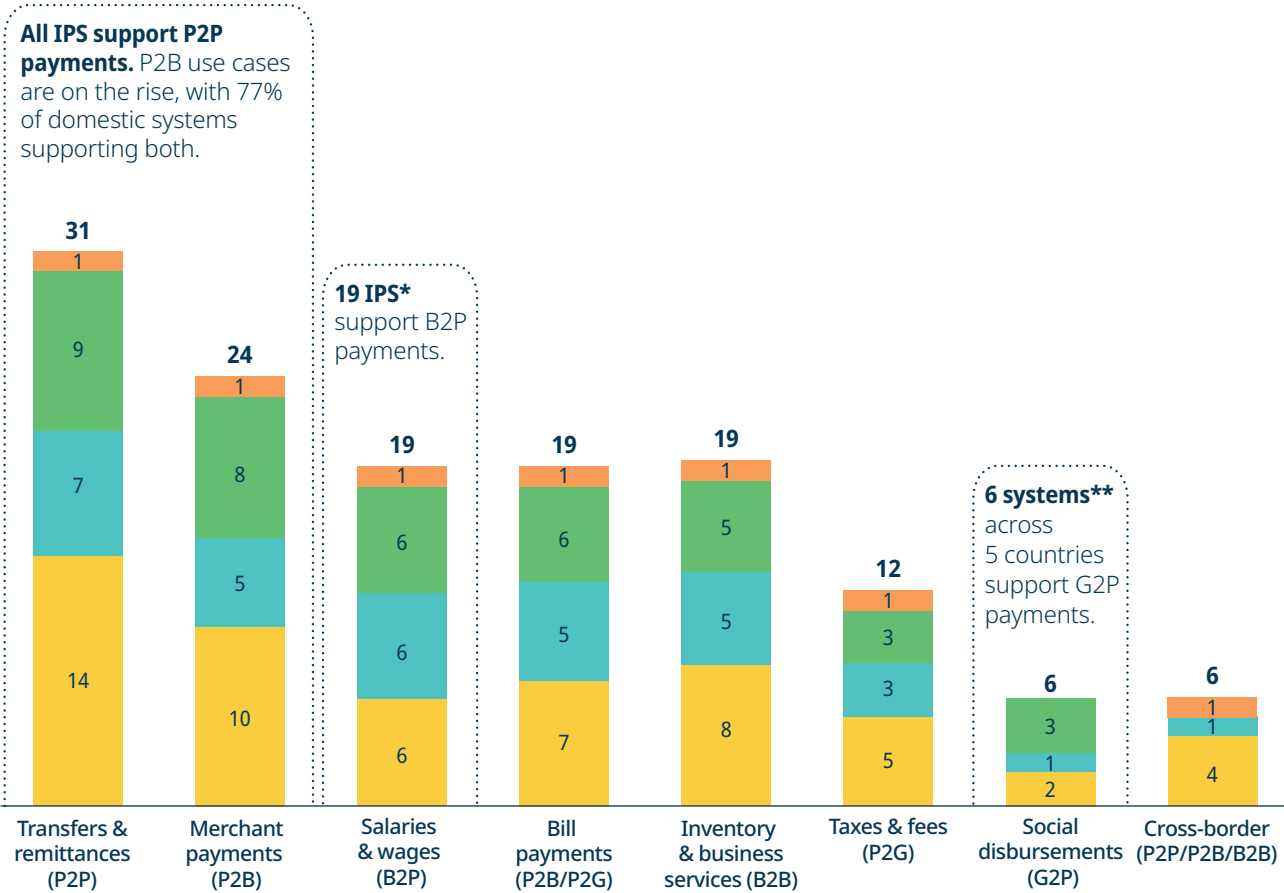
All IPS enable P2P payments. P2B and P2G are on the rise, while G2P remains untapped.

Inclusivity implications of enabling more use cases: P2P and P2B use cases offer the most immediate utility for end users. However, enablement of further use cases, such as digital wages and government payments, have been shown to drive financial account and payment adoption due to the regularity of digital income receipts.



Only NIP in Nigeria supports all payment use cases. This has helped it scale.

Figure 2.3 | Enabled use cases by IPS type, multiple mentions (n=31)




* B2P: IPN and Meeza Digital (Egypt), Gamswitch (the Gambia), MMI and GIP (Ghana), Kenya mobile money and PesaLink (Kenya), Madagascar mobile money, MauCAS (Mauritius), Virement Instantané (Morocco), eNaira and NIP (Nigeria), RTC (South Africa), Taifa Moja and TIPS (Tanzania), Uganda mobile money, NFS (Zambia), ZIPIT (Zimbabwe), PAPSS (WAMZ)

** G2P: MMI and GIP (Ghana), Madagascar mobile money, MarocPay (Morocco), NIP (Nigeria), Uganda mobile money.


| | | | |
|-------------------------|---------------------------|---------------------------|------------------------|
| Cross-domain IPS | Bank IPS | Mobile money IPS | Sovereign currency IPS |
| P2P: Person-to-person | P2B: Person-to-business | B2B: Business-to-business | |
| B2P: Business-to-person | P2G: Person-to-government | G2P: Government-to-person | |

Channels


Apps and other self-initiated channels are the most prevalent, but USSD and human-assisted channels remain important for inclusion.




Human-assisted channels, via agents in mobile money kiosks or bank branches, are supported by 21 and 20 IPS respectively. These play a critical role for end users who need human support.



Quick response (QR) codes and near-field-communication (NFC) acceptance are on the rise: 17 systems support QR codes, compared to 11 in 2023. IPS supporting NFC-enabled payments have increased from 2 to 7 in the same period.

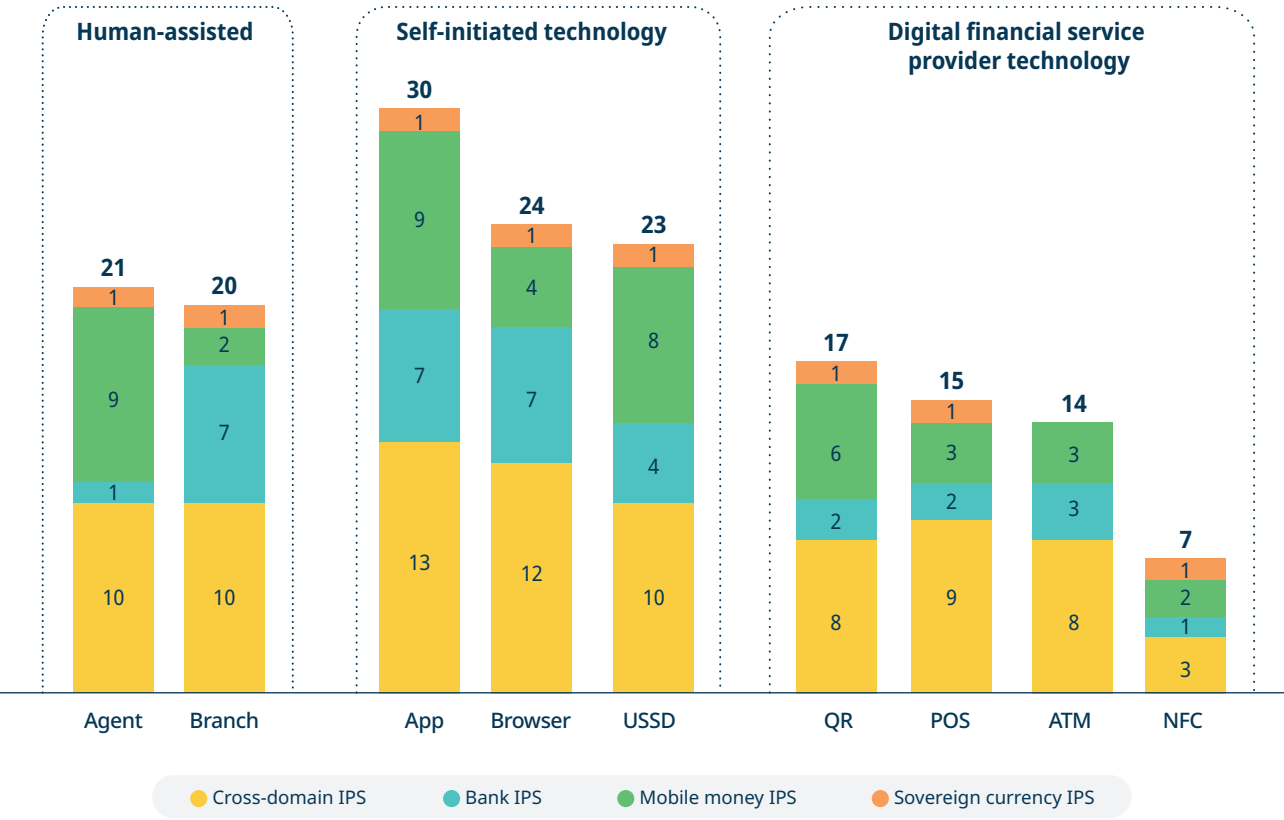


Other self-initiated channels, such as browser or unstructured supplementary service data (USSD), are the second-most prevalent, supported by 24 and 23 systems, respectively.



Mobile phone applications, or apps, are the most widely available channel on the continent, supported by 30 IPS.

Figure 2.4 | Supported payment channels by IPS type, multiple mentions (n=31)



Overall

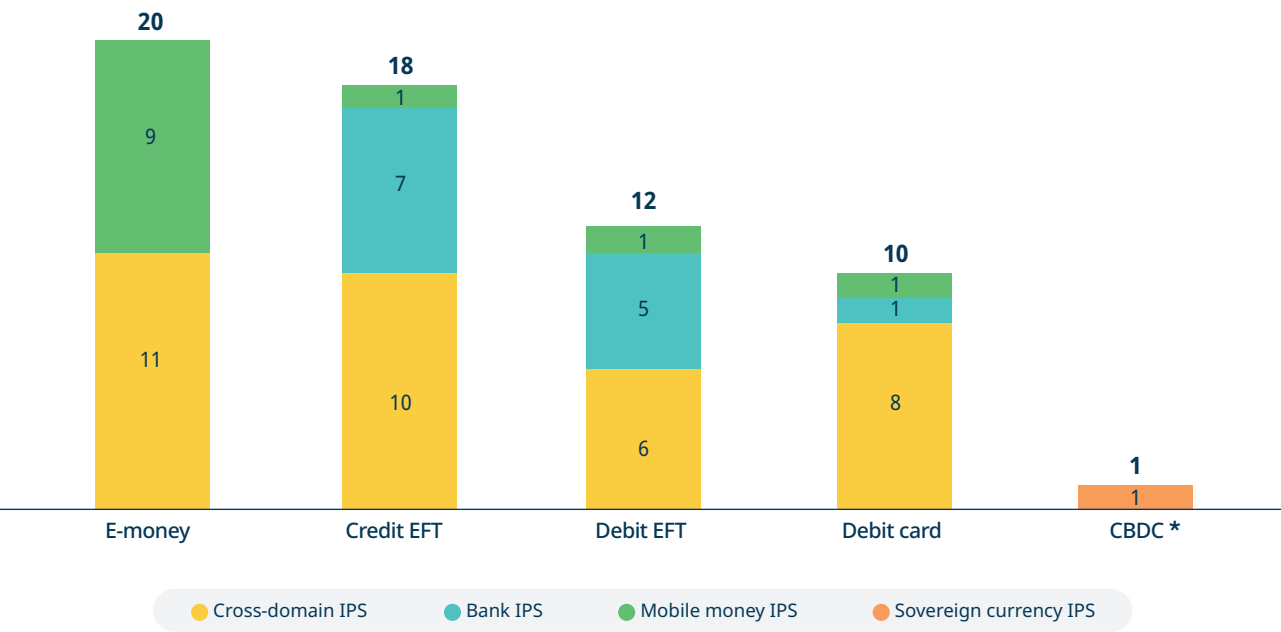
The trend toward smartphone technologies can offer a more personalized user experience, but for the African users who still only have basic or feature phones, human assisted channels and USSD remain important.

Instruments

E-money and credit EFT are the most common instruments.

- E-money instruments are supported by 20 IPS.
 - Credit EFT is supported by 18 IPS.
 - Debit EFT is supported by 12 IPS and debit cards by 10 IPS.
- Cross-domain systems offer the largest variety of instruments.
 - Bank IPS focus mainly on credit EFT with debit EFT as a secondary instrument.

Figure 2.5 | IPS instruments supported, multiple mentions (n=31)



* CBDC is a separate instrument that is used by the eNaira in Nigeria.

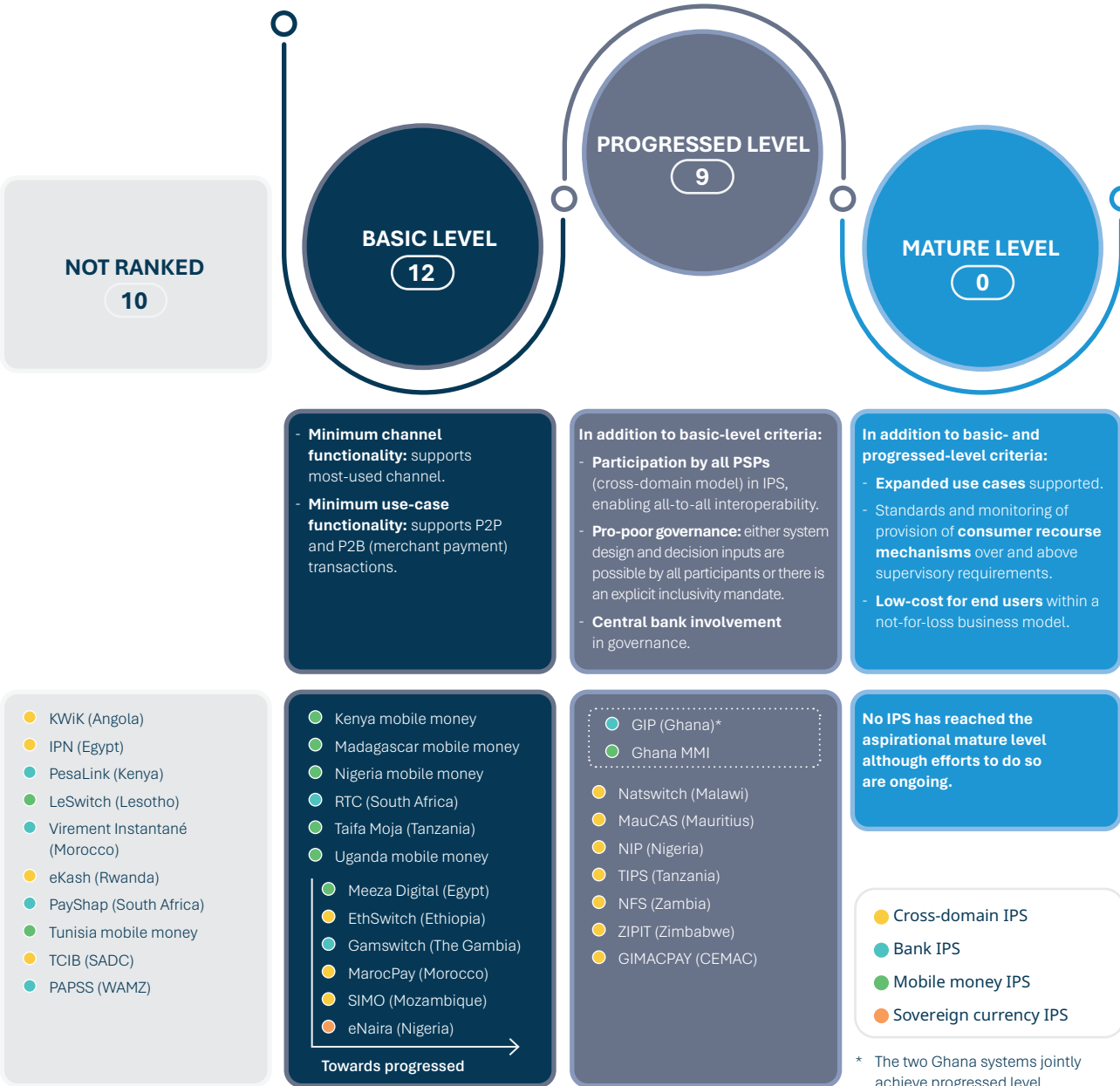


Inclusivity

More IPS are progressing towards inclusivity.

- Comparison to 2023 Inclusivity Spectrum:**
- Four systems (MauCAS, NIP, TIPS, and ZIPIT) have **moved up to the progressed level**, bringing the total number of progressed systems to nine, covering 13 countries.
 - Out of the progressed systems**, NIP in Nigeria is closest to reaching mature inclusivity, as it has integrated all use cases and only lacks additional recourse channels for end users.
 - Six of the basic systems are heading towards the **progressed level**, as they already fulfill two out of three progressed level criteria.
 - Three systems have **moved to the basic level from not ranked** (EthSwitch, Kenya mobile money, and Nigeria mobile money).
 - The number of **not ranked systems** have decreased from 12 to 10. They are usually not ranked because they do not enable P2B payments.

Figure 2.6 | Mapping IPS across the Inclusivity Spectrum





3

End-user adoption of digital payments in Africa

Many consumers now make digital payments at least once a week. Gender, income frequency, and age affect usage.

Surveys and one-on-one qualitative conversations in five countries find that most digital payment users in the sample tend to make a digital transaction at least once a week.¹ More specifically:

- Algeria is the only surveyed country where almost half of the sample use digital payments less frequently than once a week.
- MSME respondents use digital payments more frequently than individuals in all countries except Uganda.
- Female respondents report that low literacy levels, low incomes, and lack of financial independence discourage them from using digital payments.
- Respondents younger than 30 use digital payments most frequently.
- Respondents with infrequent income sources use digital payments less than those with regular incomes.

Table 3.1 | Country specific user group analysis

| | All respondents | | Individual respondents | | MSME respondents | |
|-----------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | MSME vs. individuals | Age | Gender | Frequency of income | Gender | Size of business |
| Algeria | MSMEs use more | Younger use more | No significant variance | No significant variance | Men use more | No significant variance |
| Ethiopia | | No significant variance | | Frequent use more | No significant variance | Larger use more |
| Guinea | | Older use more | Women use more | Frequent use more | Men use more | No significant variance |
| Mauritius | | Younger use more | No significant variance | Infrequent use more | No significant variance | |
| Uganda | No significant variance | Younger use more | Men use more | Frequent use more | No significant variance | No significant variance |

Legend for color gradient: Gap in percentage points (pp) between two user groups in terms of the proportion of users that use digital payments at least once a week. * Younger means respondents that are 18-29 years old.

5-9 pp 10-15 pp Larger than 15 pp

“We are saving a lot of money with digital payments, and we will save even more in the future... digital payment is considerably faster, more convenient, and more comfortable for us to use.”

— Male, user, small business owner, Mauritius

¹ This section draws on consumer research conducted in February and March 2024 in Algeria, Ethiopia, Guinea, Mauritius, and Uganda, with a non-representative quantitative sample size of 100 respondents per country and qualitative sample of 20 respondents per country.

Savings and airtime are the most digitalized use cases.
Digital payments for household goods lags.

In Guinea and Uganda, more than 70% of individual respondents used digital payments in the month prior to the survey for their three most frequent use cases.



Savings is a common and highly or moderately digitalized use case for individuals in all countries except Ethiopia.



Receiving **income** digitally is a driver for uptake of digital payments.



Airtime, receiving funds, and sending money to family and friends are the next most digitalized use cases.



Digital payments for P2B payments such as **transport** and **household goods** is lagging compared to other payment use cases.

MSMEs embrace digital payments for customer payments, and to pay staff and suppliers.

Receiving customer payments is a popular use case for businesses and even motivated some business owners to take up digital payments in the first place. MSME respondents in Algeria, Mauritius, and Uganda also use digital payments to:


- Pay staff salaries
- Send staff money for transportation or airtime

Supplier payments are increasingly well-digitalized in all the countries, driven by e-commerce and by suppliers demanding to be paid digitally.


Saving business income appears in the top five digital payment use cases for all the countries. Its appeal lies in enabling MSMEs to better manage their finances.

Table 3.2 | The top payment use cases and their level of digitalization among individual respondents


| Most frequent individual use cases ranked | # | Algeria | Ethiopia | Guinea | Mauritius | Uganda |
|---|---|----------------------------------|----------------------------------|----------------------------------|-------------------------|---------------------------------------|
| | 1 | Pay for household goods | Airtime | Airtime | Bus fare or fuel | Airtime |
| | 2 | Receive wage | Pay for household goods | Pay for household goods | Airtime | Save money |
| | 3 | Save money | Bus fare or fuel | Save money | Pay for household goods | Receive money from family and friends |
| | 4 | Airtime | Receive wage | Send money to family and friends | Receive wage | Bus fare or fuel |
| | 5 | Send money to family and friends | Send money to family and friends | Receive wage | Save money | Pay for household goods |



Use cases for which less than 40% of respondents conducted a digital transaction over the past month



Use cases for which between 40 and 70% of respondents conducted a digital transaction over the past month



Use cases for which more than 70% of respondents conducted a digital transaction over the past month




“I receive my salary at the bank and then transfer it to mobile banking because, majority of the time, I use mobile banking and {Provider 3}.”

— Female, user, individual consumer, Ethiopia




Table 3.3 | The top payment use cases and their level of digitalization among MSME respondents


| Most frequent MSME use cases ranked | # | Algeria | Ethiopia | Guinea | Mauritius | Uganda |
|-------------------------------------|---|---------------------------|-------------------------|---------------------------|----------------------|---------------------------|
| | 1 | Receive customer payments | | Receive customer payments | | Save business income |
| | 2 | Supplier payments | | Save business income | Supplier payments | Receive customer payments |
| | 3 | Save business income | | Supplier payments | Save business income | Supplier payments |
| | 4 | Staff salaries | Loan repayments | Airtime money for staff | | |
| | 5 | Transport money for staff | Airtime money for staff | Loan repayments | Staff salaries | |




Use cases for which less than 40% of respondents conducted a digital transaction over the past month



Use cases for which between 40 and 70% of respondents conducted a digital transaction over the past month




Use cases for which more than 70% of respondents conducted a digital transaction over the past month

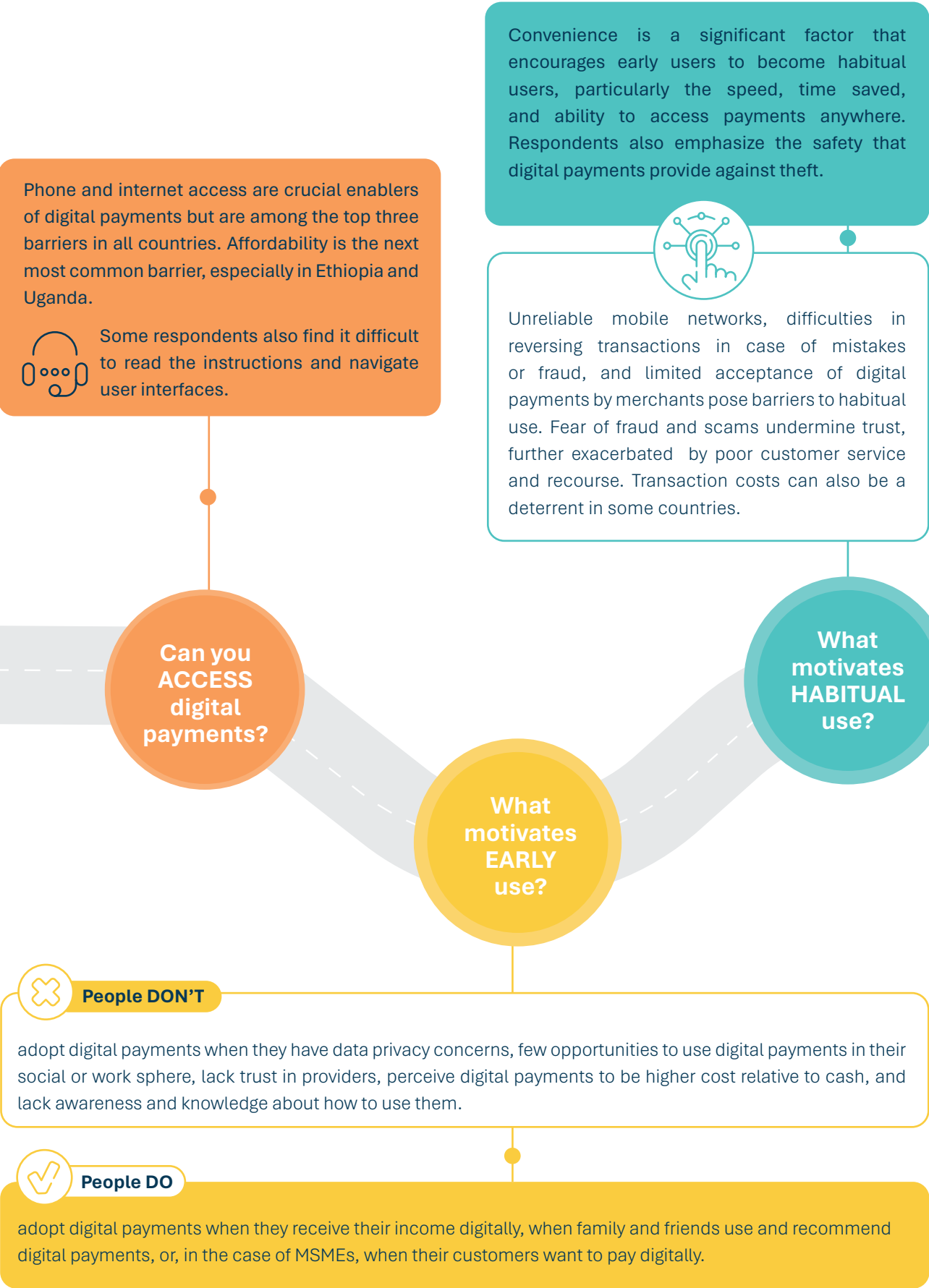


“The clients suggested this method since some of them live far away and couldn’t pay cash.”

— Female, user, business consumer, Algeria



Convenience, low cost, trust, speed, and reliability encourage habitual use.



“Once when I was with my husband, we tried to pay with a digital payment option, but it didn’t work because there was no network.”

— Female, user, business consumer, Algeria

“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, user, individual consumer, Guinea

“And another risk is the digital fraud. Money can be taken by any person in a way which you cannot understand or explain.”

— Male, user, individual consumer, Uganda



“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, user, business consumer, Ethiopia

Barriers to inclusivity

Competitive dynamics and regulation shape the ability to meet end-user needs.

The ability of an IPS to meet end-user needs and make digital payments more inclusive, and thereby become an IPS, depends on the competitive dynamics within their market, their opportunities to scale, and the inclusivity enablers and barriers they deal with:



Private sector providers may not be motivated to participate in the IPS:

Providers with high traction and established payment architecture in their market may resist joining an IPS without a clear incentive or value proposition. In these markets, the transaction volumes and values that pass through the IPS may be too low for it to operate sustainably.



Overly complicated or costly integration:

Smaller payment service providers or those with older technology face challenges when integrating into IPS.



Geographic overlap could fragment scale:

Some of the new IPS in development are regional systems offering services that could overlap with those offered by domestic systems.



Regulation and licensing regimes may limit the reach of digital payments:

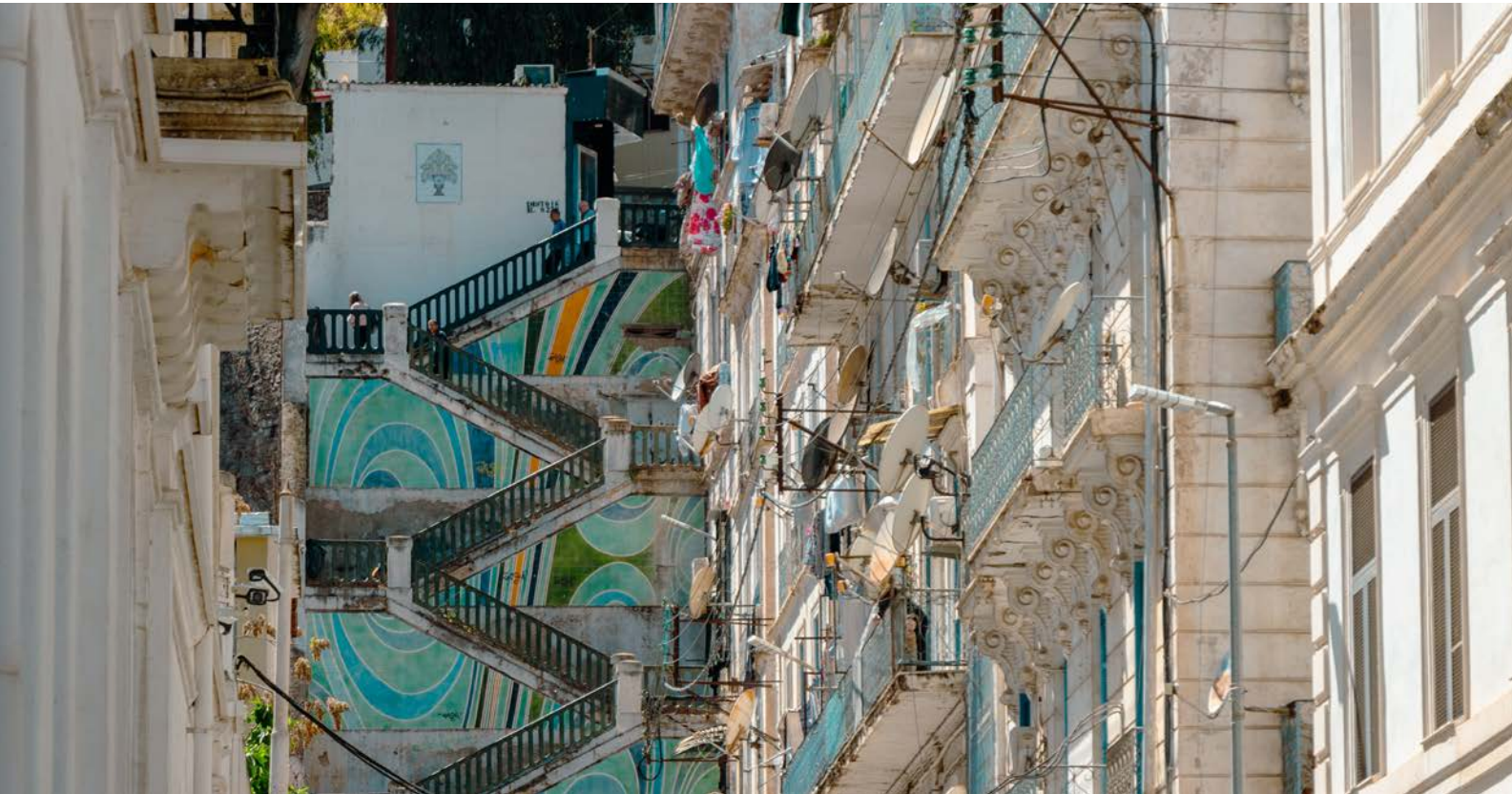
IPS operating under restrictive regulations may struggle to integrate new participants, such as non-bank PSPs, thereby limiting the number of end users they can reach.



4

Spotlight on the need for innovation-friendly regulation

Deep dive into fintech licensing and eKYC



Enabling IPS inclusivity through innovation-friendly regulation.

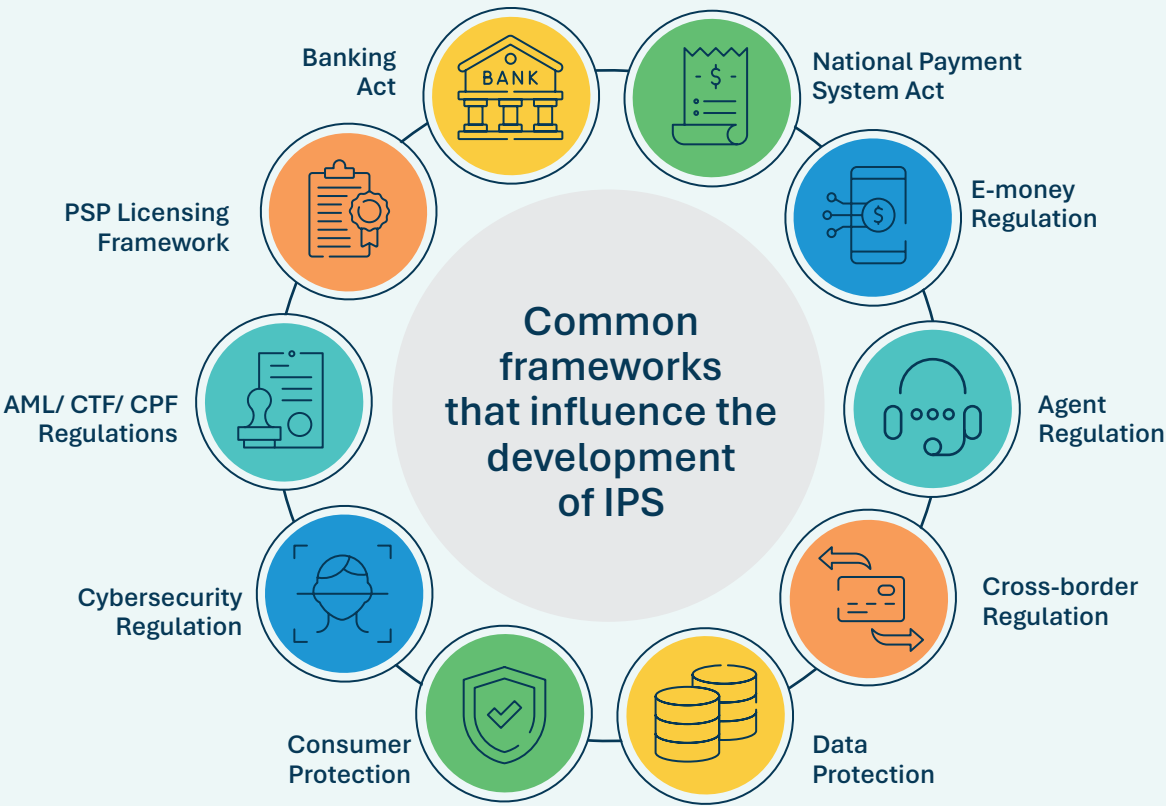
Laws, regulation, and regulatory guidance shape the instant payments products and services available in a market. While some countries in Africa have made strides in modernizing their regulatory frameworks, many still face challenges in creating environments that fully support IPS and foster innovation and inclusivity.

As regulators embrace regulatory frameworks that can accommodate a changing payments landscape,

two specific areas of regulation have high potential to impact the progression toward IIPS and DPI:

- Fintech licensing
- Electronic know-your-customer regulation (eKYC)

IPS stakeholders have the opportunity to advocate for and provide inputs in these areas.



Expanding the reach of IPS through risk-proportionate fintech licensing.



Barriers to licensing for fintechs limit the reach of instant payments

Unclear regulation or licensing regimes that are risk-disproportionate and onerous to PSPs are stunting the potential of fintechs to participate in IPS. This limits the availability of innovations aimed at reaching excluded and underserved groups. It also may prevent fintechs from fully operating in the regulated financial sector.



Innovation-friendly regulation, including risk-proportionate licensing, can enable fintechs to participate in IPS

To ensure fintechs and other non-bank financial institutions have reasonable options to compete, contribute to payment innovation, and join IPS, countries need regulatory approaches and licensing tools that include them. This means moving from an institutional to an activities-based licensing approach, offering risk-proportionate licenses (such as tiering), and introducing regulatory sandboxes and innovation facilitators.



Inclusivity enablers

- 1 Provide clarity and guidance on the regulatory and supervision processes.** Clear policies and consistent communication can empower fintechs to pursue licenses, even before licence categories are updated.
- 2 Apply a risk-based approach and update license categories.** Introduce risk proportional licensing (such as tiering), and updated licence categories which are flexible and reflect an evolving landscape of payment activities.
- 3 Leverage supervisory technology.** Digitalizing supervisory processes will streamline licensing processes and free up resources to serve more complex support needs.
- 4 Make financial inclusion a foundation of the regulatory sandbox or innovation hub criteria.** Provide preferential access to products or business models that prioritize underserved users.

Enabling inclusive onboarding with eKYC.

Regulatory approaches to “know your customer” (KYC) and customer due diligence (CDD) compliance can have a significant impact on a PSPs’ ability to onboard customers and equip them to use digital payments.


The KYC process involves three main steps—sharing attributes, providing credentials, and verifying credentials. Over-stringent approaches to KYC coupled with a strong reliance on paper-based and

manual processes can both exclude people and be ineffective at managing risk (FATF, 2021). eKYC replaces this manual approach with alternatives that allow the use of electronic documentation and validation—a more inclusive approach.

The following figure examines what eKYC could look like across all steps, and the benefits it could offer, compared with non-electronic means of identification.

Figure 4.1 | Overview of the KYC process and the use of electronic means

| | Step 1: Customer shares identity attributes (e.g., name, birth date, address) | Step 2: PSP checks identity attributes against credential provided by customer | Step 3: PSP verifies the credential |
|---------------------------|--|---|--|
| Non-electronic | <ul style="list-style-type: none">Paper-based formVerbal sharing of details | <ul style="list-style-type: none">Physical credentials and documents (e.g. national ID card, proof of address) | <ul style="list-style-type: none">Physical inspection of the credential through ‘touch and feel’ |
| Electronic | <ul style="list-style-type: none">Electronically filled-out formAutomatically populated form from database/MRZ/QR/Chip-reading (if PKI/encryption involved, this includes step 3) | <ul style="list-style-type: none">Electronic copy of a physical credentialBiometricsElectronic credential without any physical representation | <ul style="list-style-type: none">Electronic authenticity check and image/document validationCross-checking of attributes/credentials against database/MRZ/QR/ChipFraud detectionVideo verificationValidation of token materialLiveness detection |
| Primary objective of eKYC | <ul style="list-style-type: none">Improves data accuracyImproves customer convenienceEnables remote interactionOvercomes literacy-related barriers | <ul style="list-style-type: none">Improves robustnessEnables remote interaction | <ul style="list-style-type: none">Improves robustnessEnables remote interaction |

 Customer interaction can be physical or remote. The option of remote customer interaction improves the accessibility of financial services.



All IPS countries allow some eKYC, but gaps remain.

All the countries with a live IPS have enabled some elements of eKYC. But significant gaps remain 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).

Table 4.1 | eKYC regulation mapping across countries with live IPS

| Country | Form of attribute submission | Type of credential | Credential verification | Remote customer interaction | Tiered KYC in place |
|-------------------------------|------------------------------|---------------------|-------------------------|-----------------------------|---------------------|
| End-to-end eKYC enabled | | | | | |
| Egypt, Arab Rep. ² | Electronic allowed | Electronic allowed* | Electronic allowed* | Allowed* | Yes* |
| Kenya | No provisions | Electronic allowed | Electronic allowed | Allowed | No |
| Mauritius | No provisions | Electronic allowed | Electronic allowed | Allowed | No |
| Nigeria | Electronic allowed | Electronic allowed | Electronic allowed | Allowed (High risk) | Yes |
| Rwanda ³ | Electronic allowed** | Flexible | Electronic allowed** | Allowed | Yes |
| South Africa | No provisions | Electronic allowed | Electronic allowed | Allowed | No |
| Tunisia | Electronic allowed | Electronic allowed | Electronic allowed | Allowed | Yes |
| Zimbabwe | No provisions | Electronic allowed | Flexible | Allowed (High risk) | No |
| Elements of eKYC are enabled | | | | | |
| Angola | No provisions | Physical only | Physical only | Allowed (High risk) | No |
| Ethiopia | No provisions | Physical only | Flexible | Allowed (High risk) | Yes |
| Ghana | No provisions | Physical only | Electronic allowed | Allowed (High risk) | Yes |
| The Gambia | No provisions | Physical only | Flexible | Allowed (High risk) | No |
| Lesotho | No provisions | Electronic allowed | Flexible | No provision | Yes |
| Madagascar | No provisions | Physical only | Physical only | Allowed | No |
| Malawi | No provisions | Electronic allowed | Physical only | Not allowed | No |
| Morocco | No provisions | Flexible | Flexible | Allowed (High risk) | No |
| Mozambique | No provisions | Physical only | Physical only | Allowed (High risk) | No |
| Tanzania ⁴ | No provisions | Physical only | Physical only | Allowed | Yes |
| Uganda | No provisions | Physical only | Physical only | Allowed | Yes |
| Zambia | No provisions | Physical only | Electronic allowed | Allowed | Yes |
| CEMAC | No provisions | Physical only | Flexible | Allowed (High risk) | No |

* Only applicable to non-banks. ** Only applicable to e-money issuers.

2 While the Central Bank of Egypt (CBE) currently does not have eKYC provisions in place, some banks and non-bank financial institutions have implemented a “lite” eKYC where everything is done electronically except for the signing of the documents—where customers still need to go in physically or sign through a courier (Stakeholder interviews 2024). However, the Financial Regulatory Authority (FRA), who regulates non-banks, issued extensive guidelines for digital identification in 2023 which has opened up end-to-end eKYC for non-bank institutions. Under these regulations, eKYC service providers can also become accredited to offer their identification and verification services to non-banks. Since regular banks are not covered by these regulations, they still need to get a physical signature, although the CBE has been known to issue exemptions on a case-by-case basis. The CBE is currently working toward developing eKYC regulation and a digital financial identity (Stakeholder interviews, 2024).

3 The National Bank of Rwanda issued new e-money regulations in 2022, which explicitly allows customer registration to be done electronically, and identity to be verified via the National Identification Agency’s database. This opens up for end-to-end eKYC for e-money issuers (National Bank of Rwanda, 2022). The regulation applicable to banks does not have the same explicit mention of eKYC for verification and attribute submission, but takes a more flexible approach which refers to “reliable, independent source documents, data, or information” and allows for non-face-to-face interaction which also opens up for end-to-end eKYC (National Bank of Rwanda, 2022).

4 Tanzania offers end-to-end eKYC for Tier 1 E-money transactions, if the individual already has a registered phone number and mobile money account (Bank of Tanzania, 2015a).

Expanding access to instant payment systems with eKYC.



Barriers to end-to-end eKYC prevent efficient onboarding for remote or underserved end users.

Challenges to full implementation of eKYC include regulatory barriers, issues related to technology and infrastructure, operations and finance constraints, and PSP adoption. Classifying remote interactions as high risk, a lack of cross-border harmonization, and a lack of support for innovation in existing regulations causes financial institutions to default to manual, analog processes and physical credentials.



Legal certainty from regulators will help promote eKYC adoption and expansion. National and regional policies will be essential for helping promote eKYC and related programs, including digital ID. Harmonization across countries will be crucial for cross-border payments to avoid costly duplications.

eKYC enablers

1

Implement risk-proportionate regulatory frameworks for customer due diligence.

Regulators should implement a risk-based approach to ensure greater flexibility in their regulatory frameworks, particularly shifting towards outcome-based customer due diligence processes for banks and non-banks.

2

Allow electronic credentials and electronic submission of attributes. Regulators should publish guidance that gives clarity on what is allowed in terms of electronic attribute submission, use of electronic credentials, or electronic representations of physical credentials.

3

Enable electronic verification and build reliable and integrated digital ID infrastructure. Issue guidance on which electronic ID verification methods are allowed, particularly in the absence of accessible government databases or digital ID systems. Augment the regulatory guidelines with national identity infrastructure developed as DPI.

4

Move away from classifying remote interactions as high risk. Regulators should clarify that remote interactions are not always high risk and can be standard or low risk with proper identification measures.

5

Promote efficient data-sharing practices. Regulators can push to fulfill information-sharing requirements per FATF recommendations. Promote a collaborative approach to CDD that enables PSPs to rely on other regulated PSPs or service providers for eKYC.

6

Harmonize regional guidance on eKYC for consistency across jurisdictions. Regional bodies should provide regional guidance on how PSPs can interpret regulations in the context of eKYC. They can also harmonize regulatory and supervisory approaches and practices.



5

Opportunities and trends to drive scale and inclusivity

Market, system, and consumer trends provide opportunities to increase IPS inclusivity and scale.

Several trends will affect IPS in the years to come, each of which creates distinct opportunities to help drive inclusivity. These trends fall under three broad categories:

Market trends relate to the environment in which an IPS and its stakeholders operate; key among these is the priority placed on DPI.

- System trends** refer to those that arise from the IPS itself.
- Consumer trends** reflect specific consumer behaviors and needs.

The momentum behind DPI can drive payment system inclusivity.

| Market level trends | | |
|--|--|--|
| Trend | 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 and is positioned as the foundation of digitalization. | <ul style="list-style-type: none">Leverage momentum around DPI to position IPS as a public good, and to access strategy development and capacity support.Collaborate with other ecosystem stakeholders to agree on common standards that cut across a digitalized economy. |
| 2. IPS and financial inclusion impact depend on mature national infrastructure digitalization | While PSPs are not to blame, trust and access are undermined by USSD time-outs and network errors. | <ul style="list-style-type: none">Leverage gains from digitalization by deploying modern payment acceptance and transfer options.Develop workarounds such as offline payments or near-field-communication tags supported by IPS.Increase trust through transparency around payment status and recourse channels. |
| 3. IPS innovation will continue to be constrained by regulation and under-use of data to inform IPS processes | Not all regulatory frameworks in Africa can yet accommodate IIPS-relevant innovation. | <ul style="list-style-type: none">Provide input into regulatory reform processes.House centralized KYC facilities at the IPS, supported by end-user consent, to enhance CDD/KYC processes.Build a consistent approach to data collection to enable data for decision-making around IPS governance, features, participant and end-user onboarding, and transaction risk analysis. |

The large number of systems in development creates the risk of fragmentation and presents opportunities for integration.

| Scheme trends | | |
|---|--|---|
| Trend | Why important? | Opportunities for generating IPS inclusivity |
| 1. Regional IPS face roll-out delays | Regional IPS are complex to set up and operate. Meanwhile, private, closed-loop cross-border solutions are filling the gaps. | <ul style="list-style-type: none">Prepare domestic IPS for regional integration (e.g. solving forex, data sharing, and cooperation challenges) for faster deployment of regional systems.Build the value proposition for regional IPS as providing an opportunity to double up as domestic IPS where none exists, and to solve key bottlenecks for remittances and trade payments. |
| 2. Dramatic increase in instant payment capacity | The potential for IPS to become DPI depends on the business model and scale. With many IPS, there is a risk that a battle for scale may cause fragmentation and undermine viability of business models. | <ul style="list-style-type: none">Leverage competition between PSPs to improve the value proposition of the system.Optimize the business model through appropriate IPS design and a participation strategy. |
| 3. IPS will prioritize payments via mobile phone | The increase in mobile money accounts and mobile phone penetration in Africa remains the core of modern IPS developments. There is a focus on apps as a channel and mobile numbers as proxy identifiers. | <ul style="list-style-type: none">Roll-out user-friendly mobile technology across the board, such as request-to-pay, and QR codes.Upgrade security measures for mobile phone processes via the IPS.Consider the realities of USSD for those for whom smartphones will remain unaffordable. |



Data privacy, fraud, and transaction costs will continue to hinder IPS adoption, but the desire for digital income streams could overcome these challenges.

| Consumer trends | | |
|---|---|---|
| Trend | Why important? | Opportunities for generating IPS inclusivity |
| 1. Barriers to habitual use remain | Data privacy, fraud, and transaction costs remain barriers to the uptake of digital payments. | <ul style="list-style-type: none">• 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. |
| 2. Receiving recurring digital income is becoming a catalyst for instant payment use | Receiving digital income is an enabler of instant payment adoption. | <ul style="list-style-type: none">• Incorporate G2P use cases into IPS, given the role that social assistance plays in supporting household incomes—and in helping to drive financial inclusion.• Centralized KYC information at the IPS level can assist in beneficiary confirmation. |



6

The next steps for IIPS

Africa has increased the availability and use of instant payments. The next priority is to ensure that IPS are inclusive to fulfill the promise of DPI.


Takeaways from SIIPS 2024

- Cross-domain systems show strong increases in IPS volume and values.
- Regional systems are signing up more participants and fostering cross-border connections.
- Several systems have moved up in the inclusivity ranking.
- Systems are becoming more useful for end users by enabling more use cases and channels.

Remaining challenges


- Consumer barriers related to trust, affordability, and accessibility remain.
 - Both domestic and cross-border IPS battle for scale, as they compete with private payment solutions and the cash economy.
 - Regulation and licensing regimes limit PSPs' ability to innovate and expand inclusion.
- As more countries align their digital modernization efforts to the DPI movement, there is an opportunity for the financial sector to update regulatory frameworks and mandate interoperability to benefit the broader society.

Recommendations for IPS Stakeholders




IPS operators can:

- Implement inclusive use cases, channels, and instruments
- Expand consumer recourse
- Design a sustainable business model and participant engagement strategy




IPS regulators, policy makers, and supervisors can:

- Champion a national/ regional DPI strategy
- Implement innovation-friendly regulation
- Improve connectivity and infrastructure provision



Development partners can:

- Conduct assessments, provide capacity building and technical assistance
- Fund and support critical ecosystem projects
- Broker between IPS ecosystem actors

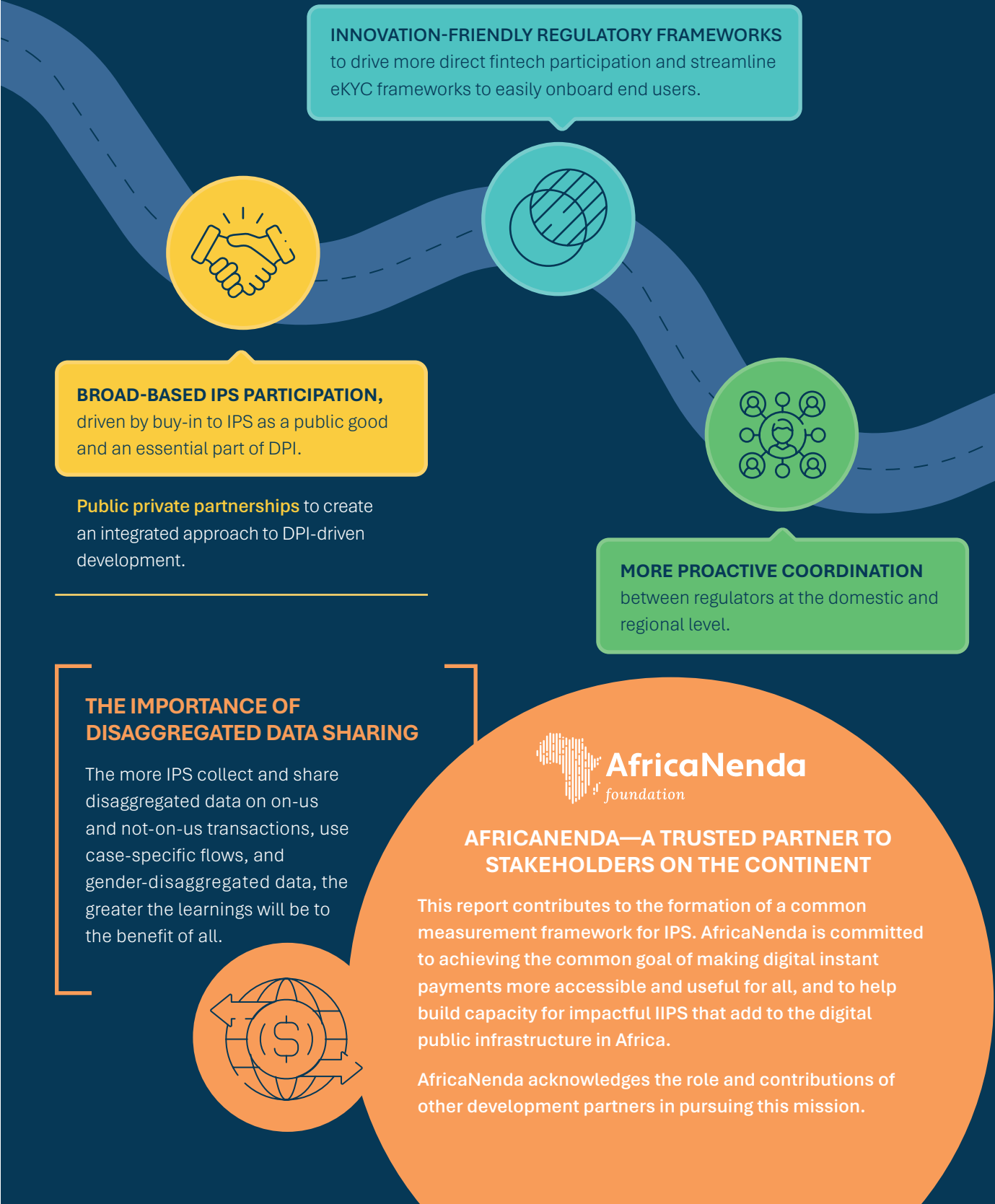


IPS participants can:

- Offer user-friendly payment, products, and services
- Mitigate against mobile payments fraud
- Shape IPS and DPI projects through active participation

AfricaNenda invites stakeholders and partners to pave the way towards IIPS as DPI in Africa.

The road to inclusivity requires:



List of central banks or IPS operators that completed the SIIPS 2024 IPS survey.

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) |



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