



AfricaNenda
ACCELERATING INCLUSIVE PAYMENT SYSTEMS

The State of Inclusive Instant Payment Systems (SIIPS) in Africa

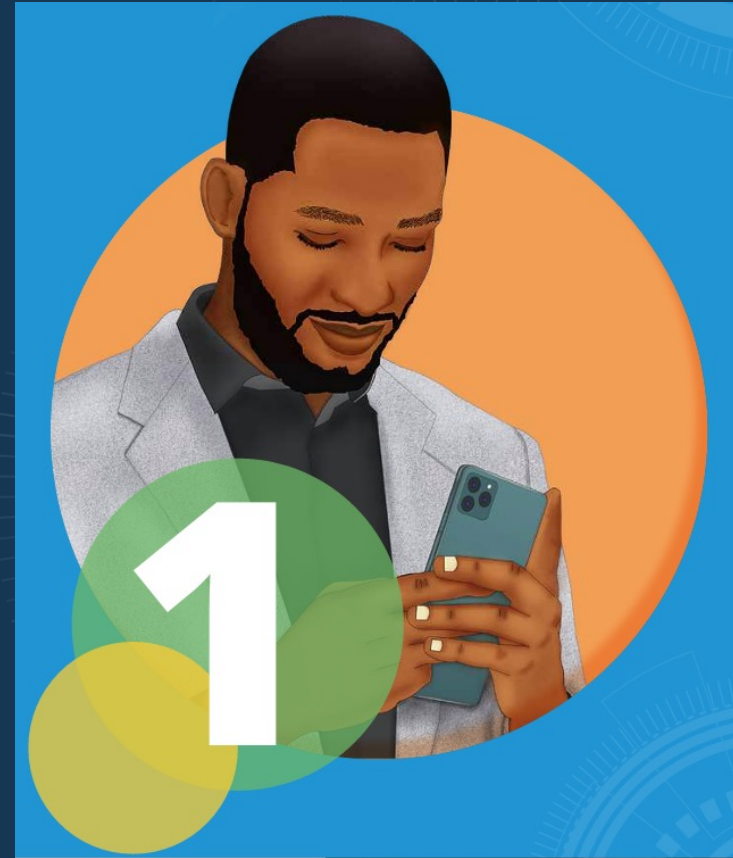
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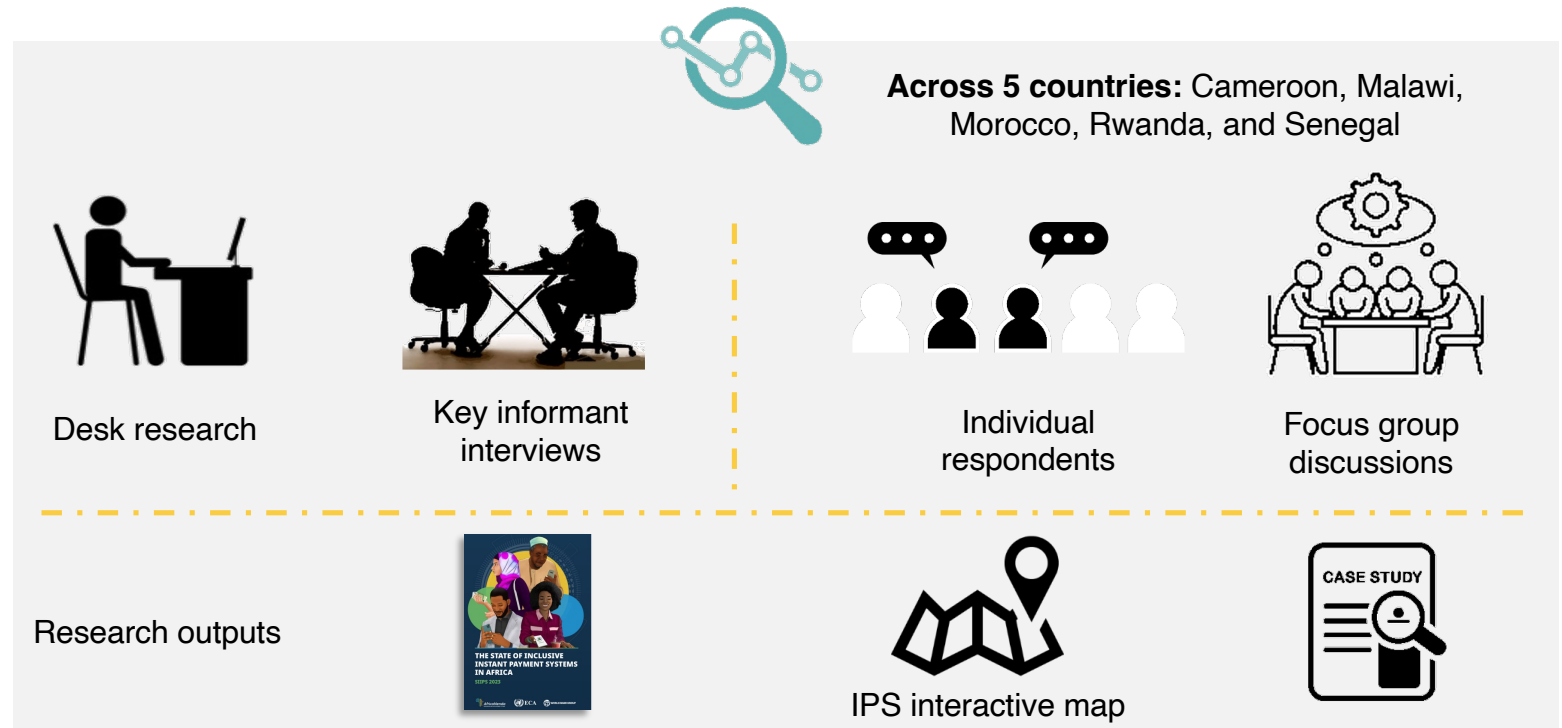
Introduction



Research objective & methodology



To inform stakeholders in Africa and beyond about the developments in the instant retail payment system (IPS) ecosystem in Africa



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

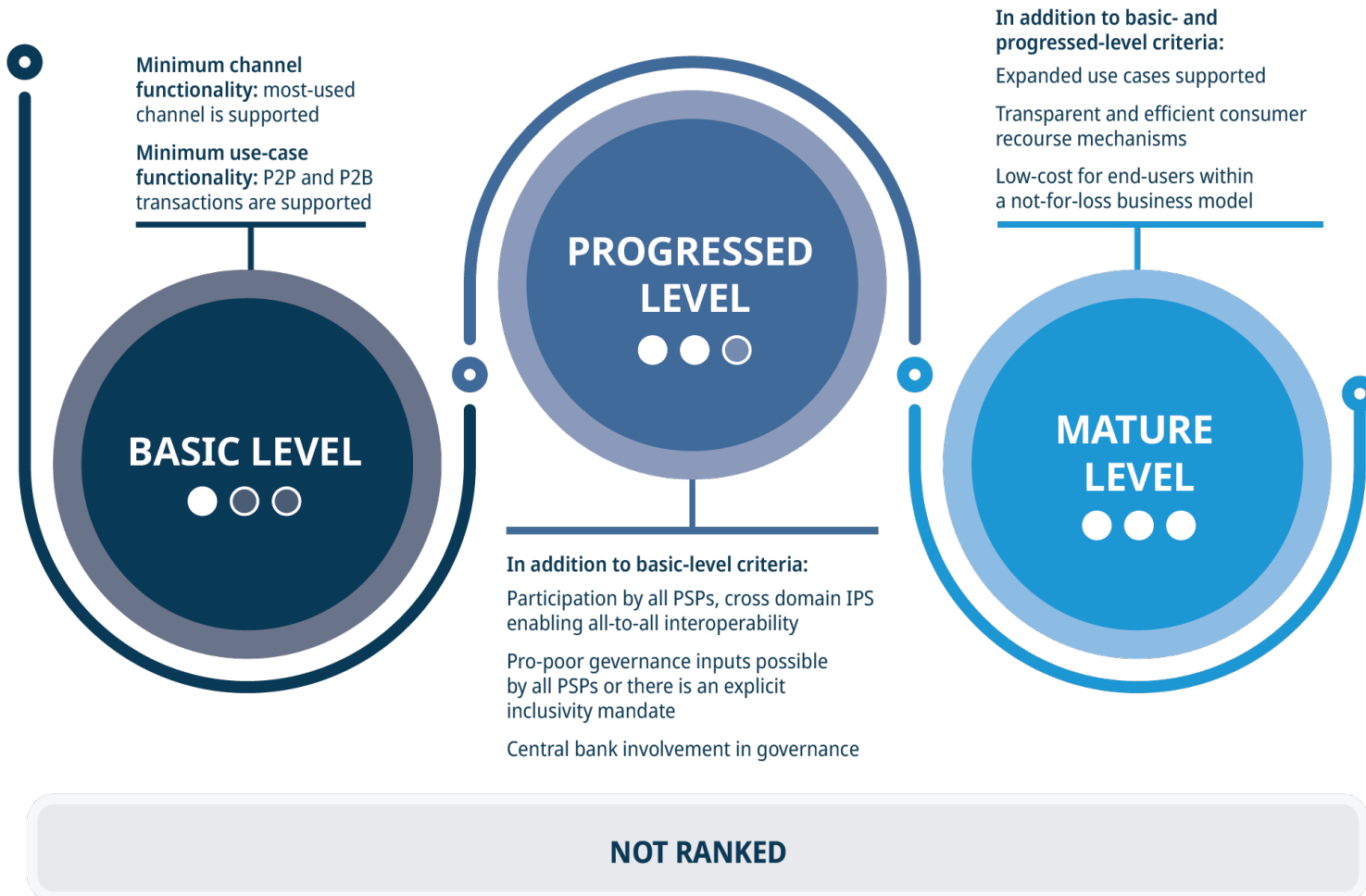


Instant payment systems (IPS) are retail payment systems that are multilateral—and open loop—and that enable digital push payments in near real-time for use 24 hours a day, 365 days a year, or as close to that as possible.

Inclusive instant payment systems (IIPS) process retail transactions 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 participants have **equal input opportunities into the system**. The **central bank has a role in system governance**. End-users have access to a **full range of use cases and channels**, as well as **transparent and fit-for-purpose recourse mechanisms**.

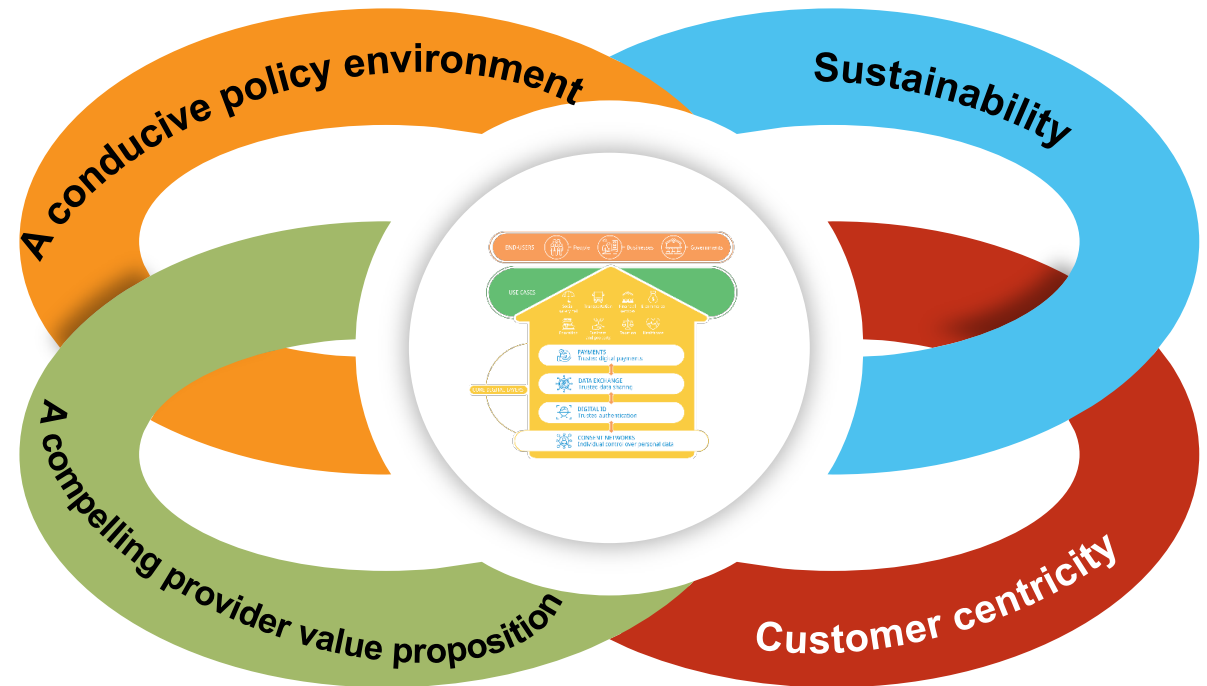
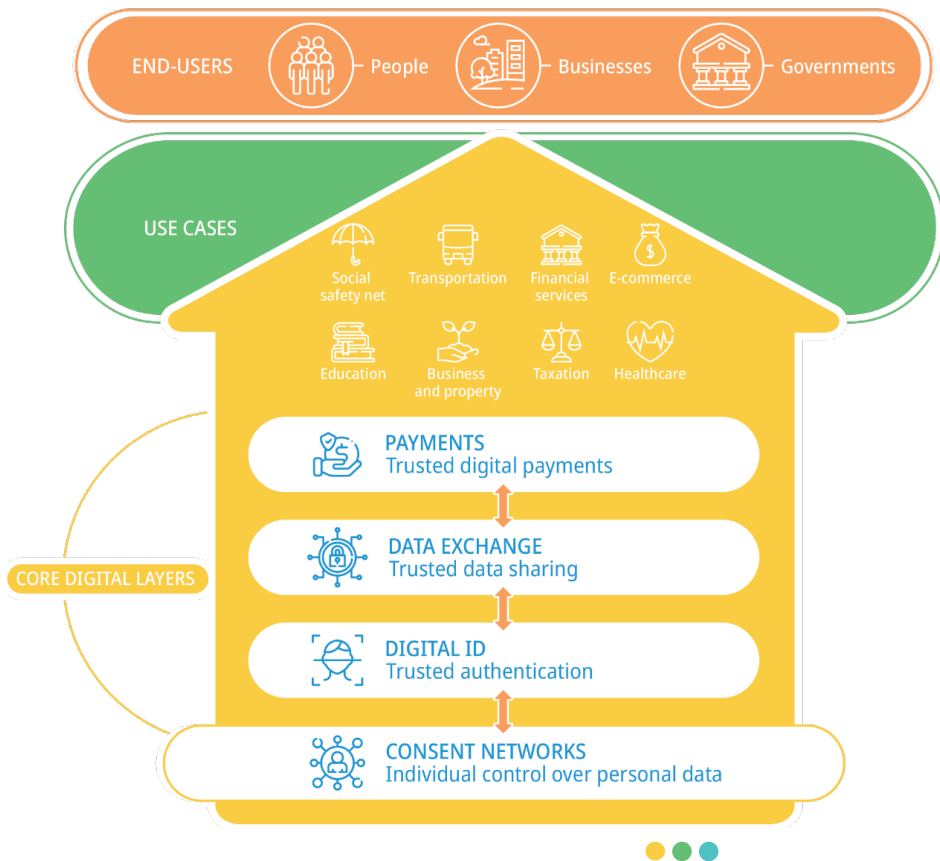


AfricaNenda developed a spectrum to provide an inclusivity measurement criteria



If inclusive, instant payment systems can reinforce the payment layer of the digital public infrastructure (DPI) in Africa

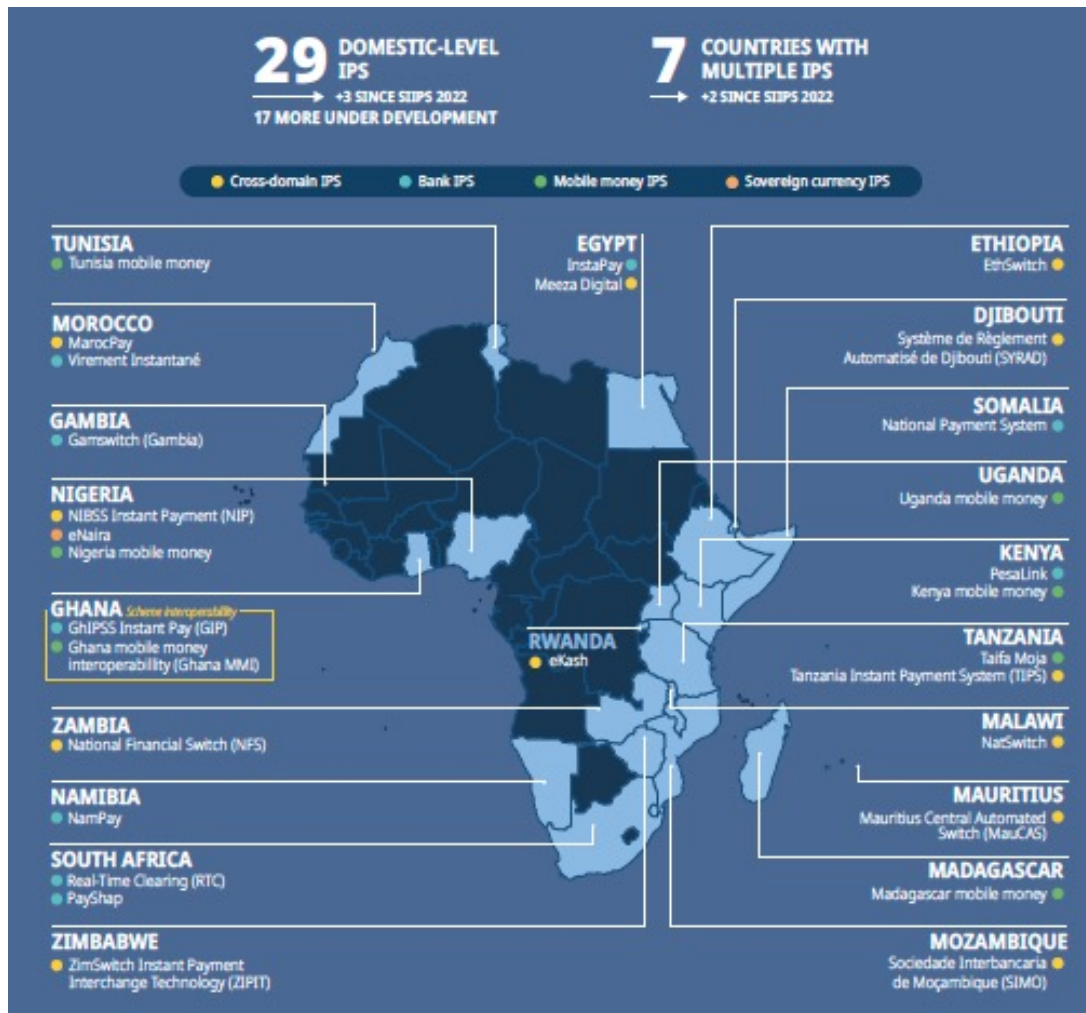
What is needed for IPS in Africa to become digital public infrastructure?



The Landscape



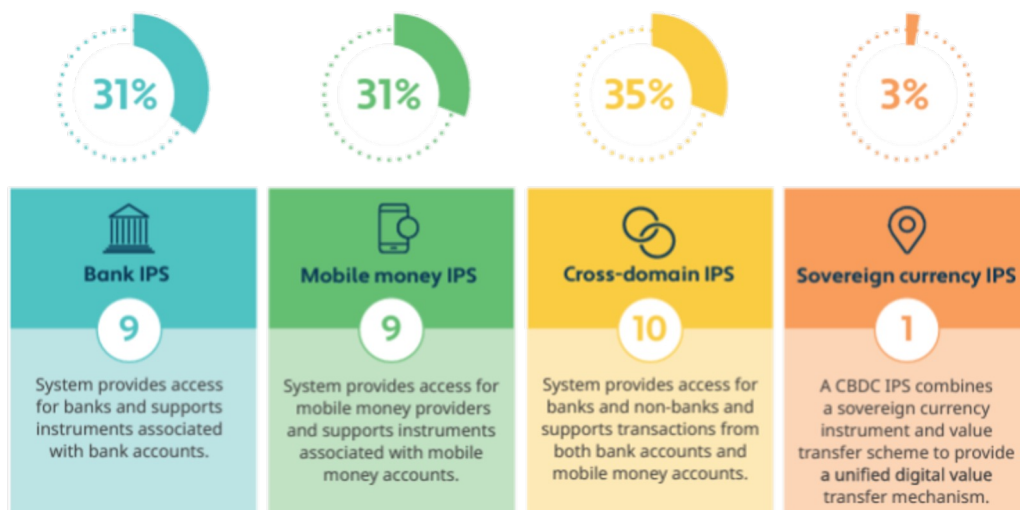
Live IPS: In 2023, there are 29 domestic IPS across 21 countries and 3 regional IPS processing over 31 bn transactions reaching USD 1.18 Tr in value



Based on available data and information collected till June 2023.

The market has focused more recently on cross-domain and bank IPS

2022

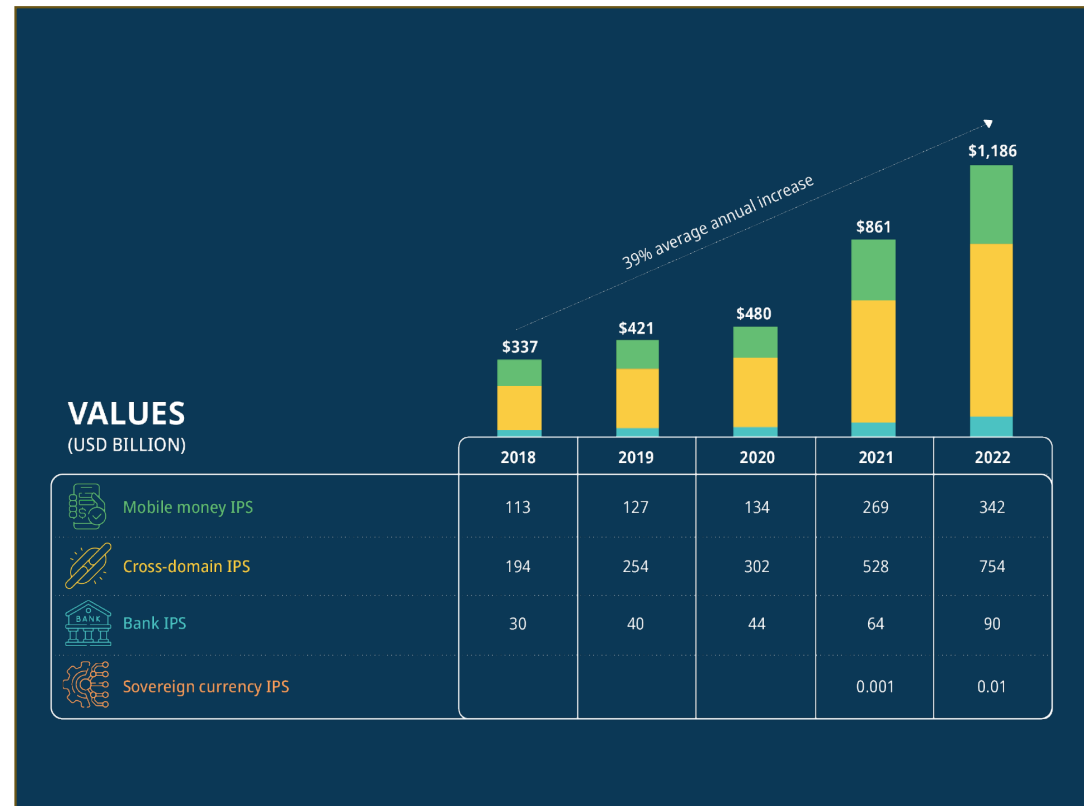
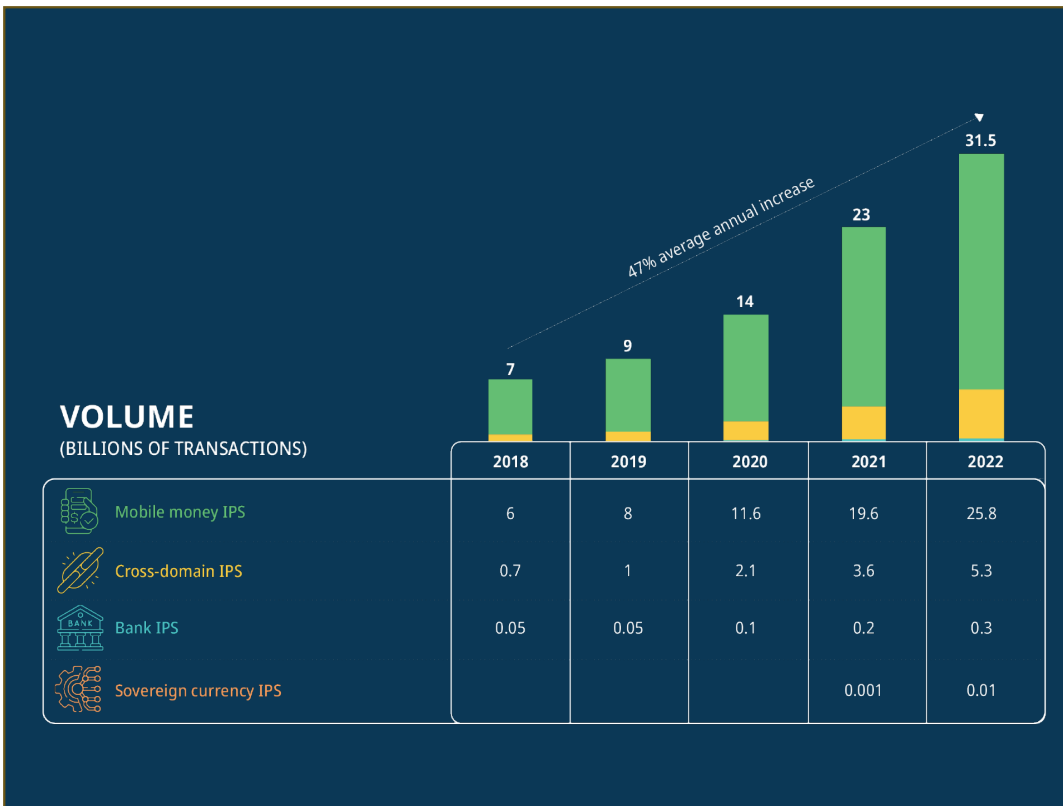


2023



Based on available data and information collected till June 2023.

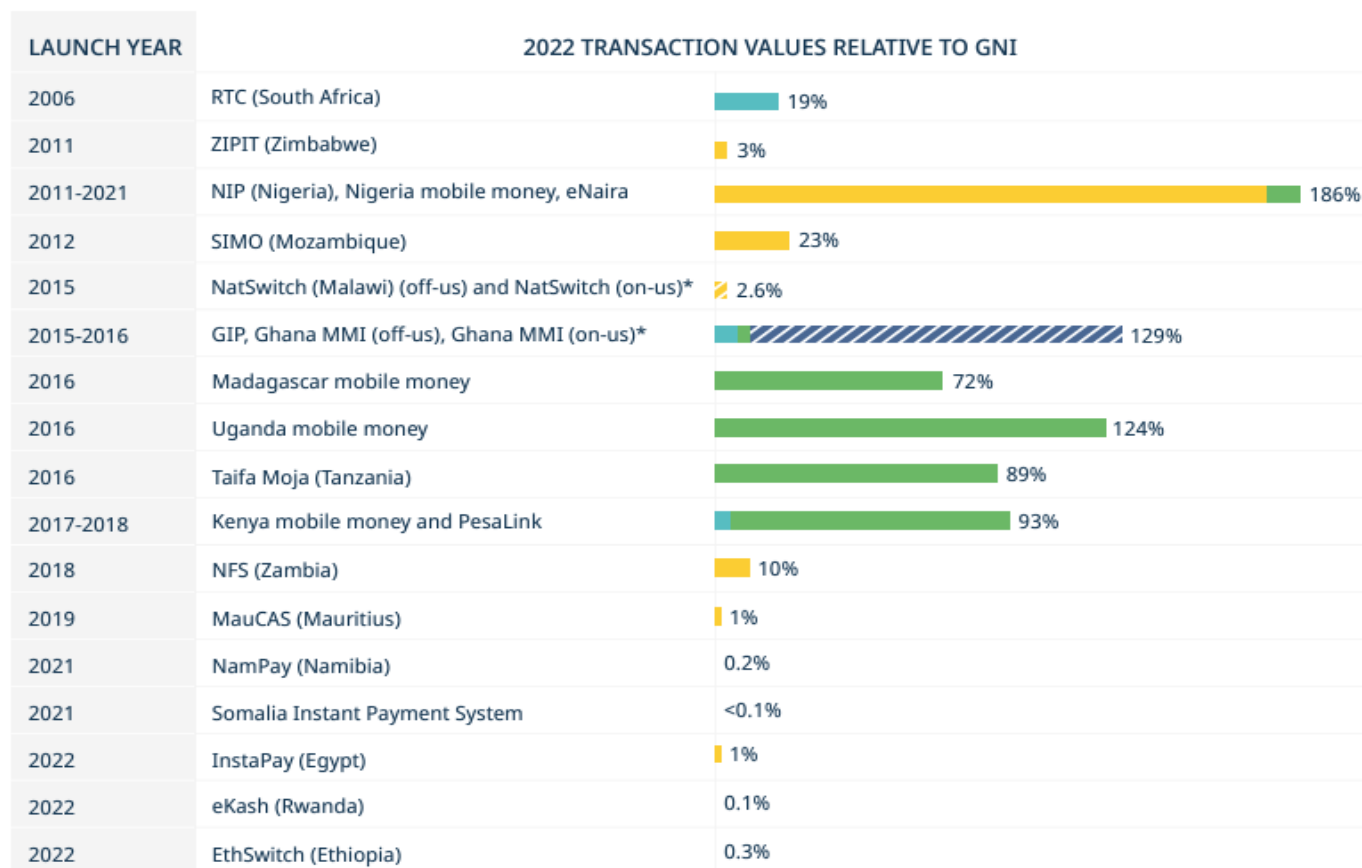
Mobile money IPS support the largest number of transactions while cross-domain IPS process the largest values



Based on available data and information collected till June 2023. The data in the figure above came from publicly available information on transaction flows or from the central bank or system operator. This data is available for 22 IPS. The data for 10 IPS were unavailable. As a result, the actual transactions volumes and value may be Underestimated. The data is missing from: SYRAD (Djibouti), Meeza Digital (Egypt), Gamswitch (The Gambia), MarocPay (Morocco), Virement Instantané (Morocco), PayShap (South Africa), TIPS (Tanzania), Tunisia mobile money, PAPSS and TCIB.



Several countries processed values from 10% to over 100% of GNI indicating a growing significance of the payment systems to African economies



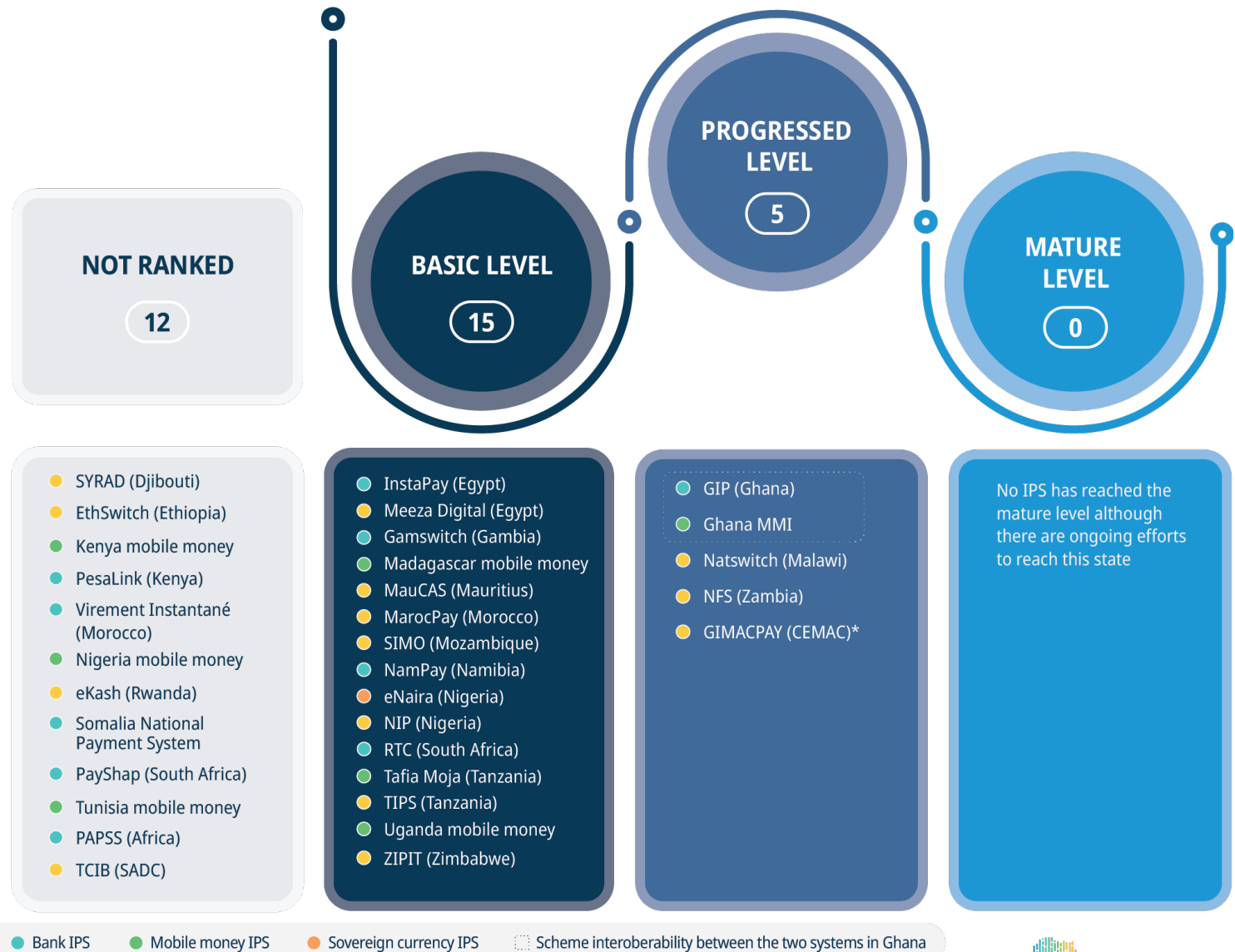
2022 domestic IPS transaction values relative to GNI

● Cross-domain IPS
 ● Bank IPS
 ● Mobile money IPS
 ● Sovereign currency IPS
 ▨ On-us transactions



Based on available data and information collected till June 2023.

Based on the AfricaNenda IPS Inclusivity Spectrum, most IPS in Africa deliver only a basic level of inclusivity

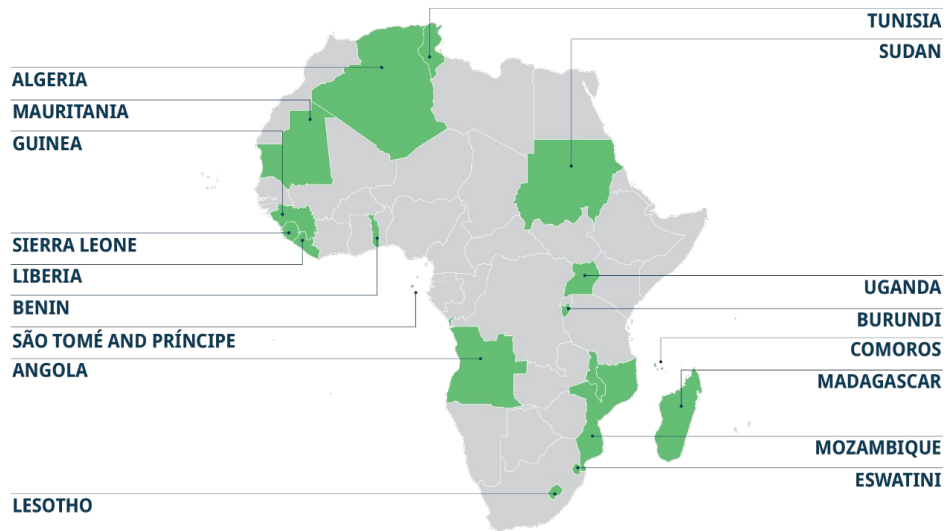


Inclusivity assessment based on available data and information collected till June 2023.

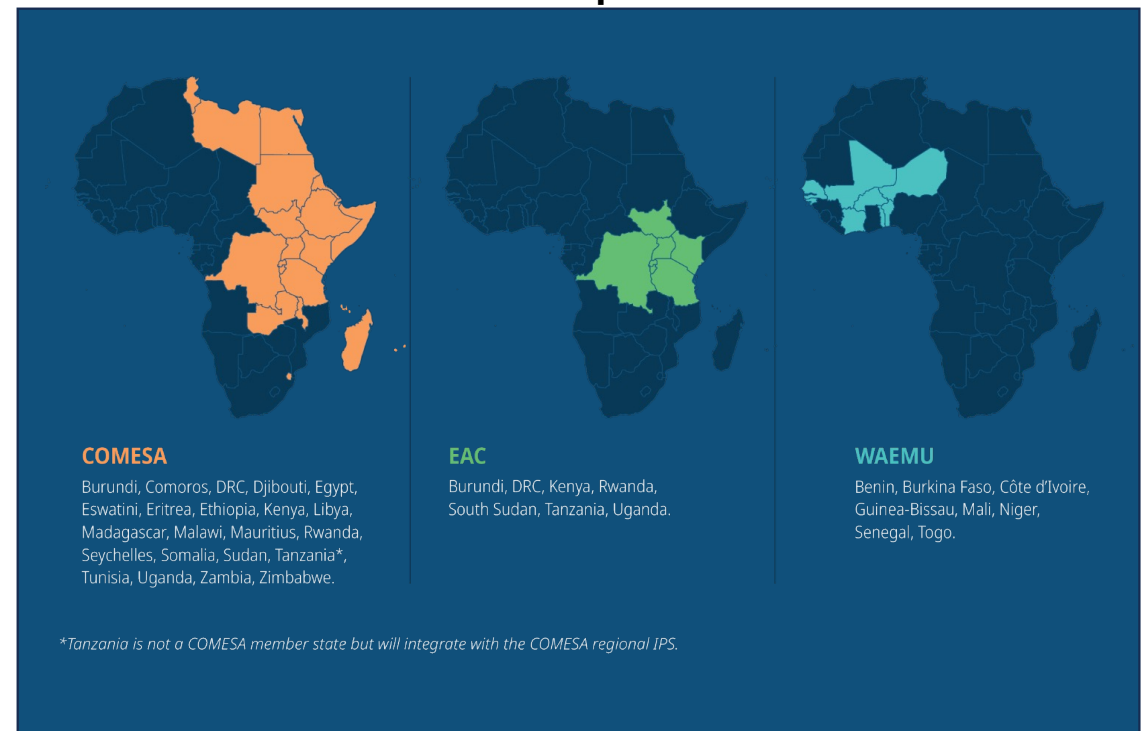
*GIMACPAY (CEMAC) enables domestic IPS functionality in six countries: Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, and Gabon.

There are plans to develop several domestic and regional IPS. If they come to fruition, the IPS landscape will become more saturated

Seventeen countries are developing a domestic IPS



Three regional IPS are in development

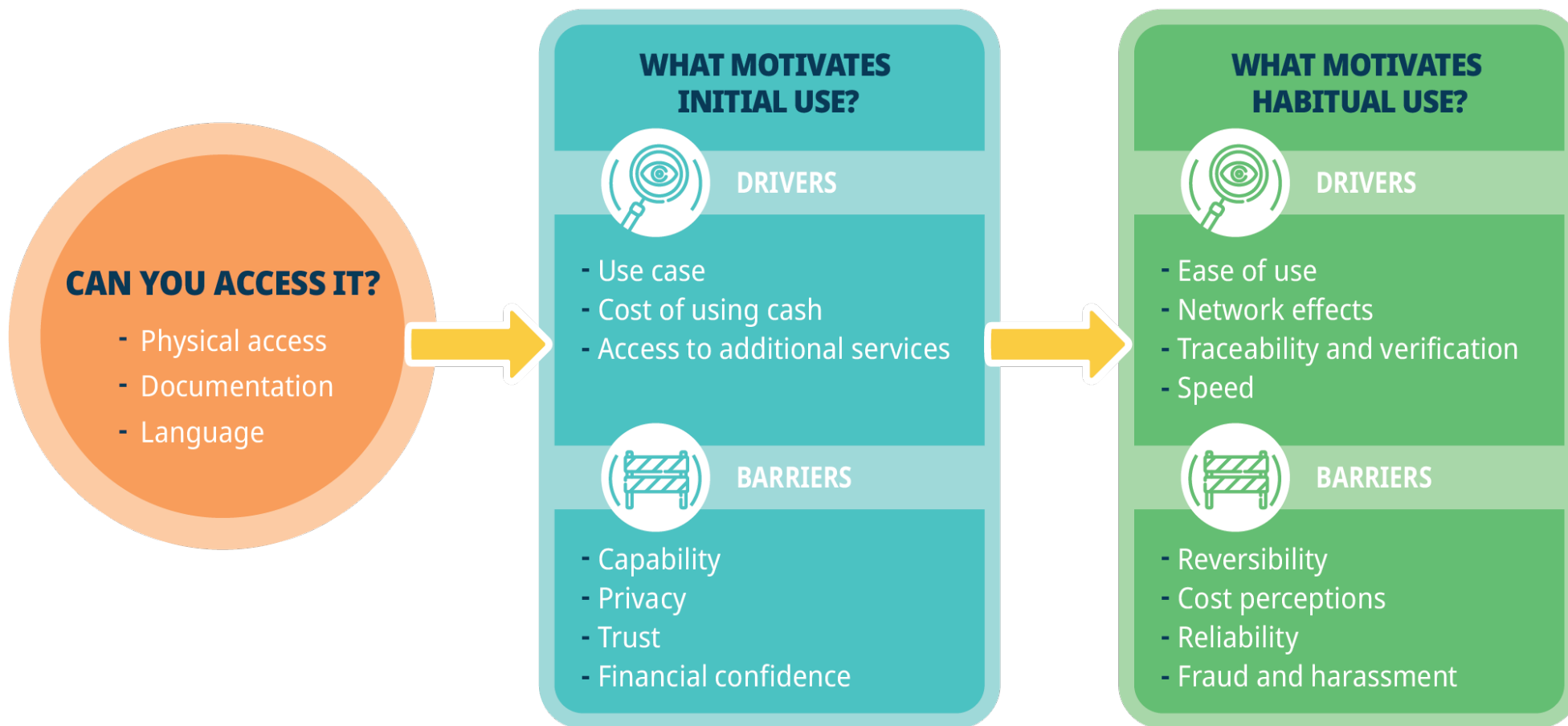


Based on available data and information collected till June 2023.

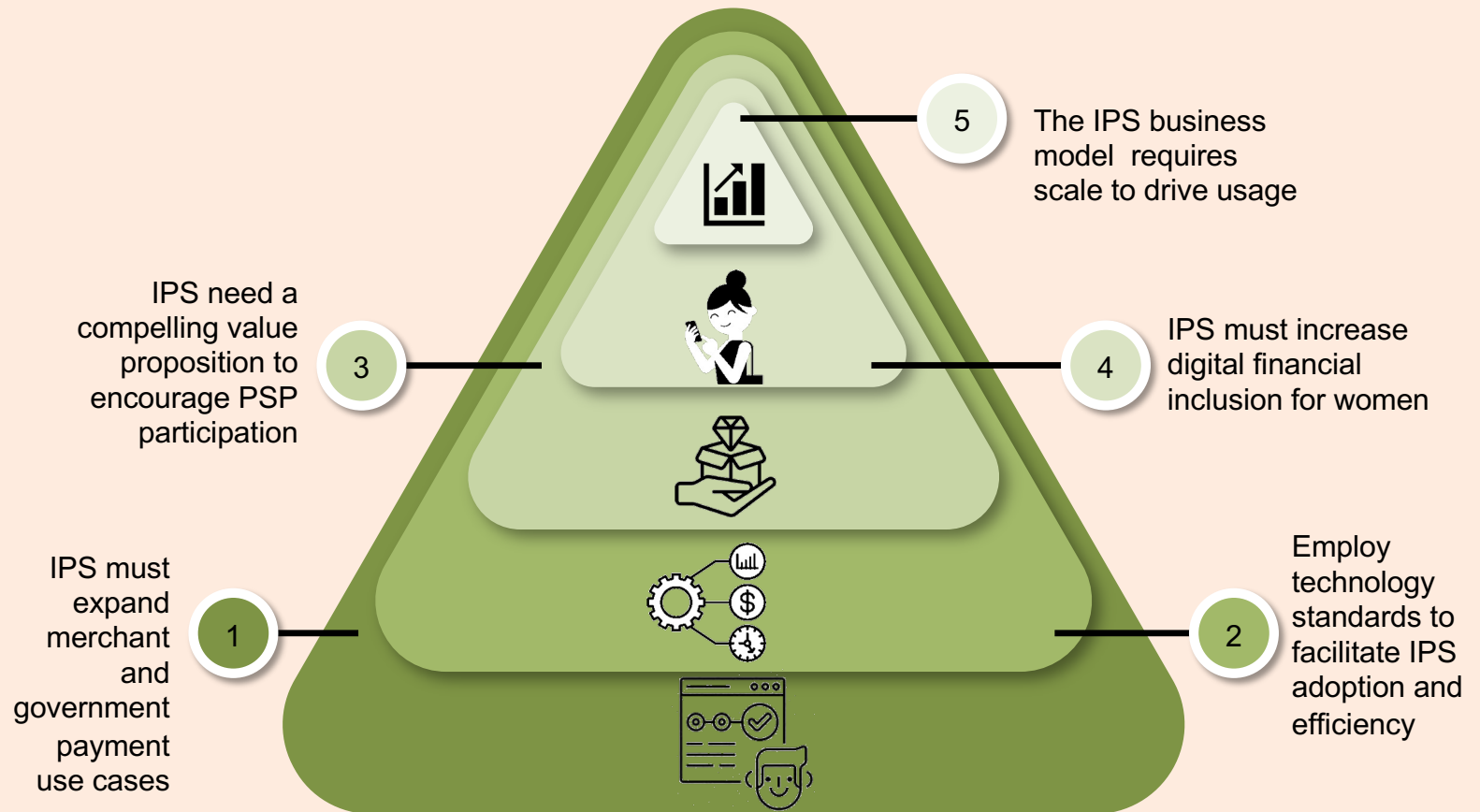
Key Barriers and Opportunities



Significant barriers persist that limit digital payment access, early, and frequent usage



Hurdles and the associated opportunities that IPS and their stakeholders could pursue to drive instant payment system inclusivity.



Spotlight on Cross-border Retail Payments



What are the challenges in cross border payments.

Usage barriers

retail cross-border payments are expensive, inaccessible to many users, and are largely informal.

Operational barriers

Inconsistent messaging standards, expensive liquidity management



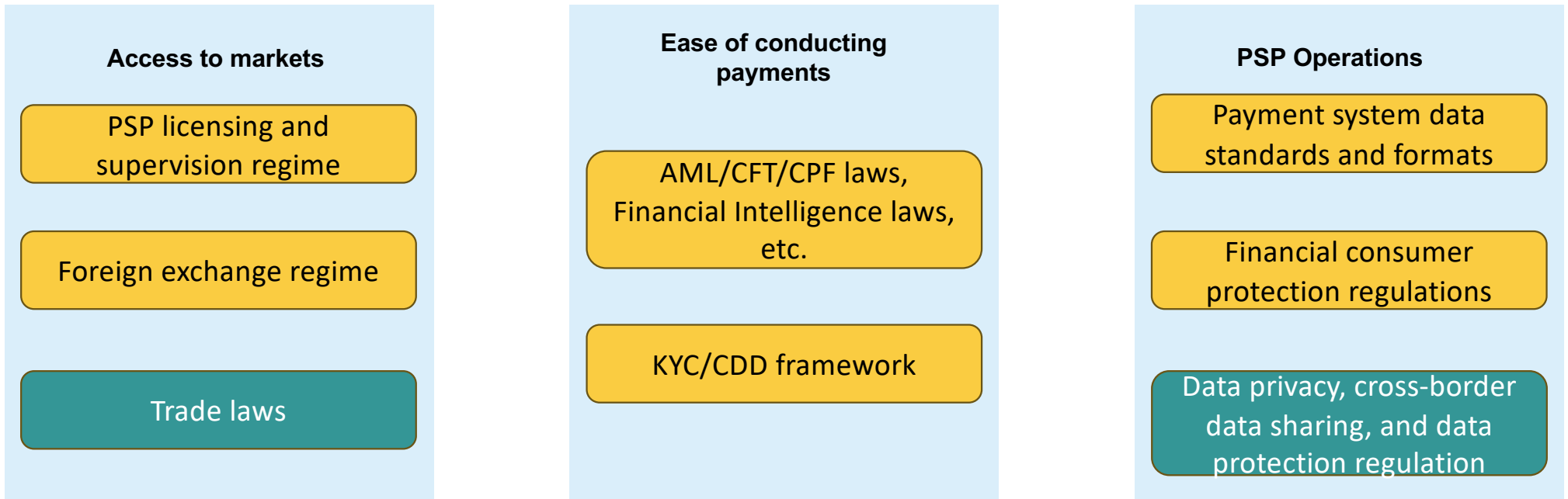
Regulatory barriers


Lack of risk-proportional cross-border licenses and level playing field in payment system access, Misaligned customer due diligence (CDD) requirements, Stringent data localization requirements and prohibited cloud data storage, Burdensome foreign exchange control requirements, etc




Regulatory harmonization could generate significant gains for the entire cross-border payment value chain in Africa

The key areas of regulation that would benefit from harmonization across jurisdictions to improve access to and usage of cross-border retail payments



 Within the central bank control/influence



 Outside the central bank control/influence



Three overlapping and iterative phases of harmonization are typically required for payment-related laws and regulations



The sequencing and balance of domestic regulatory changes and regional initiatives need to be carefully considered



Looking into the Future

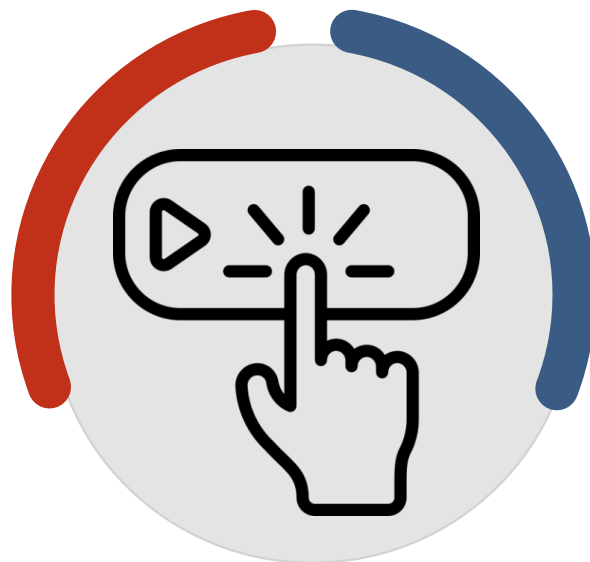


Key actions for policymakers and regulators

Policymakers can create more incentives for the design of IIPS, beginning by enabling better access to credible comparable information



- ❑ Access to scheme rules
- ❑ Inclusive, consistent, and transparent measurement frameworks for volume and value disclosure



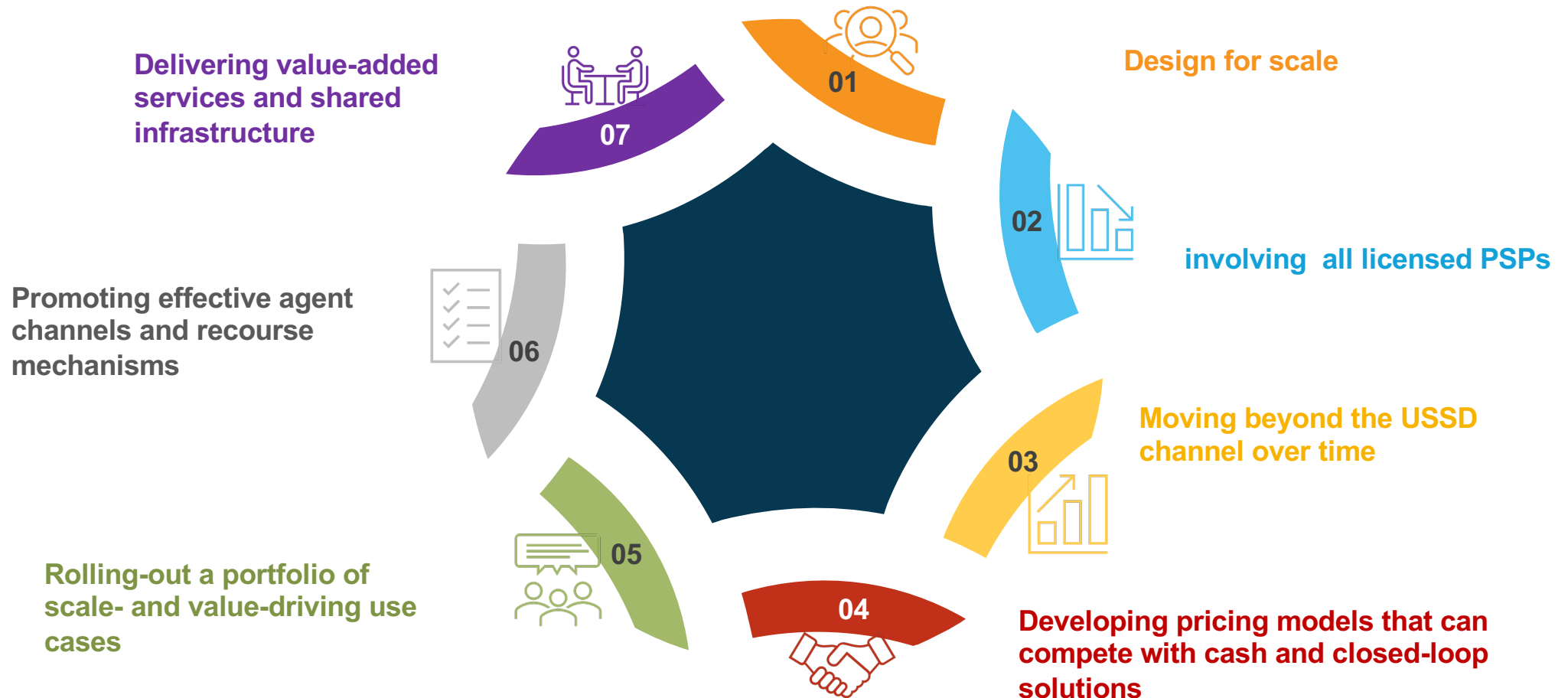
Regulators need to consider how to regulate and supervise to support the advancement of inclusive IPS



- ❑ Innovation and coordination between regulators
- ❑ Principles-based regulatory frameworks for consumer protection and data privacy, and a move towards risk-based supervision
- ❑ Harmonization of regulation for cross-border payments within regions



IPS need to ensure their design and governance structures support inclusive outcomes.



Thank You!