

## Digital Payments in Africa: Can Regulation Keep up With the Rapid Innovation?

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Africa's financial landscape is experiencing significant transformation, as digital payments increasingly displace cash, and emerging crypto assets challenge traditional notions of money.<sup>1</sup> Previously constrained by low banking penetration, the continent is now redefining financial inclusion, through the growth of mobile money and fintech innovation.<sup>2</sup> This shift is further propelled by the increased internet and mobile phone penetration, the rise of e-commerce platforms and youthful tech-savvy population.<sup>3</sup>

However, as the adoption of digital payments grows, the need for regulatory frameworks that promote innovation, protect consumers, and enhance integrity and security of the financial system has become increasingly critical.

### The Digital Payments Revolution

Mobile money has changed the way people handle payments in Africa, with more than 1.1 billion registered mobile money accounts in 2024, reflecting a 19 percent increase from the previous year. Active accounts in 2024 rose by 13 percent to 286 million, demonstrating both broad adoption and growing usage.<sup>4</sup> Transaction value climbed 12 percent to USD 1.1 trillion, while the number of transactions jumped 28 percent to 81 billion, indicating that users are making more, smaller payments, even as larger transfers persist.<sup>5</sup> This shift reflects deeper financial engagement enabled by expanding smartphone and internet access, as well as innovative mobile money services.

*Figure 1: Key Indicators for Africa<sup>6</sup>*

| Indicator                        | 2023          | 2024           | Growth |
|----------------------------------|---------------|----------------|--------|
| Registered mobile money accounts | 856 million   | 1.1 billion    | +19%   |
| Active mobile money accounts     | 237 million   | 286 million    | +13%   |
| Mobile money transaction value   | \$919 billion | \$1.1 trillion | +12%   |
| Transaction volume               | 62 billion    | 81 billion     | +28%   |

Africa has also emerged as one of the fastest-growing regions for crypto assets adoption, recording over \$125 billion in on-chain crypto transactions in recent years, a trend that underscores the continent's shift toward cheaper, faster, and more accessible remittance alternatives.<sup>7</sup> Crypto-based remittances, including those facilitated via stablecoins and blockchain

<sup>1</sup> McKinsey & Company (2022). "The Future of Payments in Africa". Available [here](#)

<sup>2</sup> World Bank Group (2024). "Financial Inclusion in Sub-Saharan Africa – Overview". Available [here](#)

<sup>3</sup> GSMA (2024). "The State of the Industry Report on Mobile Money". Available [here](#)

<sup>4</sup> GSMA (2025). "The State of the Industry Report on Mobile Money 2025". Available [here](#)

<sup>5</sup> Adapted from GSMA (2025). "The State of the Industry Report on Mobile Money 2025". Available: [here](#)

<sup>6</sup> GSMA (2024). "The State of the Industry Report on Mobile Money 2024". Available [here](#)

<sup>7</sup> Chainalysis (2024). "Sub-Saharan Africa: Nigeria Takes #2 Spot in Global Adoption, South Africa Grows Crypto-TradFi Nexus". Available: [here](#)

networks, are being explored to bypass the high costs and delays associated with traditional banking infrastructure.<sup>8</sup>

Simultaneously, fintech APIs are revolutionising cross border transactions by enabling direct wallet-to-wallet interoperability across mobile money platforms, banks, and digital wallets. This significantly reduces friction and cost by eliminating the need for multiple intermediaries, particularly correspondent banks.<sup>9</sup> For instance, API aggregators like Flutterwave and Onafriq facilitate streamlined digital payments for businesses and consumers alike, enhancing the speed and affordability of remittance flows across African markets.<sup>10</sup>

In addition, neobanks and mobile first digital wallets are transforming the remittance experience by offering real-time, low-cost cross border transfers through app-based services.<sup>11</sup> These innovations, often supported by blockchain infrastructure and mobile money integration, are helping Africa leapfrog legacy financial systems, improving financial inclusion for migrants, SMEs, and unbanked populations.<sup>12</sup>

## The Regulatory Landscape

Regulators in Africa are taking actions aimed at levelling the playing field and creating an enabling environment. For instance, the South African Reserve Bank's National Systems Payments Department (NPSD) is spearheading reforms aimed at broadening fintechs and non-bank participation in the national payment system (NPS).<sup>13</sup> Meanwhile, South Africa's Financial Sector Conduct Authority (FSCA) has also emerged as a proactive regulatory force, prioritizing consumer, and market development over bureaucratic compliance. A key regulatory milestone in this regard is the anticipated Conduct of Financial Institutions (COFI) Bill, which is expected to be tabled in parliament this year. This legislation is designed to level the playing field across financial institutions and fintech providers through a more adaptable, activity-based regulatory framework. These efforts reflect a shift toward a dynamic regulatory ecosystem, better suited to Africa's fast-moving digital payments sector.

Recently in a landmark development, Ghana and Rwanda introduced a licensing passport system, allowing fintech's licensed in one country to expand into the other with minimal regulatory hurdles.<sup>14</sup> By integrating this passport with the Pan-African Payment and Settlement System (PAPSS) and leveraging support from global partners such as the Monetary Authority of Singapore, the initiative is set to streamline cross border payments, lower transaction costs and processing times, and unlock new opportunities for intra-African trade and financial inclusion.<sup>15</sup>

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<sup>8</sup> Chainalysis (2024). "Sub-Saharan Africa: Nigeria Takes #2 Spot in Global Adoption, South Africa Grows Crypto-TradFi Nexus". Available: [here](#)

<sup>9</sup> OuiCapital (2025). "Africa's Cross-border Payment Landscape". Available: [here](#)

<sup>10</sup> OuiCapital (2025). "Africa's Cross-border Payment Landscape". Available: [here](#)

<sup>11</sup> OuiCapital (2025). "Africa's Cross-border Payment Landscape". Available: [here](#)

<sup>12</sup> OuiCapital (2025). "Africa's Cross-border Payment Landscape". Available: [here](#)

<sup>13</sup> South African Reserve Bank (2024). "Digital Payments Roadmap: Towards Inclusive, Accessible, Effective and Sustainable Digital Payments in South Africa". Available : [here](#)

<sup>14</sup> The Habari Network (2025). "Rwanda and Ghana Launch Fintech Licensing Passport to Drive Seamless Payment Solutions". Available [here](#)

<sup>15</sup> Agpaytech (2025). "FinTech License Passporting in Africa: A Promising Framework for Responsive Regulation". Available [here](#)

Cross border collaboration is critical to overcome to address the enduring challenges involved in intra-Africa payments. In this regard, regional payment systems such as the Pan-African Payment and Settlement System (PAPSS) are addressing the high cost of cross border payments and promoting intra-Africa trade.<sup>16</sup> However, while the vision is comparable to Europe's Single Euro Payments Area (SEPA), an important difference is that SEPA requires participation from payments system players, while Pan-African Payment and Settlement System (PAPSS) is based on voluntary participation.<sup>17</sup>

With over 25 distinct regulatory sandboxes spanning 15 African countries provide fintech innovators with structured, real-world testing environments to trial novel digital payment solutions under the supervision of regulators.<sup>18</sup> These sandboxes enable firms to validate product compliance, assess consumer impact, and refine risk frameworks all within defined regulatory and operational parameters. By offering this controlled space for experimentation, sandboxes are helping to bridge the gap between innovation and regulation, fostering a safer, more adaptive path to market entry while informing regulatory reforms aligned with emerging technologies.

## **Challenges and Potential Solutions**

The digital payment transition in Africa has made significant progress but faces challenges.

While the regulatory landscape for digital payments is evolving, in line with the continent's rapidly expanding fintech sector and increasing focus on financial inclusion, regulatory fragmentation remains a major barrier to seamless cross border fintech innovation. With 54 countries each operating their own licensing requirements, prudential rules and compliance frameworks, fintechs face a patchwork of jurisdictional hurdles whenever they expand regionally.<sup>19</sup> This lack of harmonization drives up legal and operational costs, prolongs time-to-market and undermines economies of scale forcing many startups to limit their services to domestic markets. Addressing this challenge will require coordinated efforts to align licensing requirements, adopt common data-privacy and anti-money-laundering standards, and build interoperable platforms that enable fintechs to onboard customers, clear transactions and report to regulators under a unified set of rules.

Cyber fraud and data breaches are escalating across Africa's digital payments landscape, highlighting the urgent need for comprehensive consumer protection and cybersecurity regimes. In South Africa alone, incidents of digital-banking fraud rose by 45 percent year-on-year, with related financial losses up 47 percent, according to South Africa Banking Risk Information Centre's (SABRIC) Annual Crime Statistics 2023.<sup>20</sup> To safeguard personal and financial data, regulators must strengthen legal frameworks such as South Africa's Protection of Personal Information Act (POPIA), Ghana's Data Protection Act (2012) and Nigeria's Cybercrimes

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<sup>16</sup> McKinsey & Company (2022). "The Future of Payments in Africa". Available [here](#)

<sup>17</sup> McKinsey & Company (2022). "The Future of Payments in Africa". Available [here](#)

<sup>18</sup> Datasphere (2025). "Africa Sandboxes Outlook. Thinking Outside the Box for Responsible Innovation in the Age of AI". Available [here](#)

<sup>19</sup> Agpaytech (2025). "FinTech License Passporting in Africa: A Promising Framework for Responsive Regulation". Available [here](#)

<sup>20</sup> South African Banking Information Centre (SABRIC) 2023. "Annual Crime Statistics". Available: [here](#)

(Prohibition, Prevention, etc.) Act (2015), while enforcing mandatory cyber risk management standards for payment-service providers.<sup>21</sup> At the regional level, adopting Pan-African cybersecurity guidelines can ensure consistent incident-reporting, threat-sharing and resilience testing across borders.<sup>22</sup>

Trust, access, financial and digital literacy even though they are on the rise, remain uneven and insufficient.<sup>23</sup> These factors act as significant barriers to the adoption of digital payments, especially in underserved and rural communities where low financial literacy and digital unfamiliarity persist. For instance, approximately 400 million in Sub-Saharan Africa remain outside the formal financial system.<sup>24</sup> In these areas, several users continue to rely on informal payment methods due to distrust of digital platforms, fear of fraud, and limited understanding of how digital financial services work. Building trust, therefore, requires more than just deploying secure platforms, it necessitates targeted consumer education initiatives that equip users with the knowledge and confidence to engage safely in digital transactions. These programs should emphasize basic digital financial skills, data protection awareness, and fraud prevention strategies. According to the GSMA, improving digital skills and user trust is key to narrowing the region's 60 percent mobile internet usage gap, which reflects both affordability and awareness challenges.<sup>25</sup>

Interoperability also remains a key bottleneck to achieving seamless digital payments across the continent.<sup>26</sup> While mobile money adoption has surged empowering millions with access to financial services the ability to transfer funds between different providers, platforms, and jurisdictions remains limited and fragmented. Users often face high fees, delays, and complex procedures when attempting to move money across networks or borders. This lack of interoperability undermines the efficiency of digital ecosystems, stifles innovation, and restricts the scale of inclusive financial services. Although initiatives like the PAPSS aim to address cross-border inefficiencies, participation is uneven, and technical integration across diverse platforms remains a challenge.

## Looking Ahead

Africa's digital payments revolution represents one of the most transformative developments in the continent's economic history, a narrative driven by mobile money, fintech innovation, and growing demand for low-cost, real-time financial services. With over 1 billion mobile money accounts and an expanding array of digital wallets, crypto-enabled remittance platforms, and API-powered fintech infrastructure, Africa is redefining how value moves across borders and communities.

However, this progress continues to confront a fragmented regulatory oversight, high remittance costs, and cybersecurity and data breaches. At the same time, the persistence of low financial

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<sup>21</sup> OUICapital (2025). "Africa's Cross-border Payment Landscape". Available: [here](#)

<sup>22</sup> Agpaytech (2025). "FinTech License Passporting in Africa: A Promising Framework for Responsive Regulation". Available [here](#)

<sup>23</sup> World Bank (2024). "Digital Transformation Drives Development in Africa". Available: [here](#)

<sup>24</sup> Anthony A, Sambuli, N & Sharma L (2024). "Security and Trust in Africa's Digital Financial Inclusion Landscape". Available: [here](#)

<sup>25</sup> GSMA (2024). "The Mobile Economy Sub-Saharan Africa 2024". Available: [here](#)

<sup>26</sup> Kamanu, A (2025). "Shaping the Future of Payments in Africa". Available: [here](#)

literacy and uneven digital inclusion particularly in underserved areas risks deepening rather than bridging the financial divide.

To unlock the full potential of Africa's digital payment ecosystem, a coordinated, forward-looking regulatory response is imperative. This includes:

- Adopting harmonized, activity-based regulatory frameworks that encourage innovation while ensuring consumer protection and systemic stability;
  - Accelerating regional integration efforts such as PAPSS and AfCFTA to reduce friction in cross border payments;
  - Strengthening financial literacy and trust-building programs, particularly for vulnerable user groups.
  - And embracing technology-neutral, risk-based regulation that supports emerging solutions like blockchain, stablecoins, and AI-enhanced compliance tools.
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## **About the Financial Sector Conduct Authority**

The [Financial Sector Conduct Authority](#) (FSCA) was established to be the dedicated market conduct regulator in South Africa's Twin Peaks regulatory model implemented via the Financial Sector Regulation Act. Our mandate includes all financial institutions that provide a financial product and/or a financial service as defined in the Financial Sector Regulation Act. The FSCA's mandate is expressed through the following strategic objectives:

- Improve industry practices to achieve fair outcomes for financial customers
- Harmonise regulatory and supervisory frameworks
- Accelerate the transformation of the FSCA into a socially responsible, efficient and responsive organisation
- Empower households and small businesses to be financially resilient
- Promote the development of an innovative, inclusive and sustainable financial system
- Act against misconduct to support confidence and integrity in the financial sector