

Agpaytech's Research
12th January, 2024

Major Payments Trends and Progress in Africa 2023



Highlights

Central Bank Digital Currencies

Africa represents 8.5% of central banks that have announced issuing CBDC globally. In 2023, Nigeria continued to improve the features of eNaira (eNaira payment option for diaspora remittance, creating awareness), Kenya suspended its CBDC exploitation, Ghana completed both offline and online pilot study, engage firms and individuals in eCedis hackathon to explore use cases.

Fintech Diplomacy

In 2023, both private and government institutions in the Africa region and other parts of the world were engaged in FinTech conferences, engagement forums, dialogue, etc. (9th Africa Fintech Summit Washington, Seamless North Africa 2023 Conference, MWC Africa 2023 in Rwanda)

Telecommunication Network

Telecommunication enhances electronic payment systems' grasped attention. There were several MOUs and partnership deals such as Airtel Africa and MasterCard, Safaricom and Visa, Orange launched the supper app "Max It"

Lending, Investment

2023 saw a drive for business startups through lending and investment funding. Some of the deals include MNT-Halan's \$400m deal, Sabi raised \$38 million, etc.

Regulatory

Several bills, guidelines, and regulatory sandboxes were announced or passed to promote innovative challenges in the African region. Nigeria passed the startup bill, CBN made provisions for a regulatory sandbox, Bank of Ghana and EM TECH announced a regulatory sandbox, etc.

Embedded Finance

Many state institutions began digital operationalization of their services in the area of revenue mobilization, increase in electronic levies, interoperability of payment systems, etc.

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The Central Bank Digital Currency (CBDC)

In the year 2023, many CBDC projects like the Chinese e-CNY, digital euro, eNaira, etc. continued to improve or pilot the use cases, experiences, research and other architectural framework development. Globally, Africa represents 8.5% of central banks that have announced issuing CBDC, which is in different stages. In the African region, 32.7% (17 countries) of the central banks have publicly announced their intention to issue CBDC, whereas 67.3% of central banks have not shown interest or are yet to make pronouncements on their intent to explore CBDC.

Nigeria

The Central Bank of Nigeria (CBN) began its CBDC journey in 2017, with extensive study, consultations, identification of use cases and the testing of the CBDC concept in a Sandbox environment. Launched on 25 October 2021, it became Africa's first CBDC. eNaira transactions are executed using a proprietary software platform called "Digital Currency Management System (DCMS)" developed by Bitt Inc., the technology service provider of eNaira. The software uses Hyperledger Fabric as the underlying transaction network or ledger, a variant of distributed ledger technology (DLT).



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● eNaira Payment Option for Diaspora Remittance

The Trade and Exchange Department of the CBN on 15th June 2023, released the operational guidelines for the eNaira payment option to recipients of diaspora remittances. The payment procedure follows that; the Sender initiates a diaspora transfer with International Money Transfer Operators (IMTO) of choice overseas providing the beneficiary's wallet details. IMTO logs into the eNaira web wallet portal debits its eNaira Merchant Wallet, and credits the Beneficiary with the eNaira equivalent of foreign currency using the Investors and Exporters (I&E) exchange rate. Alternatively, IMTO can integrate with the eNaira portal from its platform via API provided by CBN and initiate the transfer of the eNaira equivalent of foreign currency using the I&E fx rate.

● eNaira has No Threat to Financial Stability

On October 9, 2023, the CBN issued a press release to refute the claims made by some media reports that the eNaira is a threat to the country's financial stability. "The attention of the Central Bank of Nigeria (CBN) has been drawn to news items on some media platforms, traditional and social media suggesting that the country's Central Bank Digital Currency (CBDC), the eNaira, is a threat to the nation's financial stability".



Zimbabwe

On October 5, 2023, Zimbabwe issued RBZ Gold-Backed Digital Token as a means of payment. The RBZ Gold-backed Digital Tokens (ZiG) are being issued to expand the value-preserving instruments available in the economy, enhance the divisibility of the investment instruments, and widen their access and usage by the public. ZiG is now one of the means of payment for domestic transactions, over above its value-preservation purpose. The value of ZiG is at par with the value of the physical Mosi-oa-Tunya gold coin. The digital token will be available for sale, through banks, in both foreign and local currency. Holders of physical gold coins, at their discretion, will be able to exchange or convert, through the banking system, the physical gold coins into gold-backed digital tokens.

Ghana

Apart from the eNaira, the second most advanced CBDC in Africa is Ghana's eCedi. The Bank of Ghana to meet the strategic goals of digitization of the Ghanaian economy, foster financial inclusion and consumer adoption of digital payments as well as address the risk of unregulated private virtual assets has declared to issue digital Cedi (eCedi).

● **Piloted both Online and Offline CBDC features**

Bank of Ghana has therefore piloted both the online and offline payment scenarios of the digital Cedi. The pilot saw the testing of online and offline versions of the eCedi in Accra, Tarkwa, and Sefwi Asafo. Moreover, the Bank of Ghana anticipates the existing universal QR codes to be integrated into the eCedi ecosystem and ensures its interoperability with other digital financial systems/products within the national payment ecosystem.

● **eCedi Hackathon**

Bank of Ghana in collaboration with EMTECH Solutions Inc. announces the launch of an eCedi hackathon, to provide opportunities for FinTechs, developers and innovators to design innovative solutions that explore various use cases of a Central Bank Digital Currency (CBDC). The proposed innovations are expected to leverage eCedi tokens and APIs to prototype solutions or develop tools that address many use cases.



Kenya Suspended its CBDC Project

The Central Bank of Kenya (CBK) issued a discussion paper on CBDC and sought views from the public on the potential applicability of a CBDC in Kenya. In June 2023, Kenya released the output which argued that the implementation of a CBDC in Kenya may not be a compelling priority in the short to medium term. The Bank has deferred the decision on the adoption of CBDC to strengthen innovations around the existing payment ecosystem.



Conferences and Fintech Diplomacy

In 2023, both private and government institutions in the African region and other parts of the world deepened their collaborative effort to enhance financial innovations. There were several bilateral dialogues, seminars, conferences and academic lecturers that facilitated knowledge sharing.

● **Seamless North Africa 2023 Conference held at the Egypt International Exhibition Centre, Cairo.**

Seamless Africa was a two-day event held from 17th July to 18th July 2023, at the iconic Egypt International Exhibition Center, London. The presence of fintech innovators, advocates, decision-makers, angel investors, bank officials, and fintech enthusiasts from around the globe graced the event. There were 4000+ people at the event, along with 150+ experts and 200+ exhibitors & startups. Some major sponsors and exhibitors were Feitan, BPC, M2P, NPC International, VISA, Alex Bank, Shark Tank, and AirPay.

● **MWC (Mobile World Congress) Africa 2023 in Rwanda.**

Seamless is a unique global event brand bringing together the converging worlds of the banking financial services industry and the retail and e-commerce ecosystem. The conference connects a global community made up of decision-makers from large enterprises, SMEs, start-ups, NGOs, Regulators, and the Government, all actively engaged in driving change in digital commerce. Held in Kigali 17-19 October 2023, 1473 companies, 230+ speakers, 3, 415 attendees and over 80 journalists participated in the program.

● **Ghana to host the 3iAfrica Summit**

Ghana to host the 3iAfrica Summit from 13th to 15th of May, 2024 3iAfrica Summit is a pioneering event poised to unlock Africa's digital and financial potential. The Summit is scheduled for the 13th to 15th of May, 2024, in Accra, Ghana, and is expected to draw over 2,000 industry leaders from 80+ countries to ignite innovation and harness the impact of FinTechs in the digital financial economies across the continent. The 3iAfrica Summit is a collaborative initiative by the Bank of Ghana, Development Bank Ghana, and the Monetary Authority of Singapore (MAS) through Elevandi.



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In a groundbreaking move, three African nations; Nigeria, Kenya, and Rwanda have pledged their commitment to ‘The Bletchley Declaration, a joint effort to address the potential risks associated with artificial intelligence (AI).

● **Nigeria, Rwanda and Kenya joined the Bletchley Declaration**

The Bletchley Declaration on AI safety sees 28 countries from across the globe, as well as the European Union, agreeing to the urgent need to understand and collectively manage potential risks through a new joint global effort to ensure AI is developed and deployed in a safe, responsible way for the benefit of the global community. In a groundbreaking move, three African nations; Nigeria, Kenya, and Rwanda have pledged their commitment to ‘The Bletchley Declaration, a joint effort to address the potential risks associated with artificial intelligence (AI). Other countries, including the United States and the United Kingdom, are in this world-first agreement aimed at tackling AI-related risks.

● **CARICOM Central Banks adopt PAPSS**

The central bank of Malawi, Rwanda, and Kenya joined PAPSS 2023. Besides, the CARICOM Central Banks adopt PAPSS for intra-regional trade transactions. The Caribbean Central Banks and Afreximbank have decided to start a pilot project to guarantee the seamless deployment of the PAPSS system and its efficacy in the Caribbean region. An official commercial launch of the system in the Caribbean region is expected to occur in Q4 2024.



Telecommunications Network Deals

Orange launches its super-app “Max It”

Orange has launched its super-app “Max It” which brings together the worlds of telecommunications, financial services, and e-commerce to meet all the daily needs of its users. “Max It” is available in 5 countries and will soon be extended to the 12 other countries where Orange is present in Africa and the Middle East. The first version of “Max it” is available in Cameroon, Senegal, Mali, Burkina Faso, and Botswana. “Max It” offers not only Orange services but also digital services from local partnerships, as well as services from international partners, to meet users’ expectations.

[Mastercard Inc.](#) agreed to take a minority stake in the financial technology business of MTN Group Ltd., Africa’s biggest wireless carrier, sending the telecom company’s stock up the most in three months. MTN said that the deal values the entire fintech unit at \$5.2 billion.

[Safaricom](#), Kenya’s largest mobile operator, and leading digital payments company and Visa partnered to develop products that will support digital payments for M-Pesa customers.



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Financial Market

Egypt-Nigeria Fintech Bridge

The Central Bank of Nigeria (CBN) and the Central Bank of Egypt (CBE) have signed a memorandum of understanding (MOU) to establish a Nigeria-Egypt fintech bridge. Director of Corporate Communications of the apex bank, Dr Isa AbdulMumin, stated this in a statement, revealing that the signing took place during the Seamless North Africa 2023 Conference held at the Egypt International Exhibition Centre, Cairo. This comes after a series of engagements on issues around payment systems, financial technology, and financial inclusion in Africa.

Moniepoint's Acquisition

The Kenyan Authority granted unconditional approval to Moniepoint's acquisition based on two key considerations namely. First, the authority's assessment suggests that the transaction is unlikely to negatively impact competition in the market for digital credit. Second, the transaction will not elicit negative public interest concerns.

ATLMoney Establishes Global Presence

ATLMoney, a growing worldwide remittance firm and a pioneering financial company under the trade name of AGPAYTECH LTD. registered and regulated under HMRC-UK, is making waves on the global stage by breaking barriers and expanding its remittance business presence across Europe, the USA, and Africa. With its cutting-edge solutions and unwavering commitment to excellence, ATLMoney is redefining the way financial services are delivered and raising the bar for industry standards.

PAPSS welcomes new members: Kenya, Rwanda and Malawi

Central banks of Kenya, Rwanda, and Malawi have become new members of PAPSS, and are now part of the revolutionary initiative of the African Export-Import Bank (Afreximbank). This remarkable development marks a significant milestone in the journey towards a more integrated and efficient financial ecosystem across Africa. The Pan-African Payment and Settlement System (PAPSS) is a cross-border, financial market infrastructure enabling payment transactions across Africa.

Kenya unveils digital platform for investments in government securities

The Central Bank of Kenya's (CBK) DhowCSD is a new Central Securities Depository (CSD) that offers a simple, efficient, and secure portal by the CBK to enable the public to invest in Government of Kenya securities. The DhowCSD allows the trading of government bonds via online and mobile phone platforms which eliminates the need for investors to physically visit the CBK to trade in government bonds. DhowCSD, including opening an account, investing in and paying for treasury bills and treasury bonds.

IT Consortium tests Chango in Rwanda fintech regulatory sandbox

IT Consortium becomes the second firm after Riha Payment System to be admitted to the CMA Fintech regulatory sandbox to test their innovations. IT Consortium Rwanda will test its Chango for investment application. Chango is a Fintech innovation in the saving and investment space aiming at connecting retail investors to Collective Investment Schemes (CIS).

Nigeria set digital transformation plan; aim to train 3m people in tech

The Federal Ministry of Communications, Innovation and Digital Economy released a draft Strategic Blueprint. This Strategic Blueprint is a detailed and progressive framework that encompasses five key pillars. Each pillar is integral to our mission and interconnected with others, forming the foundation of our strategy.

Policy

Deliver data download speed of 25Mbps in urban areas

Boost Nigeria's broadband penetration rate to 70% by the end of 2025.

Provide coverage for at least 80% of the population

Increase startups using Blockchain technology

Knowledge

To achieve 70% and 95% digital literacy by 2027 and 2030 respectively.

To train 3 million early to mid-career technical talents over the next four years.

To position Nigeria in the top 25% globally in AI, UAVs, IoT, etc

Infrastructure

Set up a Digital Public Infrastructure

Revitalize the operations of the Nigerian Postal Service

Entrepreneurship & Capital

Establish sandbox environment develop unique solutions.

Focused on AgriTech, HealthTech, EdTech, MediaTech, CleanTech, CreTech, among others. Increase local technology startups from <1% to 25% by 2027

Trade

Improve Nigeria's Economic Complexity Index (ECI) from 99 to 75.

Grow intra-African trade by 500% by 2027.

Establish a one-stop AfCFTA digital and physical shop

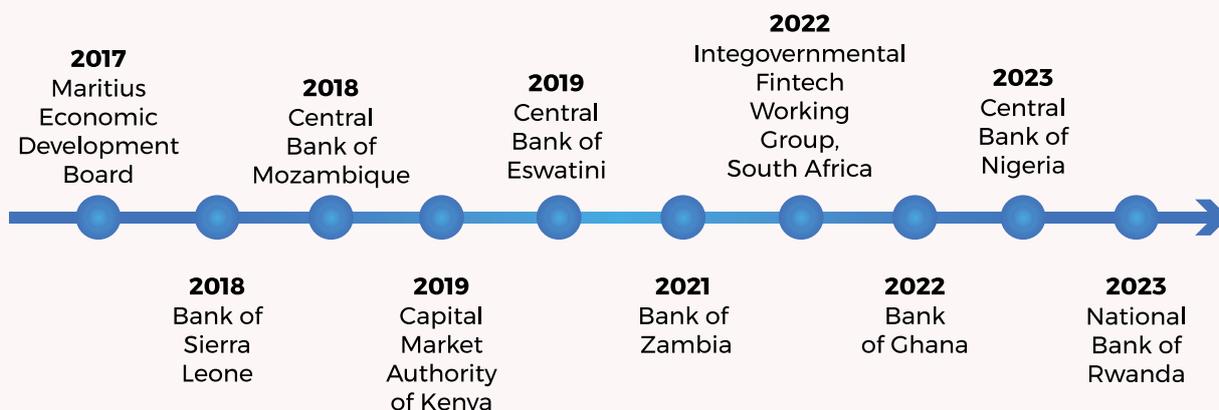
Regulatory Sandbox Africa

Regulatory sandboxes are controlled environments where businesses, particularly financial institutions and FinTech startups can test innovative products, services, and business models without being subjected to the full regulatory burden. In 2017, the Capital Markets Authority (CMA) of Kenya established one of the first sandboxes in Africa. The CMA sandbox aimed to support FinTech innovation in capital markets and securities. The South African Reserve Bank (SARB) introduced its sandbox in 2019, with an emphasis on FinTech innovation, payment systems, and blockchain technologies. On February 1, 2023, the Central Bank of Nigeria invited participants in the financial system to submit Expressions of Interest to participate in the Bank's Regulatory Sandbox (The Sandbox), in line with the provisions of the Framework for Regulatory Sandbox Operations. On December 1, 2023, the National Bank of Rwanda called on applicants to submit their innovative financial services and products to be tested and deployed in a live environment with real customers



On February 1, 2023, the Central Bank of Nigeria invited participants in the financial system to submit Expressions of Interest to participate in the Bank's Regulatory Sandbox (The Sandbox), in line with the provisions of the Framework for Regulatory Sandbox Operations.

Figure 1: Regulatory sandbox launch in Africa



Source: Agpaytech

Credit, Lending and Investment

The year 2023 saw a drive for business startups through Fintech diplomacy and investment funding. Similarly, African startups raised some significant investment funds in 2023. Among the top deals include;

MNT-Halan \$400m deal

The Egyptian fintech and e-commerce company secured over \$400 million in equity and debt financing from local and global investors. Chimera, an Abu Dhabi investment company invested more than \$200 million in equity in exchange for over 20% of the company. In addition, the company is in the advanced stages with leading international investors to raise \$60 million of primary capital. Following the completion of these investments, MNT-Halan's valuation will exceed \$1 billion becoming Egypt's latest unicorn, after Fawry.

FinTech M-KOPA

Monday, 15 May 2023. M-KOPA, a leading fintech platform, today announced it successfully closed over \$250m in new debt and equity funding to expand its financial services offering to underbanked consumers across Sub-Saharan Africa. This marks one of the largest combined debt and equity raises in the African tech sector, enabling M-KOPA to continue its rapid growth. M-KOPA's fintech platform combines the power of digital micropayments with the Internet of Things (IoT) to provide customers with access to productive assets.

Husk Power

Husk Power Systems, a cleantech startup operating in Africa and Asia has successfully raised \$103 million in its Series D funding round, comprising \$43 million in equity and \$60 million in debt financing. The investment marks the largest equity raise of its kind in the mini-grid industry. Husk Power Systems, which has been actively involved in rural electrification since its inception in 2008, is renowned for its innovative solutions in renewable energy services.

Planet42

South Africa-based mobility startup, Planet42 has raised \$100 million in equity and debt funding to scale its operations in South Africa and Mexico. South Africa-based vehicle rental startup, Planet42, announced that it has closed a \$100 million investment round. The fund comprises \$15 million of equity from new and existing shareholders, including Naspers Limited, Andrew Rolfe, Change Ventures, \$10 million of debt from shareholders, and a \$75 million credit facility from Rivonia Road Capital.

Sabi

Sabi is a Lagos-based B2B e-commerce startup that provides digital commerce infrastructure to Africa's informal economy. The platform's infrastructure has a digital marketplace, an inventory management tool, sales order management digital ledger tools and payment reconciliation tools. Sabi raised \$38 million in Series B funding in 2023 to enhance its technological infrastructure and bolster its market presence across multiple African countries.

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Link <https://lnkd.in/ei3kS9aX>

ABOUT AGPAYTECH LTD.

Agpaytech Ltd. is a company pioneering in the Fintech space with a focused approach to building robust technologies for e-commerce Card Processing Solutions for Payment Service Providers (PSPs). Additionally, we provide Compliance and Regulatory Umbrella, Remittance-as-a-Service (RaaS), Banking-as-a-Service (BaaS), Foreign Exchange, Cross Border Payments, and digital currency technology.

We also provide practical white paper research support to central banks, government and private institutions, economic organizations, and NGOs in Africa. Our services expand from research projects, state-of-industry reports, project assessment, data collection, and consulting services in the fintech space.

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