

DIGITAL PAYMENT SYSTEMS AND CONSUMERS EXPERIENCE 2023:

AFRICA IN PERSPECTIVE



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DIANE R MAURICE

Africa continues as both the continent of leadership and opportunity. Like the continued innovation of related technologies, African leadership in digital currency and related regulatory technology surpasses expectations from other would-be competing regions.

Ingenuity not only borne of necessity but also intelligence has propelled regtech companies and solutions well into the future. Innovation has spurred opportunity which has led advances far beyond western approaches to democratization of trade and economic driven regulatory change. “Reg Tech” developments in Africa not only promises but delivers leadership. For example oversight of digital solutions of cross country payments and domestic digital currency are two areas demonstrating regulatory compliance and resilience.

This insightful state of the industry report on digital payments and consumers experience reveals that about 91% in Africa prefer to use digital payment, which is very instructive and a testament to those insightful developments in regional regtech and digital payments solutions that are both practical and meaningful.

With 76% of the respondents showing preference for application that can unify all their payments in one platform, the report embraces and empowers the strategic leadership for not only the continent but also the promise for global economic opportunities. Regulatory cooperation for the region embraces best practices endorsed from East to West Africa. The lead in Kenya and South Africa resonates along with regional regulatory excellence in North Africa from Morocco to Egypt.

Examples in this research not only highlight regional cooperation but also the strengthening of public central bank relationships with the private banking sector. Central banks continue to operate collaboratively with their private sector banking counterparts. Both Kenya and South Africa for example, continue to lead in developing regional compliance and oversight strategies. This report provides examples of regulatory excellence. Across the continent the financial sector progresses with public private regulatory partnerships, developing and enforcing joint standards.

Despite the significant strides achieved, the survey showed that 45.3% of consumers are not yet satisfied with the digital payment systems in Africa citing high transaction charges, fraud and insecurity concerns. This clearly leaves a lot of room for improvement.

Therefore, the RegTech advances underscored in this report highlights the importance of continuous regulatory collaboration.

It is an honor to highlight the salient facts in this report. The authors collective African perspectives are “solution driven”. The contributors support the view that the African continent may not unduly suffer the burden of institutional roadblocks often present in other more developed regions.

Developing institutional strength, durability and flexibility are concepts underscored in this report. The views presented reflect the promise of both African Tech innovation and regulatory leadership.

About Diane R Maurice

Diane R Maurice is an international expert with a proven background in Regulatory Technology. As a former Regulatory specialist in the United States and Africa she has published four books on the practice of regulatory processes and oversight. Her work and research in Central banking in both North America and Africa has provided foundational expertise to the discipline of regulatory oversight. Regulation is a necessary tool to promote transparency accountability and innovation. Diane Maurice is both a professional and disciple of practical regulation - a necessary tool for both developed and emerging markets and economies. In addition to central banking positions in the U.S. and Africa, Diane has two advanced degrees including a master’s from the London School of Economics.



DR. MARK YAMA TAMPURI JNR

Africa is on the rise, and a significant driver of this growth is the exponential growth of digital payments. This report, titled "2023 Digital Payment Systems & Consumers Experience Survey in Africa," delves into this development, exploring its profound impact on the daily lives of ordinary citizens.

While cash remains dominant in many regions, the state of digital payments in Africa is undergoing some major successes. The growth of mobile money, where people use their phones to pay for everyday needs, has been nothing short of revolutionary. Imagine a market in Accra, where a vendor effortlessly receives payment for their fresh produce with a simple tap on a customer's phone or how digital banking has empowered individuals in Lagos to pay effortlessly and manage their finances effectively and even how mobile money transactions have become the lifeblood of countless micro-entrepreneurs in Nairobi, facilitating seamless business operations.

This report serves as a roadmap for a future characterized by greater financial inclusion. With insights from a survey of thousands of real people, this report equips policymakers, banks, and technology companies to build a financial system that empowers even the most underbanked corners of Africa.

The narrative, however, extends beyond the present, peering into the thoughts of tomorrow with the concepts like Central Bank Digital Currencies (CBDCs) and expansion of mobile-integrated payment solutions like WhatsApp Pay. Consumer experiences not just with established digital payment systems, but also with the hopes innovative Buy Now, Pay Later (BNPL) options and Save Now, Pay Later (SNPL) models – a concept that I champion and believe holds particular promise for a continent where financial inclusion is paramount. We hear the thoughts of everyday Africans regarding these emerging trends, their aspirations for a future where digital payments create a frictionless, secure, and empowering financial experience for all. By working together, we can leverage the power of digital payments to create a more inclusive and prosperous future for Africa.

I am honored to be associated with this project. The insights serve as valuable insights for anyone seeking to understand the current trajectory of digital financial services in Africa, the evolving consumer experience, and forge a path towards a thriving and inclusive digital finance future!!!

Dr. Mark Yama Tampuri Jnr

About Dr. Mark Yama Tampuri Jnr

Dr. Mark Yama Tampuri Jnr is a distinguished figure at the nexus of finance, technology, and public policy, renowned for his expertise in Fintech. With a robust academic background including a PhD in Management Science and Engineering, an MBA in Finance, and Bachelor's degrees in Finance, along with certifications as a Certified Digital Finance Practitioner (CDFP) and a Certified Fintech Risk and Regulatory Compliance Professional (CFRRCP), he actively champions financial inclusion. His work spans research, consulting, and policy formulation, significantly contributing to the Ghana Fintech Academic Network as its President.

Beyond academia, Dr. Tampuri Jnr is dedicated to fostering inclusive financial systems, engaging in policy development to ensure safe and accessible financial services. His international contributions are notable, serving as a Technical Expert for the UNCDF/Better Than Cash Alliance and a fellow at the Fletcher School's Leadership Programme for Financial Inclusion. A Fellow of the Chartered Institute of Management Consultants and an expert for the Digital Euro Association, his commitment to public policy and financial inclusion marks him as a key influencer in the Fintech sector.

EXECUTIVE SUMMARY

The digital payment landscape in Africa has continued to witness significant growth and transformation over the past decades. Generally, not only the payment facilities experiencing a technological revolution but consumers are widely accepting electronic payment systems. Moreover, several giant payment players like MasterCard, Visa, Alibaba, Amazon, Apple, etc. are extending service and partnership opportunities across the continent.

To uncover the realities of digital payments and consumers' experience in Africa, Agpaytech Ltd. and RegTech Africa Insights conducted a regional-wide survey to provide a comprehensive analysis of the state of digital payment systems in Africa and consumers' experience, with a specific focus on the year 2023. The study employs an empirical research approach and received 2,591 (two thousand five hundred and ninety-one) feedback from financial experts and users of digital payment products through online surveys from 20th November 2023 to 21st January 2024 across Africa. All the five sub-regions in Africa were adequately represented.

Key Findings:

■ *Digital Payment Landscape in Africa*

The Digital Payment Landscape in Africa is showing resilience and growth. According to the survey, between cash and digital payment, 91% of the respondents preferred to use a digital/electronic payment approach to make transactions. Consumers' demand for card payment, mobile money, and digital wallet were the three top digital payment methods. Consumers place higher emphasis on trust and security, speed and convenience over charges on transactions. The report established that 76% of digital payment users prefer an application that can unify all their payments in one platform.



■ *Digital Banking Experience*

Emerging technologies are reshaping banking activities and providing greater convenience and security to consumers in Africa. Most survey respondents (31.1%) asserted that they check their accounts online between 1-3 times a week and are likely to visit the branch office once within three months. Besides, emerging banking applications (apps) were found to be highly utilized among bank account holders. The report discovered that 73.5% of the respondents use mobile banking apps from their banks, whilst 85.5% of the respondents make fund transfers and other payments on the apps. Importantly, it was discovered that 87% of the participants want to have digital versions of all the products and services their banks offer them.

■ *Central Bank Digital Currency (CBDC)*

Central bank digital currency projects are ongoing worldwide, and some African countries have joined the race for their digital version of cash. In the African region, 32.7% (17 countries) of the central banks have publicly announced their intention to issue CBDC, and this constitutes 8.5% of central banks globally. This report showed that 69% of the participants have not heard about CBDCs at all, and 7% asserted that they have heard about CBDCs once in a while but do not understand them. From the survey, 19.8% would like their central banks to issue CBDCs, 47.9% oppose CBDC issuance and 32.3% are doubtful.



EXECUTIVE SUMMARY

■ *Consumer Digital Payment Experience in Africa*

The end users of the financial market products are the key players in the payment ecosystem. The report found that the majority of the respondents remained uncertain (45.3%) in terms of their satisfaction with digital payments in Africa. Also, 74.9% of the respondents cited fraud and insecurity issues in the payment system alongside high transaction charges (cost of transactions).

■ *Other Future Payment Trends*

The African payment systems are dynamic with new business models that meet consumers' needs and personalized activities in different regions. The report indicates that most Africans are developing interest in some new personalized services such as buy now pay later, save now buy later, WhatsApp banking, CBDCs and open banking.

Recently, the savvy for personalized technology services, e-commerce, cross-border payments, and sharing activities (uber, e-bike, e-accommodation, e-library, online subscription, etc.) have increased the demand to experience digital payment systems worldwide. Giant Bigtechs and Fintechs are collaborating with financial and non-financial large data holders like telecoms, to personalized digital financial services. In Africa, the wide market base and the improved digital services have facilitated digital payment systems, thereby revolutionizing the way individuals and businesses in Africa engage with financial transactions.

RESEARCH RATIONALE

In recent years, the African continent has witnessed a significant transformation in its economic landscape, driven by the rapid adoption of digital technologies. One of the pivotal aspects of this digital revolution is the progress of the digital payment system, which has not only reshaped the financial sector but has also redefined the overall consumer experience. As we step into the year 2024, it becomes imperative to delve into the current state of the digital payment system in Africa and its profound impact on consumers.

This research provides a comprehensive analysis of the state of digital payment systems in Africa and consumers' experience, with a specific focus on the year 2023. Through this research, we aim to contribute valuable insights that can inform policymakers, financial institutions, and financial technology (FinTech) providers in shaping the future of digital payments in Africa and enhancing

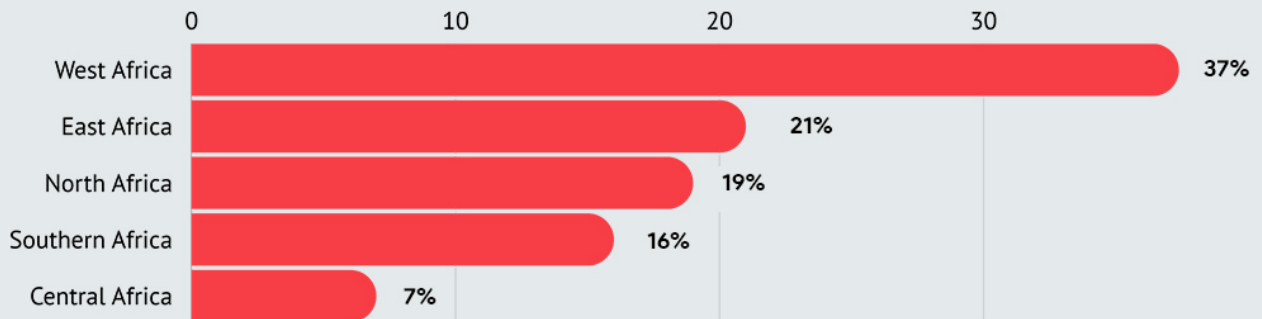
METHODOLOGY

The researchers used a dataset gathered from a closed-ended online survey prepared by Agpaytech and RegTech Africa. Administered as a standalone online survey from 20th November 2023 to 21st January 2024 across Africa, with two thousand five hundred and ninety-one (2,591) feedback received from financial experts and users of digital payment products. To reach wider participants, the questionnaire was prepared in English and French Language. To provide groundbreaking insight and a real digital payment experience, the survey was shared with the general public in all countries via social media and corporate organizations. The study involved a two-phased data verification process including the scrutiny of survey responses from untargeted countries, and other inconsistencies to ensure adequate representation of countries or regions in the sample. This means that only data from the anonymized and sanitized responses were included in the analysis.

SAMPLE DEMOGRAPHICS

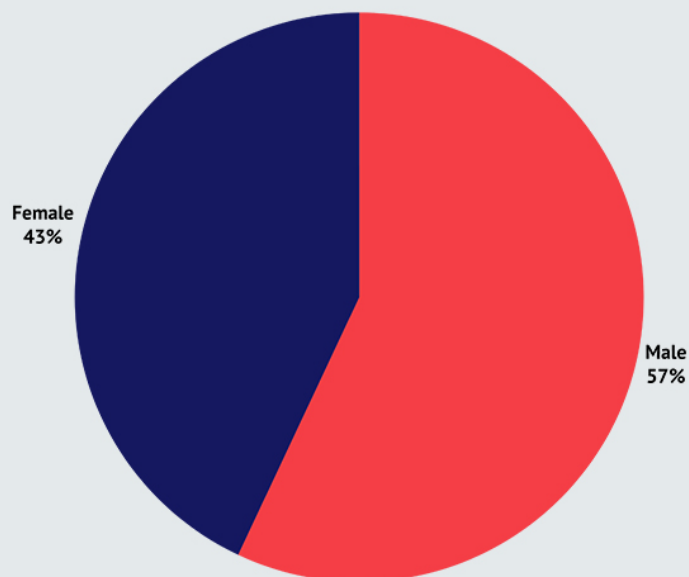
The background composition of the participants allows the researchers to provide practical insights into digital payment business models, focus on niche markets, and help segment consumers' needs across the African continent. From the survey, the West Africa region has the largest proportion of responses (37.4%) in the data sample, perhaps because of its large population and being home to some of the fastest-growing payment aggregators in the world. East Africa follows West Africa by 21.3% with key countries like Kenya dominating the region's digital payment landscape. North and Southern Africa contributed 18.7% and 15.6% respectively. The sample also includes Central African countries with 7%.

Figure 1: Distribution of respondents by nationality



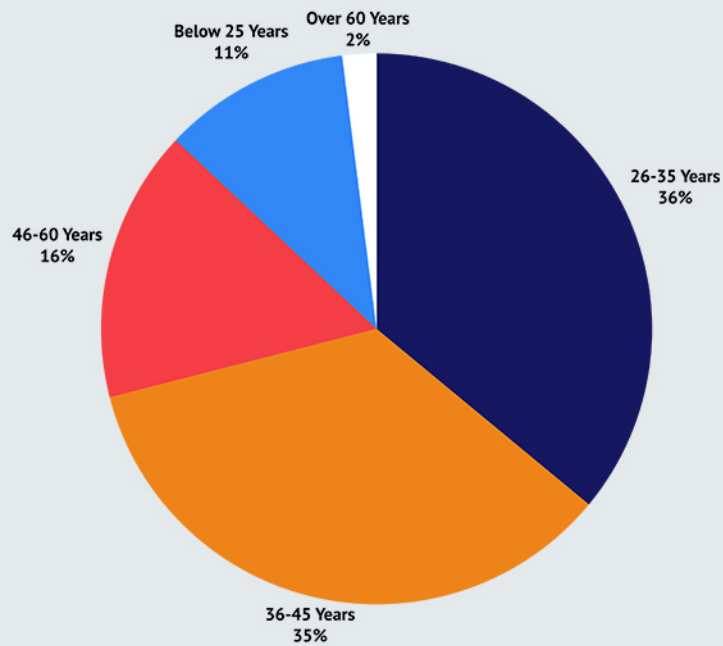
Overall, 56.7% of the responses were received from males whereas 43.3% were attributed to females. This finding conforms to EFINA and A2F survey which similarly reported 49% males and 51% females in the financial space of Africa (EFInA & A2F, 2023) The narration of women in FinTech is changing in the African market with more women getting involved.

Figure 2: Gender



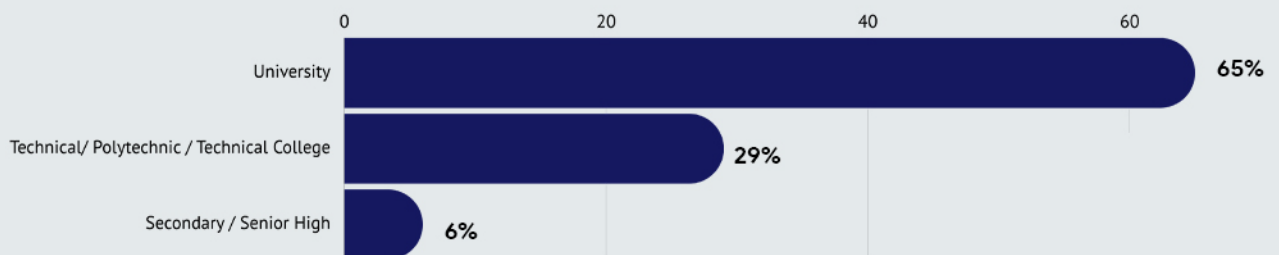
The study recorded participants' ages to help determine the category of age groups or segments of digital payments in Africa. The majority of the digital product users were within 26-35 years (35.9%) and 36-45 years (34.9%). This means the millennial generation has a wider acceptance of digital payment. Also, those within the 46 to 60 years of age group represented 16.1% whilst 11.2% denotes persons below 25 years of age.

Figure 3: Age of respondents



The educational background of the respondents was essential since the survey was self-administered type which requires the participants to understand each question. Importantly, 65% of the participants had university degree qualifications, 29% had college or training qualifications, whereas 6% of the respondents had senior or secondary school qualifications.

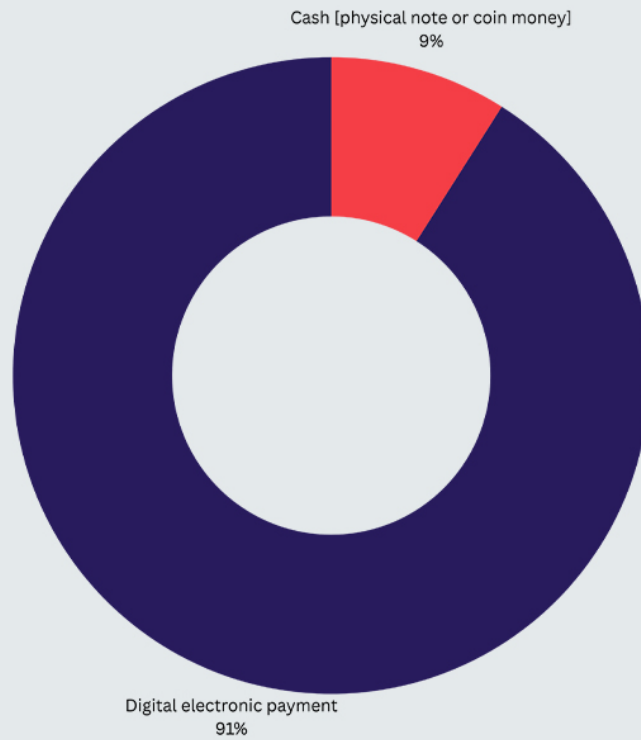
Figure 4: Education



CASH VS DIGITAL PAYMENT

We asked a binary question to know the exact position of the participants on their most preferred payment method in Africa. The study reveals that a large proportion of the participants preferred to use a digital/electronic payment approach (71%) to make transactions. On the other hand, 29% of the respondents asserted that they would like to use cash (physical paper or coin money) to make payments.

Figure 5: Most preferred payment method



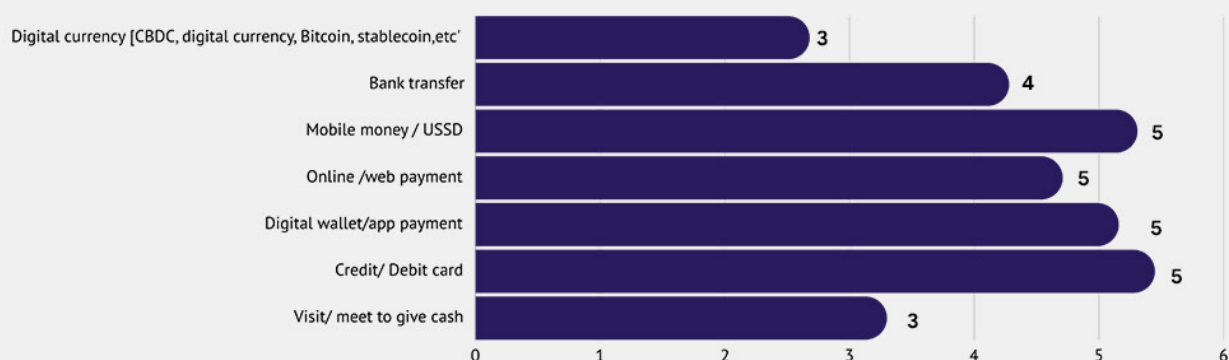
DIGITAL PAYMENT LANDSCAPE IN AFRICA

The payment ecosystem in Africa has improved as the collective effort of multiple stakeholders mainly the financial institutions (banks, Fintechs, Mobile Money Operators), regulatory authorities (Central Banks, Securities and Exchange Commission, Revenue Authorities, etc.), infrastructure (4G & 5G internet services, network coverage, increased smartphone penetration) and consumers (individuals, business and government). Governments at all levels and regulators have consistently responded to the evolution of financial services and prioritized its digital agenda through initiatives such as the payment framework strategies and vision, long-term digital transformation agendas, startup bills, regulatory sandbox, data protection and usage regulations, etc.).

PAYMENT METHODS

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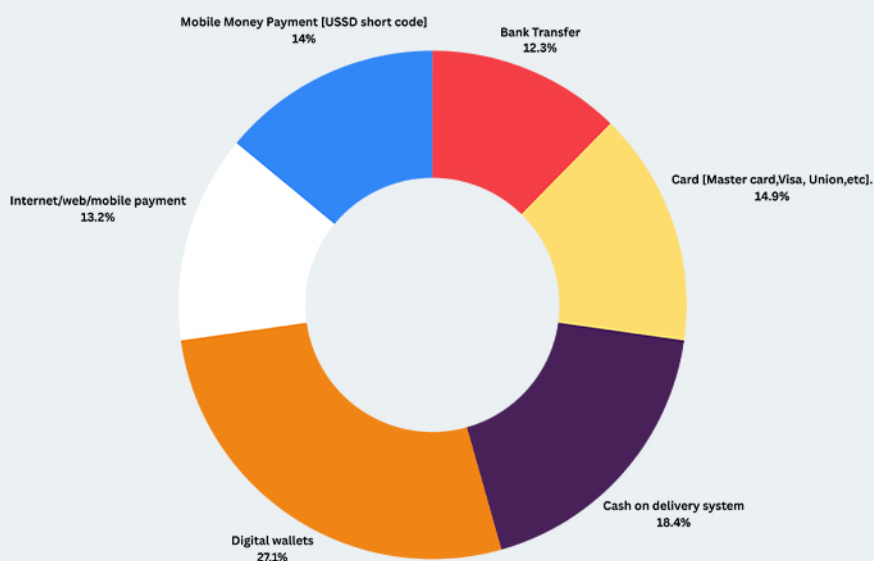
Figure 6: Mean values of payment method



MAKING E-COMMERCE TRANSACTIONS

E-business is taking over the traditional stores, stalls, shops and open market businesses in Africa. With several e-commerce platforms like Jumia, Kiku, Amazon, etc, online shopping is increasingly being used by many young people. The survey offers insights on the most convenient payment method in Africa when shopping online. The study discovered that 31% of the respondents felt it convenient to use digital wallets for their e-commerce transactions, whereas 21% of the participants desired to make payments with cash after delivery. Also, 15.1% preferred to use the internet/web/mobile application payment approach. A further breakdown indicates that 17% chose a card payment system to complete all their online trade transactions, and 16% selected a mobile money payment system.

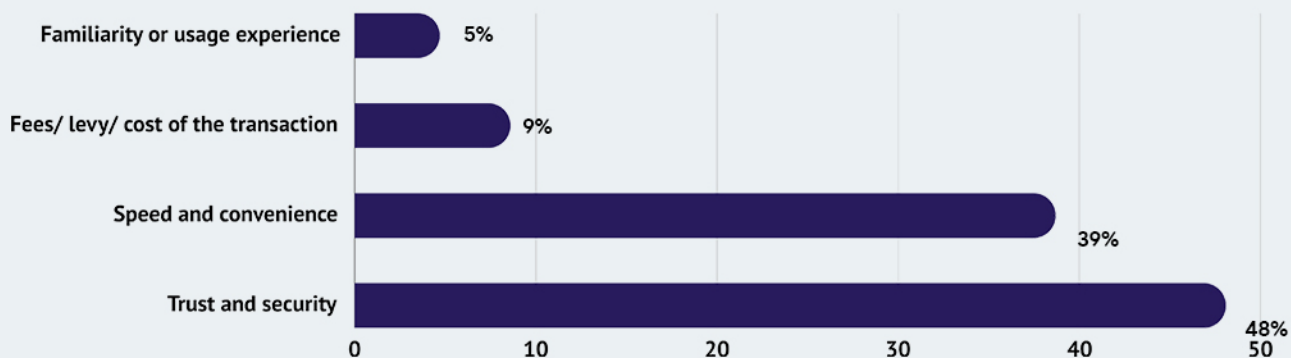
Figure 7: Payment method for online shopping



SELECTING PAYMENT METHOD

Consumers and businesses use a particular payment method based on certain factors they have experienced, heard, or read about. The results indicated that 48.1% of the respondents consider the trust and security of the payment method, and 38.7% assess the payment instrument based on speed and convenience. Moreover, 8.6% and 4.7% of the respondents choose payment instruments by considering the charges and usage experience first.

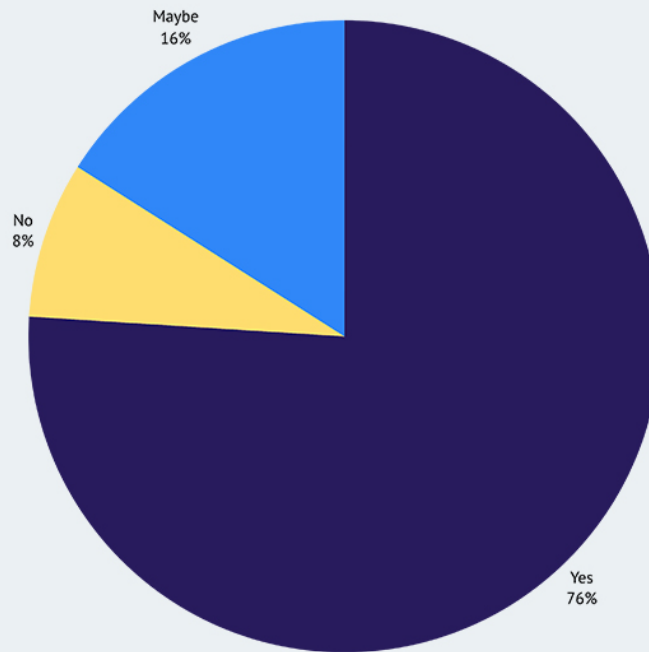
Figure 8: Factors to select payment choice



UNIFIED PAYMENT APPLICATION

Several countries have initiated unified payment interfaces that bring all fast payment systems into one application platform like India's Unified Payment Interface (UPI), Brazil's Pix, and Singapore's PayNow. Currently, there are no unified payment systems that cut across regions or countries in Africa. The survey found that 76% of digital payment users prefer an application that can unify all their payments in one platform. Approximately 8% of the respondents disagreed whilst 16% were doubtful to have all their payment channels on one platform.

Figure 9: Do you prefer to unify all payment methods?



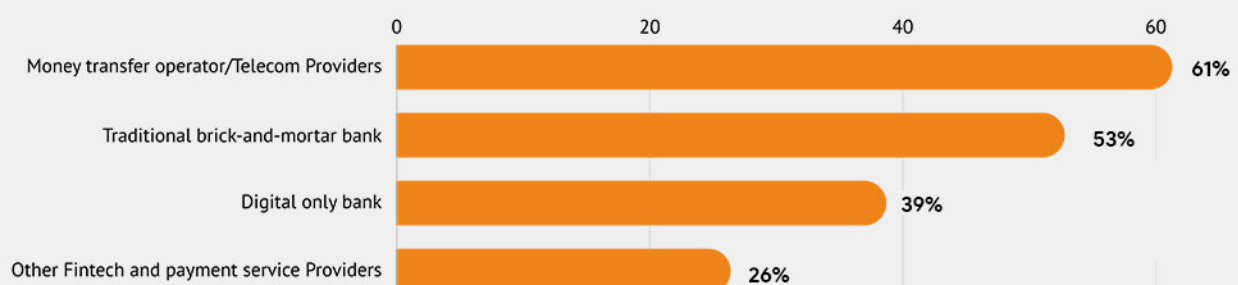
DIGITAL BANKING EXPERIENCE

Africa is seizing the opportunity to leapfrog traditional banking models, tapping into the immense potential offered by digital platforms. The Digital Banking Experience in Africa encompasses a spectrum of innovations, from mobile banking solutions and online financial services to advanced payment systems and fintech collaborations. This evolution is not only redefining the customer-bank relationship but is also fostering financial inclusion and economic empowerment across diverse communities.

■ INSTITUTIONS AFRICANS HAVE ACCOUNTS WITH

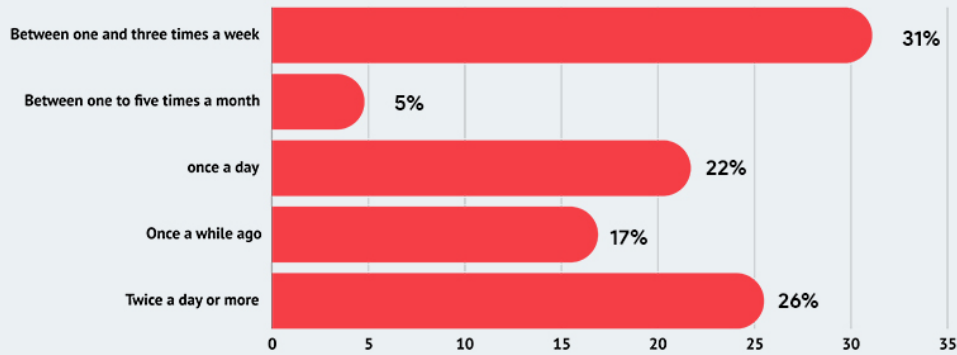
Today, all commercial banks provide digital services of major products and services they provide in the traditional banking hall. Such a digital banking experience requires users to open or link an account before accessing the products and services. This survey contributed to the digital banking experience by first examining the institutions most Africans have an account with to help evaluate digital account users. It was revealed that 61.3% of the participants have accounts with Mobile Network Operators (MTN, M-Pesa, Vodafone, Airtel, Orange, etc). Telecom Network Operators now surpass bank account holders by 8.5%. They have enough account holders and also lead the payment system in Africa. This also accounts for the reason giant card network companies are partnering with telecom operators in Africa recently. Noteworthy, 38.7% and 26.4% of the respondents have accounts with third-party payment aggregators like Fintech PSPs as well as neobanks besides mobile networks and traditional banks (52.8%).

Figure 10: Institutions and account holders



The research provided evidence that 31.1% of Africans check their account three times a week, while 25.5% open their account twice a day or more.

Figure 11: How often do you check your account?



WHEN WAS THE LAST TIME YOU VISITED A BANK BRANCH?

The researchers conducted a cross-tabulation to find out the effects of how often people check their accounts online and the number of times they visit a bank/agent/PSP branch. The data shows that people who check their account online between 1-3 times a week are less likely to visit the branch office once within three months. Those who check their account online almost daily are likely not to visit a branch office within a year. This suggests when account holders can access their account and other features online, they are unlikely to visit a branch office. This will help to reduce the traffic and delays, prioritize administrative activities and greater banking experiences.

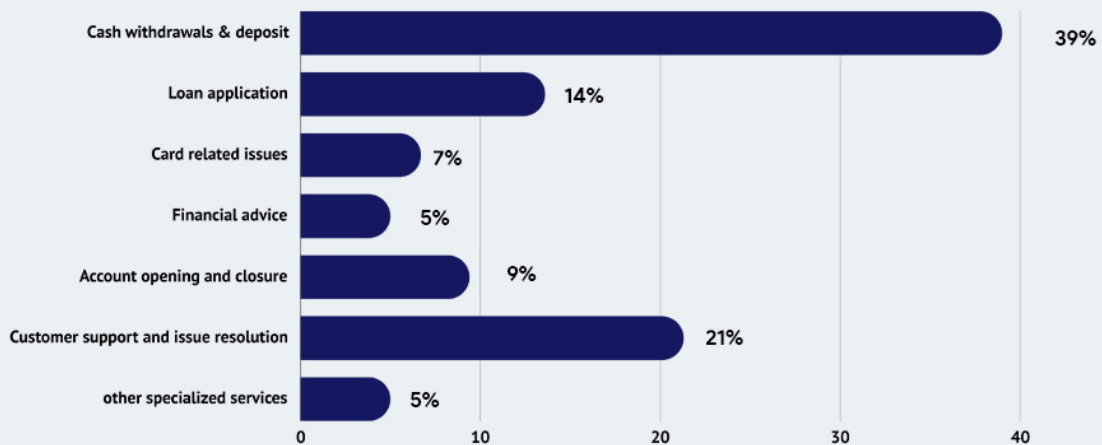
Table 1: Branch visit and account check

		When was the last time you visited a bank branch?					Total
		Within a year ago	Within a month	Within a week	Within a year	Once within three months	
Generally, how often do you check your account online?	Between one and three times a week	121	122	72	244	247	806
	Between one to five times a month	26	25	24	25	24	124
	Once a day	120	48	98	123	172	561
	Once a while	26	99	98	144	72	439
	Twice a day or more	72	170	50	174	195	661
Total		365	464	342	710	710	2591

PURPOSE OF VISITING THE BANK

The reasons why people visit bank branches in Africa vary based on individual needs at a particular time. In this report, the major reason people visit bank branches does not vary from the previous survey. Cash withdrawals and deposits remain the topmost motivation the people to go to the bank. Secondly, customer support and issue resolution contributed to 21.3% of purpose the respondents visited bank branches. The loan application was third, which represented 13.6%. Also, 9.4% of the respondents visit the bank for account opening and closure motives, whereas 6.7% go there to redress card-related issues. Moreover, 5% of the participants enter bank offices mainly for financial advice and other specialized services.

Figure 12: What is the main reason you visited a bank branch?



DIGITAL PAYMENT PLATFORMS PEOPLE USE THE MOST

In Figure 13, the majority of the participants asserted that they use mobile banking apps (73.5%). This was followed by an online banking portal (17.5%). Also, 8.6% of the participants use other third-party services that are linked to their bank, whereas only 2.4% of the respondents use the USSD banking system.

Figure 13: Which digital banking platforms do you use the most in Africa?

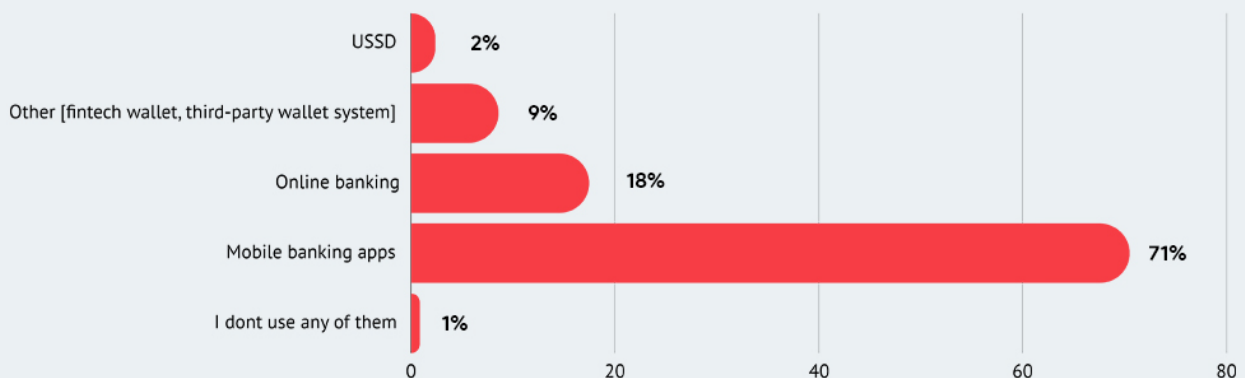
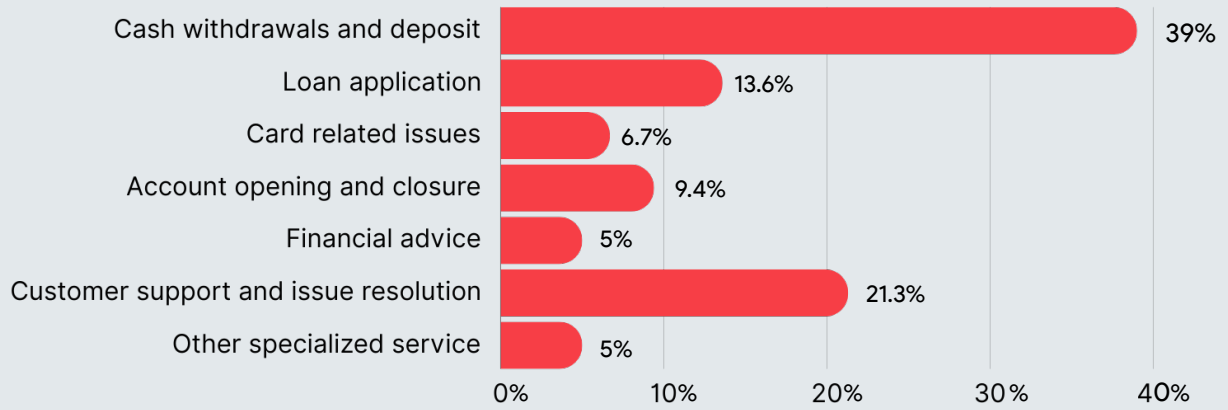


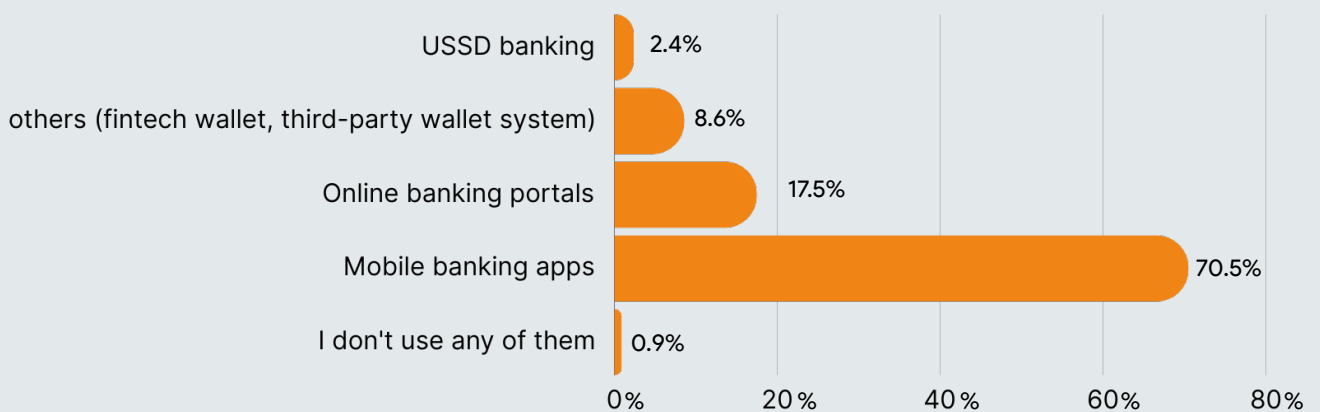
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WHICH AGE GROUP FREQUENTLY USES DIGITAL PLATFORMS?

We probed further to examine whether the age of persons has a direct relationship with digital banking acceptance in Africa. With this, a cross-tabulation approach was used to map the age of respondents and the digital banking platforms people use in Africa. Interestingly, 707 and 660 participants within the age group of 26-35 and 36-45 respectively chose mobile banking apps. Less than one-third of 46-60 years and over 60 years indicated they mostly used digital banking apps. This asserts that the younger generation mostly born after 1985 are widely accepting digital payments in Africa.

Table 2 Age vs digital banking platform use

		Which digital banking platform do you use the most in Africa?					Total
		I do not use any of them	Mobile banking apps	Online banking portals	Others (fintech wallets, third-party wallet system)	USSD banking	
Age (range in years)	26-35 years	0	707	24	101	98	930
	36-45 years	24	660	98	49	72	903
	46-60 years	0	343	48	26	0	417
	Below 25 years	0	194	24	48	24	290
	Over 60 years	0	0	25	0	26	1
Total		24	1904	219	224	220	2591

EDUCATIONAL LEVEL AND DIGITAL PAYMENT USAGE

In Table 3, we highlighted educational level and digital payment usage in Africa using a simple cross-tabulation. The study provided evidence that persons with higher qualifications (university degree) tend to use mobile banking apps, card and web payment, (fintech wallet, third-party wallet system), and USSD banking. None of the respondents in this category argued for not using digital payment. This was followed by persons with diplomas and other pre-degree certificates.

Table 3: Educational level and digital payment usage

		Which digital banking platform do you use the most in Africa?					Total
		I do not use any of them	Mobile banking apps	Online banking portals	Others (fintech wallets, third-party wallet system)	USSD banking	
Educational level	Secondary/Senior High	0	121	24	0	0	145
	Technical or Training College	24	170	0	25	26	245
	University	0	1613	195	199	194	2201
Total		0	1904	219	224	220	2591

MAJOR FEATURES AND SERVICES

People have different reasons for using digital banking services across the African continent. The study selected key services and products that most digital banks provide. Figure 14 points out that 85.5% of the respondents make fund transfers to others via digital banking platforms. Also, 67% of the participants use digital banking platforms to pay bills, whilst 58.5% check their account balances and transaction histories or others only. The report found that 20.8% make transfers to mobile wallets through their digital banking platforms.

67%

use digital banking platforms to pay bills

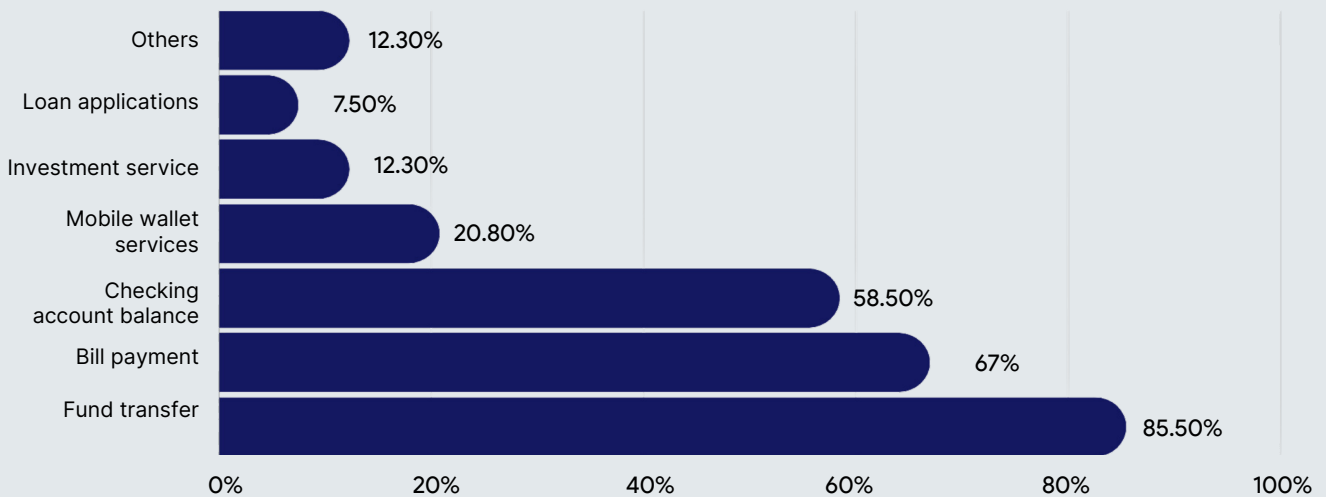
58.5%

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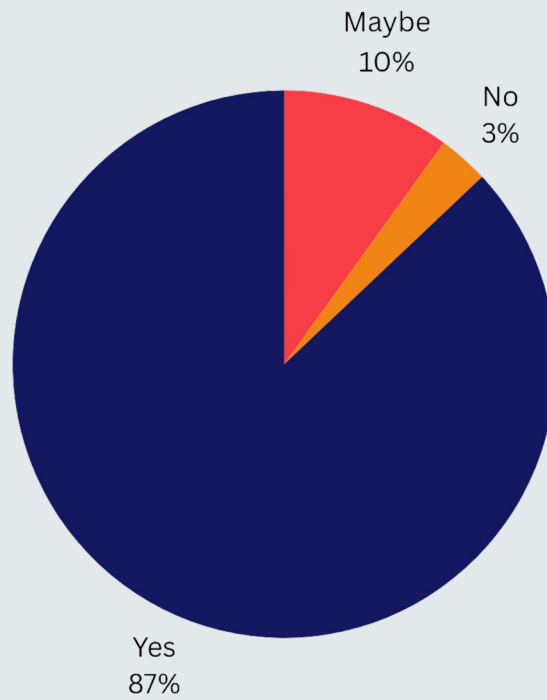
Figure 14: What features or services do you frequently use in digital banking?



THE DIGITAL VERSION OF ALL TRADITIONAL BANKING ACTIVITIES

It was significant to discover that 87% of the respondents want to have digital versions of all the products and services their banks offer them in Figure 15. This strengthens the growing governments' agenda and consumers' acceptance of digital payments in both the private and public sectors.

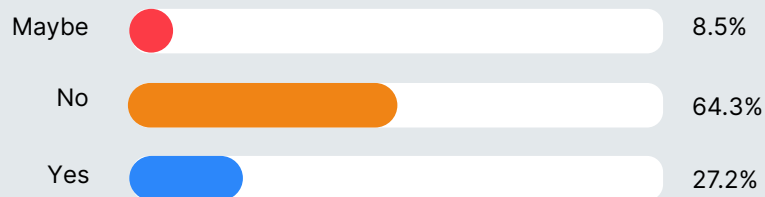
Figure 15: Would you prefer your bank (financial institution) to offer digital versions of all their services?



BANK TRANSACTION CHARGES

In the African banking landscape, the study found that banking charges on transactions are generally unfair to consumers. For instance, 64.3% think the banking charges are not commensurate with the services offered. On the contrary, 27.2% argued favorably that the fees charged on banking activities are fairly adequate. Lastly, 8.5% of the respondents remained uncertain.

Figure 16: Do you think the banking charges on the services they offer are fair?



CENTRAL BANK DIGITAL CURRENCY (CBDC)



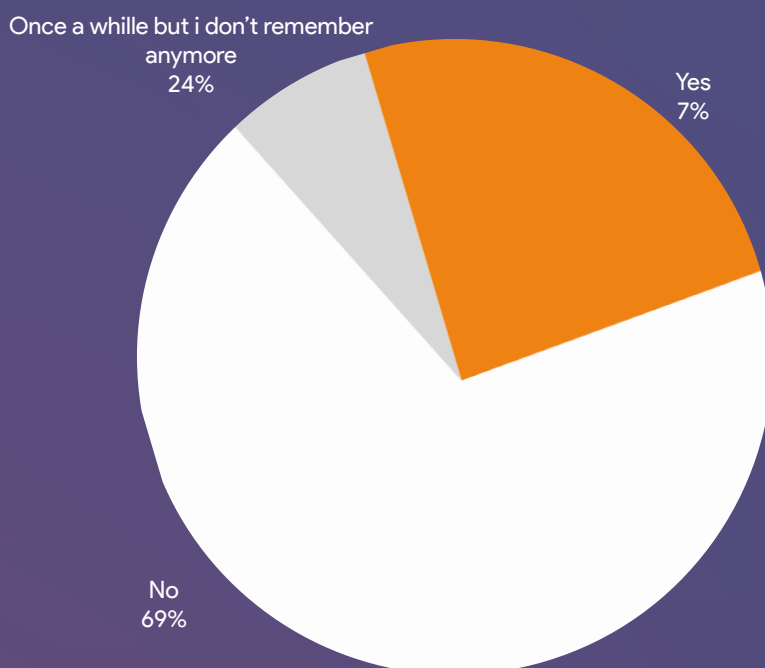
In recent years, the global financial landscape has witnessed a transformative shift with the advent of Central Bank Digital Currencies (CBDCs). CBDCs are state-owned fiat money, which is digital and represents the physical cash of a country's money. As nations explore the potential of digital currencies to enhance financial inclusion, streamline transactions, and bolster economic resilience, Africa stands at the forefront of this technological evolution. As of January 2024, Africa represented 8.5% of central banks worldwide 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. Currently, Nigeria is the first and only country that has launched its eNaira, whereas Ghana's eCedi is at the piloting stage. In terms of technology service providers (TSP), Nigeria partnered with Bitt Inc. and Ghana is working with Giesecke+Devrient (G+D). The Central Bank of Kenya (CBK) has deferred the decision on the adoption of CBDC intending to prioritize strengthening innovations around the existing payment ecosystem.

CBDC EDUCATION AND AWARENESS

This report sought the perception of the general public on the adoption and use cases of CBDCs. This study indicated that only 24% of respondents have heard discussions on CBDCs, and 7% asserted that they have heard about CBDCs once in a while but do not understand it. A large proportion of the respondents (69%) expressed they have not heard about CBDCs. This means education and publicity on CBDCs is very low in African countries.

Figure 17: Have you heard about Central Bank Digital Currency (CBDC) by some African Central Banks such as the eNaira or eCedi?



ISSUANCE OF CBDCs

While one school of thought considers privacy and government interference as the main issues, others argue it is high time central banks provided a digital version of money for public safety as against growing cryptocurrency markets. From the survey, 19.8% would like their central banks to issue CBDCs, 47.9% oppose CBDC issuance and 32.3% are doubtful. CBDC issuance has created hot debates among policymakers worldwide.

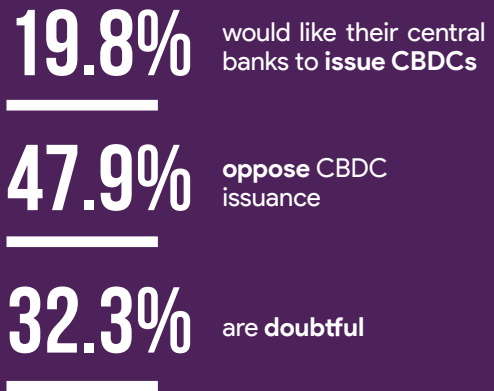
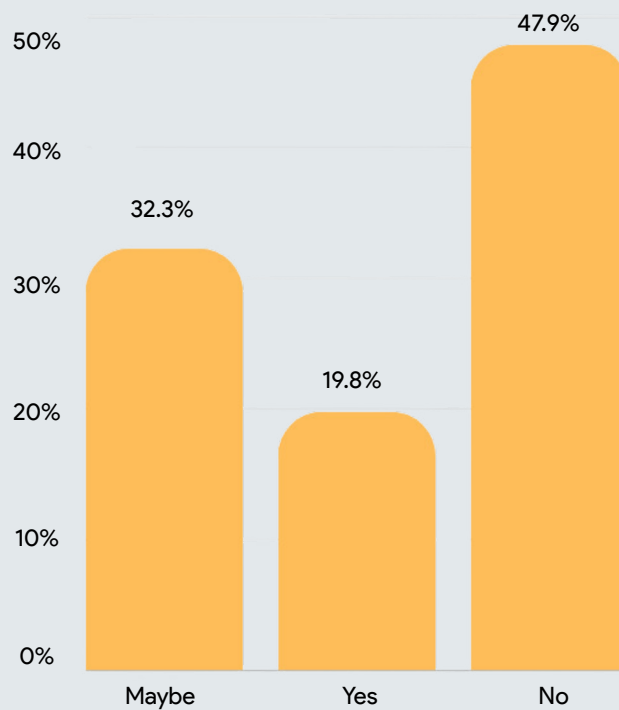


Figure 18: Would you like your country to issue the digital currency version of its physical cash?



CBDC ISSUANCE AND USAGE PERCEPTION

A country issuing CBDC is another case of citizen adopting it. The report enquires about the respondents' readiness to transact or make payments using a CBDC wallet when a country issues one. The cross-tabulation in Table 4 reveals that 1097 out of the 259(47.9%) were not in favour of their countries issuing CBDC and also committed to making transactions with it. Conversely, the study found that 13.4% were in favour of their countries issuing CBDC. Lastly, 38.7% of the participants remain neutral on their countries' issuance and their commitment to use CBDCs.

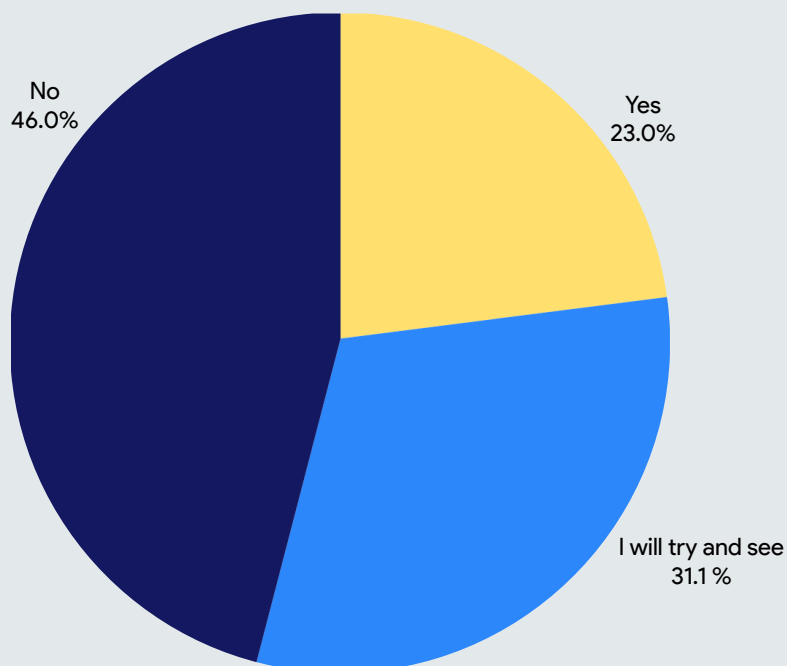
Table 4: CBDC issuance and usage perception

		If yes, would you be willing to transact and make payment using the CBDC wallet?			Total
		Maybe	Yes	No	
Would you like your country to issue the digital currency version of its physical cash?	Maybe	50	24	122	836
	No	122	295	24	513
	Yes	0	24	1097	1242
Total		172	343	1243	2591

MAKING TRANSACTIONS WITH CBDC

CBDCs like e-CNY are being explored on the possibilities to pay allowances, scholarship funds and other earnings. Scholars have argued that in emergency cases such as natural disasters and poverty alleviation programs, CBDC would be best used to transfer monies to beneficiaries. This survey shows that 23% of respondents are willing to receive them (G2P, B2P, etc.) through central bank digital currency. Moreover, 31.1% of the respondents were not willing to accept monies through CBDC whereas 46% vehemently said “No”.

Figure 19: Would you be willing to receive money such as income/ business proceeds/earnings/salary via CBDC if your country issues it?



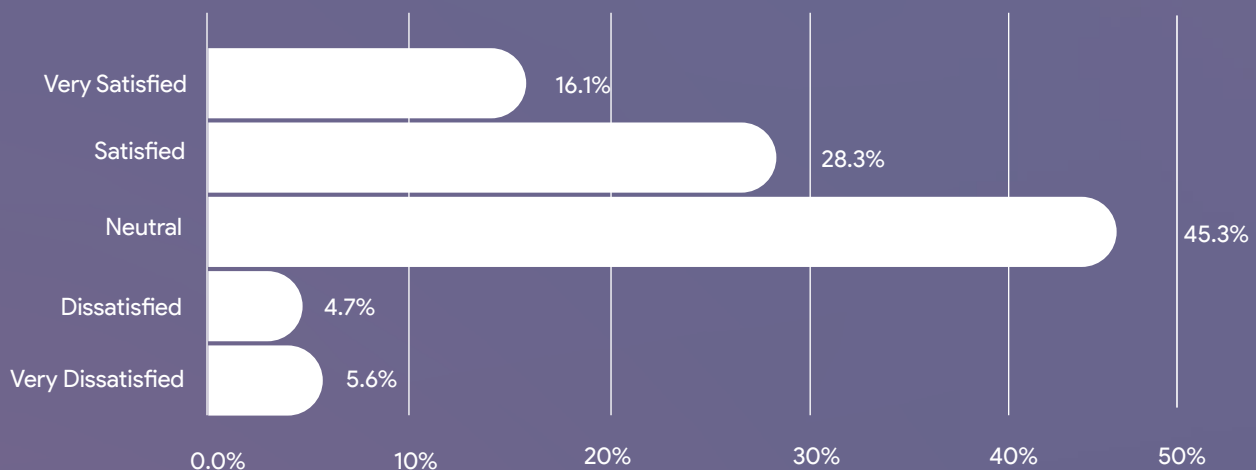
CONSUMER DIGITAL PAYMENT EXPERIENCE IN AFRICA

As we embark on this journey to uncover the realities of the consumer digital payment experience in Africa, it becomes evident that the continent stands at the forefront of a digital revolution. Among the noteworthy developments, the surge in consumer digital payment methods has played a pivotal role in reshaping the financial landscape. This transformation has not only accelerated financial inclusion but has also brought about unprecedented convenience and accessibility for individuals across diverse socioeconomic backgrounds. As the traditional barriers to financial services begin to crumble, this research seeks to unravel the hints of the digital payment ecosystem in Africa, examining the myriad factors influencing its growth and impact on the daily lives of consumers.

CONSUMERS' SATISFACTION WITH DIGITAL PAYMENTS IN AFRICA

The study discovers in Figure 20 that 16.1% and 28.3% feel generally satisfied with digital payment systems or methods in Africa. Majority of the participants remained uncertain (45.3%). However, 4.7% and 5.6% of the respondents felt dissatisfied and strongly dissatisfied.

Figure 20: Generally, do you feel satisfied with personalized digital payment in Africa?



CONSUMERS' CONCERN WITH DIGITAL PAYMENT SYSTEM

No payment ecosystem is without a challenge. Like in many developed nations, the payment system is a process, dynamic and grows with time and new societal needs. So it is in the African payment market. In Figure 21, the report established that the majority of the respondents (54.9%) face fraud and insecurity issues in the payment system. Besides, 15.9% of the respondents pointed to high transaction charges (cost of transactions) whereas 14% were very concerned about the delays in the transactional process. Moreover, some participants registered their displeasure with the lack of trust in some payment providers and the long process they passed through.

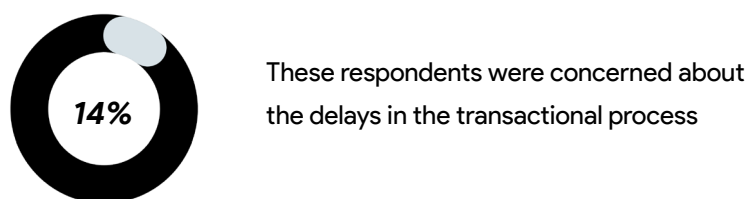
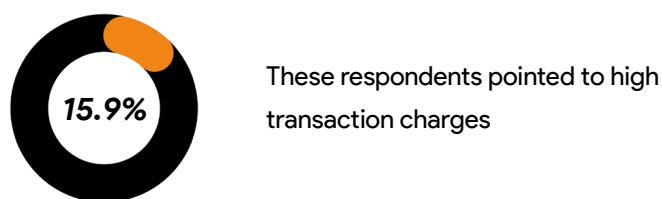
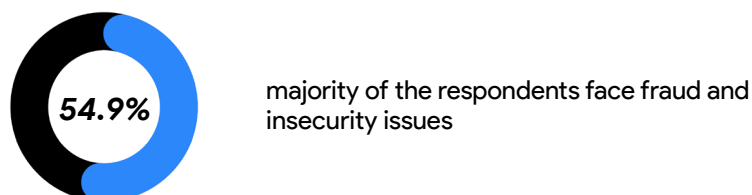
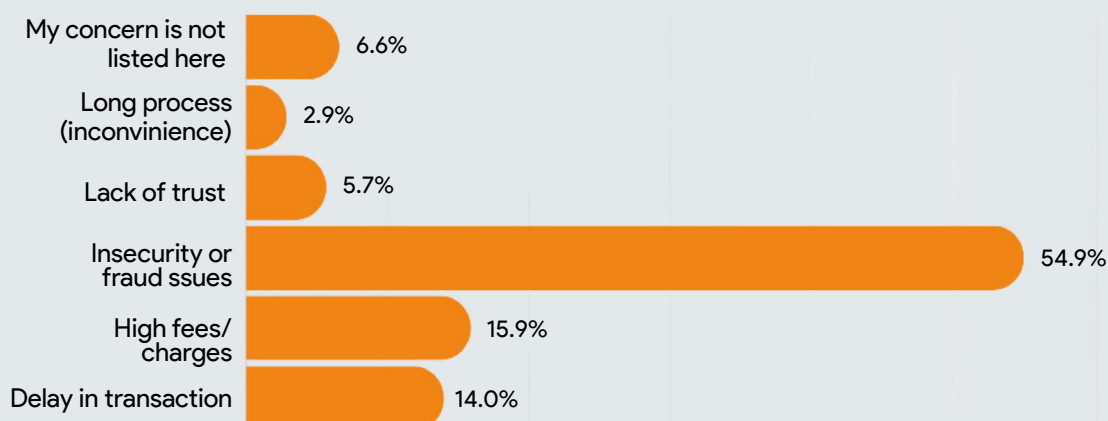


Figure 21: Select the one that most concerns you in the digital payment system in Africa.



OTHER FUTURE PAYMENT TRENDS

Today, traditional methods converge with cutting-edge technologies to shape the future of transactions, banking, and economic inclusivity. New payment and business models are being explored and launched every day. FinTech is at the forefront, national payment systems are providing unified platforms to bridge banks and non-banks. What does Africa hold on to in the future of payments?

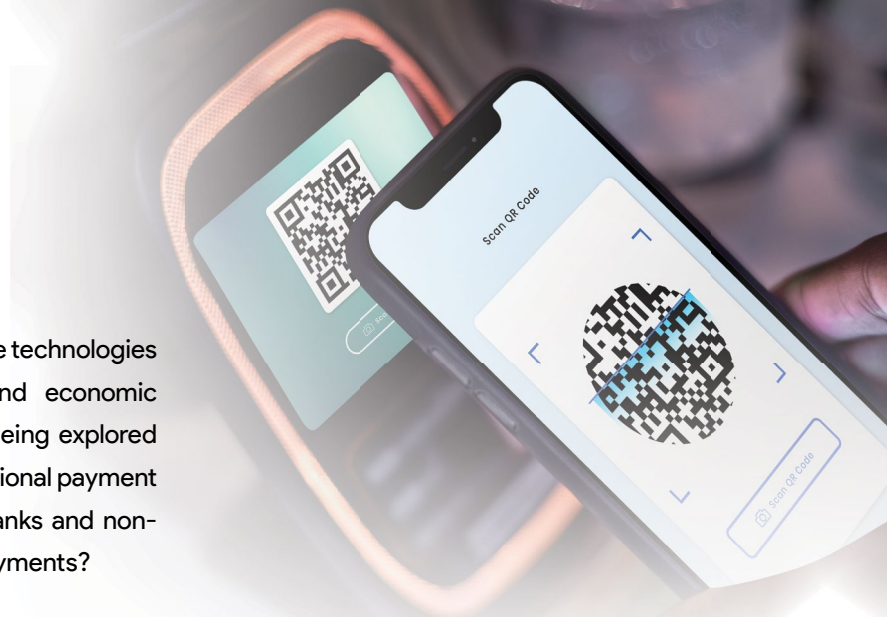
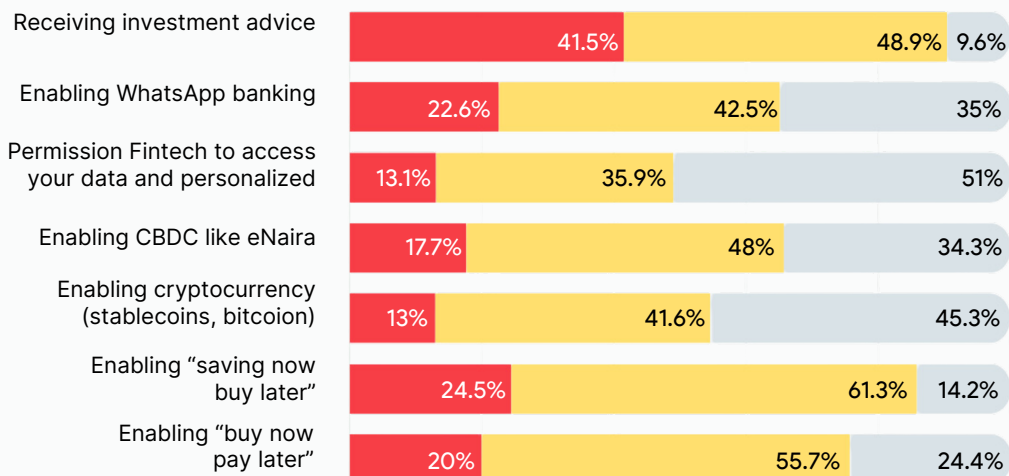


Figure 22: Would you be interested in using the following services if they were offered by your bank?



■ PERMISSION FINTECH TO ACCESS CUSTOMERS DATA:

In the advent of open banking, third-party PSPs would be required to access customers' data via a permission system to link vital information from traditional or mother institutions. While several countries such as Nigeria, Kenya and Rwanda have data regulatory frameworks, the practical success factors rest on the consumers. The report indicates that 51% of the respondents were not interested in allowing third parties to access their information. However, 35.9% agreed to allow FinTechs to access their data.

■ WHATSAPP BANKING:

This is conversational banking where most instructions or communications happen on the formal payment WhatsApp channel. This could be enquiring, addressing small issues, checking account balances, changing account details, and others. About this, 22.6 % asserted they already engaged their banks through WhatsApp banking platforms. Also, 42.5% of the respondents asserted that banks should provide these services.

■ BUY NOW PAY LATER (BNPL):

For banks or PSPs enabling "buy now pay later", 55.7% of the respondents asserted that they would like their banks to offer these products and services, 20% were already using the BNPL whilst 24.4% said they are not interested in it.

■ SAVE NOW BUY LATER (SNBL):

The SNBL business model allows consumers to make specialized deposits or savings towards a product or service from a store or merchant business. 61.3% of the participants encouraged their banks or PSPs to link with merchant shops and offer this service. 24.5% were found to be already using their service. Meanwhile, 14.2% of the respondents were not interested in the SNBL model.

CONCLUSION

In conclusion, the research report “The State of Africa’s Digital Payment Systems & Consumers Experience 2023” provides a comprehensive overview of the current landscape of digital payment systems in Africa and the corresponding consumer experience. The findings reveal a remarkable evolution in digital payment adoption, driven by technological advancements, changing consumer behaviors, and a growing emphasis on financial inclusion through digital banking, Mobile Network Operators (MNOs) and Fintech third-party PSPs. African countries are increasingly embracing digital payment solutions over cash, and the report highlights the impact on education, unifying payment methods, lowering transactional costs and providing fast transactional services within financial transactions.

Moreover, the consumer experience is a central theme throughout the report. As digital payment systems become more integrated into daily life, ensuring a seamless and user-friendly experience is paramount. The research identifies key areas where improvements can be made, including fraud in digital financial services (DFS), user education, personalized services, and customer support. Also, most participants were not aware of new business models such as central bank digital currencies (CBDCs), buy now pay later (BNPL), open banking, and tailored services to customers.

This report observed that building a robust digital payment landscape in Africa would require interlinking or unified payment systems that connect regions, countries and different customers’ needs as most surveyed persons agreed to have unified platforms to access their accounts. All stakeholders are needed to improve the consumer experience and digital payment infrastructure in Africa. However, the research also underscores the existing challenges and disparities that need attention. Issues such as cybersecurity threats, regulatory hurdles, and disparities in digital literacy pose potential obstacles to the widespread adoption of digital payment systems. Addressing these challenges will be crucial for fostering a secure and inclusive digital financial landscape across the continent.

Looking ahead, the report suggests that continued collaboration between stakeholders, including governments, financial institutions, and technology providers, will be essential for driving further advancements in digital payment systems. Additionally, ongoing efforts to enhance cybersecurity measures, streamline regulatory frameworks, and promote financial literacy will contribute to a more resilient and inclusive digital economy.

DEFINITION OF TERMS

■ Buy Now Pay Later (BNPL)

BNPL is a consumer credit and an increasingly popular FinTech-enabled payment option that provides financial support for users to purchase products that they cannot pay for instantly. Users repay in installments within a duration (usually a month) with or without interest

■ Central Bank Digital Currencies (CBDCs)

CBDCs are state-owned fiat money, which is digital and represents the physical cash of a country's money

■ Consumer experience

Consumer experience refers to the overall interaction and perception that consumers have when engaging with a product, service, brand, or company.

■ Digital Financial Services (DFS)

DFS refers to a range of financial services that are delivered through digital channels, such as mobile phones, the internet, and other electronic devices.

■ Digital Payment

This refers to the transfer of money or the completion of financial transactions electronically, without the use of physical cash.

■ Mobile Network Operators (MNOs)

MNOs are companies that provide wireless communications services to consumers and businesses.

■ Payment Service Providers

PSPs are companies that facilitate electronic payment transactions for businesses and consumers. They offer services such as payment processing, acquiring, gateway services, fraud prevention, and currency conversion.

■ Save Now buy Later (SNBL)

SNBL is a financial strategy or approach where individuals prioritize saving money before making purchases, to accumulate enough funds to buy desired items without resorting to credit or loans

■ Technology Service Providers (TSP)

TSPs are companies or organizations that offer various technological services and solutions to businesses, governments, and other entities

■ Unstructured Supplementary Service Data

USSD is a communication protocol used by GSM (Global System for Mobile Communications) cellular phones to send text messages between a mobile device and an application program in the network's servers

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ABOUT REGTECH AFRICA- INSIGHTS:

RegTech Africa - Insights, is a leading provider of data-driven industry research that helps leading companies make smarter technology decisions with data, not opinions. With extended ecosystem insights, RegTech Africa provides organizations with comprehensive data, expert insights, and management tools that enable them to discover, analyze and make informed decisions.

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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, Banking-as-a-service, 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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