



# Remittance payments in Africa and the impact of Fintechs

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# 1. Introduction & Context

## 1.1. Overview of the scale of remittance flows to Africa

Remittances play a crucial role in Africa's economy, serving as a significant **source of external funding** for many countries. In 2023, **remittance inflows into Africa** were estimated at approximately **\$90.2 billion**, accounting for about **5.2% of the continent's total GDP**.<sup>2</sup>

Within **Sub-Saharan Africa**, remittance flows increased by about **1.9%** in 2023, reaching **\$54 billion**. This growth was driven by **substantial increases** in countries like Mozambique (48.5%), Rwanda (16.8%), and Ethiopia (16%). **Nigeria**, which accounts for 38% of remittance flows to the region, saw **a modest growth** of about 2%.<sup>3</sup>

Despite their importance, **the cost of sending remittances to Africa remains high**. As of the second quarter of 2023, **the average cost of sending \$200** to Sub-Saharan Africa was **7.9%**, the highest among developing regions.<sup>4</sup>

These remittance flows are **vital for supporting** household incomes, funding education, healthcare, and fostering economic development across the continent.

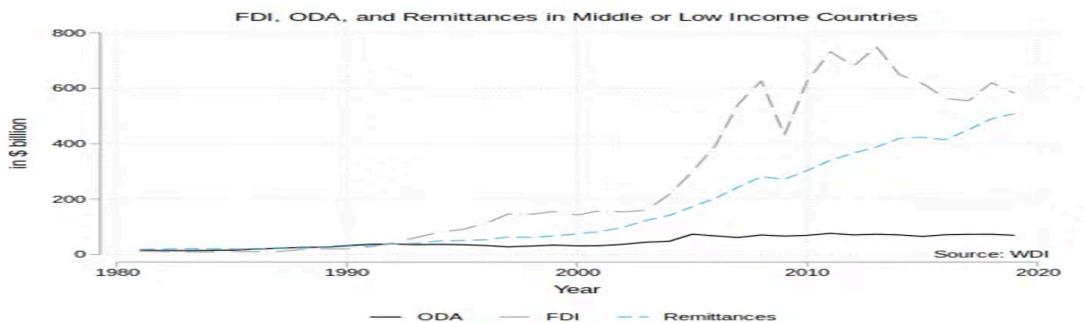
## 1.2. Importance of remittances for economic development, poverty alleviation, and financial inclusion.

Remittances are a **critical lifeline** for millions of families in Africa, significantly contributing to **economic development, poverty alleviation, and financial inclusion** in the following ways:

### 1. Economic Development

**Boosting GDP:** Remittances contribute significantly to national economies, often exceeding foreign direct investment (FDI) and official development assistance (ODA) (see Figure 1).

**Figure 1:**



Source: Prof Arcand's presentation at Building Bridges 2022 Session organized by 4IP Group. See Annex 1

<sup>2</sup> Source : [remitscope.org](https://remitscope.org)

<sup>3</sup> Source : [worldbank.org](https://worldbank.org)

<sup>4</sup> Source : [documents1.worldbank.org](https://documents1.worldbank.org)



- **Stabilizing Economies:** These inflows provide a steady source of foreign exchange,
  - helping stabilize local currencies and
  - supporting balance of payments.

## 2. Poverty Alleviation

- **Increasing Household Income:** Remittances help reduce poverty by supplementing family incomes, enabling recipients to afford basic needs such as food, housing, and healthcare.
- **Improving Education and Healthcare:** Many families use remittance funds to invest in education and healthcare, which enhances human capital development and breaks the cycle of poverty.

## 3. Financial Inclusion

- **Expanding Access to Financial Services:** Remittances often encourage recipients to open bank accounts and access digital financial services, bringing more people into the formal financial system.
- **Promoting Entrepreneurship:** A portion of remittances is invested in small businesses, fostering local economic activity and job creation.<sup>5</sup>

## Summary

By providing stable financial support, promoting financial inclusion, and driving economic growth, remittances are a powerful tool for sustainable development in Africa. Reducing transfer costs and improving access to financial services can enhance their impact even further.

### 1.3. Challenges of traditional remittance methods (high fees, slow transactions, lack of accessibility).

Traditional remittance methods present several challenges for the African diaspora, limiting the full impact of these vital financial flows. Key issues include:

#### 1. High Fees

- **Costly Transactions:** Traditional remittance channels (e.g., banks, Western Union, MoneyGram) charge high transfer fees, often exceeding 6-10% per transaction, which is significantly above the UN SDG target of 3%.
- **Hidden Charges & Poor Exchange Rates:** Many services offer unfavorable exchange rates, further reducing the actual amount received.

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<sup>5</sup> See Christian Kingombe et al., 2017 SNIS Research Proposal on Diaspora Investments. And **Remittances as a Financial Tool for Impact Investments and Impact Entrepreneurship - BB22** [Remittances as a Financial Tool for Impact Investments and Impact Entrepreneurship - BB22](#)



## 2. Slow Transactions

- **Delays in Processing:** Bank transfers and cash-based remittances can take **several days to weeks**, especially in rural or underbanked areas.
- **Bureaucratic Hurdles:** Many banks require **extensive documentation**, making the process cumbersome and time-consuming.

## 3. Lack of Accessibility

- **Limited Banking Infrastructure:** Many recipients, especially in **rural Africa**, do not have access to banks or financial institutions.
- **Cash Dependence:** Traditional remittances often rely on **cash pickups**, increasing **security risks** and inconveniences for recipients.

## 4. Regulatory Barriers

- **Strict Compliance & KYC Requirements:** Many African migrants struggle with **Know Your Customer (KYC) regulations**, limiting their ability to send money through formal channels.
- **Currency & Capital Controls:** Some African governments impose **restrictions on foreign currency flows**, complicating remittance transactions.

## Summary

These challenges

- **increase costs,**
- **limit financial inclusion, and**
- **reduce the effectiveness of remittances.**

The rise of **fintech solutions** and **mobile money** is helping to **address these issues**, making remittances **cheaper, faster, and more accessible**.

## 2. The Role of Fintechs

### 2.1. How fintech companies are revolutionizing cross-border payments.

Fintech companies are transforming the remittance landscape in Africa by making cross-border payments **cheaper, faster, and more accessible**. Here's how:

#### 1. Lowering Transaction Costs

- **Disrupting Traditional Remittance Models:** Unlike banks and legacy remittance providers (Western Union, MoneyGram),
- fintechs offer **lower fees**, often reducing costs from **6-10% to below 3%**, aligning with the **UN SDG target**.



- **Blockchain & Cryptocurrency:** Companies like **Stellar** and **BitPesa (now AZA Finance)** use blockchain to **bypass intermediaries**,
  - reducing fees and
  - improving exchange rates.

## 2. Speeding Up Transactions

- **Instant Transfers:** Digital platforms like **Chipper Cash, Flutterwave, and MFS Africa** enable near **real-time payments** instead of traditional 3-7 day waits.
- **Mobile Money Integration:** Fintechs partner with mobile money services (e.g., **M-Pesa, MTN Mobile Money**) to allow **direct deposits** into mobile wallets, eliminating delays.

## 3. Expanding Financial Access

- **Serving the Unbanked:** Many Africans lack bank accounts but have **mobile phones** — fintechs provide **mobile-first solutions**, allowing direct remittance transfers to **mobile wallets** instead of requiring a bank visit.
- **Greater Reach in Rural Areas:** Unlike banks, which have limited branches, mobile-based fintechs **expand access to remote communities** where traditional financial services are absent.

## 4. Increasing Transparency & Security

- **AI & Blockchain for Fraud Prevention:**
  - **AI-driven** fintech platforms monitor transactions to detect fraud, and
  - **blockchain** ensures **tamper-proof records** of remittance flows.
- **Regulatory Compliance:** Many fintechs are integrating
  - **Know Your Customer (KYC)** and
  - **Anti-Money Laundering (AML)** technology to meet international standards.

## 5. Enabling Multi-Currency and Crypto Remittances

- **Stablecoins & Digital Currencies:** Platforms like **Yellow Card, Paxful, and Binance** enable African users to send remittances using **stablecoins (USDT, USDC)** as a **hedge** against currency volatility.<sup>6</sup>

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<sup>6</sup> Unlike most **cryptocurrencies**, which can often be subject to dramatic price swings, **stablecoins are pegged 1:1** to less volatile assets such as fiat currencies or commodities in order to maintain a consistent, predictable value. Globally, stablecoins are gaining momentum as both **a medium of exchange and a store of value**, addressing gaps left by traditional currencies — particularly in regions with monetary instability and/or limited access to the U.S. dollar (USD).

Both **USD Coin (USDC)** and **Tether (USDT)** are **pegged to the US Dollar** and have emerged as the **two most popular fiat-backed stablecoins**, appearing in most major cryptocurrency exchanges, wallets, and decentralized applications.



- **Multi-Currency Transfers:** Fintechs provide **better exchange rates** and **seamless currency conversions**, avoiding the inefficiencies of banks.

### Examples of Fintech Companies Leading the Revolution

- ❖ **Chipper Cash** → Zero-fee cross-border transfers across Africa
- ❖ **Wave** → 70% lower remittance fees using mobile money
- ❖ **Flutterwave** → Enabling global remittances via virtual accounts and mobile payments
- ❖ **AZA Finance** → Blockchain-powered remittances for businesses and individuals

### Summary

Fintechs are **bridging the financial gap**, making remittances **cheaper, faster, and more inclusive**. With increasing smartphone penetration and regulatory improvements, **Africa's digital payments market is set to revolutionize global remittance flows**.

## 2.2. Examples of leading African and global fintech firms operating in the remittance space

Fintech companies are **disrupting the remittance market** by making cross-border payments **cheaper, faster, and more accessible**. Here are some of the key players:

### 2.2.1. African Fintech Firms

#### *M-Pesa (Kenya, Africa-wide)*

**Overview:** Launched by **Safaricom & Vodafone**, M-Pesa is Africa's most successful **mobile money platform** and the region's largest fintech platform.

M-PESA is the preferred way to make payments across Africa, both for the banked and unbanked, due to its safety and unmatched convenience.

It also provides **financial services** to millions of people who have mobile phones, but do not have bank accounts, or only have limited access to banking services—with a safe, secure and affordable way to **send and receive money**, top-up airtime, make bill payments, receive salaries, get short-term loans and much more.<sup>7</sup>

- **How It Helps Remittances:**

- Enables **direct international remittances** via partnerships with Western Union, PayPal, and fintech players.
- Allows recipients to **withdraw cash, make purchases, or save money** directly from their **mobile wallets**.

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**Stablecoins**, such as USDT, USDC, and DAI, are becoming **indispensable** in both the crypto ecosystem and beyond. From offering a **safe haven** during market turbulence to facilitating affordable remittances, their impact is profound, especially in **developing countries** grappling with currency volatility and hyperinflation.

<sup>7</sup> <https://www.vodafone.com/about-vodafone/what-we-do/m-pesa>



- **Coverage:** Kenya, Tanzania, Ghana, Egypt, South Africa, Mozambique, and expanding.

#### *Wave (Senegal, Côte d'Ivoire, Mali, Burkina Faso, Uganda)*

The unicorn Wave is **the most affordable mobile money network** in Burkina Faso, Côte d'Ivoire, The Gambia, Mali, Senegal and Uganda :)

- Send money for only 1%
- Deposit and withdraw for FREE at any of our agents
- Pay bills WITHOUT FEES
- Buy airtime for all networks directly using the app (in Mali, Senegal and Uganda).<sup>8</sup>

- **Overview:** A mobile-based **zero-fee** remittance service challenging traditional players.

- **How It Helps Remittances:**

- Charges only **1% for withdrawals** (vs. 6-10% traditional remittance fees).
  - Works with **mobile money networks** for easy fund access.<sup>9</sup>

- **Coverage:** West & East Africa, with expansion plans.

#### *Chipper Cash (Pan-African)*

- A unicorn.
- **Overview:** A **peer-to-peer (P2P) cross-border payments app** offering **low-cost international transfers**.
- **How It Helps Remittances:**
  - Supports transfers across **9 African countries** and to the **US, UK, and Europe**.
  - **Instant, mobile-first payments** without requiring a bank account.
- **Coverage:** Nigeria, Ghana, Uganda, Kenya, Rwanda, South Africa, Tanzania, and beyond.

#### *Flutterwave (Pan-African, Global) – a Unicorn*

Payments company Flutterwave has become the fourth African startup to reach “unicorn” status. **The Nigeria-founded startup** has reached a **valuation of over \$1bn** after raising \$170m in a Series C round announced in March 2021.

The round, which was led by growth-equity firms Avenir and Tiger Global, brought the total investment in Flutterwave to \$225m.

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<sup>8</sup> Source: [Wave - Mobile Money on the App Store](#)

<sup>9</sup> Source: <https://www.wave.com/fr/>



**Flutterwave joins only three African startups** to have reached the elusive \$1bn valuation – Egyptian payments company Fawry, Nigerian payments company Interswitch and Dubai-based e-commerce giant Jumia.

The San Francisco-based firm, which was founded in 2016, is aiming to be **the go-to provider for businesses that want to transact within Africa** and with trading partners like China, Europe and North America.

It is already one of the continent's **largest payments companies** with infrastructure that reaches over 33 African countries including Nigeria, Kenya and South Africa.

At the time of the transaction the startup had processed over 140m transactions worth over \$9bn to date and served more than 290,000 businesses including customers like Uber, Flywire, Booking.com and Facebook.

Like most payments companies across Africa, Flutterwave has benefited from **the shift to digital payments** over the Covid-19 period.<sup>10</sup>

- **Overview:** A digital payments platform that facilitates **global remittances and e-commerce payments**.
- **How It Helps Remittances:**
  - **Barter by Flutterwave** enables **cross-border remittances** using virtual dollar accounts.
  - Partnerships with **Western Union & PayPal** make it easier for Africans to receive funds globally.<sup>11</sup>
- **Coverage:** Over **30 African countries** + international partnerships.

#### *AZA Finance (Formerly BitPesa)*

AZA Finance is the most experienced fintech connecting businesses to frontier markets and currencies. It's **vision** is to power African trade and accelerate the growth of businesses across the continent. This **drives their mission** to remove friction, improve efficiency and support digital interoperability for businesses operating in frontier markets through their **best-in-class innovative financial infrastructure**. They have the local knowledge and expertise to guarantee the smooth operation of their clients' business in Africa.

Founded in Nairobi, Kenya, in 2013, AZA Finance has grown from a currency exchange platform to a **global fintech** with expertise in frontier markets and currencies.

With more than a decade of experience, AZA Finance is committed to helping businesses thrive in Africa. With their **API and web platform**, they make it easier to transact, exchange, payout, and settle in major African and G20 currencies.<sup>12</sup>

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<sup>10</sup> Source:

<https://african.business/2021/03/technology-information/flutterwave-becomes-africas-fourth-1bn-unicorn>

<sup>11</sup> Source: <https://flutterwave.com/eu/>

<sup>12</sup> Source: <https://azafinance.com/about/>



- **Overview:** A blockchain-powered **business remittance platform**.
- **How It Helps Remittances:**
  - Uses **crypto & blockchain** to enable fast, low-cost remittances.
  - Works with banks, mobile money, and forex markets.
- **Coverage:** 10+ African countries (183 countries globally).

## 2.2.2. Global Fintech Firms Operating in Africa

### *Wise (formerly TransferWise) – a unicorn*

Wise is authorised by the Financial Conduct Authority under the Electronic Money Regulations 2011, Firm Reference [900507](#), for the issuing of electronic money.

12.8m customers move £30bn with Wise every quarter.

- **Overview:** A global low-cost remittance service with **real exchange rates**.
- **How It Helps Remittances:**
  - Banks and other providers add markups to the exchange rate to make you pay more. Wise reduces fees **compared to banks & Western Union**.
  - Sending money everywhere — with fees as low as 0.1%.
  - Low fees — fees get cheaper the more you send
  - Lightning fast — money typically arrives in seconds
  - Perfectly predictable — lock in an exchange rate for up to 48 hours
  - Expanding African **mobile money** & bank transfer options.
- **Coverage:** Supports remittances to multiple African countries.<sup>13</sup>

### *Revolut*

**Revolut change the way the clients do money.** Revolut helps the clients spend, send, and save smarter. Revolut's **global mission** is for every person and business to do all things money — spending, saving, investing, borrowing, managing, and more — in just a few taps.<sup>14</sup>

- **Overview:** A European-based **digital banking and remittance** service.
- **How It Helps Remittances:**
  - Enables **low-cost international transfers** to Africa.
  - Offers **multi-currency accounts** to bypass forex losses.

**Wise Business** can help you save on currency conversion, but **Revolut Business** also helps scale your sales and automate your finances.

<sup>13</sup> Source: [Wise: the international account | Money without borders](#)

<sup>14</sup> Source: [About us | Revolut United Kingdom](#)



	Revolut Business	Wise Business
Pricing		
⌚ Account opening fee	No cost	£45
⌚ Monthly subscription	From £19 for Grow	X
⌚ Currency exchange fees	Free within plan limits <sup>1</sup>	From 0.33% per transaction
➤ Money transfer fees	Free within plan limits <sup>2</sup>	From 0.33% per transaction
Business debit cards		
✉ Physical cards	✓	✓
☁ Virtual cards	✓	✓
🔒 Custom card spend programs for teams	✓	X
Multi-currency accounts		
Currencies available		
⌚ Send and receive payments in different currencies	25+	40+

Source: [Revolut Business vs Wise Business | Comparison | Revolut Business | Revolut United Kingdom](#)

### *PayPal Xoom*

Xoom is now a member of the PayPal family. Xoom offers fast, easy, and secure ways to send money, reload phones, and pay bills for family and friends around the world. And now Xoom part of PayPal, the global leader in digital payments.

Thus, **Xoom is a PayPal service**. Xoom is part of something bigger, something that empowers millions of customers around the world to make secure online transactions every day. That's a strength in numbers you can trust.

- **Overview:** A fast, digital remittance service from PayPal.
- Xoom moves the clients' money fast, and keeps the security a top priority.
- **Speed of money transfer service** is subject to many factors, including:
  - Approval by the Xoom proprietary anti-fraud verification system
  - Funds availability from sender's payment account (checking, credit or debit card)
  - Banking hours and banking system availability in client's recipient's country or region.
  - Difference in time zones, weekend bank processing availability, and local bank holidays
  - Receiving agent hours of operation.<sup>15</sup>
- **How It Helps Remittances:**

<sup>15</sup> Source: [Send Money Online | Xoom, a PayPal Service](#)



- o **Around the world:** With Xoom, A PayPal service, the client can send money to friends and family in over 160 countries.
- o **Flexible and convenient options:** Supports **bank deposits, cash pickups, and mobile money** transfers to Africa.
- o Integrates with **M-Pesa and local banks.**<sup>16</sup>

- **Coverage:** Over 15 African countries.

## Summary

Fintech firms are **revolutionizing remittances** by making them **cheaper, faster, and more inclusive**. With growing smartphone penetration, **Africa's fintech space is set to outpace traditional money transfer services.**

## 2.3. Use of blockchain, mobile money, and digital wallets to lower costs and increase efficiency.

### How Blockchain, Mobile Money, and Digital Wallets Lower Costs & Increase Efficiency in Remittances

Fintech solutions are transforming remittance services by

- **reducing transaction costs,**
- **speeding up transfers, and**
- **improving accessibility.**

In what follows we will show how **blockchain, mobile money, and digital wallets** are making cross-border payments **cheaper and more efficient**:

### 2.3.1. Blockchain for Faster & Cheaper Remittances

#### ♦ *What It Does:*

Blockchain enables **decentralized, borderless transactions**, eliminating intermediaries (banks, money transfer operators).

#### ♦ *How It Lowers Costs & Increases Efficiency:*

- ✓ **Cuts Out Middlemen** → Reduces fees by bypassing traditional banking networks.
- ✓ **Faster Settlements** → Transactions settle in **minutes or hours** instead of days.
- ✓ **Transparency & Security** → Immutable ledger ensures **tamper-proof transactions.**<sup>17</sup>

#### ♦ *Examples in Africa:*

- Stellar (with Cowrie, Flutterwave, and AZA Finance) – Uses **stablecoins** to facilitate remittances.

<sup>16</sup> Source: [Send Money Online | Xoom, a PayPal Service](#)

<sup>17</sup> **Immutable and Tamper-Proof:** The immutable ledger ensures that once data is recorded on the blockchain, it cannot be altered or tampered with, providing high data integrity and preventing unauthorized changes.



- BitPesa (AZA Finance) – Uses Bitcoin for **low-cost forex trading & remittances**.

### 2.3.2. Mobile Money for Instant Cross-Border Transfers

- ♦ *What It Does:*

Mobile money allows users to **send, receive, and store money using their phones** without needing a bank account.

- ♦ *How It Lowers Costs & Increases Efficiency:*

- ✓ **Inclusive & Accessible** → Reaches millions in rural areas with no bank access.
- ✓ **Lower Fees** → Mobile money transfers cost **less than traditional remittances**.
- ✓ **Seamless Integration** → Direct deposits into mobile wallets (e.g., **M-Pesa, MTN Mobile Money**).

- ♦ *Examples in Africa:*

- M-Pesa Global – Enables direct **remittance-to-mobile-wallet** transfers.
- Wave – Offers **zero-fee international remittances** via mobile money.

### 2.3.3. Digital Wallets for Borderless Payments

- ♦ *What It Does:*

**Digital wallets** (apps for **storing & transferring money**) provide a **cashless** way to receive and use remittances.

- ♦ *How It Lowers Costs & Increases Efficiency:*

- ✓ **No Bank Needed** → Users **transact digitally** without physical cash withdrawals.
- ✓ **Multi-Currency Support** → Wallets can hold **different currencies** (fiat & crypto).
- ✓ **Fast Cross-Border Transfers** → Money moves **instantly** between wallet users.

- ♦ *Examples in Africa:*

- Chipper Cash – Instant, **low-fee remittances between Africa, the US, and UK**.
- Flutterwave's Barter – Enables **global remittances with virtual dollar accounts**.

## Summary

By leveraging **blockchain, mobile money, and digital wallets**, fintechs are **eliminating inefficiencies, cutting remittance costs, and expanding access** for millions in Africa.

### 3. Economic & Social Impact

#### 3.1. How fintech-driven remittances improve financial inclusion in underserved communities.

Fintech-driven remittances are transforming financial access for **underserved communities**, particularly in **rural Africa**, by **reducing costs, increasing accessibility, and fostering financial empowerment**.

##### 3.1.1. Expanding Access to Financial Services

- ◆ *Breaking Banking Barriers*

- Many Africans **lack traditional bank accounts** due to high fees, lack of infrastructure, or complex documentation requirements.
- **Fintechs bypass banks** by using **mobile money, digital wallets, and blockchain**, enabling direct remittance access **without a bank account**.
- **Example: M-Pesa (Kenya, Tanzania, Ghana, etc.)** allows people to receive remittances **directly into mobile wallets**, which can be used for everyday transactions.

- ◆ *Serving Rural & Remote Communities*

- Traditional remittance services often require recipients to **travel long distances to withdraw cash**.
- Fintechs **eliminate this burden** by allowing **direct-to-mobile transactions**, reducing dependence on physical banking locations.
- **Example: Wave (Senegal, Uganda, Côte d'Ivoire, Mali)** provides **mobile-based remittances with zero withdrawal fees**, making transfers **affordable and accessible**.

##### 3.1.2. Lowering Transaction Costs & Increasing Speed

- ◆ *Cheaper Transfers for Low-Income Families*

- Traditional remittance services (Western Union, MoneyGram, banks) charge fees as high as **6-10% per transaction**.
- **Fintech remittances cut costs by up to 70%**, ensuring that **more money reaches families instead of getting lost in fees**.
- **Example: Chipper Cash** offers **free peer-to-peer cross-border payments** across Africa, reducing financial strain on low-income households.

- ◆ *Faster Transactions Improve Financial Stability*

- Bank wire transfers can take **3-7 days**, delaying critical expenses like food, rent, and healthcare.



- **Fintech solutions offer near-instant transfers**, ensuring recipients receive funds immediately when needed.
- **Example: Stellar blockchain payments enable real-time remittance settlements to mobile wallets in Nigeria and Ghana.**

### 3.1.3. Promoting Financial Literacy & Wealth Creation

- ◆ *Encouraging Saving & Investment*
  - Many fintech platforms integrate **savings, credit, and investment features** into remittance services.
  - **Example: Flutterwave's Barter App** allows users to **save, budget, and invest remitted funds** instead of spending immediately.
- ◆ *Building Credit Profiles for the Unbanked*
  - Fintechs use **alternative credit scoring models**, based on remittance history, to offer **loans to previously unbanked individuals**.
  - **Example: Tala & Branch** in Kenya use **mobile transaction data** to provide **microloans** based on remittance receipts.

### 3.1.4. Reducing Gender Disparities in Financial Access

- ◆ *Empowering Women with Direct Financial Control*
  - Women in many underserved communities **rely on male family members** to access traditional banking.
  - Fintech solutions **give women direct access to remitted funds**, promoting financial independence.
  - **Example: MTN MoMo (Mobile Money)** has helped thousands of rural women in West Africa access and manage remittance funds **without male intermediaries**.

## Summary

Fintech-driven remittances are **reshaping financial inclusion** by:

- ✓ **Eliminating banking barriers**
- ✓ **Lowering costs and transaction times**
- ✓ **Encouraging saving, credit access, and investment**
- ✓ **Empowering women and rural communities**

By expanding access to financial services, fintech solutions **not only help families receive money but also create opportunities for long-term financial stability**.



## 3.2. The role of digital solutions in providing access to credit, insurance, and savings tools.

Yes, **digital financial solutions are rapidly expanding across Africa**, providing millions of previously unbanked people with **access to credit, insurance, and savings tools**. Fintech companies and mobile money platforms have transformed financial inclusion by offering **affordable, convenient, and scalable financial services**.

### 3.2.1. Digital Credit: Expanding Access to Loans

- ♦ *How It Works:*

- Traditional banks often require **collateral, credit history, and extensive paperwork**, making loans **inaccessible** for many Africans.
- Digital lenders use **alternative credit scoring** (e.g., mobile transaction history, utility bill payments, remittance receipts) to **assess creditworthiness**.
- Loans are **processed within minutes** and disbursed via **mobile money wallets**.

- ♦ *Examples in Africa:*

- Tala<sup>18</sup> & Branch (Kenya, Nigeria, Tanzania) → AI-driven **instant microloans** based on mobile phone data.
- M-Kopa (East Africa)<sup>19</sup> → Uses **pay-as-you-go (PAYG) financing** to provide loans for solar energy, smartphones, and appliances.
- Carbon (Nigeria, Ghana, Kenya) → Digital lender offering **short-term personal and business loans**.<sup>20</sup>

### 3.2.2. Digital Insurance: Protecting the Underinsured

- ♦ *How It Works:*

- Many Africans **lack access to affordable insurance** for **health, agriculture, and life events**.

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<sup>18</sup> Tala is a global technology company building the world's most accessible financial services. From leading **AI to block-chain powered infrastructure**, Tala harnesses the best of **next generation technologies** to build trusted, real-world financial solutions. Today, Tala's **mobile-first financial platform** makes the difference for millions of customers globally, providing instant access to the capital and tools they need to earn money today and build wealth for tomorrow. [About Tala Loans | Kenya's Trusted Mobile Loan App](#)

<sup>19</sup> M-Kopa offers innovative financial and digital products that help people unlock their potential. M-KOPA is a leading **African fintech platform** that provides affordable financial and digital products to "Every Day Earners" - the tenacious entrepreneurs who are the backbone of the continent's economies. **M-Kopa's mission** is to make financing for everyday essentials accessible to everyone. M-Kopa is creating **a new generation of products** for people who are regularly excluded because they don't have a formal monthly salary, access to collateral and aren't fully connected to the digital economy. M-Kopa solves this problem by combining world-class software, hardware and distribution. [About Us | M-KOPA](#)

<sup>20</sup> Carbon is a bank and its superpower is giving the client access to credit. Instant loans, Digital Ajo, Savings, and more. **All your payments, in one place.** Send money, buy airtime, data, renew cable subscriptions, utilities on the Carbon app, at no extra charge. **Send money instantly to friends, and keep track of all funds sent.** Send money freely, 30 times a month and be the first to know when it arrives. <https://getcarbon.co/payments>



- Fintech companies use **mobile technology** and **microinsurance models** to offer **low-cost, flexible coverage**.

- Users **pay small premiums via mobile money** instead of expensive, long-term contracts.

♦ *Examples in Africa:*

- Pula (Kenya, Zambia, Nigeria)<sup>21</sup> → **Agricultural insurance** for smallholder farmers against droughts & climate risks.
- BIMA (Ghana, Tanzania, Senegal, etc.)<sup>22</sup> → Mobile-based **health & life insurance**.
- aYo (South Africa, Uganda, Côte d'Ivoire)<sup>23</sup> → MTN-backed **microinsurance for medical emergencies**.

### 3.2.3. Digital Savings: Encouraging Financial Security

♦ *How It Works:*

- Traditional savings options (banks, fixed deposits) **exclude many low-income earners** due to **high fees and inaccessibility**.
- Digital savings solutions **allow people to save in small amounts**, often with **higher interest rates and no minimum balance requirements**.
- Some platforms **link savings to investment opportunities**, helping users build wealth over time.

♦ *Examples in Africa:*

- M-Shwari (Kenya, via M-Pesa & NCBA Bank) → Digital savings + instant microloans.
- PiggyVest (Nigeria) → Helps users **automate savings & earn interest**.  
Eversend (Pan-African) → Multi-currency wallet with **savings & investment features**.

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<sup>21</sup> **Pula** is an agricultural insurance and technology company that designs and delivers **innovative agricultural insurance and digital products** to help smallholder farmers endure yield risks, improve their farming practices, and bolster their incomes over time. [Home - Pula](#)

<sup>22</sup> **Bima** offers **mobile-delivered insurance** in emerging markets. Launched in late 2010, Bima currently covers 8 million people across 11 countries in Africa, Asia, and Latin America, including **Ghana, Senegal, Tanzania, Paraguay, Mauritius, Bangladesh, Sri Lanka, Indonesia, Philippines, Cambodia and Honduras**. **Bima partners with mobile operators and insurance companies**, connecting the two to provide insurance including life, health and accident cover via mobile phone. Bima also provides both parties with product development expertise, a dedicated distribution force, efficient customer service with rapid claims payment, and a seamless mobile insurance platform. Sources: [Bima | CGAP](#) and [BIMA - LeapFrog Investments](#)

<sup>23</sup> **Oya Microcredit company's** mission is simple: To help support and grow small businesses across Africa by providing quick, and convenient access to credit. [Lending for Micro and Small Businesses in Ghana and Tanzania • OYA Micro-credit](#)



### 3.2.4. Summary

Digital credit, insurance, and savings tools are revolutionizing financial inclusion in Africa by:

- Bridging the financial access gap
- Providing instant, low-cost financial services
- Empowering individuals & small businesses

As fintech adoption grows, these solutions will **continue driving economic empowerment and financial security** for millions across the continent.

## 3.3. Case studies of African families, businesses, or communities benefiting from fintech-driven remittances.

### 1. Empowering Small Businesses Through Digital Payments

*Case Study: A Tailoring Business in Uganda*

Sarah, a tailor in rural Uganda, **used remittances sent through the MTN MoMo platform** to expand her small tailoring business. By **receiving payments instantly and directly** through mobile money, Sarah was able to purchase additional sewing machines and hire two apprentices. This steady cash flow allowed her to fulfil larger orders and increase her monthly income, significantly improving her family's standard of living. This example highlights **how fintech solutions** enable small businesses to grow by providing fast, reliable access to funds.

### 2. Improving Access to Education

*Case Study: A Family in Kenya*

When **Joseph, a construction worker in Nairobi, began using WorldRemit** to send money home, his family in **rural Kenya** experienced tangible benefits. The **lower fees and faster transactions** allowed his wife to efficiently **manage school fees** for their children without delays or shortfalls. The ability to plan and save efficiently, supported by **fintech innovations** like **M-Shwari**, has enabled the family to ensure their children's education remains uninterrupted and secure.

### 3. Enabling Women's Financial Independence

*Case Study: Women's Co-operative in Ghana*

A women's co-operative in Ghana, specialising in crafting and selling artisanal products, gained **direct access to remitted funds through the AirtelTigo Money platform**. Without relying on intermediaries, the co-operative members **utilised the remittances to invest in better materials** and expand their market reach via online platforms. This access not only provided financial independence to the women but also empowered them to contribute more effectively to their households and community development.



#### 4. Enhancing Resilience in Agriculture

##### *Case Study: Smallholder Farmers in Nigeria*

Through **the use of fintech-driven microinsurance solutions like Pula**, farmers in Nigeria have been able to **mitigate risks** associated with unpredictable weather patterns. Remittance funds **invested in these insurance products** have allowed farmers to recover quickly from losses caused by drought or floods. Consequently, they have **stabilised their income streams** and maintained food security for their families and communities.

#### **The Broader Impact of Fintech on African Communities**

These case studies demonstrate the **profound impact of fintech-driven remittances and financial services** on individual households, businesses, and communities across Africa. By reducing barriers to financial access, enabling greater economic participation, and fostering resilience in the face of challenges, **fintech is creating a more inclusive and empowered future**. The continued innovation in this sector promises to further transform lives and unlock new opportunities for economic growth across the continent.



## 4. Regulatory & Market Challenges

### 4.1. Discussion on regulations affecting fintech remittance providers.

#### 4.1.1. Regulatory & Market Challenges

Despite the immense potential and growth of fintech solutions across Africa, the sector faces **significant regulatory and market challenges** that can hinder its full impact. These challenges include:

##### *Regulatory Fragmentation*

Africa's regulatory environment **varies greatly between countries**, creating barriers for cross-border fintech operations. For instance, **inconsistencies** in mobile money regulations, licensing requirements, and tax policies **force providers to adapt to multiple frameworks**, increasing operational complexities and costs. This fragmentation **limits the scalability** of solutions and delays expansion into new markets.

##### *Data Privacy and Security Concerns*

With the rise of digital financial services, **safeguarding user data has become critical**. However, many African countries **lack comprehensive data protection laws or enforcement mechanisms**. This creates a **trust gap** between consumers and providers, as concerns regarding **identity theft, fraud, and misuse** of personal information remain prevalent. Fintech companies must **invest significantly in cybersecurity measures** and comply with emerging global data protection standards to maintain user confidence.

##### *Limited Infrastructure*

Although mobile penetration is high, **infrastructure gaps** such as inconsistent internet connectivity, unreliable electricity, and limited access to smartphones persist in several regions. These **infrastructural deficiencies** make it difficult for fintech services to reach underserved rural areas, where financial inclusion efforts are needed most. This poses a **strategic challenge for providers** aiming to bridge the financial access gap.

##### *Foreign Exchange Volatility*

**Currency fluctuations** across many African nations pose a **risk for fintech** companies facilitating cross-border remittances. **Unstable exchange rates** can increase transaction costs, complicate pricing strategies, and reduce the affordability of services for users. Providers must adopt robust strategies to manage foreign exchange risks while staying competitive.

##### *Financial Literacy Gaps*

The effectiveness of fintech solutions partly **depends on users' understanding of how to access and utilise these services**. Unfortunately, **financial literacy levels** in many parts of Africa remain low, particularly in underserved communities. This **limits adoption** and highlights the need for **targeted educational campaigns to empower** users with the knowledge to manage their finances effectively using digital tools.



#### 4.1.2. Addressing the Challenges

Strategies to overcome these challenges include **fostering regional regulatory harmonisation** to streamline cross-border operations, investing in **infrastructure upgrades** to enhance service accessibility, and **developing partnerships** between fintech startups and traditional financial institutions. Additionally, **promoting financial literacy** and ensuring **strong consumer protection frameworks** will be essential for sustainable growth. By addressing these obstacles, fintech providers **can further accelerate** financial inclusion and continue shaping Africa's economic transformation.

### 4.2. Compliance issues, anti-money laundering (AML) policies, and central bank restrictions.

Compliance issues, such as adhering to regulatory requirements, anti-money laundering (AML) policies designed to prevent financial crimes, and restrictions imposed by central banks to ensure financial stability and security.

#### Compliance Challenges for Fintech Remittance Providers

The rapid growth and adoption of fintech solutions across Africa have brought about a new set of compliance challenges for remittance providers. These include:

##### Regulatory Compliance

As the **fintech industry continues to evolve**, so do regulations governing its operations. This means that **providers must stay updated** with changing licensing requirements, reporting procedures, and other regulatory obligations **imposed by national financial authorities**. Failure to comply with these regulations can result in penalties and even suspension or revocation of licenses.

##### AML/CFT Regulations

Fintech remittance companies are **subject to anti-money laundering (AML) policies** aimed at preventing criminal activities, such as money laundering and terrorism financing. These regulations require providers to conduct thorough customer due diligence, monitor transactions for suspicious activity, and report any potential risks to relevant authorities. Non-compliance with AML policies can lead to severe fines and criminal charges.

##### Central Bank Restrictions

Central banks closely **monitor the activities of financial institutions** under their jurisdiction to ensure financial stability and security. Fintech remittance companies must adhere to restrictions imposed by these central banks on transfer amounts, exchange rates, and other operational aspects. Failure to comply with these restrictions can result in penalties or even suspension of services.

##### Cross-border Compliance

As fintech remittance services often involve **cross-border transactions**, providers must **comply with regulations** in both the sending and receiving countries. This can be challenging



as regulatory requirements may differ significantly between countries, requiring providers to navigate complex compliance landscapes.

### Overcoming Compliance Challenges

To address these compliance challenges, **fintech remittance providers must invest in robust compliance programs and systems** that ensure adherence to regulatory obligations. This includes implementing **strong KYC (Know Your Customer) processes**, conducting regular internal audits, and maintaining accurate records of all transactions. Additionally, **building partnerships with banks and other financial institutions** can provide access to expertise on compliance matters and help mitigate risks associated with cross-border operations. By prioritizing compliance and staying abreast of evolving regulations, fintech remittance companies

## 4.3. Competition with traditional banks and money transfer operators.

### *Competition from Traditional Financial Institutions*

Established players, such as **traditional banks and telecommunications companies**, are increasingly **entering the fintech space** by developing their own digital solutions. While this fosters innovation and collaboration, it also creates **competitive pressures** for smaller fintech startups. Without substantial financial backing and market presence, **many startups struggle to differentiate and sustain** themselves in a crowded market.

#### 1. How Established Players Are Entering Fintech

##### ♦ Banks Adopting Digital Solutions

- Traditional banks, once slow to innovate, are now **investing heavily in digital banking and mobile apps** to compete with fintech startups.
- Examples:
  - **Equity Bank (Kenya)** → Launched **Equitel**, a mobile banking solution to rival M-Pesa.
  - **Standard Bank (South Africa)** → Developing **digital wallets & AI-powered banking services**.

##### ♦ Telecoms Expanding Financial Services

- Telecom giants, which already dominate **mobile money**, are launching fintech-driven credit, savings, and insurance products.
- Examples:
  - **Safaricom (Kenya)** → Expanded M-Pesa into **savings (M-Shwari), loans (Fuliza), and international remittances**.



- o **MTN (Africa-wide)** → Growing **MoMo (MTN Mobile Money)** into a **full-scale fintech platform**, including lending and merchant services.

## 2. Competitive Challenges for Fintech Startups

- ♦ **Lack of Capital & Market Reach**

- Unlike banks and telecoms, **startups lack the deep financial resources and vast customer bases** needed to scale quickly.
- Without **strong investor backing**, many fintech startups struggle to survive long enough to build market dominance.

- ♦ **Regulatory Barriers Favoring Established Players**

- Many African governments impose **strict licensing requirements** that **favor large financial institutions** over fintech startups.
- **Example:**
  - o In **Nigeria**, the Central Bank's strict licensing for mobile money operators **limits fintech growth**, while banks and telecoms operate with fewer restrictions.

- ♦ **Acquisitions & Market Domination**

- Some telecoms **acquire or absorb smaller fintechs**, leaving startups with limited independence.
- **Example:**
  - o **Airtel Africa & Mastercard partnership**, where Mastercard invested in Airtel Money to **expand its digital payment footprint across Africa**.

## 3. How Startups Can Compete & Survive

- ✓ **Niche Specialization** → Startups can **focus on underserved areas**, such as **agri-fintech, gig worker financing, or cross-border payments**.
- ✓ **Strategic Partnerships** → Collaborating with banks & telecoms rather than competing directly (e.g., API integrations with mobile money).
- ✓ **Regulatory Advocacy** → Pushing for **fair fintech regulations** that create a level playing field.
- ✓ **Investor Backing & Grants** → Seeking funding from **impact investors & development finance institutions (DFIs)** that support fintech inclusion.

## 5. Opportunities for Growth in the African Fintech Ecosystem

While regulatory and market challenges present **obstacles**, the African fintech ecosystem is uniquely **positioned for growth and innovation**. The continent's young and rapidly growing



population, paired with increasing mobile penetration, provides **a fertile ground for scaling** digital financial solutions. Several opportunities can further propel the sector forward:

### 5.1. Expansion of Mobile Money Ecosystems

**Mobile money** continues to dominate Africa's fintech landscape, particularly in regions with **limited access to traditional banking infrastructure**. By broadening mobile money ecosystems to include **a wider variety of services**—such as savings, loans, and insurance—providers can **drive deeper financial inclusion**. Cross-platform integration, allowing **interoperability of mobile money systems** across networks and borders, will also unlock greater value for users.

### 5.2. Leveraging Blockchain Technology

**Blockchain** has the potential to revolutionise African fintech by providing secure, transparent, and cost-effective solutions **for transactions**. From improving the efficiency of cross-border remittances to enabling **decentralised finance (DeFi) platforms**, blockchain can **address persistent challenges** such as high transaction fees and regulatory delays. Its application in **supply chain finance and property registries** also holds promise for improving economic efficiency across sectors.

### 5.3. Fostering Public-Private Partnerships

**Strong collaboration** between governments, regulators, and private tech companies can help **address significant market challenges**. Public-private partnerships can

- encourage investment in critical infrastructure,
- streamline the regulatory environment, and
- support initiatives that promote financial literacy and inclusion.

These partnerships can also align resources and goals for maximum social and economic impact.

### 5.4. Tapping into Underserved Markets

**Rural areas and underserved demographic groups**, such as women and smallholder farmers, represent **untapped markets** for fintech services. By **designing products tailored** to their unique needs—such as microloans, agricultural insurance, or gender-specific savings platforms — fintech companies can **create solutions that promote equitable access** to financial resources while driving growth.

### 5.5. Innovating with Artificial Intelligence and Machine Learning

The **integration** of artificial intelligence (AI) and machine learning (ML) technologies **into fintech services** can enhance customer experiences, improve risk assessment, and refine personalised financial recommendations.

For instance, **AI-driven credit scoring models** can more accurately **assess creditworthiness** in regions lacking formal credit histories, **enabling access to loans** for previously excluded individuals and businesses.



## 5.6. Scaling Green Finance Initiatives

With climate change increasingly affecting African economies, **green finance has emerged as a critical area for innovation**. Fintech companies can play a key role in

- financing renewable energy projects,
- creating carbon credit marketplaces, and
- offering climate-resilient financial products, such as **crop insurance**.

By aligning initiatives with sustainability goals, the sector can drive both economic growth and environmental resilience.

## 5.7. The Road Ahead

The evolution of Africa's fintech ecosystem underscores **the region's potential to lead a new wave of financial innovation globally**. By addressing critical challenges and leveraging emerging opportunities, fintech companies can continue to transform lives, facilitate economic development, and foster inclusive growth across the continent. **Strategic collaboration** between stakeholders—including governments, regulators, technology providers, and consumers—will ultimately determine **how the ecosystem evolves in the coming years**. With the right support, Africa's **fintech sector is well on its way to becoming a model for innovation and inclusivity**, setting the stage for a more connected, secure, and empowered financial future.

# 6. Future Outlook

## 6.1. The potential of AI, blockchain, and central bank digital currencies (CBDCs) in remittances.

The potential of AI, blockchain, and central bank digital currencies (CBDCs) in remittances is **immense**.

AI can optimize transaction processes and detect fraudulent activities, while **blockchain** ensures secure, transparent, and efficient cross-border payments. **CBDCs**, issued by central banks, could further streamline remittances by reducing costs and eliminating intermediaries, offering a faster and more reliable alternative for global money transfers. Together, these technologies have **the power to revolutionize the remittance industry**.

Furthermore, **the growing demand for digital financial services and the increasing adoption of mobile money in Africa** present significant opportunities for fintech companies. By **leveraging** these emerging trends and technologies, **fintech has the potential** to drive economic growth, promote financial inclusion, and ultimately transform the lives of people across the continent.



## 6.2. Expected growth trends and how fintech innovation will shape Africa's financial ecosystem.

When exploring the expected growth trends in Africa's financial ecosystem and we discover how fintech innovation is set to **revolutionize banking, payments, and access to financial services** across the continent.

**Africa's financial ecosystem is expected to see significant growth** in the coming years, driven by a young and tech-savvy population, increasing mobile penetration, and a growing demand for digital financial services. According to the World Bank, between 2014 and 2019, **the number of adults with a formal bank account increased** from 23% to 43% in Sub-Saharan Africa. Further **expansion is expected as fintech innovation** continues to revolutionize traditional banking, payments, and access to financial services across the continent.

One area where fintech is already making **a significant impact** is in expanding financial inclusion. In many parts of Africa, traditional banking systems are **limited or inaccessible** for large portions of the population, however, with **the rise of mobile money and other digital solutions**, fintech has been able to **reach underserved communities** and bring them into the formal financial system. This not only provides individuals with greater economic opportunities but also contributes to overall economic growth.

**Another trend in Africa's financial ecosystem** is the increasing adoption of **cashless payments**. With a significant portion of the population still unbanked, **traditional card-based payment systems are not feasible** for many people. As a result, fintech companies have developed **innovative solutions such as mobile wallets and QR code payments** that allow individuals to **make transactions without needing a bank account or physical currency**. This **shift towards cashless payments** has the potential to improve transparency, reduce corruption, , and boost economic growth.

Fintech is also playing **a crucial role in driving entrepreneurship and small business growth** across Africa. With **limited access to traditional financing options**, many entrepreneurs are **turning to fintech solutions** for loans, crowdfunding, and other financial services. This not only supports the growth of local businesses but also contributes to job creation and overall economic development.

Looking ahead, **fintech is set to continue its rapid expansion in Africa** with the support of government initiatives, increased investment from both local and international players, and advancements in technology such as **AI and blockchain**. As more people gain access to digital financial services, the potential for economic growth and social impact will only continue to increase.



### 6.3. Calls for policy improvements to encourage fintech solutions and lower transaction costs.

There are increasing calls for **policy improvements** aimed at encouraging **the adoption of fintech solutions**. These improvements could help streamline financial processes, enhance accessibility, and significantly lower transaction costs for both businesses and consumers.

Additionally, **regulatory frameworks that prioritize consumer protection and responsible practices** can **build trust** in the industry and foster sustainable growth.

In conclusion, Africa's fintech sector is at **a pivotal moment** as it continues to **experience rapid growth and innovation**. With the potential to drive economic development, improve financial inclusion, and create social impact, it is crucial for **all stakeholders to work together** towards building a sustainable and inclusive financial ecosystem.

By leveraging technology, fostering collaboration, and prioritizing inclusivity in their strategies, **fintech providers can make a significant contribution** to Africa's future prosperity. So let us continue supporting the growth of this dynamic industry and strive towards achieving greater financial inclusion for all individuals across the continent. Together, **we can make a positive impact on the lives of millions** and drive lasting socio-economic change in Africa. So let's embrace fintech innovation, collaborate with traditional financial institutions, and work towards building a more inclusive and sustainable future for all.

As Africa continues to **position itself as a leader in fintech innovation**, the potential for growth and impact is immense. With strategic partnerships, responsible practices, and a focus on inclusivity, the industry has the power to transform financial services across the continent. Let's continue to support and invest in this fast-growing sector as we work towards creating a brighter future for all individuals in Africa.

## 7. Conclusion

### 7.1. Summary of key takeaways.

The key stakeholders in the industry and the ecosystem should work towards **harnessing the immense opportunities within Africa's fintech industry**. The collective efforts of governments, private sector players, investors, and innovators will undoubtedly be critical to **shaping the next chapter of financial services** on the continent. By prioritising education and digital literacy, we can **empower more individuals** to take advantage of fintech solutions, further bridging the gap in financial inclusion.

Additionally, **fostering an ecosystem that encourages innovation** while mitigating risks will ensure that the growth of fintech remains sustainable and beneficial for all stakeholders. With **purposeful actions**, such as addressing cybersecurity challenges and developing resilient infrastructure, Africa's fintech ecosystem can continue to thrive in an increasingly interconnected global market.

**The future of fintech in Africa is not only promising but also essential** for unlocking the continent's full economic potential. By staying committed to collaboration and inclusivity, the sector can serve as **a vital catalyst for financial empowerment** and long-term prosperity. Together, we can drive meaningful change and build a financial ecosystem that leaves no one behind.

### 7.2. Key policy recommendations.

#### 1. Enhance Digital Literacy and Education

Invest in **widespread digital literacy initiatives** to ensure individuals can effectively utilise fintech solutions, enabling greater financial inclusion across diverse populations.

#### 2. Strengthen Cybersecurity Measures

Develop **robust frameworks to address cybersecurity risks**, ensuring the protection of user data and fostering trust in fintech platforms.

#### 3. Encourage Public-Private Collaboration

Promote **collaboration between governments and private sector** entities to create policies that stimulate innovation while mitigating regulatory bottlenecks.

#### 4. Invest in Financial Infrastructure

Build **resilient and scalable infrastructure** to support seamless digital transactions and ensure equitable access to fintech services, especially in underserved areas.

#### 5. Promote Inclusive Financial Policies

Design **regulatory frameworks** that prioritise inclusivity, allowing small businesses, rural populations, and women to benefit from the fintech ecosystem.



## 6. Support Innovation and Startups

Establish **innovation hubs** and provide **financial incentives** to cultivate local fintech startups, fostering an environment of continuous growth and creativity.

### 7.3. Final thoughts on how fintech is transforming Africa's remittance market.

The **transformative impact of fintech on Africa's remittance market** cannot be overstated. By **leveraging digital technologies**, fintech has significantly reduced transaction costs, improved the efficiency of cross-border money transfers, and enhanced financial inclusivity. This has **empowered millions of individuals and small businesses** to access funds more quickly and affordably. Furthermore, fintech solutions are **driving innovation** by introducing **alternative methods** such as mobile money and blockchain-based systems, which are **reshaping traditional remittance channels**.

For Africa to **maximise this potential**, ongoing investment in digital infrastructure, forward-thinking policies, and strategic partnerships will be essential. **The fintech revolution** presents a unique opportunity to address structural inefficiencies and ultimately elevate the economic well-being of communities across the continent. As we continue to witness the growth and impact of fintech in Africa, let us **remain committed to fostering** an inclusive, secure, and sustainable financial ecosystem that benefits all individuals. Together, we can **drive progress and build a brighter future for Africa through the power of fintech**. So let's embrace this transformational shift and work towards unlocking the full potential of Africa's remittance market.

In conclusion, Africa's fintech sector is poised for **continued growth** and has the potential to make a significant impact on economic development, financial inclusion, and social change. By prioritising collaboration, inclusivity, education, cybersecurity measures, infrastructure investment, and support for innovation and startups, stakeholders can collectively drive.



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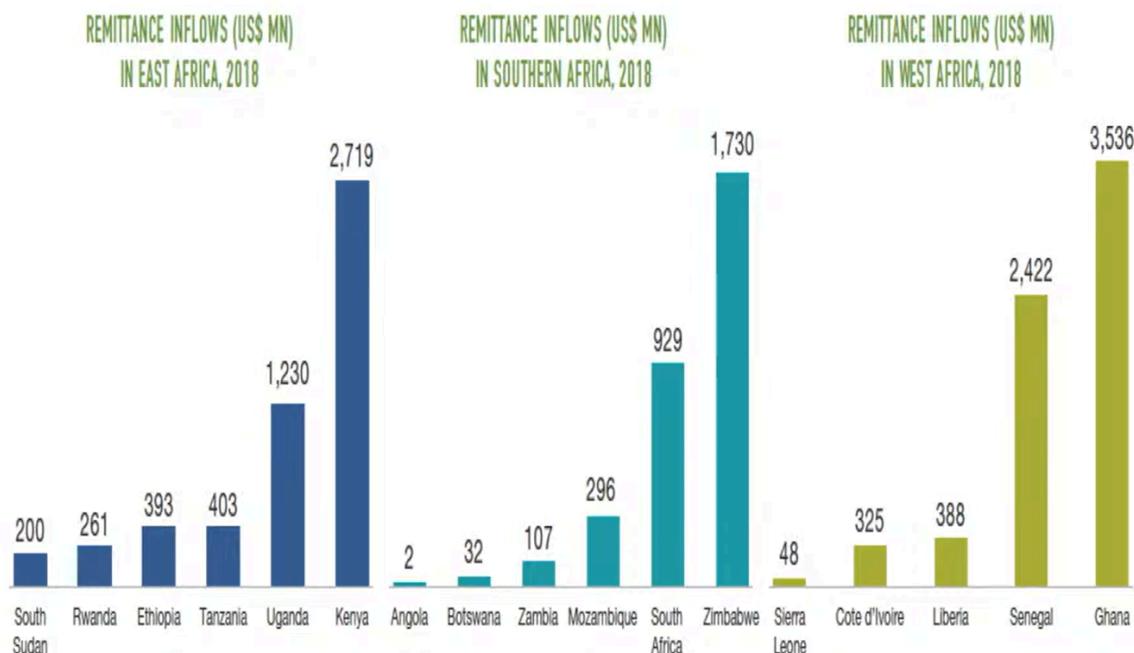
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## Annex 1: Remittances inflows

**Figure 1: Remittance inflows (US\$ Mn), 2018**

*Diaspora Funding*



Source: World Bank Migration and Remittances Data

NB: Nigeria data of US\$ 24,356Mn has been excluded to avoid skewing the chart

Source: [\(1947\) Remittances as a Financial Tool for Impact Investments and Impact Entrepreneurship - BB22 - YouTube](#)

## Annex 2: Establishment of Key Innovative Structures for raising Diaspora funds

**Table 1: Summary of Key Social Investments Trends across Focus Countries**

TREND	NIGERIA	GHANA	IVORY COAST	DESCRIPTION
Institutionalized giving and investing by West African philanthropists				Although philanthropy in the region remains highly informal and unstructured, philanthropists, particularly in Nigeria, have established their foundations to support various social causes.
Participation of government in social investments space				Governments of Nigeria and Ghana have set up schemes to support and advance financing to social enterprises/start-ups. Governments are also offering guarantee schemes to enhance funding, mostly for the SMEs and agriculture sectors. The Government of Ghana is also promoting angel investing through Ghana Angel Investors Network (GAIN). Minimal government-driven social investment programs were witnessed in Ivory Coast.
Presence of corporate social investors (CSIs)				The potential for sustainable corporate social responsibility remains largely untapped, with few active CSIs identified in the region. Most corporate programs remain largely grant-based and/or one-off programs. However, more sustainable strategies are increasingly adopted by corporates in Nigeria as some venture into impact investing and ecosystem building.
A rise in gender lens investing (GLI) and philanthropic support for gender issues				Many new initiatives targeting women as business owners and as beneficiaries have been launched to address women's challenges. These include women-focused funds, angel networks, and incubation programs. There are also philanthropic funds specifically focused on funding causes that support women and girls.
Rise of organized angel investments by HNWIs				More than 20 angel networks have been established in recent years in the region. These organized networks bring together HNWIs to invest in a structured manner. Investment activities by these networks, however, remains low and primarily concentrated in Nigeria.
Establishment of innovative structures for raising diaspora funds				Diaspora remittances in the region remain primarily unstructured. However, West African countries have been developing innovative structures to leverage diaspora funds e.g., Nigeria raised its first diaspora bond in 2017 to finance its infrastructure programs. Ghana is also currently planning to launch a similar bond.

Source: <https://www.youtube.com/watch?v=1947> Remittances as a Financial Tool for Impact Investments and Impact Entrepreneurship - BB22 - YouTube

## Annex 3: Trends for Innovative Structures of raising diaspora funds

**Table 3: Summary of Key Social Investments Trends across Focus Countries**

TREND	NIGERIA	GHANA	IVORY COAST	DETAILS
Innovative structures of raising diaspora funds				Nigeria has already leveraged diaspora bonds to raise funds to finance infrastructure programs. Ghana is also planning to launch a similar bond.
Presence of technology-based crowdfunding and peer-to-peer platforms				Nigeria and Ghana have a significant proportion of crowdfunding platforms leveraged to raise funds for various causes.



High activities with increasing number of players



Moderate activities and number of players witnessed

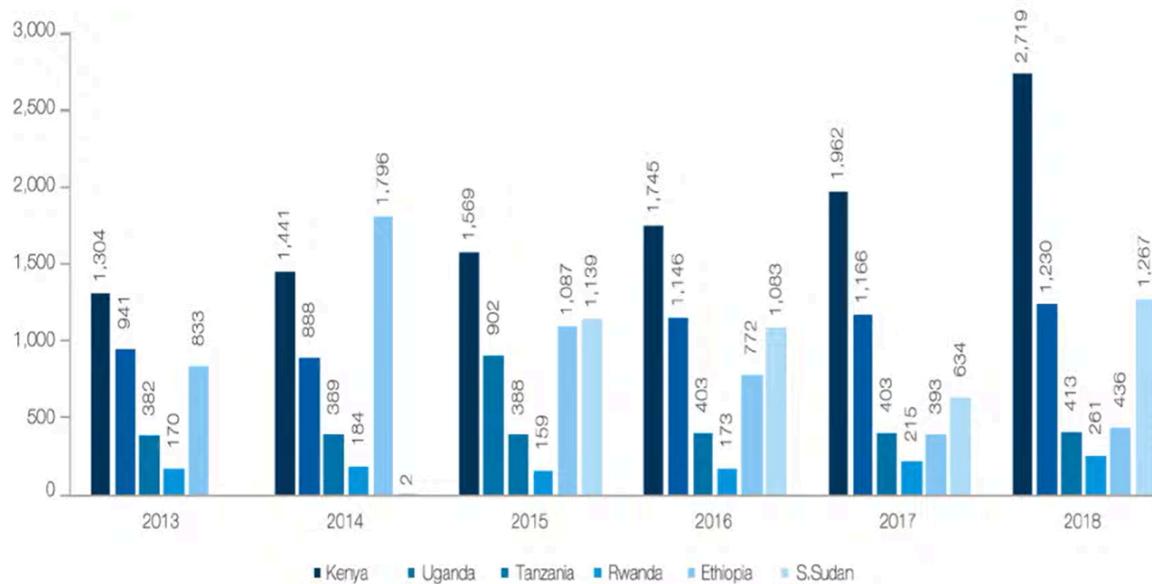


Minimal to no activities witnessed

## Annex 4:: The Potential for Diaspora Funds in financing development challenges

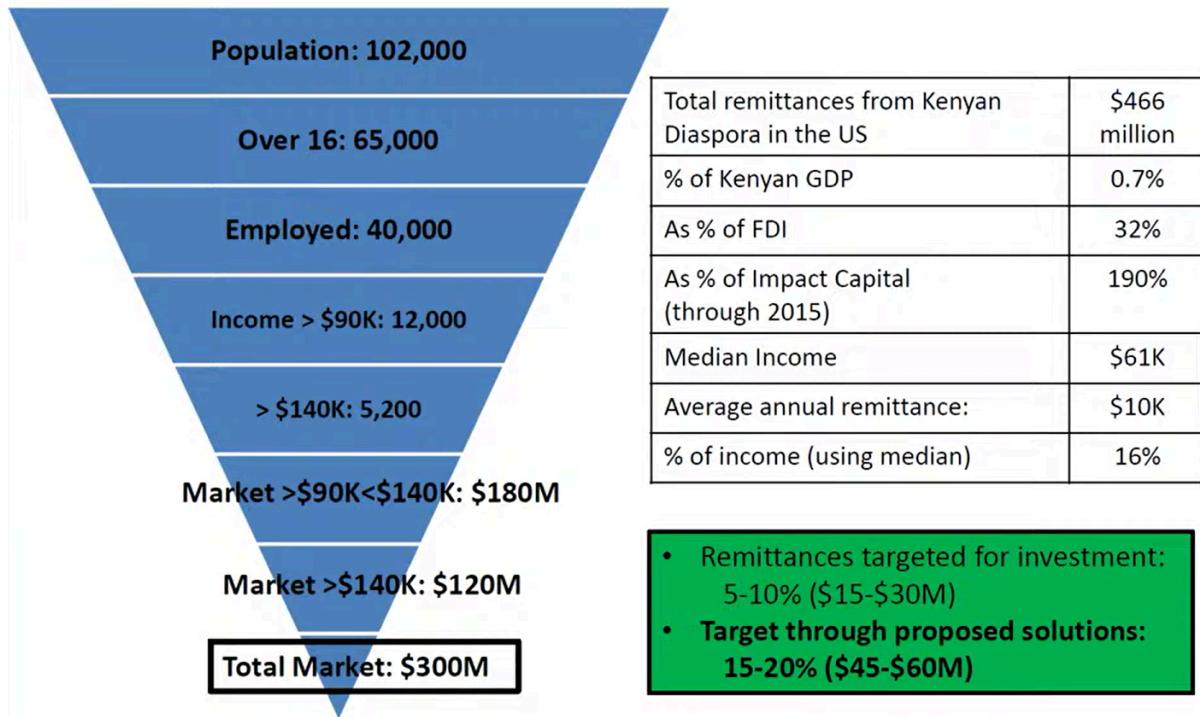
**Fig 2: The potential for diaspora funds in financing development challenges remains largely untapped with only few innovative structures developed in the East African region:**  
**Figure 9: Remittances in the Focus Countries (US\$ Mn), 2013-2018**

REMITTANCES HAVE BEEN INCREASING YEAR ON YEAR IN MOST OF THE FOCUS COUNTRIES



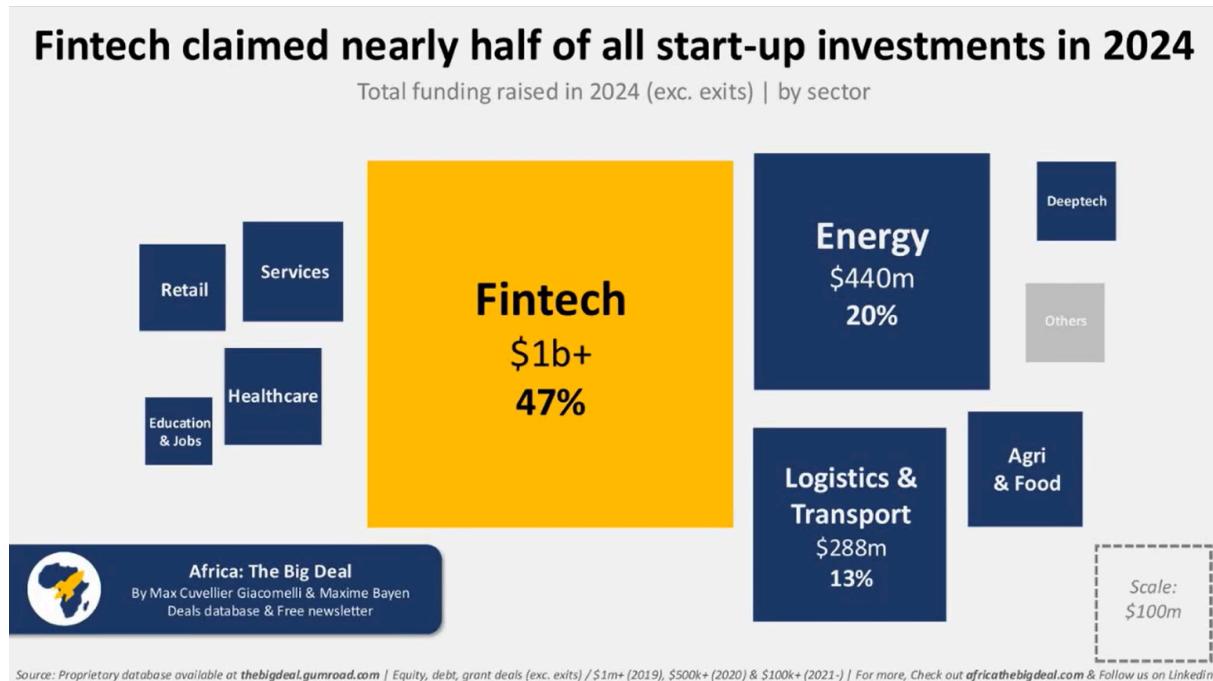
Source: World Bank

## Annex 5: Market Size for remittances for investment



Source: [\(1947\) Remittances as a Financial Tool for Impact Investments and Impact Entrepreneurship - BB22 - YouTube](#)

## Annex 6: Fintech claimed nearly half of all start-up investments in 2024





## Annex 7: ABROAD & Diaspora Direct Investment in Africa

### WHAT IS ABROD



African Diaspora is a major source of capital inflow into Africa and the major source of FDI (Foreign Direct Investment). Abrod will harness Diaspora economic power and investments to drive economic transformation. A low hanging fruit to accomplish this is to channel Diaspora remittances to Africa into more productive use, while encouraging Africa Diaspora to SEED their inflows.



Source: <https://www.youtube.com/watch?v=1947> Remittances as a Financial Tool for Impact Investments and Impact Entrepreneurship - BB22 - YouTube