

Demand for affordable, cross-border payments drives innovation in Africa

The future of payments ecosystems is taking shape in Africa as the continent paves the way for innovation that brings together retail, banking, financial services and mobile technology. It's being fueled by a drive for financial inclusion - new ways to bring consumers, merchants and entrepreneurs into the formal economy.



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"A huge advantage is that in Africa, mobile technology is already a given and a great enabler for payments," says Hannalie Marsh, general manager of Wirecard South Africa.

She says there is a great demand in Africa for cross-border payments and a need to regulate the payment industry on the continent while at the same time opening it up to include non-banks.

"Across the world, the payments industry is being compelled by regulation to become more inclusive. Retailers and fintech organisations, for example, are being encouraged to provide services historically only associated with banks.

"Traditional banking is expensive and alternatives that keep costs down have to be found, particularly in developing and emerging economies," says Marsh.



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A consolidated platform

She believes a combination of technology, banking and retail on a single, consolidated platform, would solve many challenges.

"Already we are seeing a collaboration between some banks and innovative fintech companies. Banks are just not agile enough to tackle rapid tech development and a large continent like Africa on their own. This is one of the reasons retailers have been so successful in the remittances space – they have outlets in places in remote regions that will never see a bank branch."

"All these parties are fairly protective of their own space but by contributing what they have – a wide physical outlet network, technology and payments systems, for example, they can collaborate. This way they reach more people and reduce costs. The mobile component is also a significant factor because of its ubiquity on the continent," says Marsh.

She adds that another big drive globally is for a single digital platform to provide multiple services using the same technology and infrastructure.

"The minute you can offer multiple services off the same infrastructure you can reduce costs dramatically. We have the ability to provide solutions to both individuals and businesses on the same platform which means we can give a set of diverse services to both parties."



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Learning from Africa

"It's particularly relevant in African economies. Take the example of an informal trader: a single system that offers them the ability to accept and make payments solves not only their payment challenges but also those of the supplier and customers – everybody wins. The single source – typically accessed by mobile devices – helps build trust around payments and innovation can be applied everywhere those conditions exist."

Marsh says there is a lot to be learnt from Africa around technology and innovation and how to overcome difficult environments and situations.

"Just as much as we consume the innovation and expertise we glean from global colleagues, so we too bring expertise to the rest of the world. We get to showcase all the things that happen here in Africa which can seem a daunting place to others, but we are taking some of that to the global stage through partnerships and by exposing what we do locally. We are able to develop and improve payment technologies in Africa and apply that expertise elsewhere in the world," concludes Marsh.