

Cross-Border Payments in Africa: Unlocking Opportunities for Global Commerce

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Individuals and businesses in separate countries sending and receiving funds isn’t a new practice; cross-border payments have occurred since the 19th century.

Increased digitization, though, has undoubtedly helped facilitate such exchanges in recent years. Between 2012 and 2022, the volume of cross-border payments rose 61%, and their value grew 37% , according to the U.S.-based Faster Payments Council.

The availability of rapid, affordable options to send and receive funds between countries can help foster economic growth, bolster international trade, and improve residents’ daily lives. Consumers gain a wider pool of goods and services to choose from; businesses can extend their reach and possibly their profitability.

With a growing population, Africa may seem to present significant cross-border transaction potential. Several factors initially stymied transnational exchange efforts in the continent; however, progress continues to be made.

Cross-Border Payment Challenges

Certain elements need to be in place to facilitate monetary exchanges between entities in separate nations. A country’s digital infrastructure, for instance, can play a role. Access to reliable high-speed internet connectivity — which can sometimes be logistically difficult to establish in remote rural areas — is critical.

Approximately 90% of the U.S., Europe , and the Commonwealth of Independent States in Eurasia use the internet, while only 37% of the population in Africa does, according to International Telecommunication Union data.

Various organizations are working to increase connectivity opportunities in the continent. The African Union Commission, for instance, has created a digital transformation strategy to address the continent’s infrastructure constraints, with proposed measures such as establishing a digital sovereignty fund to provide financing for projects that can help make broadband services more available and affordable.

For a cross-border payment system to be readily accessible, a robust financial system also has to be in place.

Consumer banking hasn’t historically been as widespread in Africa as in some other regions. While nearly 95% of North America and the European Union residents have a bank account, only 40% of African adults do, according to the World Bank .

In some areas, though, that’s changing. Less than half — 49% — of adults in sub-Saharan Africa own an account, but the total has grown over the years, more than doubling between 2011 and 2022, the World Bank says. Consumers have also increasingly utilized digital payments. Most bank account owners in sub-Saharan Africa have received or made at least one.

A review conducted by the International Monetary Fund’s Financial Sector Assessment Program — which assesses economies’ financial stability risks and strengths through stress tests and other techniques — found rapid banking sector growth has occurred in the countries that comprise the West African Economic and Monetary Union: Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal, and Togo.

Yet that hasn’t meant cross-border payments are a seamless occurrence. Separate IMF research has shown financial transactions that occur between countries — including some in and around Africa — can involve hefty and inconsistent costs at times, particularly when emerging markets and developing economies are involved.

The fees to send funds to sub-Saharan Africa, for example, or from South Africa to neighboring countries such as Botswana, Eswatini, and Lesotho can be considerable, according to the IMF.

To help reduce the cost associated with transactions and improve financial equity, in its May 2022 report, the IMF proposed WAEMU’s banks adopt a business model that focuses on underserved populations. Because payment infrastructures have been established in the region, the organization also suggested promoting retail payment digitization.

South Africa comprises Africa’s largest financial sector, with sizable cross-border banking groups. However, the region has experienced lessened economic growth in recent years, according to a separate Financial Sector Assessment Program review, in tandem with challenges such as reaching “the last mile of unbanked adults” and increasing the use of digital financial services.

The IMF has urged the country to encourage the development of fintech solutions, which could help boost financial inclusion and promote interoperability between payment systems.

How Africa Is Becoming a Cross-Payment Contender

With the growing demand for options to pay and receive funds in and outside of Africa, entities such as leading payments technology provider Flutterwave are helping to drive the cross-border payment transformation in the continent.

The company has worked to provide effective payment options so businesses, ranging from startups to corporations, are able to accept payments in more than 30 currencies from anywhere in the world via debit and credit cards, POS capabilities, and other methods.

Consumers can use Flutterwave’s solutions to pay educational fees for high schools, universities and other institutions within Africa and overseas using their local form of currency. Africans can also pay for international flights with their local currency through an integration with the International Air Transport Association’s platform that enables more than 200 airlines to process card, mobile money, and other payments.

Flutterwave has extended the services it provides with other partnerships, including a collaboration that’s allowed European payment infrastructure provider Token .io to offer bank account-to-account payment services to its customers — helping African e-commerce merchants obtain greater access to the U.K. and European Union markets.

With the company’s Send App, consumers in the U.K., U.S., Canada, Europe, and various African countries can send money to people in other African countries and also exchange currency for dollars, pounds, and euros at competitive exchange rates.

While many of those transactions have stemmed from a pragmatic need — a student whose school fees were due, or a relative with medical bills from a recent emergency — Flutterwave users say an emotional component was often also involved.

A remittance survey the company conducted found more than 46% of the siblings, friends, and other acquaintances in countries such as Nigeria and Ghana who sent funds via the Send app in 2024 felt extremely connected to their loved ones because of the transactions, which Flutterwave ensured took place seamlessly. The vast majority, 98%, were delivered in just five minutes.

Through offerings like the Send App, Flutterwave hopes to further support multinational companies’ expansion into Africa.

With more than 500 million young people living in the continent whose disposable income — and digital literacy — are continuing to grow, external trade opportunities could help create alternative sources of income and contribute to growth across all economic sectors, according to Flutterwave CEO and co-founder Olugbenga “GB” Agboola.

“Our success is not just in the numbers, it’s also in our impact,” Agboola said in a January 2023 blog post. “We are making things better for Africans here and abroad — from the small business owner who can now easily and reliably receive payments for her goods through our terminals, to the daughter in the diaspora who can now send money to loved ones back home.”

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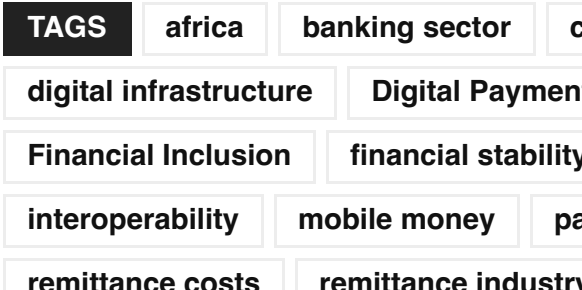
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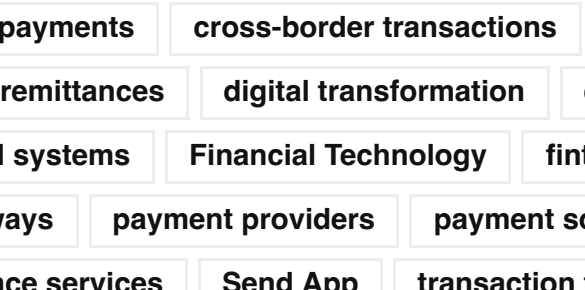
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