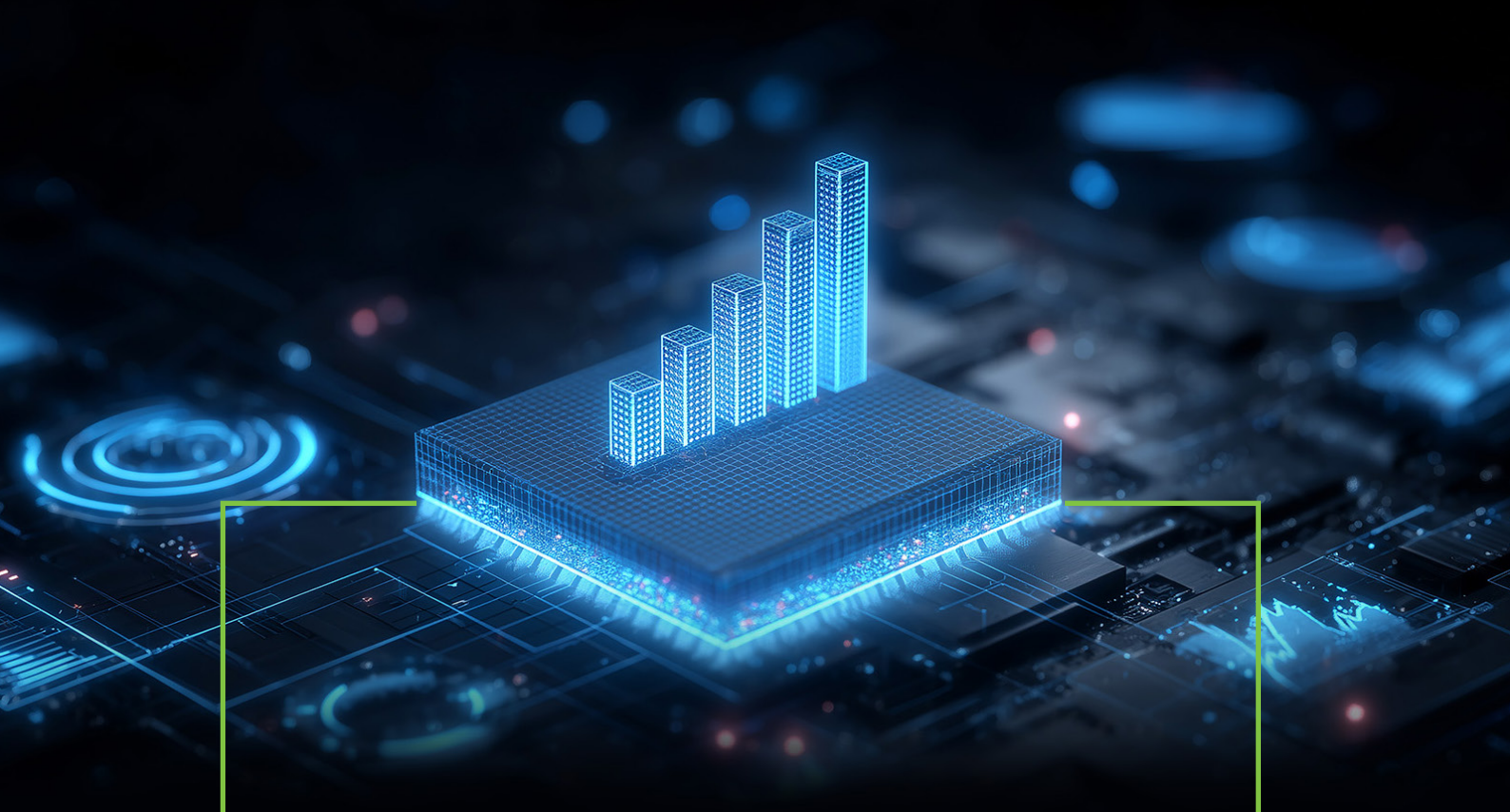


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Modernising Payments in Africa

A Deloitte Perspective



Africa's payments landscape is undergoing profound change. In the next three to ten years, the existing payments landscape on the continent will experience systemic transformation, impacting all transactions made by organisations, institutions, and individuals.

Driven by modernisation and hyper-digitalisation, payments regulators are establishing comprehensive Digital Public Infrastructure (DPI). These are the foundational digital rails that enable identity, data, and payments interoperability, prompting banks, fintechs, mobile money operators and retailers to rethink their business models and redefine their customer journeys. In the first deep dive into this topic in a three-part series, Deloitte explores how regulators play a critical role in building a payments ecosystem that is more inclusive, resilient, and geared toward growth.

With change comes uncertainty, which gives rise to both opportunities and risks in a fluid and evolving industry. The 2024/2025 African Financial Industry Barometer 5th Edition¹, developed by Deloitte with the Africa Financial Industry Summit (AFIS), indicates that while 72% of surveyed institutions remain optimistic about the three-year outlook of the payments landscape, confidence is uneven. Fintech firms report remarkably high confidence (9.25/10), whereas banks, insurers and capital markets participants are more cautious. Notably, the findings show that inflation has overtaken political instability and cyber risk as the sector's top concern, and two-thirds of respondents say regulatory frameworks are not yet adapted to digital finance innovation and supervision.

¹Deloitte and AFIS, African Finance at a Crossroads: Deloitte-AFIS Financial Industry Barometer 2024/25. <https://www.afis.africa/en/insight/african-finance-at-a-crossroads-11-key-insights-from-the-deloitte-afis-financial-industry-barometer/>

Learning from global experiences



Globally, central banks have embarked on various payment modernisation initiatives linked with the setup of DPI. This includes instant payment systems on the back of ISO20022 messaging standard upgrades, national payment switches, standardised interoperable quick response (QR) codes, digital identity systems, open banking regulations, and data exchange capabilities.

A particularly prominent global case study looks at the Reserve Bank of India (RBI) and the leading catalyst role it played in the establishment of the National Payments Corporation of India (NPCI) and Unified Payments Interface (UPI), DigiLocker and Aadhaar. These reforms reshaped India's financial system. Aadhaar, the national biometric identity system, and DigiLocker, the digital document platform, enabled seamless customer onboarding and improved trust in digital channels. For fintechs, UPI and NPCI provided open, standardised rails that lowered market entry costs and catalysed a wave of innovation. Banks benefited from reduced infrastructure burdens, faster payments innovation, and expanded access to millions of new customers brought into the formal financial system.

South African payment landscape modernisation



This is the context in which South Africa's regulators are leading without compromising stability or trust. The South African Reserve Bank (SARB) recently acquired a 50% shareholding in PayInc (previously BankservAfrica), which will be central to the next stage of payments modernisation. The SARB has adopted the leadership posture of architecting a re-designed system, and not simply custodians of safety and soundness.

The Payments Ecosystem Modernisation (PEM) Programme is the clearest expression of that redesign. SARB's position paper, published in July 2025², sets out the need for urgent change and affirms its role as a catalyst of transformation. SARB's approach emphasises industry-wide collaboration and the creation of a more inclusive, innovative, and digitally resilient payments ecosystem.

The position paper identifies the key objectives of the PEM Programme, which include:



Modernising the national payments infrastructure to support fast, secure, inclusive, and affordable digital payments.



Establishing a National Payments Utility (NPU) to provide shared real-time payment infrastructure across banks, digital wallets, and other platforms.



Advancing financial inclusion so that all South Africans, regardless of income, geography, or digital literacy, can access reliable and safe digital payment options.



Reducing cash reliance by promoting digital alternatives while supporting a "cash-smart society" that accommodates consumer needs.



Supporting innovation and competition by redesigning licensing and participation frameworks to include non-bank providers.



Strengthening system integrity through digital identity, electronic Know-Your-Customer (e-KYC) processes, and enhanced fraud-management capabilities.

The introduction of a NPU forms part of a broader effort to modernise core infrastructure, refresh licensing and participation requirements, and strengthen policy frameworks. The NPU will serve as a public good core infrastructure intended to guarantee interoperability, resilience and affordability across providers. Alongside the NPU, a Digital Financial Identity (DFID) framework aims to standardise and simplify customer onboarding, reduce fraud and lower the cost of compliance by improving data integrity.

²South African Reserve Bank, *Payments Evolution and Modernisation (PEM) Programme — Position Paper, July 2025*. <https://www.resbank.co.za/en/home/what-we-do/payments-and-settlements/pem>

The SARB makes a strong economic case for the PEM, estimating that payments modernisation could add around 0.9% to gross domestic product (GDP), split between broader digital adoption (0.5 percentage points) and digitised government payments (0.4 percentage points). In a low-growth environment, these are consequential gains.

The pivot is not purely technical; it is also about trust. As SARB deepens its three-pronged role as overseer, standard-setter and, via national infrastructure, operator, the industry needs clarity on competitive neutrality. Pricing, scheme participation, and access conditions must be transparent, with governance arrangements that avoid perceived conflicts of interest. Equally, widening participation to non-banks must be calibrated to risk. The recently proposed amendments to the National Payment System Act (NPSA), together with the Draft Directives, move in this direction by introducing a proportional, risk-based regulatory framework that allows non-bank participants to undertake clearing, settlement and payment-processing activities without requiring a full

banking licence. This is not a question of whether to open the rails, but how to do so without diluting resilience. The draft exemption notice reinforces this by confirming that some payment activities are not considered banking business, with direct participants required to comply with the Draft Directive's authorisation and risk requirements.



There are also lessons from abroad. The global picture shows regulators expanding supervision to non-bank payment firms, such as digital wallets, buy-now-pay-later (BNPL) providers and others, so that consumers enjoy consistent protections regardless of who they interact with. Deloitte's Shaping the Future of Payments highlights a concurrent rise in supervisory expectations around fraud, digital identity, and model governance as artificial intelligence (AI) transforms both the threat landscape and defensive capabilities³. For South Africa, these trends suggest that open participation and stronger guardrails must advance together.

Lessons for Africa's regulatory institutions



The urgency is underscored by studying the adoption lessons of instant payment systems in other countries. South Africa's PayShap, launched in 2023, has not yet achieved the ubiquity of Brazil's instant-payments platform PIX or India's UPI, both of which reached national scale within a few years. These systems offer useful lessons for Africa's regulators. In India and Brazil⁴, strong central bank oversight by both the Central Bank of Brazil (BCB) and the RBI has been paired with robust authentication and advanced fraud-monitoring capabilities. Both countries adopted open architectures that enabled competition by allowing non-bank payment service providers to participate under clear compliance rules. Financial inclusion was actively supported through low-cost microtransactions, universal QR code acceptance and USSD channels that cater to customers without smartphones. Their regulatory and supervisory approaches emphasised neutrality, principles-based regulation, and industry-led governance rather than heavy-handed controls.

For South Africa, these examples show that success will depend on framing modernisation around a narrative that is technically credible, competitively neutral, and compelling to the public, supported by practical use cases, visible merchant acceptance, and simple, safe, low-cost consumer experiences that build trust at scale.

This imperative aligns with broader developments across Africa, where instant payment systems have proliferated, with 31 live platforms in 26 countries and 27 more in

development⁵. Transaction volumes and values have surged nearly 40% over five years, reaching \$1 trillion, a 273% increase since 2020. Regional initiatives such as GIMACPAY (the payments ecosystem developed by Groupement Interbancaire Monétique de l'Afrique Centrale) and the Pan-African Payment and Settlement System (PAPSS) are enabling cross-border interoperability. However, challenges persist, including limited use cases beyond person-to-person transfers, affordability concerns, low digital literacy and fraud risks. Compared to global leaders like PIX and UPI, Africa still lags. In contrast, some noteworthy examples, such as MauCas in Mauritius and ZIPIT in Zimbabwe, demonstrate the benefits of interoperability, ease of use and affordability, offering valuable models for future development.

Regionally, momentum matters. The AFIS Barometer notes a deterioration in perceived international appeal: 67% of respondents say Africa's financial sector is either stagnating or declining in the eyes of global investors. Continental integration initiatives, such as the PAPSS, the African Continental Free Trade Area (AfCFTA), and the African Exchanges Linkage Project (AELP), are widely seen as critical enablers. However, their operational maturity differs widely⁶. If PEM delivers, with clear roles, practical participation rules, robust identity protection, and strong resilience, South Africa can offer a benchmark for African peers while accelerating regional connectivity.

³Deloitte, *Shaping the Future of Payments: Trends and Insights for 2025*. <https://www.deloitte.com/us/en/Industries/financial-services/articles/infocus-payments-trends.html>

⁴Deloitte, *Learnings from Real-time Payment Systems | A focus on India and Brazil*, November 2024. <https://www.deloitte.com/za/en/services/consulting/perspectives/learnings-from-rtp-systems.html>

⁵AfricaNenda, *The state of inclusive payment systems in Africa 2025*, November 2025. <https://www.africanenda.org/en/siips2025>

⁶Deloitte and AFIS, *African Finance at a Crossroads: Deloitte-AFIS Financial Industry Barometer 2024/25*. <https://www.afis.africa/en/insight/african-finance-at-a-crossroads-11-key-insights-from-the-deloitte-afis-financial-industry-barometer/>

Key priorities for regulators

What then, should Africa's regulators prioritise? The collective views of Deloitte Africa's payments leaders highlight five key priorities for regulators:



1 Define a clear, future-proof target architecture

Regulators should articulate a credible target architecture grounded in a hybrid model where high-value and low-value systems are distinct yet interoperable. This includes layered design across identity, payments and data; modular, API-first infrastructure; and horizontal scaling that can support high national volumes, as seen in India where UPI processes more than 15 billion transactions per month. Customer-centricity must be embedded from the outset. This will enable seamless transactions across banks, wallets, and merchants and ensuring affordability to support widespread adoption without discouraging investment or stifling innovation.

2 Enable open, fair and risk-based participation

A modernised ecosystem requires transparent, risk-based onboarding pathways for both banks and non-banks. Access conditions should align with scale and operational risk, while promoting open access frameworks that allow all qualifying payment providers to connect without exclusivity barriers. In South Africa, the draft exemption notice to the NPSA and the Draft Directives move in this direction by recognising that certain payment activities do not constitute the business of a bank and by setting proportionate authorisation and compliance requirements. The aim is to balance market openness with systemic stability.

3 Codify resilience across infrastructure and operations

Resilience should be strengthened through domestic processing capabilities, dual-routing arrangements where appropriate, and AI-enabled transaction monitoring that detects anomalies at scale. Proportionality in implementation timelines and investment expectations will be essential. Fraud-protection frameworks, including strong authentication, continuous transaction monitoring, and clear dispute-resolution processes, are critical to protecting consumers and maintaining trust in the digital ecosystem.

4 Promote affordability and consumer protection to drive adoption

To support adoption and financial inclusion, digital payments must be affordable, transparent, and reliable. Regulators should encourage pricing structures that lower barriers for consumers and small merchants while still allowing providers to recoup investment and innovate. Robust consumer-protection measures, from transparent fees to accessible recourse channels, reinforce trust and help transition more Africans from cash to digital alternatives in a way that is safe and sustainable.

5 Anchor governance in neutrality, transparency and shared oversight

The governance of central infrastructure, including the NPU, must be neutral, transparent, and subject to clear oversight. Fee-setting, scheme rules, and dispute mechanisms should be governed through multi-stakeholder approaches similar to Ghana's GhIPSS model. This ensures accountability, avoids dominance by any single category of participant, promotes competition, and maintains confidence that shared utilities operate for the benefit of the entire ecosystem.

Modernising payments is, ultimately, a trust project. It requires confidence that the rails are open, the rules are fair, and the guardrails will hold under stress.

Deloitte brings global experience and local insight to help regulators and market infrastructures move from aspiration to delivery. Our approach includes designing end-state architectures, developing proportionate participation frameworks, and mapping resilience programmes that enable innovation without compromising stability. The pathway toward modernisation is not a straight line. It will require a strategic and considered approach, supported by collaboration, innovation, and problem-solving to build and protect credible payments frameworks that will benefit all segments of the economy.

In the next article of our series, we examine how banks, fintechs, and telcos are reshaping business models and partnerships on Africa's evolving payments rails.

Glossary of terms

AELP	African Exchanges Linkage Project
AfCFTA	African Continental Free Trade Area
AFIS	Africa Financial Industry Summit
AI	Artificial intelligence
BCB	Central Bank of Brazil
BNPL	Buy-now-pay-later
DFID	Digital Financial Identity
DPI	Digital Public Infrastructure
e-KYC	Electronic Know-Your-Customer

GDP	Gross domestic product
NPCI	National Payments Corporation of India
NPSA	National Payment System Act
NPU	National Payments Utility
PAPSS	Pan-African Payment and Settlement System
PEM	Payments Ecosystem Modernisation
QR	Quick response
RBI	Reserve Bank of India
SARB	South African Reserve Bank
UPI	Unified Payments Interface

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