

MAY 2025



"Total Remittance Market

\$1trn

By 2035"



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AFRICA'S CROSS-BORDER PAYMENT LANDSCAPE

A deep-dive into the systems, players and shifts shaping Africa's cross-border payment flows

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EXECUTIVE SUMMARY

\$329Billion

African cross-border payment market value (2025), with a **12% CAGR**

\$1Trillion

African cross-border payment market value (2035)

Africa's cross-border payments market, currently valued at \$329 billion in 2025 with a projected 12% compound annual growth rate (CAGR), is expected to reach \$1 trillion in 2035. However, it faces inefficiencies costing businesses and consumers billions annually. Factors like growing African trade, increased migration, rising mobile money penetration, and fintech innovation are reshaping this landscape. Despite advancements, challenges such as high transaction fees, currency volatility, and fragmented regulations continue to impede seamless transactions. This report serves as a roadmap for fintech founders, investors, and policymakers aiming to capitalize on opportunities within this evolving market.

Key trends highlight significant opportunities. Africa recorded 781 million registered mobile money accounts in 2022, marking a 17% year-on-year growth, with transaction volumes reaching \$837 billion, comprising 66% of global mobile money transactions. Fintech solutions have significantly lowered remittance costs to an average of 3.5%, compared to traditional bank fees of 8-12%, enabling faster transfers within minutes. Moreover, intra-African trade has grown, with SMEs increasingly utilizing digital payments to efficiently handle cross-border transactions.

However, the market faces substantial barriers. Africa still has the highest global remittance costs, averaging 7.4% - 8.3%, due mainly to regulatory fragmentation and limited digital

interoperability. Only 55% of African countries permit electronic KYC, causing repeated compliance processes, while inconsistent forex policies in countries like Nigeria further exacerbate transaction uncertainty and costs. Additionally, FX liquidity challenges necessitate costly offshore USD/EUR clearing, resulting in \$5 billion annually in extra costs due to poor liquidity and double currency conversions.

Investment and innovation opportunities abound, particularly in enhancing digital payment interoperability and building robust API and infrastructure layers. Connecting mobile money networks could potentially save up to \$5 billion annually by reducing transaction inefficiencies. Additionally, the expansion of crypto and stablecoin payments presents a significant opportunity, reducing remittance fees by up to 60% compared to traditional banks and promising faster settlements with minimal forex costs. Finally, establishing decentralized African FX exchanges could significantly cut forex conversion costs, stabilize exchange rates, and boost intra-African trade and remittances.

Ultimately, this report offers comprehensive insights into Africa's cross-border remittance market, outlining key players, competitive gaps, revenue potentials, and investment trends. Fintech founders, investors, and policymakers will find valuable guidance to navigate and leverage the rapidly evolving financial transaction landscape across the continent.

MARKET OVERVIEW & KEY TRENDS

Africa's remittance market is at a pivotal moment. The growing adoption of digital payment channels and shifting migration patterns is formalizing informal transactions by providing faster and cheaper alternatives to traditional bank-based transfers. Mobile money, fintech solutions, and regulatory reforms are driving this shift, making digital channels more competitive.

This transition supports a projected 12% CAGR, potentially pushing the total remittance market, formal and informal, to \$329 billion by 2025 and \$1 trillion by 2035. However, while digital penetration is increasing, both informal channels

and traditional bank-based transfers remain deeply embedded due to cost, accessibility, and regulatory gaps. Even as digital solutions grow, some users still rely on old methods due to trust issues, regulatory inconsistencies, or limited infrastructure.

Can digital innovation truly absorb informal flows at scale, or will structural inefficiencies continue to drive alternative transfer methods?

The answer will determine whether the remittance landscape meets its projected formalisation or if informal markets continue to thrive in parallel.



Formal Remittance Channels & Market Growth (2020 - 2035)

Current Market Value (2025)

Africa's formal cross-border payment market is projected to reach \$140.9 billion by 2025, growing at a CAGR of 12%. In 2023 alone, remittance inflows to Africa was \$90.2 billion (5.2% of the continent's GDP), a figure nearly double the foreign aid received.

Historical CAGR (2020 - 2025)

Over the past 5 years, formal remittance inflows have consistently grown, with a CAGR ranging from 10% to 15%, averaging 12%. Specifically, from 2020 to 2023, remittance inflows grew notably by 14.8%, driven primarily by increased diaspora transfers.

Total Remittance Channels & Estimated Market Size

Share of Informal Flows

In 2022, formal remittances to Sub-Saharan Africa were \$53 - \$54 billion, but informal channels accounted for a substantial share of total flows, indicating underreporting of market size. Informal remittances account for 35% - 75% of total flows, meaning the real remittance volume, including informal transactions, could exceed \$329 billion in 2025.

Cost Implications

Formal remittance fees average 7.4%, incentivizing continued reliance on informal transfers. However, digital solutions have reduced fees to 1.5% - 3%, making formal channels more attractive and likely to capture a larger share of informal flows.

Market Growth Projection

With increased digital adoption, a 12% CAGR is expected to drive the total remittance market \$1 trillion by 2035. This also highlights a massive opportunity for digital solutions to formalize more transactions, shifting informal flows into trackable, online channels and driving future market growth.

Key Growth Drivers for Cross-Border Payments

Regulatory Reforms (PAPSS & AfCFTA)

PAPSS (Pan-African Payment and Settlement System) launched in 2022, enabling instant cross-border payments in local currencies, potentially saving

\$5 billion

annually. In addition, AfCFTA (African Continental Free Trade Area) is harmonizing financial systems, reducing reliance on SWIFT and external banking intermediaries.

Mobile Money Penetration

30% of Sub-Saharan Africa (SSA) remittances are now processed via mobile money, handling \$16 billion in 2022, with volumes growing 22% YoY. Mobile money remittances have

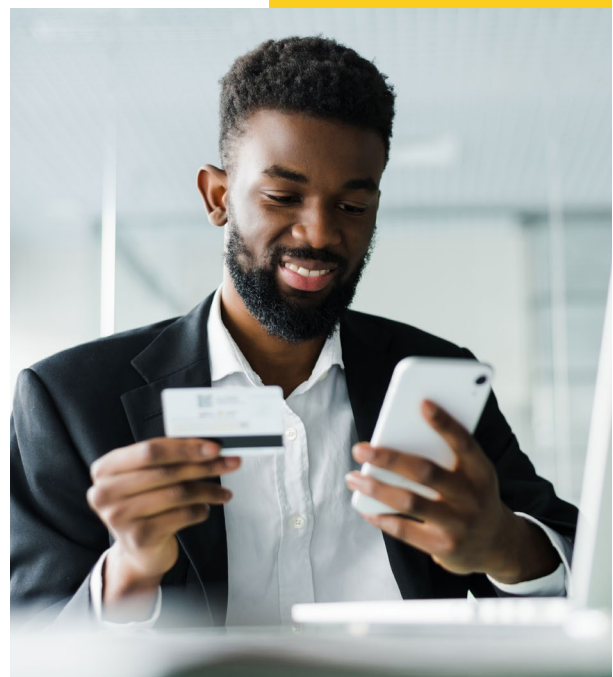
48% annual growth,

offering **lower fees (1.5% - 3%)** compared to banks (7%+).

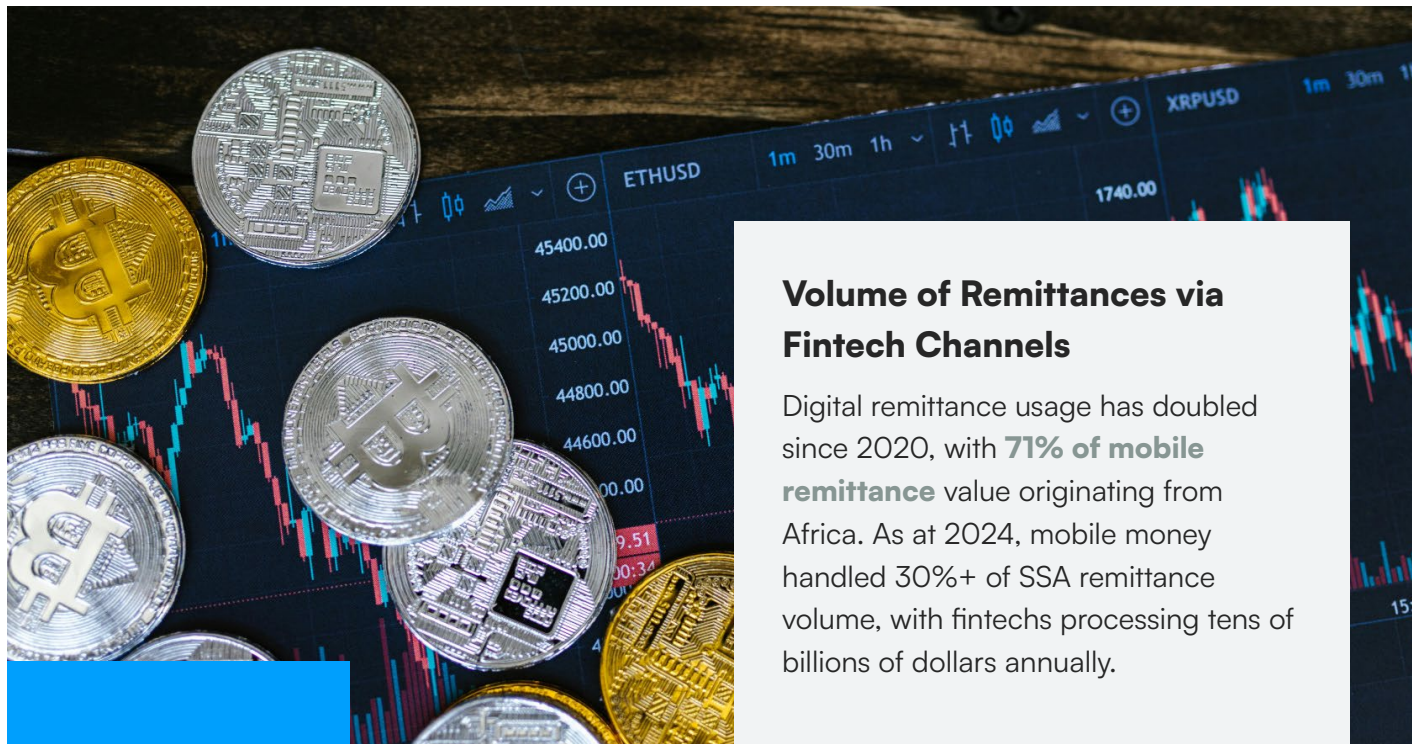
Regional Migration, Trade & Urbanization

\$20 billion

of remittances in 2022 were intra-African, reflecting strong regional migration. Urbanization and intra-African trade are boosting South-South remittance corridors, increasing regional financial integration.



Fintech & Innovation Impact on Cross-Border Payments



Volume of Remittances via Fintech Channels

Digital remittance usage has doubled since 2020, with **71% of mobile remittance** value originating from Africa. As at 2024, mobile money handled 30%+ of SSA remittance volume, with fintechs processing tens of billions of dollars annually.

Rise of Fintech Solutions (Blockchain, APIs, Digital Wallets)

Africa has one of the highest global crypto adoption rates, with **\$125 billion** in on-chain crypto transactions, highlighting a growing shift toward cheaper and faster remittance solutions. Additionally, Fintech APIs are enhancing direct wallet-to-wallet remittances and interoperability, reducing reliance on costly intermediaries. Furthermore, neobanks and digital wallets provide seamless cross-border transfers via mobile and online platforms, making remittances faster, more accessible, and cost-effective.

Projected Cost Savings from Digital Innovation

Digital transfers have significantly reduced remittance fees from 7.4% to 3% or lower, **saving migrants \$4 - \$5 billion annually** while making cross-border payments more affordable. Additionally, PAPSS and fintech APIs have the potential to eliminate \$5 billion in correspondent banking fees, further accelerating transactions and lowering costs. With every 1% reduction in remittance fees, African families **save an estimated \$6 billion per year**, underscoring the immense financial impact of digital innovation in the remittance sector.

Africa's Remittance Flows

Insights into inbound and outbound remittances by Region



**\$48
billion+**
in remittances in 2022

West Africa

West Africa is one of the largest recipients of remittances in Africa, with inbound flows reaching approximately \$48 billion in 2022 ([World Bank, 2023](#)). Nigeria alone accounted for \$20 billion, primarily from the U.S., U.K., and Canada. Ghana, Senegal, and Côte d'Ivoire also receive significant inflows, driven by strong migration links to France and other European nations.

Intra-regional remittances are substantial, with corridors such as Côte d'Ivoire - Burkina Faso (\$1.5 billion), Ghana - Nigeria (\$900 million), and Mali-Senegal (\$750 million) ([AfDB, 2023](#)). These flows are largely trade-driven, facilitated by informal networks due to high remittance fees averaging 8-10% ([IMF, 2023](#)). Interoperability between mobile money and bank-led systems remains a challenge in some areas, despite advancements in financial infrastructure. While Nigeria and Ghana have stronger bank-led systems that facilitate broader integration, seamless transactions between mobile money and traditional banking channels are still evolving.

over
60%
of remittance
transactions

**\$20
billion+**
in remittances

East Africa

East Africa is a leader in mobile money adoption, with over 60% of remittance transactions conducted digitally ([GSMA, 2023](#)). Kenya, Uganda, and Tanzania rely on M-Pesa, MTN MoMo, and Airtel Money, reducing remittance costs to as low as 3%.

Outbound remittances from the region are heavily directed toward the Middle East, particularly from Ethiopia (\$5.3 billion), Somalia (\$2.1 billion), and Kenya (\$3.5 billion) ([World Bank, 2023](#)). These flows support family maintenance and small businesses. However, cross-border payments within East Africa remain constrained by regulatory discrepancies and lack of seamless interoperability, limiting financial inclusion.



Southern Africa

Southern Africa is marked by high outbound remittance flows, particularly from South Africa, which remitted \$17 billion to neighboring countries in 2022 ([Statista, 2023](#)). Zimbabwe alone received \$1.9 billion from South Africa, followed by Mozambique (\$1.2 billion) and Malawi (\$800 million).

Labor migration is the primary driver, with workers in mining, construction, and domestic services regularly sending money home. However, remittance fees remain among the highest in Africa, averaging 12-15% for formal channels ([World Bank, 2023](#)), driving reliance on informal networks, which account for nearly 40% of total transfers.

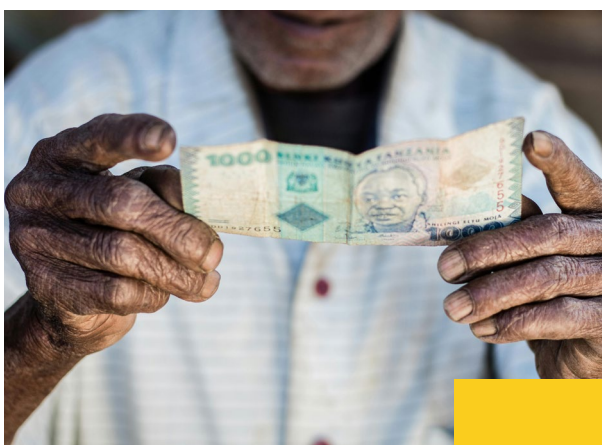
Southern Africa's remittance landscape is heavily bank-led, with traditional financial institutions playing a dominant role in cross-border transactions. Unlike East Africa, where mobile money has gained widespread adoption, mobile money penetration in Southern Africa is relatively low. South Africa, for example, has a well-established banking sector that processes most remittance flows. However, high fees and slow processing times make informal channels a preferred option for many migrants. Efforts to integrate mobile money into the broader financial ecosystem are ongoing, but interoperability between mobile wallets and banks remains limited.

**\$48
billion+**
in remittance

Central & North Africa

North Africa, led by Egypt (\$32 billion), Morocco (\$11 billion), and Algeria (\$5.1 billion), remains one of the top remittance-receiving regions, fueled by large diaspora communities in Europe ([World Bank, 2023](#)). More than 65% of inflows originate from France, Spain, and Italy.

The Middle East is also a significant remittance source, particularly for Egypt, where Saudi Arabia, the UAE, and Kuwait account for over 50% of total remittance inflows ([World Bank, 2023](#)). Moroccan and Tunisian migrants working in Gulf states also contribute substantial remittances, though European inflows remain dominant.



In Central Africa, remittance corridors are driven by intra-African migration, with Cameroon receiving \$2.8 billion from Chad and the Central African Republic ([AfDB, 2023](#)). Over 70% of transactions remain informal due to limited financial infrastructure and high fees exceeding 10% in formal channels.

The financial landscape in North Africa is predominantly bank-led, with formal financial institutions handling the bulk of remittances. While mobile money adoption is growing in some areas, its penetration remains low compared to East and West Africa. In Central Africa, financial systems are more fragmented, with heavy reliance on informal networks and limited interoperability between banks and mobile money platforms.

Users Driving Cross-Border Payments

Workers & Migrants



- Labor migrants send funds home primarily for household expenses, education, and healthcare.
- Migration patterns are strongest from rural to urban areas and from lower-income to higher-income African nations, such as South Africa and Nigeria in their respective regions. Other examples include Egypt in North Africa and Kenya in East Africa, which attract significant labor migration due to stronger economies and employment opportunities.
- Typically send \$200-\$500 per month, primarily for family support.

Traders & SMEs



- Informal traders and SMEs depend on remittance flows for inventory purchases, supplier payments, and cross-border trade expansion.
- Mobile money and fintech platforms are the dominant transaction channels, providing fast and accessible payment solutions.
- Payments range from \$1,000 to \$10,000, depending on trade volume and industry.

Corporate Transactions



- Businesses process payroll for expatriates and gig workers via remittance flows.
- Large supply chain transactions increasingly leverage fintech-enabled instant payments, reducing reliance on cash.
- Transactions can exceed \$50,000, particularly in logistics, payroll and supply chain settlements



GLOBAL CROSS-BORDER TRANSACTION PROCESS

Global cross-border transactions operate through a complex, multi-layered infrastructure that enables money movement across different countries, currencies, and financial institutions. This system is built on legacy banking networks, fintech disruptors, foreign exchange (FX) settlement systems, and emerging digital payment alternatives.

To understand how Africa cross-border payments currently work, it is essential to first understand how money flows in global markets. This section explores the key components of the world's existing transaction methods, the major players involved, and the cost structures that define cross-border payments today.

Traditional Finance (TradFi) - Bank Dominated Infrastructure

TradFi powers the majority of high-value international transactions, typically ranging from \$100,000 to billions of dollars per transaction. These payments are processed via secure, regulated banking rails that rely on interbank messaging, correspondent banking, and large-scale settlement systems.



Messaging & Instructions: The communication infrastructure for financial institutions to securely send transaction details. They do not move money but enable banks, payment providers, and financial entities to exchange payment instructions in a standardized format. Without these systems, banks would struggle with interoperability, leading to slow, costly, and error-prone transfers



FX Execution & Trading: The currency exchange layer facilitates and ensures that funds are converted at the market rate. Banks, hedge funds, and corporates use FX markets to secure liquidity, hedge currency risks, and settle international invoices. Without this layer, businesses would struggle to transact across currencies, creating inefficiencies in global trade



FX Settlement & Clearing: The FX settlement layer ensures trades are settled properly, preventing risks of default by either party. They use a Payment vs Payment (PvP) model to ensure both sides of a currency exchange occur simultaneously, eliminating counterparty risk. Without such systems, there is a risk of failed transactions where one party delivers the currency but does not receive the expected funds in return



Correspondent Banking Networks: Large global banks handle payments between financial institutions that lack direct connections, allowing them to process cross-border payments. These banks hold accounts on behalf of foreign banks, ensuring that funds are routed correctly.



Scenario: A corporation pays a \$5M supplier invoice from the USA to Germany

1

Payment Initiation

A U.S. company sends a \$5M USD payment to a German supplier via a traditional bank wire.

Parties involved:

e.g. JPMorgan (US Bank), Deutsche Bank (German Bank)

Cost & time implications:

SWIFT fee \$10 - \$50. Payment initiation is instant, but processing can take several hours.

2

FX Conversion (USD to EUR)

JPMorgan converts USD to EUR using its FX desk.

Parties involved:

e.g., EBS, Refinitiv FX Matching, CME FX

Cost & time implications:

FX spread of 0.1% - 2% (\$10K - \$100K cost impact). Settlement takes seconds to minutes.

4

Correspondent Banking & Final Settlement

If JPMorgan and Deutsche Bank lack a direct link, a correspondent bank processes the payment. Deutsche Bank credits the supplier, and final confirmation is sent.

Parties involved:

Correspondent Bank (e.g., HSBC)

Cost & time implications:

Additional fees of \$20 - \$100. Full transaction settlement takes 1 - 3 days.

3

FX Settlement & Clearing

The payment is settled through CLS Group to ensure both currency legs are transferred simultaneously.

Parties involved:

e.g. CLS Group (PvP Settlement)

Cost & time implications:

Ensures secure FX settlement, but adds a small CLS fee (~\$5 per million settled). Time: 1 business day.

Total Cost Estimate: \$20K - \$150K including SWIFT fees, FX spreads, and correspondent bank charges. Settlement Time: 1 - 3 days.

Why It's Expensive: Multiple intermediaries add fees at each step, FX spreads can be significant, and settlement time is slow.

Fintech Disruptors

- Alternative, Faster Payment Models

While TradFi dominates high-value transactions, small businesses, freelancers, and digital-first companies require cheaper, faster alternatives. This has led to the rise of FinTech disruptors that bypass correspondent banking networks and instead use local partnerships, pooled liquidity, and real-time settlement networks.

FinTechs are transforming cross-border payments by bypassing traditional banking rails, offering faster, cheaper, and more transparent transactions for amounts typically ranging from \$100 to \$50M.

Total Cost Estimate: \$12 - \$30 fees, saving up to \$100 compared to banks.

Settlement Time: Same day (hours instead of days).

Why It's Cheaper & Faster: Wise avoids correspondent banking and matches transactions locally, cutting out FX markups and SWIFT fees.

Scenario: A Freelancer in Kenya Receives \$3,000 from a UK Client via Wise

1

Payment Initiation

A UK client sends \$3,000 via Wise instead of a traditional bank wire.

Parties involved;

e.g. Wise (FinTech Alternative)

Cost & time implications;

Transfer starts instantly, fees: 0.4% - 1% (\$12 - \$30).

2

Pooled Liquidity & Local Settlement

Wise matches this transaction with someone sending KES to the UK, avoiding a direct FX transfer.

Parties involved;

e.g. Wise Local Settlement Network

Cost & time implications;

Near mid-market FX rate, 0.5% - 1% spread (saves \$60 - \$100).

3

Local Bank Disbursement

Wise pays the freelancer in KES from its local Kenyan bank balance.

Parties involved;

e.g. Kenyan Partner Bank

Cost & time implications;

Settlement in minutes to hours, no SWIFT fees.

Crypto & Blockchain

-Based Settlements

Blockchain and stablecoins eliminate banks entirely, enabling instant, low-cost transactions ranging from \$1 to \$10M. Crypto rails use decentralized ledgers to bypass SWIFT and correspondent banking, reducing settlement times from days to seconds.

Total Cost Estimate: Under \$10K.

Settlement Time: Instant.

Why It's Cheaper & Faster: Eliminates intermediaries, reducing fees by up to 99% compared to banks and cutting settlement time to seconds instead of days.

Scenario: A Brazilian FinTech Sends \$1M USDC to a Partner in Singapore

1

Blockchain Transfer

The sender converts \$1M into USDC and transfers it via blockchain.

Parties involved;

e.g. Ethereum, Solana, USDC Issuer (Circle) 0.4% - 1% (\$12 - \$30).

Cost & time implications:

Network fees: \$1 - \$100. Time: Seconds.

2

Cross-Border Settlement

The recipient receives 1M USDC in their digital wallet instantly.

Parties involved;

e.g. Crypto Exchange (Binance, Coinbase, Circle API)

Cost & time implications:

No intermediaries, instant finality.

3

Local Conversion & Payout

The recipient cashes out USDC into SGD via an exchange.

Parties involved;

e.g. Binance, Local FinTech

Cost & time implications:

Under 1% fee (~\$10K max), settlement in minutes.

INSIDE AFRICA'S CROSS-BORDER PAYMENT RAILS

Traditional Finance (TradFi) dominates high-value payments, but the cost remains prohibitively high, ranging from \$20K to \$150K per transaction. In contrast, FinTech solutions provide a cost-effective alternative, reducing fees by up to 90% for SMBs and freelancers. Even more transformative, blockchain-based settlements bypass traditional banks, cutting costs to near zero.

Despite these advancements, remittances remain expensive under legacy providers like Western Union. However, fintech disruption is reshaping the landscape, offering faster, cheaper alternatives.

Nowhere is this shift more urgent than in Africa, where cross-border payments are fragmented, costly, and heavily reliant on correspondent banking and cash-based remittances. While global markets embrace real-time settlements and fintech-driven efficiency, Africa still depends on legacy infrastructure, creating delays and high fees.

Yet, innovation is emerging. The continent's unique financial landscape, dominated by mobile money, regional payment systems, and blockchain-based solutions, is beginning to address long-standing inefficiencies and enable a more inclusive, affordable future.



Key Characteristics of Africa's Cross-Border Payments



Low-value, High-Frequency Transactions Dominate

Remittances, SME trade, and informal payments are the primary use cases. The average remittance transaction value in Africa is \$200-\$400, with an estimated 60-80 million transactions per month (World Bank, 2023). Informal cross-border traders typically process payments between \$200-\$1,000 per transaction, often transacting multiple times per week (UNCTAD, 2021).



Fragmented Currencies

Africa has 40+ currencies, leading to high FX costs and dependence on USD/EUR for settlement



Heavy Reliance on Cash

Digital adoption is growing, but over 80% of transactions remain cash-based (World Bank, 2023). Money dominating.



Emerging Fintech and Blockchain Solution

Companies like Chipper Cash, Flutterwave, and BitPesa are bypassing banks for faster, cheaper transfers.



Strong Mobile Money Networks

Africa leads in mobile money penetration, with platforms like M-Pesa, MTN MoMo, and Airtel Money dominating.



Reliance on Correspondent Banks

Many African banks lack direct cross-border relationships, increasing transaction costs and processing time.



How Do Cross-Border Transactions Flow Currently Within Africa?

A remittance transaction generally follows a multi-step journey from the sender to the recipient, navigating through different financial entities and regulatory frameworks

01

Sender Initiates Transaction

A sender chooses a payment channel based on cost, speed, accessibility, and convenience. Preferences vary depending on location, digital literacy, and financial infrastructure:

Mobile Money

(e.g., M-Pesa, MTN MoMo)

Preferred by individuals in countries with strong mobile money ecosystems due to its low fees (typically 1-3% per transaction) and high accessibility. Transactions are usually instant, making it ideal for everyday remittances under \$500.

Fintech Apps

(e.g., Chipper Cash, Grey)

Appeal to digital-savvy users who need faster transfers with better exchange rates. These services charge lower fees than banks (0-2% on average) and process transactions within minutes to a few hours.

Bank Transfer

(e.g., UBA, Ecobank)

Commonly used for high-value transactions by businesses and individuals with access to formal banking. However, they come with higher fees (2-5%) and slower processing times (1-3 days), making them less suitable for urgent remittances.

Cash Deposits & Pickups

(e.g., Western Union, MoneyGram)

Remain crucial for recipients in rural areas with limited digital payment infrastructure. These services charge 5-10% per transaction and require recipients to visit physical locations, but they provide reliability and wide reach.

Cryptocurrency Transfers

(e.g., Bitnob, Afriex)

Favored by users seeking low-cost (0-1%) and borderless transactions, especially where FX restrictions apply. Settlement can be instant to a few hours, depending on blockchain congestion and fiat off-ramp availability.

02

Transaction Processing & Routing

The transaction is processed by a payment aggregator, Money Transfer Operator (MTO), or routed through a blockchain-based network, each serving distinct market needs and operational model:

Mobile Money Aggregators

These companies connect telcos, banks, and IMTOs (International Money Transfer Operators), enabling seamless routing of transactions. In this aggregator capacity, they do not own customer relationships directly but rather facilitate interoperability. They have an Africa-wide focus, especially in regions with high mobile money penetration (East Africa, West Africa, parts of Central Africa). They typically generate revenue through transaction fees from IMTOs, telcos, and banks. At the same time, they tend to have payout channels, enabling them to carry out direct-to-consumer (D2C) transactions for both individuals and SMEs looking to conduct cross-border transactions. Examples include Onafriq (formerly MFS Africa), Cauridor, and Thunes.

Fintech Aggregators

These are digital payment infrastructure providers that offer businesses (merchants, fintechs, SMEs) a single API to accept multiple forms of payments, including mobile money, bank transfers, and card payments. Companies such as Flutterwave, Paystack, and Fincra enable merchants to process digital payments from multiple sources via a single integration. They focus on countries with growing digital economies and formal banking sectors, such as Nigeria, South Africa, Egypt, and Kenya. Their revenue model is based on merchant transaction fees (1-4%), API subscription fees, and premium services such as fraud detection and instant settlement. These aggregators cater to businesses, merchants, and digital platforms that require seamless payment processing.



Traditional Bank & Correspondent Banking Networks

Transactions that go through banks are processed via the SWIFT network and correspondent banking relationships, which remain the dominant method for high-value transactions. Most African banks lack direct relationships with foreign banks, requiring them to use intermediary correspondent banks (e.g., Citi, JPMorgan) to clear cross-border payments. This reliance increases costs due to multiple intermediaries charging fees at each stage and adds delays, with settlement times ranging from 1-5 days. SWIFT processes over \$80 billion in cross-border transactions involving African banks per month (SWIFT, 2023), making it deeply entrenched in the financial system due to its global acceptance and regulatory compliance. However, this makes it one of the most expensive solutions, with fees ranging from 0.5% to 3% of the transaction value, plus foreign exchange (FX) spreads and intermediary charges. Disrupting this system has proven difficult, though emerging alternatives such as PAPSS and blockchain-based networks are attempting to reduce costs and settlement times.



Cash Pickup & Remittance Networks

Western Union and MoneyGram transactions often pass through correspondent banks (such as Citi and JPMorgan) before reaching recipients, adding multiple layers of fees and delays. Since most African banks lack direct international clearing capabilities, these remittance providers must route funds via SWIFT, leading to high transaction costs (5-10% per transfer) and extended processing times (a few hours to several days).

Additionally, many banks serve as cash pickup locations for Western Union and MoneyGram, reinforcing their reliance on banking infrastructure for physical disbursement and compliance checks.

Despite these inefficiencies, Western Union and MoneyGram remain deeply entrenched due to their widespread agent networks, regulatory compliance, and consumer trust built over decades. Their ability to provide cash pickup, bank deposits, and FX services ensures their continued dominance in African remittances.

To counteract these inefficiencies, newer players like BnB Transfer have expanded payout options beyond traditional cash pickups. They now offer bank deposits, mobile money payouts, and agent networks, providing individuals and SMEs with more flexible ways to access funds while reducing reliance on the expensive correspondent banking system.



Blockchain Networks & Crypto-based Remittances

Platforms such as Afriex, Bitnob, and Stellar-based networks process transfers using blockchain. This provides instant transaction validation and cuts out intermediaries, reducing transaction time to minutes and cost to 0-1% per transaction. Users typically fund their crypto wallets through bank transfers, mobile money, or any other on-ramp options available.

While blockchain-based remittance solutions offer faster settlement and greater accessibility for users in countries with FX restrictions or limited banking infrastructure, these companies have struggled to scale due to regulatory uncertainty, limited fiat on-ramping and off-ramping options, and compliance restrictions. The inability to efficiently convert crypto to local currency has made it difficult for these providers to form partnerships with key financial institutions, limiting their ability to process transactions at scale and compete with traditional remittance providers.

03

FX Conversion

If the transaction involves different currencies, the exchange rate is applied before forwarding the payment. Currency conversion is facilitated by multiple players, including banks, foreign exchange (FX) brokers, fintech platforms, and blockchain-based liquidity providers.

Banks & Correspondent Banks

Traditional banks rely on correspondent banking networks to source foreign currency, adding layers of fees (typically 0.5% - 3% per transaction) and increasing settlement times (1 - 3 days)

FX Brokers & Fintech Platforms

Companies like AZA Finance, VertoFX, and Thunes provide alternative FX conversion services, often offering better rates and faster settlements than banks. They aggregate liquidity from multiple sources to facilitate cross-border trade and remittances.

Blockchain-Based Liquidity Providers

Platforms such as Stellar, Bitnob, and Afriex use decentralized networks to provide real-time FX conversions with minimal costs (0 - 1% per transaction), but their scalability is limited due to regulatory barriers and lower institutional adoption.



04

Final Delivery to Recipient



Funds are deposited into the recipient's mobile wallet, bank account, or made available for cash pickup through partner agents, banks, or mobile money operators.

Banks & Financial Institutions

For recipients opting for bank deposits, institutions process the transfers. Settlement times vary from instant to 3 days, depending on the bank's infrastructure and interbank relationships.

Mobile Money Operators

Platforms such as M-Pesa, MTN MoMo, and Airtel Money enable direct wallet deposits, which are usually processed in real time or within a few hours.

Cash Pickup Networks

Providers such as Western Union, MoneyGram, and BnB Transfer facilitate in-person cash withdrawals at designated agent locations or partner banks. These transactions involve additional KYC verification and handling fees.

MARKET MAP & KEY PLAYERS

Africa's cross-border payments landscape is rapidly evolving as fintech companies offer faster, cheaper, and more accessible solutions for users. Legacy institutions like banks and money transfer operators (MTOs) depend on correspondent banking and the SWIFT network, which drives up costs and slows settlement. In contrast, fintech disruptors are transforming the payments ecosystem by delivering direct-to-consumer services and developing foundational infrastructure that empowers traditional institutions. This surge in innovation is reshaping Africa's cross-border payments sector and intensifying competition.

The emergence of B2B payment processors and last-mile remittance providers has dramatically reduced transaction costs, often by 50-80% compared to traditional channels. Fintech platforms now deliver near-instant settlements within hours, significantly improving the 2–5 day processing times typical of banks.

Liquidity providers now offer competitive foreign exchange (FX) pricing and multi-currency settlements, addressing gaps left by traditional banks struggling with capital controls and USD shortages. However, this segment remains challenging to scale due to high capital requirements, restricted competition, and rapid market entry.

Network aggregation players address Africa's fragmented mobile money ecosystem by enabling seamless cross-border payments. Still, regulatory hurdles and telco dominance slow progress in this sector, demanding deep market integration and strategic partnerships.





Segments like last-mile payments and B2B processing have relatively low barriers to entry, resulting in intense competition and declining fees. Companies such as Chipper Cash and LemFi have eliminated transaction fees in specific corridors, forcing legacy providers to reconsider pricing strategies.

Banks and legacy providers are navigating shifts in Africa's cross-border payments landscape as fintech companies steadily gain market share. Established players like Western Union and MoneyGram have responded by lowering fees and integrating mobile money platforms, while banks increasingly collaborate with fintechs to innovate and enhance customer experiences. Though traditional SWIFT-based transactions remain significant, fintech solutions are progressively attracting users by offering faster, more cost-effective alternatives, fostering broader innovation across the sector.

Looking ahead, Africa's cross-border payments sector will experience further price reductions, increased adoption of stablecoins, enhanced interoperability among financial institutions, and deeper bank-fintech collaborations. The most successful companies will efficiently scale, adeptly navigate regulatory frameworks, and provide seamless, affordable transaction services. As competition intensifies, legacy institutions must innovate quickly or risk irrelevance in Africa's rapidly digitizing financial ecosystem.

Key Players within the Ecosystem

Liquidity Providers

These companies enable businesses send, receive and convert payments at competitive FX rates

klasha

Yellow Card

AZA FINANCE

MANSA

Merchant of Records

A third-party entity that manages international payments and compliance on behalf of businesses, enabling global transactions.

startbutton
beyond boundaries

norebase

kyshi

B2B Payment Processors

These companies enable businesses embed financial services via APIs

fincra

Cellulant

flutterwave

korapay

Blockchain-powered solutions

These companies provide enable individuals and SMEs to receive and convert foreign currency using blockchain and stablecoins

vorypay

bitnob

Juicyway

MUDA

Network Aggregation & Interoperability

These companies provide APIs to enable business process international payments

Cauridor
Building Africa's payment rails.

Zeepay

3alad

pawaPay

onafriq
Previously MFS Africa

Last Mile Payments

These companies provide enable individuals, remote workers, and SMEs to receive and convert foreign currency

BnB

LEMFI

Cleva

Chipper

Kaoshi

Dahabshiil
Real money transfer you can trust

leatherback

nala

Mama Money
More Money Home

PAYSEND

RAENEST

mukuru

Grey

wapipay

Cross-border Infrastructure Gaps & Emerging Solutions



Challenges	Opportunities
Lack of a true intra-African clearing & settlement system. Payments require USD clearing, adding costs and inefficiencies.	Real-time gross settlement (RTGS) systems to enable instant intra-African transactions without USD dependency.
Absence of a unified African FX market. High currency conversion costs due to illiquid local currencies.	Decentralized FX liquidity pools to facilitate African currency trading without correspondent banks.
Limited interoperability between banks and fintechs. Financial institutions operate in silos, causing inefficiencies.	Standardized API layers to improve interoperability between banks and fintechs.
Slow adoption of PAPSS. Regulatory hesitancy and liquidity constraints slow down regional payment initiatives.	Pan-African instant payment rails (similar to SEPA in Europe) to unify fragmented payment systems.
Over-reliance on SWIFT for cross-border transactions. African banks depend on expensive international payment networks	An accessible alternative to SWIFT for African banks to reduce reliance on costly international networks.

RISKS & CHALLENGES FOR FINTECH GROWTH

Fintech companies in the cross-border payments space face multiple challenges that impact scalability, profitability, and long-term sustainability. These challenges stem from regulatory landscapes, financial risks, and intense competition. Below are the key risks and constraints limiting fintech growth

Regulatory Uncertainty

Navigating the complex and evolving regulatory environment remains one of the biggest hurdles for fintech companies operating in cross-border payments.

Diverse Compliance Requirements: Each country has its own financial regulations, anti-money laundering (AML) rules, and capital controls, making multi-country operations cumbersome.

Licensing & Approvals: Obtaining the necessary money transfer licenses across jurisdictions can be costly and time-consuming, with regulatory approvals taking months or even years.

Data Protection & Privacy Laws: Compliance with regulations like GDPR (Europe), NDPR (Nigeria), and POPIA (South Africa) adds additional layers of complexity, particularly for data localization requirements.

Sanctions & Fraud Prevention: Cross-border transactions are subject to strict scrutiny under global financial regulations such as FATF guidelines, making compliance an ongoing challenge.

Example: The shutdown of cryptocurrency remittance services in Nigeria due to regulatory crackdowns highlights the unpredictability of fintech operations in emerging markets.



Credit, FX Lending & Treasury Risks

Many fintech companies, particularly those involved in FX transactions, extend credit to clients by providing FX position loans or liquidity support. However, this creates exposure to counterparty default, currency volatility, and poor treasury management.

FX Liquidity Provision & Position Loans:

When businesses and fintechs need to settle cross-border payments but lack immediate access to foreign currency, FX providers act as liquidity sources. They extend credit in the required currency, allowing transactions to be executed before full settlement. If clients fail to repay or experience delays, FX providers are left exposed.

FX Volatility Risks: Exchange rates fluctuate constantly, and sudden currency depreciation can cause fintechs to default on FX position loans. FX providers facing significant currency swings may struggle to maintain liquidity, especially when local market conditions deteriorate.

Chain Reaction in the Ecosystem: If multiple fintechs default on FX obligations, liquidity shortages arise, increasing spreads and transaction costs across the market. Banks and liquidity providers react by tightening credit lines, increasing collateral demands, or raising fees, creating further financial strain on fintechs.

Treasury Management Risks: Most FX companies generate revenue by capturing the spread between buying and selling rates. However, without sound treasury management, such as accurate pricing of FX spreads, alignment of liabilities and assets, and effective currency hedging, they face the risk of substantial losses. Poor cash flow management can quickly escalate, leaving firms exposed to insolvency.



Mitigation Strategies:

Dynamic Hedging: FX providers use forward contracts, swaps, and options to hedge against currency fluctuations.

Pre-Funding & Collateralization: Some fintechs are required to pre-fund transactions or provide collateral to access FX liquidity.

Real-Time Settlement: Faster clearing mechanisms, such as PAPSS and blockchain-based FX, reduce exposure to market swings.

Robust Treasury Management: Implementing AI-driven forecasting models, liquidity stress testing, and disciplined risk management frameworks help fintechs maintain stability.

Market Competition & Profitability Pressures

The fintech space is increasingly crowded, making differentiation and long-term profitability difficult.

Established Competitors: Traditional banks, global remittance giants (Western Union, MoneyGram), and large fintech firms (Wise, Revolut) dominate key corridors. However, African-based fintechs such as LemFi, Geegpay, and Chipper Cash have gained significant traction, offering more localized and cost-effective solutions for cross-border payments. These companies leverage digital wallets, multi-currency accounts, and direct integrations with mobile money platforms to streamline transactions, reducing costs and settlement times. Their rise highlights the increasing competition and shift towards fintech-driven remittance solutions in Africa.

Price Wars & Thin Margins: Many fintechs compete on low transaction fees, reducing profitability and making it harder to achieve scale. Average transaction fees among African fintechs range from 0.5% to 2% per transfer, significantly lower than traditional remittance providers like Western Union and MoneyGram, which charge 5 - 10%. Some companies, such as LemFi and Geegpay, offer zero-fee or near-zero-fee transactions to attract users, further squeezing margins. While this pricing strategy helps gain market share, it can lead to sustainability challenges, requiring fintechs to diversify revenue streams through FX spreads, subscription models, and embedded financial services.

Customer Acquisition Costs (CAC): High costs associated with acquiring and retaining users increase costs, especially in emerging markets where fintech adoption is growing but customer education remains a challenge. Customer acquisition costs (CAC) for fintechs





can range from \$5 to \$30 per user, with lifetime value (LTV) heavily dependent on transaction frequency and additional financial services. In highly competitive markets, marketing expenses and onboarding incentives further reduce profitability, making long-term sustainability a challenge.

Infrastructure & Liquidity Constraints

Fintechs often struggle with access to banking infrastructure and liquidity, affecting their ability to scale effectively.

Dependence on Partner Banks: Many fintechs rely on traditional banks for cash-in/cash-out services, limiting their independence and adding cost layers.

Slow Settlement Times: Lack of real-time settlement solutions for cross-border transactions increases delays and affects user experience.

Liquidity Risks in Emerging Markets: Managing liquidity in multiple currencies without strong banking support remains a major bottleneck. FX fintechs often rely on a network of liquidity providers, correspondent banks, and market makers to source currency on demand. This dependency introduces significant risks, including currency mismatches, high transaction fees (ranging from 0.5% to 3% per trade), and exposure to volatile exchange rates. Without strong treasury management practices, fintechs may struggle to maintain adequate liquidity buffers, leading to potential settlement failures, increased borrowing costs, and reduced transaction efficiency. Real-time FX settlement solutions and partnerships with stablecoin issuers are emerging strategies to mitigate these risks and improve liquidity management in the sector.

CONCLUSION & STRATEGIC RECOMMENDATIONS

Where the Market is Headed

The cross-border payments market in Africa is poised for significant growth, driven by increasing digital adoption, mobile money penetration, and fintech dominance. The volume of intra-African remittances is expected to rise as more individuals and businesses seek cost-effective, faster, and more accessible payment solutions. With the emergence of regional payment networks such as PAPSS, dependency on SWIFT-based correspondent banking is likely to decline, reducing transaction costs and improving settlement efficiency. Additionally, crypto-enabled remittances and stablecoins are gaining traction as alternatives to traditional FX and banking systems, offering seamless, low-cost cross-border payments. However, regulatory challenges and liquidity constraints remain key hurdles to mass adoption.

Strategic Recommendations



For Investors

Prioritize infrastructure plays: The biggest gaps (PAPSS adoption, FX liquidity solutions, API interoperability) are \$10B+ opportunities.

Look out for fintech connectors: Interoperability will drive fintech adoption faster than crypto for now.

Focus on high-frequency, low-cost transactions: Winners will scale through volume, not margins



For Fintech Founders

Solve for SME payments & trade financing: B2B transactions remain expensive and inefficient, offering a huge opportunity.

Build for interoperability: Partnerships with mobile money providers will unlock exponential growth.

Expand beyond P2P remittances: Embedded financial services (lending, insurance, working capital solutions) will drive margins.



For Policymakers

Regulatory harmonization: Cross-border fintech licenses and a unified African KYC framework would unlock billions in trapped capital.

Support blockchain-based settlements: Instead of restricting crypto, governments can pilot stablecoin-backed settlement networks.

Accelerate PAPSS adoption: Enforce regional bank integrations to reduce USD dependency in intra-African trade.

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THANK YOU!

We hope you find this report insightful.
If you have any questions or require further assistance, please don't hesitate to contact us.

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