

# The importance of taking a uniquely African approach to digital banking and payments

The rapidly evolving digital landscape in Africa means that a multifaceted approach to banking, and particularly payments, is crucial. In response, the continent, with its unique challenges and opportunities, is witnessing the convergence of global payment trends with local innovations to create a dynamic and uniquely African financial ecosystem.



Source: Supplied. Chipo Mushwana, executive of emerging innovation at Nedbank Retail.

The march towards Africa's digitalisation is inevitable," explains Chipo Mushwana, executive of emerging innovation at Nedbank Retail, "and banks need to be at the heart of this transformation, delivering a rich mosaic of digital payment options that are as diverse as they are adaptable."

Mushwana highlights a number of key global trends that are shaping the digital payments landscape on the continent, noting that the emergence of so-called "super apps" are proving to be one of the primary drivers.

In Africa, these digital platforms that combine communication, commerce, and financial services in a single interface, are more than just a convenience; they are the key to unlocking meaningful and sustainable financial inclusion," she emphasises, "because they have the ability to break down barriers and weave banking seamlessly into the fabric of daily life."

According to Mushwana, embedded finance is serving to further entrench this digital integration, effectively dissolving the boundaries between financial services and consumer platforms.

"By enabling payments directly within the apps and services that Africans use every day, financial inclusion becomes an incidental, yet highly intentional, benefit – highly fluid and a core component of the continent's financial ecosystem," she points out.

Mushwana says that Africa's recent e-commerce surge underscores the critical role that effective digital payments play in its sustainable economic growth and development. She points to digital wallets as one of the innovation engines that are driving this e-commerce explosion.

"Trust is currency, and digital wallets build that trust by safeguarding transactions," she explains. "They serve as both a repository for funds and a conduit for transactions, fostering a secure and streamlined online shopping experience."

## Embracing a hybrid approach

Yet, despite the clear advantages of these, and many other, global digital banking and payments trends, Mushwana cautions against believing that there is a one-size-fits-all approach that can work on the continent. She believes that Africa's immense economic, cultural, and infrastructural diversity calls for a hybrid digital payment solution – one that combines the best of global payments technology, with the uniqueness of the African reality.



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"When it comes to delivering digital payments that truly work for Africans, the only viable approach is one that can merge the ubiquity and user-friendliness of mobile money with the robustness of traditional banking services tailored to the continent's unique contexts and challenges," she says, "which means that a hybrid payments system - and indeed a hybrid approach to digital banking as a whole - is not merely a middle ground for Africa, it's a strategic imperative required for the continent's multifaceted needs."

Mushwana is adamant that such a hybrid approach to digital payments is the only way to fully address the dual reality of Africa's financial landscape, characterised as it is by a rapidly growing digital economy, but still limited by widespread cash-based transactions. This is also true for South Africa, which may have a largely banked population (84%), but where cash remains the dominant form of payment.

## Crafting an inclusive financial landscape

"Africa's payment ecosystem must be agile, inclusive, innovative, but still highly practical," she says, "and it has to support

the informal sector that constitutes a significant part of the continent's economy, provides platforms for the youth and entrepreneurs to thrive, and offers resilience in the face of economic fluctuations.”



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In essence, this hybrid payments approach is far more than a strategy; it's a blueprint for a future where financial tools are as varied and adaptable as the continent itself.

“Until the full payments value chain is digitised and the necessary comprehensive digital infrastructure is in place, a hybrid payments model is the only way to ensure that every African has the opportunity to engage with the economy in a meaningful way,” Mushwana says, “so, in reality, Africa’s digital financial landscape is not converging towards a single point, but rather expanding into a broad spectrum of opportunities that reflect its rich tapestry of cultures, economies, and communities.”

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