

## **IN FOCUS**

### **How Nigeria Is Emerging as a case study for Digital Payment Transformation in Africa**

*Mr. Omegere John Patrick, DAKSHIN*

Africa has long been recognised as a global leader in the digital payment revolution. Driven primarily by fintech innovations and telecom-led mobile money services, the continent has witnessed rapid uptake of digital payments, with up to 81.8 billion transactions valued at US\$1.1 trillion processed annually. East African countries—especially Kenya, the birthplace of M-Pesa, along with Uganda and Tanzania—pioneered this growth and have historically led in mobile money adoption.

Despite this progress, the transition toward more advanced and inclusive digital payments in Africa has faced notable constraints. Limited interoperability, high transaction costs, weak regulatory and identification systems, and rising system fraud have undermined the sector’s full potential. As a result, mobile money services in many countries have remained largely confined to person-to-person transfers, restricting their broader economic impact.

The recently released *State of Inclusive Instant Payments in Africa 2025* report presents compelling insights that suggest this is changing. The report assesses payment systems based on interoperability, the diversity of use cases, available payment channels such as USSD, mobile apps, and QR codes, and the governance and ownership structures behind them. It reveals that 10 of the 16 ranked systems moved from the “basic” level of inclusivity to the “progressed” stage, showing improvements in interoperability, governance, and central bank involvement. Most notably, Nigeria’s Instant Payment System emerged as the only digital payments platform on the continent to achieve the “mature” stage, reflecting extensive use cases, low transaction costs, and effective consumer protection mechanisms.

Nigeria’s rise is particularly remarkable because it followed a path different from most African countries. While others relied on telecom-led mobile money, Nigeria adopted a bank-led model that placed financial institutions at the centre of transactions—whether for payments, transfers, or credit—anchored to bank accounts. This ecosystem was enabled by early investments in payments infrastructure, notably the creation of the Nigeria Inter-Bank Settlement System (NIBSS) in 1993

by the Central Bank of Nigeria and licensed banks. NIBSS enabled the introduction of the NIBSS Instant Payments (NIP) platform in 2011, among the first instant payment systems in Africa.

With strong regulatory support and a robust digital identification system, particularly the Bank Verification Number (BVN), Nigeria's payments landscape expanded rapidly. Complementary innovations such as the Nigeria Quick Response Code (NQR) accelerated merchant adoption. Fintech companies, including OPay, PalmPay, and Kuda, have flourished on this foundation, driving new use cases that have broadened public adoption. By 2024, the NIP platform processed more than 11 million transactions, more than triple the volume recorded in 2021, valued at approximately USD 1.2 trillion.

In November 2025, the country launched its National Payment Stack (NPS), a transformative infrastructure designed to deliver efficient, cost-effective, and interoperable digital payments. The NPS features a multi-rail architecture connecting banks, mobile money operators, and payment service providers, enabling instant settlement across platforms and paving the way for integration with the Pan-African Payment and Settlement System (PAPSS).

Nigeria's experience demonstrates that the convergence of interoperability, sound regulation, cost efficiency, and customer-focused innovation is critical to driving digital payment transformation. The country's success offers valuable lessons for African nations and other developing economies seeking to modernise their payment ecosystems.