



INSTANT AND INCLUSIVE PAYMENTS

Ghana's Journey

Archie Hesse / 04-10-2023

Introduction and Market Context



Cash is King in Africa. 90% of transactions made in Africa are cash based.



Sub-saharan Africa accounts for one of the lowest credit and debit card penetration rates with **3.4%** and **20%** respectively.

(Statista / World Bank 2021)



Africa is also experiencing a digital revolution in financial services led by the mobile phone.

Ghana has 135% Mobile Phone penetration



Africa had a mobile money transaction value of \$495 billion in 2020 almost two-thirds of the global value of \$767 billion, according to the GSMA.



Kenya and Ghana leading digital payment adoption – BCG. Transactions made via mobile wallets were equivalent to 87% of the GDP in Kenya and 82% in Ghana in 2021.

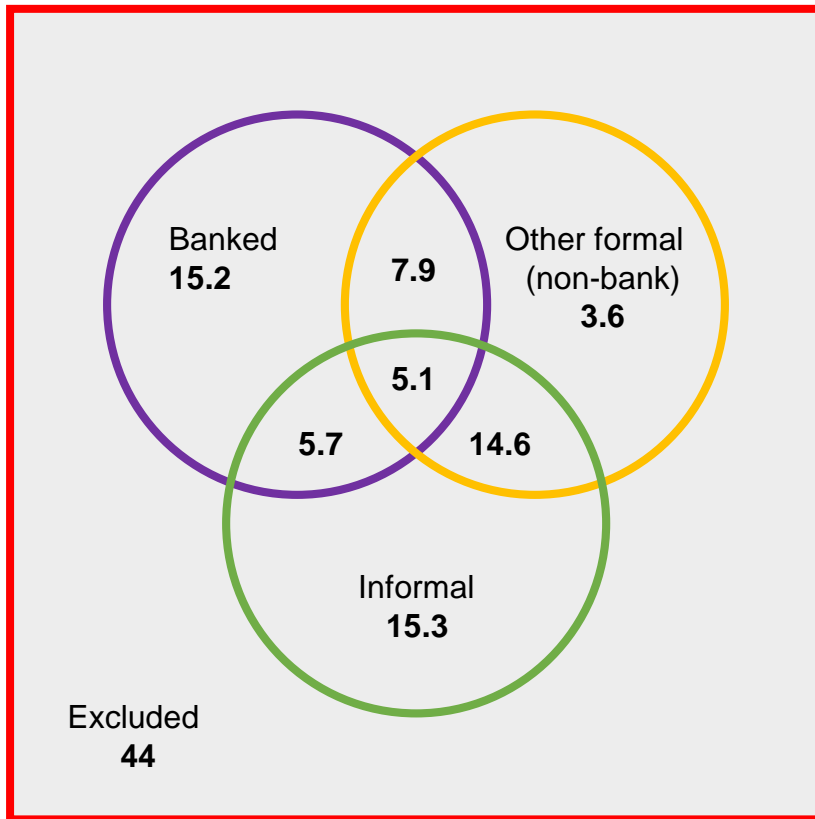
Introduction and Market Context

STATE OF FINANCIAL INCLUSION - GHANA

(Ghana Demand Side Survey, 2021)

Overlaps (%)

2010



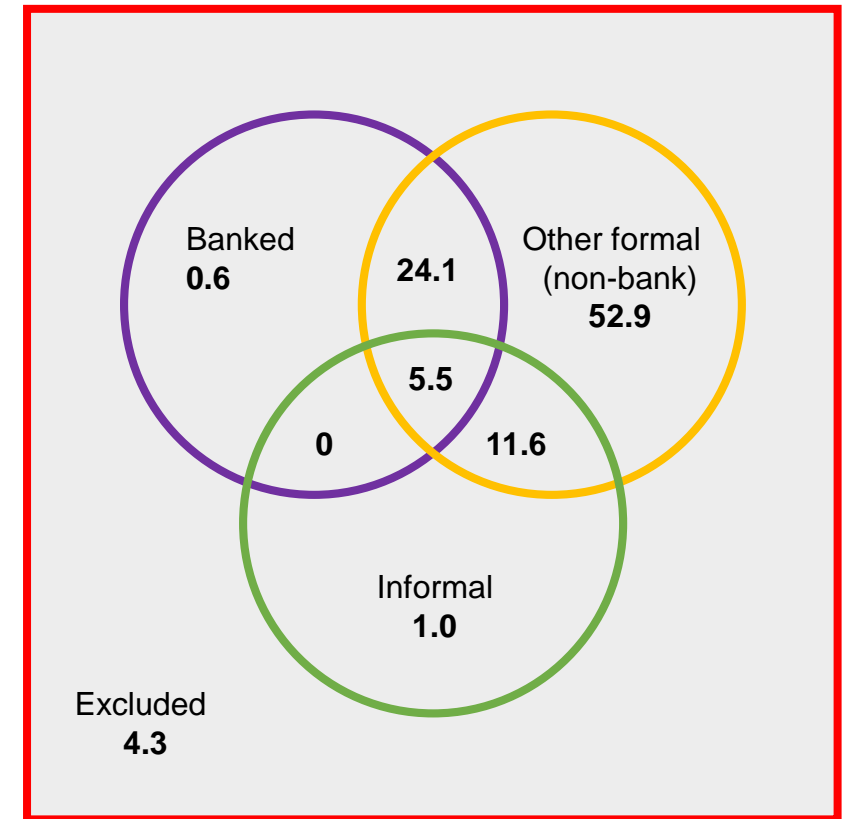
In 2021:

95% use a combination of formal and informal mechanisms to manage their financial needs, from **40.7%** in **2010**;

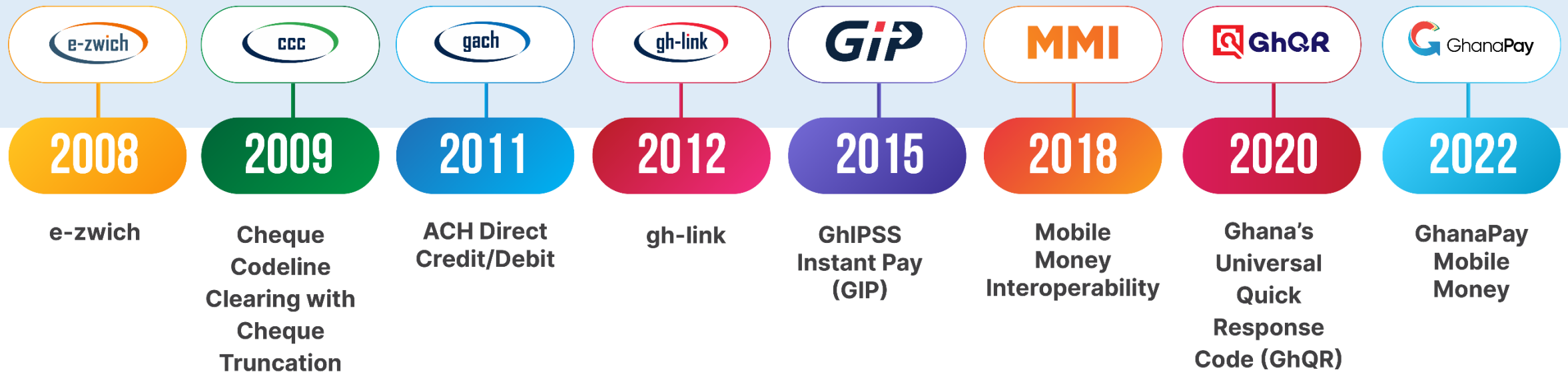
Only **0.6%** of adults rely exclusively on banking services from **15.2%** in **2010**; and

1% of the adult population **ONLY** rely on informal mechanisms up from **15.3%** in **2010**, this due to the **Mobile Money** impact.

2021



Evolution of GhIPSS Services



Instant Payments: WHY?

If a digital alternative to cash is to be successful, it must closely mimic its characteristics.

Market Indicators



Instant Payments: HOW?



Key Principles

- 🔑 Leverage existing Infrastructure
 - > ISO Switch
 - > ISO8583 protocol
 - > Web Service protocol - SOAP
- 🔑 Define standard protocols
- 🔑 Minimize development work and cost on the part of Banks

Instant Payments: PROGRESS

01

ORIGINAL USE CASE

- Funds Transfer – account – to – account

02

ADDITIONAL RAILS

- Wallet – to – account
- Account – to – wallet
- Card-to-wallet / wallet-to-card

03

OVERLAYS

- Purchase – QR code
- Purchase – eCommerce
- Proxy Payments
- Request-to-Pay

Instant Payments: PROGRESS

SENDING PARTICIPANTS

Universal Banks
Savings & Loans
Rural Banks



Accounts

Mobile Money
Operators



Wallets

PSP /EMIs



Wallets

Biometric
Card Platform
(e-zwich®)



Card Wallets



°Switching
°Clearing

Settlement



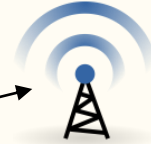
RECEIVING PARTICIPANTS

Universal Banks
Savings & Loans
Rural Banks



Accounts

Mobile Money
Operators



Wallets

EMIs



Wallets

Biometric
Card Platform
(e-zwich®)



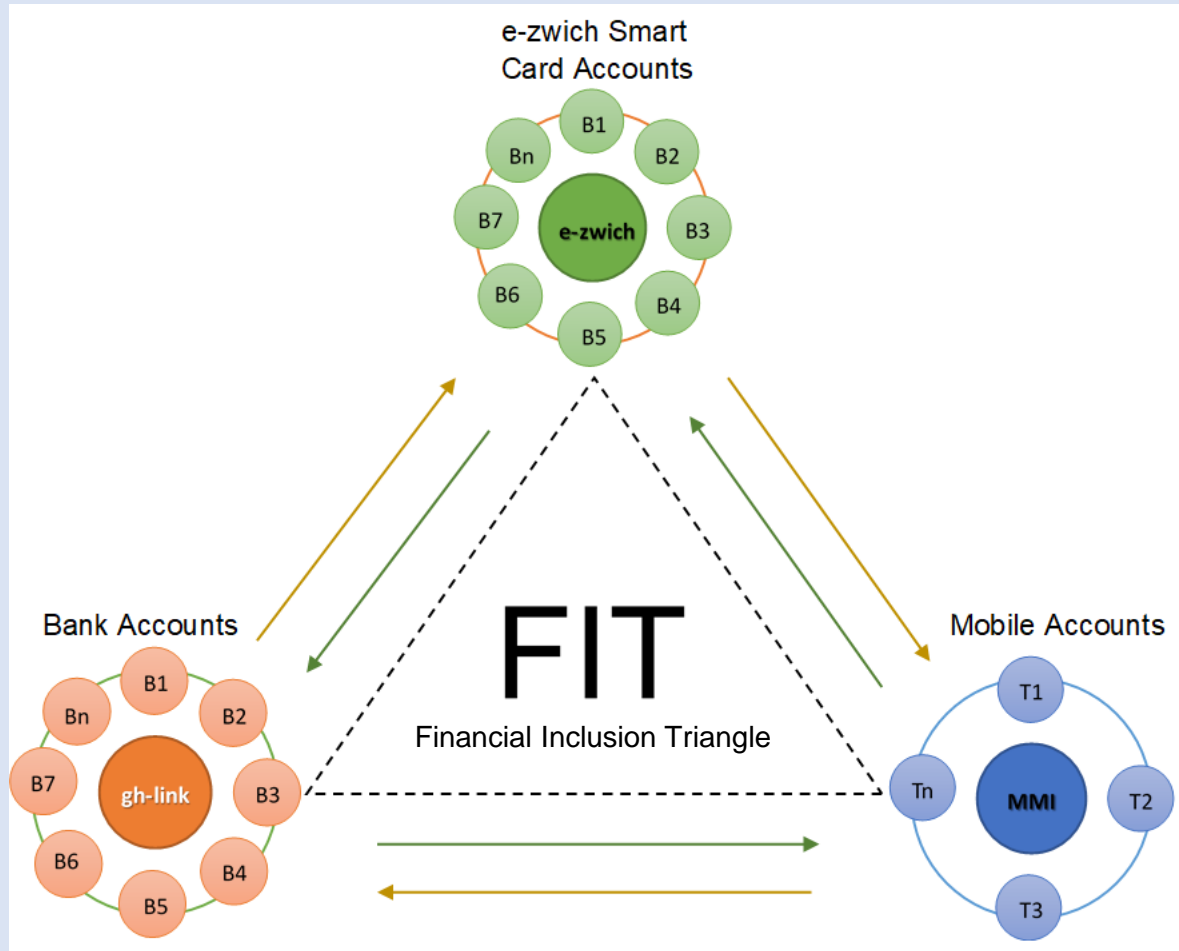
Card Wallets

Insights on Fostering Ubiquity & Inclusion

- **No one must be left behind**
- **Interoperability Objective:** Building the payment rails that provide universal participation.(Cross domain) Eg. Interconnecting three independent interoperable Ecosystem (**F**inancial **I**nclusion **T**riangle)
- **Pricing** models that promote affordability for the poor and sustainability for participants
- **Effective & Proportionate Regulation:** (that allows participation of various financial service ecosystem participants to play various roles with different models to serve the last mile)
- **Risk based** flexible **KYC** framework to allow mass participation

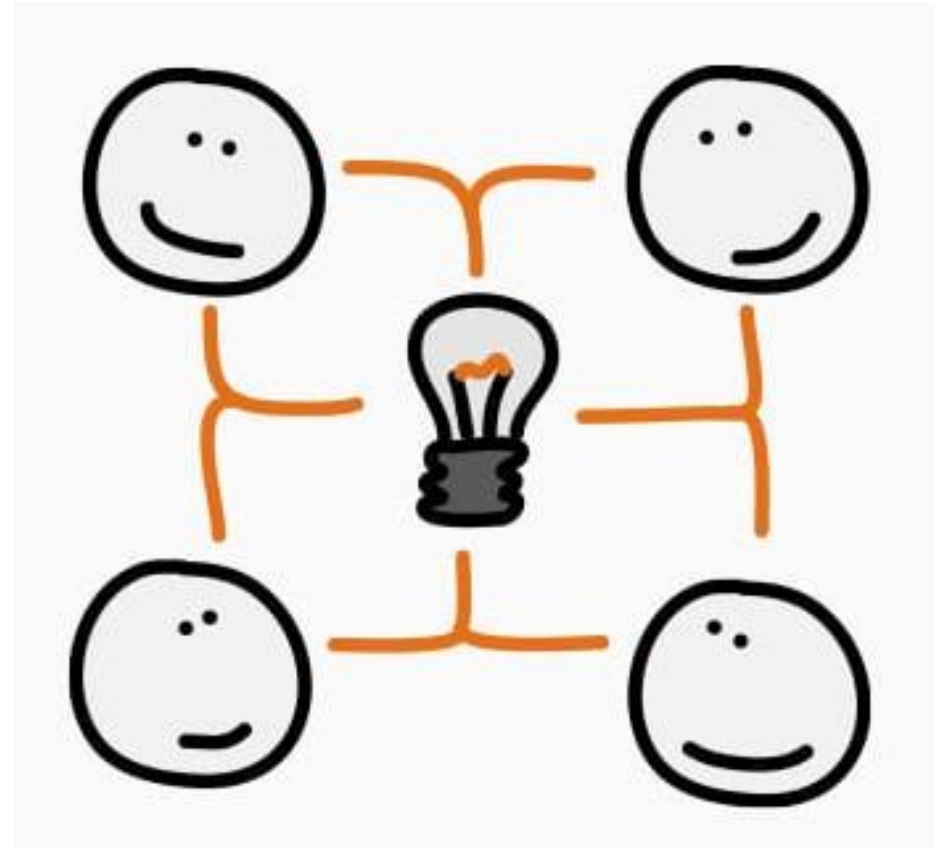


Insights on Fostering Ubiquity & Inclusion



Lessons learned

- 💡 Use of more open architecture and technology for interoperability
- 💡 Financial Inclusion goals can be reached faster with Fintechs not banks
- 💡 Creating the digital payment rails/ infrastructure is not enough to achieve digital & financial inclusion
- 💡 Financial education and transfer of digital skills necessary to engender habitual use of digital services
- 💡 Addition of more tailored use cases helps growth and adoption





Thank you