



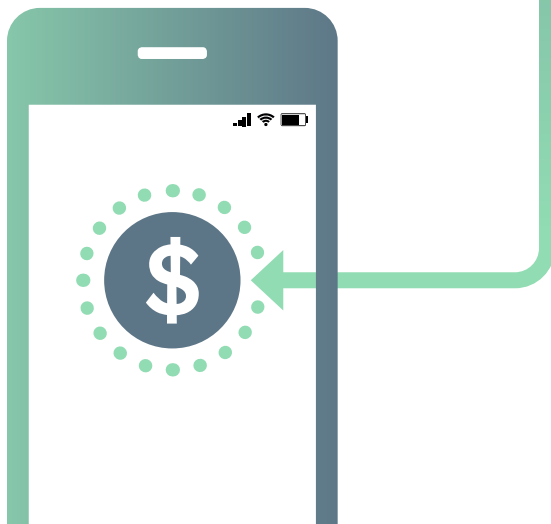
The transformative power of real-time payments

And why banks should embrace them





Real-time payment (RTP) systems are rapidly reshaping the global financial ecosystem, offering unprecedented opportunities for banks, businesses, and consumers.



More than 70 countries have implemented real-time payment (RTP) services, collectively processing billions of transactions annually, spanning ecommerce, bill payments and peer-to-peer payments. These services represent more than technological innovation – they are fundamental infrastructure for modern financial services, particularly in regions with emerging banking landscapes, such as Africa.

Changing consumer expectations and technological capabilities are driving the digital transformation of payments. Traditional payment methods – cash, debit cards, and credit cards – are now complemented by cheaper, more flexible, and instant solutions. The rise of ecommerce and mobile technologies has accelerated this shift, creating demand for payment systems that are faster, more convenient, and more inclusive. RTP fills this gap with

instant, secure, seamless transactions 24/7, including weekends and public holidays. Settlement is immediate, with both parties getting payment confirmation in seconds.

In developed economies, RTP undoubtedly has utility. The option reduces payment friction and gives consumers more choice about how to pay. RTP gives retailers additional ways to offer value and improve customer experiences, as well as reduce the cost of handling cash and accepting traditional credit card payments.


But it is in emerging markets that its transformative value truly comes to the fore. RTP can drive financial inclusion for unbanked and under-banked people, entrepreneurs and businesses. This, in turn, boosts overall economic potential and broadens the total addressable market for banks.

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Pioneer models

Lessons from India and Brazil – two standout examples of RTP in emerging markets illustrate this transformative potential.




 In India, the **Unified Payments Interface (UPI)** has revolutionised digital transactions since 2016. Developed by the National Payments Corporation of India, UPI integrates over 200 banks and processes more than 10 billion transactions monthly. By enabling mobile-based peer-to-peer and person-to-merchant transactions, UPI has dramatically expanded financial access for Indians.

The platform’s success is remarkable – by November 2022, UPI had over 300 million monthly active users in India. In January 2024, the platform processed 12.2 billion transactions worth \$222.17 billion – up 41.72% from transaction values a year ago.

The key is that UPI didn’t just introduce a new payment method to existing banking customers. Instead, it fundamentally restructured India’s financial ecosystem by bringing millions of previously unbanked individuals into the formal financial system.

Banks concerned with RTP cannibalising existing, more expensive, payment channels should pay attention to the Indian model. Once UPI customers reach a certain threshold of transactions they are obliged to open a business bank account – demonstrating how RTP can increase the overall customer base – ultimately a net win for banks.

 Brazil’s **Pix**, created by Banco Central do Brasil, demonstrates another innovative approach to RTP. Processing over 100 million daily transactions with zero consumer fees, Pix operates with minimal intermediaries, reducing transaction costs and increasing market efficiency. Its design allows instant transfers across different account types and provides payment options for non-nationals, showcasing the flexibility of modern payment systems.

Central to the success of both services is appropriate choice about how to pay and be paid. A simple QR code is enough for a retailer to get started, with users paying through dedicated apps or their banking app. Retailers can also integrate RTP into their point of sale (POS) devices, but this is not a requisite to accept payments.

RTP payment providers should also consider local circumstances and user preferences when implementing a system. For instance, USSD is a critical channel for RTP in parts of Africa. Using USSD broadens access to customers who only have basic phones, have limited access to data or are in rural areas with limited internet coverage.

UPI gives merchants the option to accept payments via a payment sound box. Popular with street vendors and small shops, this is a portable speaker that includes a QR code display. Once the payment has cleared, the speaker announces the confirmation of the transaction. This alerts merchants in real time and allows them to continue cooking or assisting multiple customers at once without the need to check their phones for payment confirmation. This also reduces the risk of fraudulent payment confirmations from the customer.

RTP in Africa: a critical opportunity

In Africa, RTP services are emerging as critical solutions to longstanding financial challenges.

Countries such as Egypt, Kenya, Nigeria, and South Africa are pioneering RTP services: InstaPay, PesaLink, NIBSS Instant Payment, and PayShap respectively. A local nuance is that these services are strategic tools for integrating mobile money platforms with traditional banking, promoting financial inclusion and accelerating economic activity.

While RTP adoption rates are accelerating, with billions of transactions processed annually across the continent, challenges to roll out do exist. Chief among these are infrastructure gaps and regulatory complexities.

Nevertheless, African markets present a unique opportunity for RTP implementation. Low banking penetration, high mobile money usage, and diverse technological infrastructures require adaptive, sophisticated payment solutions.



Trends supporting RTP in Africa

Cross-border payments: Partnerships like Namibia's integration with India's UPI system showcase efforts to streamline regional and international transactions.

Mobile money evolution: Inter-operability between mobile wallets and bank accounts is on the rise.

Ecommerce growth: RTP is becoming integral to online retail platforms, reducing the need for cash-on-delivery.

Regulatory support: Central banks across Africa are prioritising digital payment ecosystems to drive economic growth.

Multifaceted benefits of RTP

The advantages of real-time payments extend far beyond convenience and choice. For consumers, they offer safety, instant access to funds and purchases, and eliminate traditional transfer waiting times. Businesses benefit from enhanced cash flow management and faster transaction processing. Banks can open new revenue streams and improve customer retention by offering cutting-edge financial solutions.

A significant contribution that RTP makes to the overall economy is the reduction of cash in the ecosystem. According to a Boston Consulting report, in developed economies, the cost of cash acceptance is typically

higher than most electronic payments. RTP services provide a more efficient alternative, reducing indirect and back-office costs for merchants. RTP drives the digitisation of payments, decreases money laundering and fraud risks, and creates more transparent financial ecosystems.

Crucially, real-time payments can be transformative for financial inclusion. They allow previously unbanked or underbanked businesses and individuals to build transaction histories. This data enables banks to confidently offer new customers additional financial services like credit and insurance, creating a virtuous cycle of economic empowerment.

Real-time payment systems have the power to transform Africa's financial landscape. By integrating technology with local needs, RTP drives financial inclusion, economic efficiency, and consumer convenience. As adoption grows, Africa can become a global leader in real-time payment innovation.

RTP as a driver of ecommerce

While ecommerce has accelerated the need for more convenient ways to pay, these new payment options in turn drive ecommerce. Faster checkouts, reduced cart abandonment, increased basket size, and the ability to offer subscription services and micro-transactions are some of the ways RTP boosts ecommerce. Underlying this all is the improved cash flow and working capital, allowing ecommerce providers to grow their businesses.

The potential for RTP beyond P2P

According to Africanenda’s State of Inclusive Instant Payment System in Africa 2023 report, person-to-person and person-to-business payments make up the bulk of RTP use cases in Africa. But B2B payments, along with digital wages and government -to-person payments are critical for driving financial account and payment adoption. This is an important opportunity for banks bringing RTP to their markets, as B2B and G2P payments are typically high volume, high value, more frequent and repeat regularly.

Navigating implementation challenges

Implementing RTP services is not without challenges. Infrastructure requirements can be costly, cyber-security risks are inevitable, and integration and interoperability across different banking platforms and regions remain complex. Concerns about technological capabilities, fraud prevention, and lagging user awareness can slow adoption.

Top of mind for many is how RTP will handle issues such as repudiation and dispute processing, compared to the well-established processes and protections of traditional payment channels, such as credit cards.

Banks’ role in the growth of RTP

It is to the banks’ own advantage to actively support the growth of digital payments, and especially RTP. Banks are essential players here, as they control part of the user experience. The benefits to banks include a decrease of cash in the ecosystem and associated costs such as ATM and physical bank tellers. In addition, with payments the most frequent banking activity, banks can build brand awareness and loyalty, and acquire more customers.

Both Pix and UPI, as the leaders in emerging market RTP, have well-documented processes for refunds, fraudulent payments, and dispute redressal.

These challenges and concerns are where strategic partnerships become crucial. By collaborating with experienced payment technology providers, banks can navigate these challenges effectively. The right partner can help financial institutions implement the sophisticated digital infrastructure required to process transactions in real time in a robust, secure way.



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The future of financial services

The future of payments is not about replacing traditional banking – it’s about evolving and enhancing existing services. RTP services represent an opportunity to reach previously underserved markets, reduce cash dependency, and create more inclusive financial ecosystems.

Emerging trends like cross-border payments and artificial intelligence will continue to expand RTP capabilities. Initiatives like the Pan-African Payment and Settlement System (PAPSS) are setting the stage for regional and global integration, enhancing the network effects by integrating domestic ecosystems.

As Africa embraces digital transformation, RTP will play an increasingly critical role. This is not just a technological trend or add-on service, but a fundamental shift in how banks can empower individuals, support businesses, and drive economic growth across the continent.

By liberating payments from traditional constraints, we can create a more prosperous, financially inclusive future – one (instant) transaction at a time.

RTP offers significant advantages for multiple stakeholders

Consumers

Instant access to funds, convenience and financial flexibility.

Banks

New revenue streams, wider addressable market, data on previously unbanked people and businesses, and improved customer retention with increased choice.

Businesses

Enhanced cash flow management, faster transaction processing, improved operational efficiency, and better customer experience.

Governments

Enhanced tax collection and disbursement efficiency and accuracy, reduced fraud, and increased transparency in financial transactions. Economic modernisation and boosted innovation in financial ecosystems.



A snapshot of Real-Time Payments

Country | Operator | Brand name

Uganda | Bank of Uganda | Uganda National Interbank Settlement (UNIS)

Egypt | Central Bank of Egypt | Instapay

Nigeria | NIBSS | NIBSS Instant Pay

Ghana | GhIPSS | GHIPSS Instant Pay

Rwanda | RSwitch | RSwitch

Zambia | Bank of Zambia | Zambia Electronic clearing house Ltd.

Zimbabwe | ZimSwitch | ZIPIT

South Africa | BankservAfrica | PayShap



Ethiopia | EthSwitch | EthSwitch

Kenya | IPSL | M-Pesa

Mozambique | SIMO

The Real-Time Wholesale Transfer Settlement Subsystem (MTR)

Mauritius | Bank of Mauritius

Mauritius Automated Clearing and Settlement System

This is indicative of the activities in Africa at the time the report was written, and is not intended to be a definitive list of all RTP activities in Africa.

Release the full power of payments

Are your payment capabilities holding you back from seizing opportunities for growth?

- enza's innovative payment solutions deliver the flexibility and agility you need to increase competitiveness, capitalise on new markets, and develop new revenue streams. Our expertise gives you the freedom to expand your capabilities and increase your profits, with an unmatched speed-to-market that ensures you have the leading edge.
- enza provides market-leading acceptance solutions, enabling businesses to accept locally relevant payment methods through the channels that they and their customers want to use.
- Talk to enza about liberating your payments – it's time to unleash your full business potential and give your customers the commercial freedom they need to flourish.

enza  Payments liberated