MARC DE BRUYN
ATTORNEYS & NOTARIES


# 🚀 UNLOCKING AFRICA'S REMITTANCE POTENTIAL: HOW ADLA START-UPS CAN COMPETE IN FX & B2B PAYMENTS

Daryl Marc de Bruyn

June 1, 2025

**Specialist in Banking Law, Legal Compliance, and Over-the-Counter Derivatives | Guiding Clients Through Complex Regulatory Frameworks | Expert in Alliance Banking, ADLA applications, VCC Compliance and Fintech Solutions**

As an ADLA attorney, working with start-ups across South Africa, Kenya, Bangladesh, India and beyond, I've seen firsthand how Africa's fragmented financial infrastructure creates pitfalls for emerging ADLAs. My view is supported by a recent 📊 #OuiCapitalreport, which highlights structural barriers preventing financial integration across the continent.

### 1. No Pan-African Clearing System

Africa has no equivalent of Europe's SEPA or the US's ACH – and that's a major issue. Instead of a unified payments framework, many intra-African transactions still route through correspondent banks in the US or Europe, creating delays, inefficiencies and high fees.

### 2. Illiquid FX Markets

Facing a double-edged sword, ADLAs looking to shift away from USD-backed liquidity strategies often encounter thinly traded African currencies, leading to conversion fees of 5 –10%, far exceeding international benchmarks. Without local liquidity solutions, African remittance start-ups will continue to struggle with costly FX inefficiencies, eating into margins and pushing customers toward more accessible alternatives.

### 3. Overdependence on SWIFT's Outdated Infrastructure

While SWIFT 🏛️ remains the dominant network for cross-border transactions in Africa, fintech disruptors like Nala and Chipper Cash are building their own direct payment corridors, cutting out unnecessary legacy layers.

### 4. Decline of Traditional Remittance Channels

Long queues at money transfer kiosks are rapidly disappearing, as remittance customers demand fast mobile payments. For start-ups, this means pushing mobile wallet integrations or risking irrelevance.

### 5. Slow Adoption of PAPSS

PAPSS 🌍 was designed to streamline cross-border payments, eliminating third-party banking intermediaries, reducing conversion fees and boosting #AfCFTA trade. At this stage, it has connected 16 countries, 14 payment switches and 150 banks, yet widespread adoption remains sluggish.

### 🌟 Encouraging Signs on the Horizon

✅ Despite these challenges, Nigeria's recent PAPSS policy shift signals that adoption is gaining momentum. Since Nigeria is a key player in intra-African trade and remittances, this shift could prompt other financial institutions to follow suit.

✅ Additionally, remittance providers should take note that PAPSS is expanding beyond B2B transactions into retail payments, offering a new avenue for remittance companies to integrate into Africa's evolving payment highway. As adoption grows, seamless cross-border transactions for both B2B businesses and individual remittances will become more accessible.

### 💡 How Investors & Start-ups Can Seize These Opportunities

### 💰 For Investors in ADLA Start-ups:

✔ Prioritize infrastructure plays in PAPSS: cross-border payment rails are becoming essential.
✔ Bet on mobile-first, interoperability-driven fintechs rather than standalone apps with limited scalability.

### 🚀 For Founders:

✔ Mobile-first is essential: remittance channels relying on cash or slow bank transfers are becoming obsolete.
✔ If your tech is stuck on legacy channels, partner with mobile money providers to expand market reach.
✔ Instead of waiting for PAPSS to reach full adoption, align for early PAPSS integrations – start-ups positioned for PAPSS will be at the forefront of low-cost transaction processing.
✔ B2B payments remain the untapped frontier – start-ups that implement cross-border B2B solutions could unlock billions in trapped capital.
✔ Crypto-enabled remittances are rapidly gaining traction, presenting an opportunity to overcome FX inefficiencies.

### 🚀 South Africa's Position: What's Next?

📝 The #AfCFTA Secretary General has expressed disappointment that South Africa, Africa's largest economy has not yet ratified PAPSS.

✔ However, South African ADLAs simply cannot afford to stay on the sidelines as PAPSS reshapes Africa's payment infrastructure. Without direct engagement, we risk falling behind in cost efficiency, transaction speed and market accessibility – all of which are becoming industry standards.

✔️ Proactive alignment with PAPSS payment providers in other jurisdictions will not only keep South African ADLAs competitive but also position them for seamless cross-border payments when South Africa officially integrates into the system.

🔥 For now, we will continue to work with South African founders to find creative ways to leverage new payment solutions through strategic fintech partnerships across Africa.

🔗 **References & Recommended Reads**

*Fintech Duo Collaborate to Tackle Remittance Costs in Africa*
*TerraPay Partners Wave Mobile Money to Enhance Cross-Border Remittance Services*
*Fintechs Are Rising—But Africa's Cross-Border Payments Still Depend on Europe and the US*
*Nigeria Unlocks Intra-African Trade with New PAPSS Policy Boost*

#MDBlaw #ADLA #B2B #Fintech #Remittances #CrossBorderPayments #TradeFinance #AfricaPayments #PAPSS #AfCFTA #FinancialInclusion #Startups #InvestingInAfrica #MobileMoney #CryptoRemittance #SWIFTAlternatives