

Corporate and Investment Banking

Instant Payments

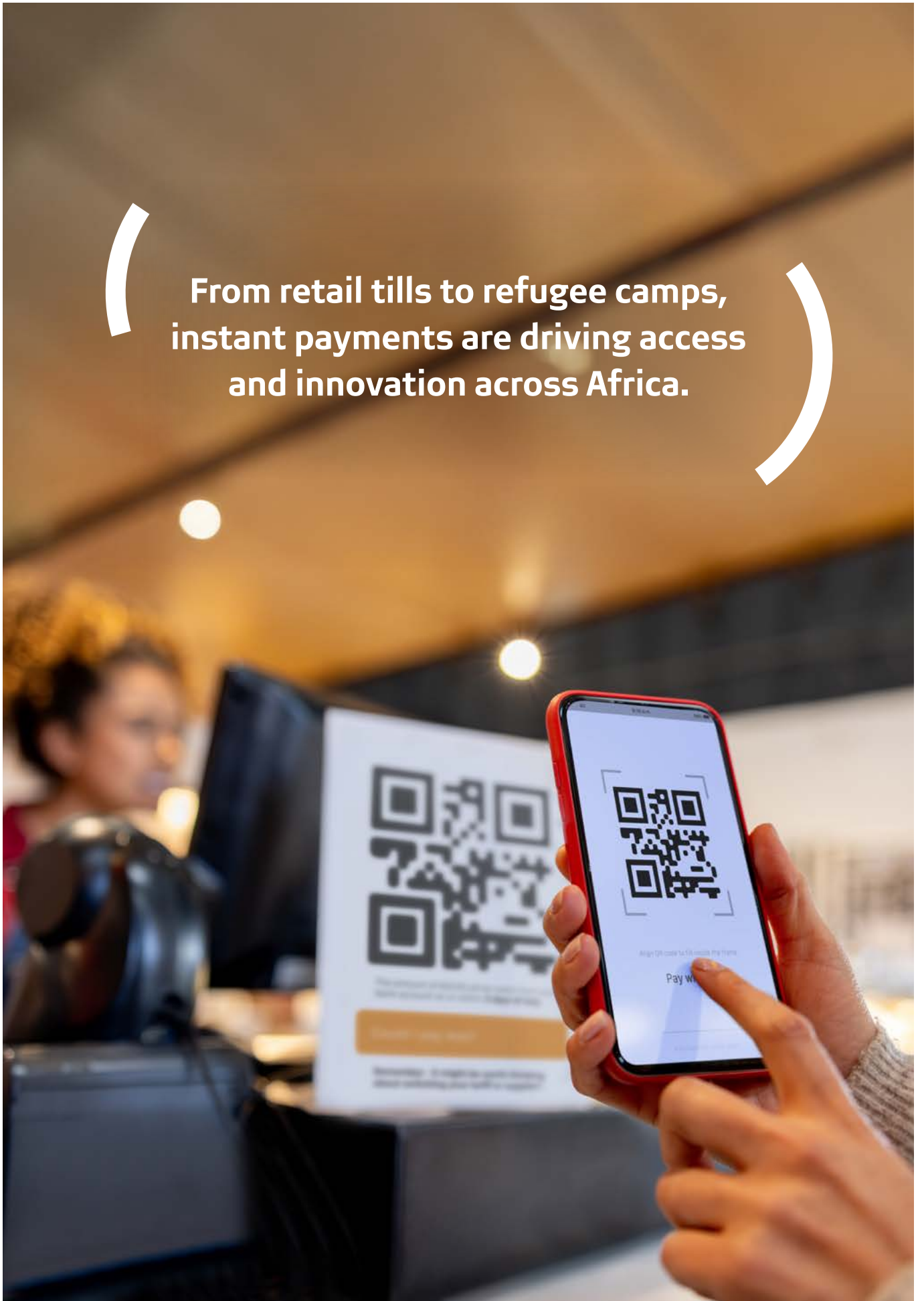
An African Market Snapshot

October 2025

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**From retail tills to refugee camps,
instant payments are driving access
and innovation across Africa.**



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TODAY: OPEN & INSTANT

Africa is seeing remarkable growth in the number of instant payment services offered to businesses and consumers. Account-to-account transfers can now be completed within seconds or in real time, unlocking opportunities for economic growth and development.

The levels of maturity vary from market to market, driven by local needs and differing levels of technological adoption. The regulatory landscape is similarly fractured, even as open banking* establishes common protocols that facilitate innovation. Absa continues to identify opportunities to partner and collaborate with external entities through APIs*.

“In South Africa, Absa successfully scaled instant payments by being an early adopter of API-based solutions. We initially combined Real-Time Clearing (RTC) with near real-time submissions through APIs, which allowed us to capture a significant share of the instant payments market,” says Anathi Mkhize, Product Head of Integrated Propositions at Absa CIB. “Across our broader African markets, our focus is on enabling payments into both mobile wallets and bank accounts. In regions like East Africa, where mobile network operators dominate, offering both options through a single channel is a key differentiator. By connecting to mobile wallets, we enable clients to transact in near real time across different types of value storage.

PAYSHAP

PayShap, South Africa’s core instant payment rail, was launched by the South African Reserve Bank in March 2023, with Absa among the first banks to integrate the service into its mobile banking app and API channel.

“Absa is in the process of releasing Request to Pay, which leverages PayShap’s instant payment rails to enable our clients to send requests, which the other party can then accept to effect a real-time payment. This offers an alternative to debit orders, which are not real-time,” says Mkhize. “One use case for Request to Pay is in-store, where it enables consumers to pay directly from an account rather than using a card at the point of sale. This has broad implications on the cost models for merchants and fintechs.”



*Open Banking

A regulatory and technological framework that allows secure sharing of financial data between banks and third-party providers, with the customer’s consent.

“Additionally, we are also partnering with international money-service businesses to facilitate instant global remittances into Africa, supporting clients who need to pay gig economy workers or send money to family members,” Mkhize adds.

In many African markets – especially in the sub-sahara region – mobile money dominates payments. For example, in 2022 about 70% of Kenya’s GDP moved through mobile money, according to the Kenya National Bureau of Statistics.

“Mobile disbursements marked a pivotal moment in demonstrating that value transfer could extend beyond traditional banking channels,” says Catherine Muya, Product Head: Digital Payments at Absa CIB. “In the early stages, many financial institutions were understandably cautious about the rapidly expanding role of mobile network operators. This dynamic ultimately catalysed the development of instant payments, which, in most African markets, have evolved into industry-led innovations designed to enhance interoperability, resilience, and financial inclusion.”

* API (Application Programming Interface)

A set of rules and tools that enable different software systems to talk to each other.



SOUTH AFRICA: REGULATIONS & PROTOCOLS

In the context of instant payments, traditional host-to-host integration – commonly used for batch processing of supplier payments or payroll – typically requires early file submissions (often T-1 or T-2) to ensure salaries are executed simultaneously and credited on the correct day. This approach is rooted in batch processing, where payment files are transmitted via secure protocols, such as SFTP, and processed in bulk at scheduled intervals.

***HOST INTEGRATION**

The ability to connect client systems directly into banking systems using file-based data transfer to access products like PayShap or clients' statements data.



With the advent of near-real-time payment rails, these constraints can be significantly reduced. Instant payment systems allow transactions to be initiated, cleared and settled within seconds, 24/7 – including weekends and holidays – eliminating the need for early submissions and enabling businesses to optimise liquidity and potentially earn additional interest income. This shift positions real-time rails as a crucial enabler for modern treasury operations.

"Host integration* is file-based and gives clients the option of various protocols," says Mkhize. "In this regard, Absa is on a journey to adapt to any format or available enrichment our clients require. There are, however, specific protocols and considerations around ISO 20022* modernisation, which will ensure we have the parameters to enrich transactions going forward."

PayShap, South Africa's low-value instant payment system, is fully ISO 20022-compliant, aligning with global best practices for interoperability and enriched data exchange.

***ISO 20022**

The global standard for structured, data-rich financial messaging – its adoption is mandatory for many payment systems.

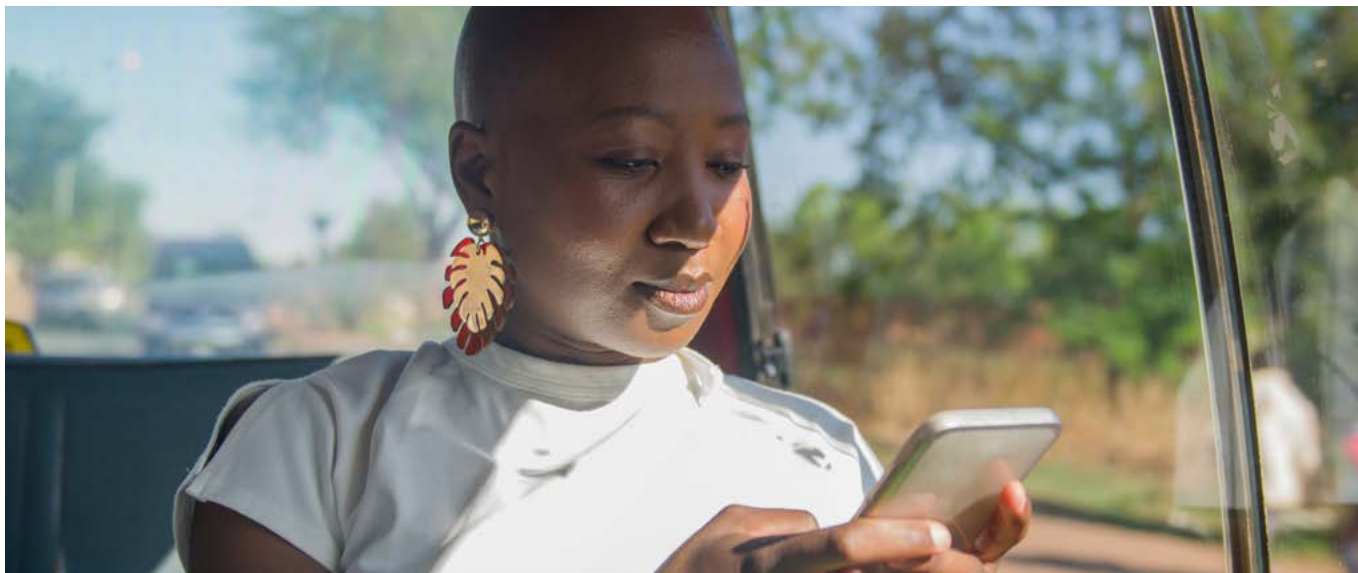
REST OF AFRICA: FORMALISATION & INCLUSION

“In Africa, the underlying goal of instant payments is to unlock financial inclusion for the unbanked and the underbanked,” says Muya. “This will involve reducing the cost of payments and creating a level of empowerment for last-mile beneficiaries. An example is IPSL in Kenya, which introduces instant rapid payments but allows the last-mile beneficiary to decide how they want to receive the funds – either in their account or in their digital wallet. This is where the proxy payments and instant payments come into play, because you can then open up other options in terms of how you want to receive your benefits.”

Many SMEs have been operating within the mobile ecosystem, off the mainstream payment rails and outside of the view of revenue authorities. “When the taxman stepped in to focus on the traceability of funds and to tax mobile money payments, the unintended consequence was that consumers started to go back to using cash,” says Muya.

However, instant payments through bank ecosystems are now playing a key role in formalising Africa’s informal economies – and in creating new economies.

Bidi Bidi in northern Uganda is one of Africa’s largest refugee camps and a focal point for the United Nations’ World Food Programme. “Here, instant payments and mobile wallets have become the ultimate instrument of distribution of aid,” says Muya. “Camps such as these often transition into long-term places of residence. Many of the people displaced here were teachers, doctors, craftsmen, accountants, and other professionals before their lives were disrupted. They now seek opportunities to contribute meaningfully to society and to provide for their families. Enabling this is an essential part of restoring dignity and supporting sustainable futures. This is often when new markets, local economies, and in some cases entire communities begin to form. With limited trust in emerging ecosystems, participants naturally gravitate toward instant payments – they want real-time visibility and the assurance that a mobile device can show them exactly where their money is at any moment. This is where banks play a critical role: by providing the safeguards, guarantees, and liquidity assurance that enable people to trade with confidence.”



“Instant payments are seen as an immediate benefit to the middle class, but the impact they have on financial inclusion among the unbanked and underbanked is exponential.”

– Catherine Muya, Product Head: Digital Payments, Absa CIB

WHAT'S NEXT: INTEGRATED & INTEROPERABLE

A wide range of in-country instant payment systems have emerged in Africa, from PayShap in South Africa to the Tanzania Instant Payments System (TIPS), Pesalink through Kenya's Integrated Payment Services Limited (IPSL), Ghana Interbank Payment and Settlement Systems Limited (GhIPSS), and others. "With so many options, our clients are ultimately looking for some level of interoperability," says Muya.

This is true even within countries. "At the beginning of the journey, what our corporate clients are looking for – and here we're talking about non-bank financial institutions, fintechs, insurers, etc. – is a fast and efficient way to integrate into Absa's instant payments capabilities," says Mkhize.

But even more important is the provision of support once they're there. After all, in the blink-of-an-eye world of instant payments, problems need to be resolved in real time.

"Clients want our payment capability to give them the status of their transaction as quickly as possible," says Mkhize. "Not knowing the status of a payment is worse than having the payment rejected, because if they don't know its status, they can't close out their own customer journey."

Now that real-time payments are a reality, the next area of improvement is not speed, but rather the quality of service. And as the instant payments space continues to mature, the questions of support, integration and interoperability will become the new focus area for banks and fintechs.

"A lot of digital organisations are leveraging the bank's instant payments capabilities to enrich their own value proposition to their customers," Mkhize concludes. "Instant payments have become a key part of their business and how they generate value."

Instant payments are not without their obstacles. The process requires deep collaboration between sector leadership, central banks and regulators, and rigorous immersion into the problem statements of the everyday citizen. Without a well thought-out adoption strategy, aspects like fragmentation between payment ecosystems impact the realisation of benefits. Furthermore, digital

infrastructure access remains uneven (e.g. smart phones, reliable Internet), leading to unintended and further exclusion of intended users.

Beyond the challenges lie the opportunities. Participants across the ecosystem have a need for low-cost, cross-border instant payments that address friction points such as complexity in over-complicated currency conversions models and foreign exchange risks.

The next wave of value in Africa's instant payments will come from bridging existing gaps: interoperability, inclusion, and affordability. For banks, this means moving beyond traditional rails and embracing partnerships with fintechs, mobile money operators, and ecosystem players to reach new market segments. These collaborations extend access, unlock innovation, and position banks at the heart of an inclusive digital economy.

At the same time, banks must anticipate a major business model shift as market pressures drive transaction fees lower – even to zero. The future will be shaped by platform economics, where banks overlay value-added services like Payments as a Service*, embedded finance, and ecosystem solutions on top of instant payments. Those who evolve from transaction processors to platform orchestrators will not only stay relevant, but will define the future of digital finance in Africa.

Future-proofing isn't about competing on price; it's about competing on partnership, on speed, and on the ecosystems you build around the rails of instant payments."

***Payments as a Service (Paas)**

A model that allows banks or similar institutions to provide ready-made payment service, such as sending, receiving, and tracking payments – without end users having to build the technology themselves. Through one secure connection, organisations and fintechs can access modern payment services quickly, reliably, and at lower cost.



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