Digital Finance in Africa:
Emerging evidence and approaches to Open Finance from Africa

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Rising interest in Open Banking/ Open Finance across Africa, like the rest of the developing world

- Driven by: Central Banks
- Policy objectives: Improve financial inclusion, increase competition, create a conducive environment for fintechs, expand the payment system, remain up-to-date with global trends

It was reported that Bank Al-Maghrib Morocco is exploring Open Finance in 2022.

Central Bank of Nigeria issued a regulatory framework and operational guidelines for Open Banking.

Bank of Ghana planned to launch a regulatory sandbox pilot in March 2021 to foster fintech sector growth, including Open Banking.

Bank of Zambia is currently exploring Open Finance.

Bank of Namibia published a position paper on Open Banking in 2021.

South African Reserve Bank issued a consultation paper and the FSCA issued a draft position paper, both in 2020.

Central Bank of Egypt is currently engaged in discussions about implementing Open Banking, with recent regulatory measures expected to facilitate adoption.

Central Bank of Kenya identified Open Banking as an emerging strategic priority in 2020.

National Bank of Rwanda is currently exploring Open Finance.

Bank of Zambia is currently exploring Open Finance.

Source: Fintech times, Central bank of Nigeria, Central bank of Ghana, Bank of Namibia, South African Reserve Bank, FSCA, Council of Arab Central Banks and Monetary Authorities Governors, Central bank of Kenya, UNCTAD, 2021
Open Finance offers significant promise for market development, innovation and financial inclusion in many countries…

…But knee-jerk, copy-paste approaches will create risk and cost, with limited benefit…

…As we’ve seen before
An evidence-based approach is critical to inform a tailored approach appropriate for local context.
Formulating a robust Open Finance roadmap aligned with global best practices

- Local context
- Global best practices

= Tailored implementation
Learning from emerging approaches to implementation

Every country is on a unique journey towards Open Finance; no single country has all the answers.

Robust Open Finance framework

Two fundamental pillars

Ensures meaningful participation

1. Define the parameters of Open Finance
2. Regulation and governance
3. Regime costs and incentives
4. Data sharing guidelines

Establishes and maintains trust

5. Consumer experience guidelines
6. Liability and recourse guidelines

Individual actions may be simple to implement but the need for coordinated and concurrent implementation of a range of actions makes it necessary to categorise them for strategic implementation.

Developed from interviews with global advisors and implementers, 2023
Effective implementation in most African countries is likely to be a multi-year process, even if it could be technically implemented more quickly.

But even without full implementation of Open Finance, some of the interventions can significantly assist with addressing existing frictions in the data sharing market.
About Cenfri
Cenfri is a global think-tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri’s people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors who seek to unlock development outcomes through inclusive financial services and the financial sector more broadly.

Thank you

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