EACON 2025

Advancing a Unified Digital Payment Ecosystem in the East African Community (EAC): Insights from EACON 2025 Panel Recommendations

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Polciy Brief

Executive Summary

The East African Community (EAC) stands at a pivotal moment in its digital transformation journey. Somalia's accession in March 2024 has expanded the bloc's potential for deeper financial integration, yet regional digital payment systems remain fragmented, limiting efficiency and inclusion.

At EACON 2025 (7–8 October, Mogadishu), Panel 4 convened policymakers, central banks, financial institutions, and academics to chart a roadmap toward a unified EAC digital payment ecosystem. The panel's recommendations focus on four strategic areas:

- Interoperability: Integration of real-time gross settlement (RTGS) and mobile-money systems through national instant payment platforms such as Somalia's SIPS.
- Regulatory Harmonization: Alignment of national frameworks under the EAC Cross-Border Payment System Masterplan.
- Cybersecurity: Establishment of a regional framework to address rising digital-finance risks.
- Innovation Partnerships: Public private university collaboration to strengthen digital skills, data governance, and fintech innovation.

Implementing these priorities would enhance intra-EAC trade, reduce transaction costs, expand financial inclusion, and position the region as a leader in digital integration under the AfCFTA.

Introduction

Digital payments are at the forefront of Africa's economic transformation, offering new pathways for trade facilitation, financial inclusion, and public service delivery. In the East African Community (EAC), digital finance has expanded rapidly, driven largely by mobile money innovations and the rise of real time payment platforms. Recent analysis by the International Monetary Fund (IMF) finds that Sub Saharan Africa has experienced some of the fastest growth globally in digital payment adoption, with mobile money transaction volumes exceeding 40 percent of GDP in several economies (1. Ricci et al., 2025). This expansion has positioned the EAC as one of the most dynamic regions for financial technology innovation and has created strong momentum toward deeper regional integration through digital payments.

Despite these advances, the digital payment landscape across EAC member states remains uneven. Kenya and Tanzania continue to lead mobile money penetration—Kenya alone processes more than 60 percent of all mobile money activity in the region—while other partner states, particularly Burundi and South Sudan, lag behind in digital finance infrastructure and interoperability readiness (EAC Secretariat, 2025). Somalia, the newest member of the EAC, has made significant progress through the rollout of the Somalia Instant Payment System (SIPS), laying the foundation for future integration (Central Bank of Somalia, 2024).The adoption of the EAC Digital Payment Systems Masterplan in 2025 signals a collective commitment to harmonising regional payment architecture, but operationalisation remains incomplete and fragmented across partner states (EAC Secretariat, 2025).

A unified regional payment ecosystem is essential because fragmented systems impose high frictions on intra EAC trade. Cross border transaction costs remain significantly higher than domestic payments, and currency convertibility constraints add further barriers for SMEs, traders, and remittance senders. According to the World Bank and GIZ (2023), cross border transfer costs in East Africa can be up to three times more expensive than domestic transactions, disproportionately affecting small businesses and low income households. A harmonised, interoperable EAC payment landscape would lower costs, accelerate settlement times, strengthen financial inclusion, and support the region's aspirations under the African Continental Free Trade Area (AfCFTA) and EAC Vision 2050 (Africa Union & UNECA, 2024)).

However, several persistent structural challenges inhibit progress toward a unified regional system. These include disparities in regulatory frameworks, lack of cross border payment interoperability, cybersecurity vulnerabilities, and inadequate coordination in digital finance governance. Studies on regional financial integration highlight how regulatory fragmentation and inconsistent supervisory standards slow economic convergence and weaken the enabling environment for cross border finance (Drummond et al., 2015; Worm et al., 2011). The EAC's current digital payment systems remain primarily domestically oriented, limiting their capacity to support real time regional flows and diminishing the potential efficiency gains anticipated under regional and continental integration initiatives.

This policy brief aims to address these gaps by translating the outcomes of EACON 2025 Panel into actionable policy recommendations for EAC policymakers, national regulators, central banks, financial institutions, and development partners. Through an evidence based approach, the brief highlights key strategic priorities: interoperability, regulatory harmonisation, cybersecurity, and innovation partnerships, that can guide the development of a unified digital payment ecosystem. By outlining practical steps and aligning them with existing institutional frameworks, the brief seeks to support the region's journey toward seamless, inclusive, and secure regional digital payment integration.

Literature Review

Digital payments have emerged as a core pillar of financial innovation and regional integration in Sub Saharan Africa. Ricci et al. (2025).show that in several African economies, mobile money and other digital payment instruments account for a large share of transaction values and are increasingly embedded in formal financial systems, with implications for monetary policy transmission, competition, and financial stability. The State of Instant and Inclusive Payment Systems in Africa (SIIPS) report by AfricaNenda, UNECA, and the World Bank, (2022). catalogues almost 30 instant payment systems (IPS) across the continent and concludes that while transaction volumes are growing rapidly, inclusiveness, interoperability, and governance quality vary widely. A complementary AfricaNenda (2022) study on cross border digital payments for MSMEs finds that design weaknesses, limited awareness, and high foreign exchange (FX) frictions often prevent small firms from fully benefiting from these infrastructures.

Within the East African Community (EAC), the literature consistently highlights Kenya, Tanzania, and Uganda as pioneers of mobile money–led financial inclusion, while noting significant heterogeneity across the bloc. Ricci et al. (2025). identify Kenya as a global outlier in mobile money usage, with transaction values exceeding 40% of GDP in some years. AfricaNeda et al. (2022). report that several EAC countries now operate or are developing IPS that can act as rails for real time retail payments. However, Domingo, Arnold, and Apiko (2023) show that cross border interoperability in the EAC remains constrained by heterogeneous regulatory frameworks, fragmented supervision, and gaps in implementation of risk based know your customer (KYC) and anti money laundering (AML) rules. Earlier work on regional economic integration in the EAC by (Drummond, Wajid, and Williams , 2015). underscores that persistent institutional and regulatory asymmetries have long limited the depth of financial integration, a challenge now re appearing in digital form. (Monye and Monye (2022) argue more broadly that African regional payment systems must rest on strong legal underpinnings and coordinated regulatory approaches if they are to support an Africa wide payment area.

Comparative experience from ECOWAS and the wider AfCFTA context provides useful benchmarks for the EAC. The Pan African Payment and Settlement System (PAPSS), developed by Afreximbank and adopted by the African Union as a core financial market infrastructure for AfCFTA implementation, enables near real time cross border payments in local currencies (Afreximbank, 2022). A U.S. International Trade Administration (2023) update on PAPSS notes that, although the platform has expanded beyond its initial West African Monetary Zone pilot and now connects multiple national switches, uptake has been gradual due to regulatory frictions, overlapping correspondent banking arrangements, and limited incentives for commercial banks to reroute flows. AfricaNenda (2022) similarly finds that many African IPS and cross border schemes fail to fully meet MSME needs, partly because of limited FX access and high costs for smaller transactions. Relative to ECOWAS, the EAC literature suggests that while mobile money interoperability is relatively advanced, the region lags in establishing a fully operational regional settlement layer comparable to PAPSS (Domingo et al., 2023; Ricci et al., 2025).

The Southern African Development Community (SADC) presents another model centred on central bank led infrastructure. SADC's real time gross settlement platform (SADC RTGS) has processed high value cross border payments in the region since 2013, providing a robust backbone for settlement in South African rand (AfricaNenda, 2022; World Bank, 2021). Building on this, the Transactions Cleared on an Immediate Basis (TCIB) scheme was designed to enable low value, instant cross border credit transfers for retail users (AfricaNenda, 2022; World Bank, 2021). A recent remittance market assessment for South Africa to the rest of SADC finds that TCIB has strong potential to lower costs and reduce cash dependence, but that pricing, competition, and access barriers still constrain usage by low income and informal sector users (FinMark Trust,, 2025). Compared with SADC, the EAC is earlier in building a regional RTGS anchored architecture, but the SADC experience illustrates both the benefits of central bank coordination and the risks of focusing on infrastructure without sufficient emphasis on inclusive design.

The Common Market for Eastern and Southern Africa (COMESA) and ASEAN illustrate newer approaches that combine regional platforms with a strong focus on local currency usage and QR based retail payments. In 2025, COMESA launched a Digital Retail Payments Platform (DRPP) to allow SMEs and other traders to settle cross border transactions directly in local currencies, aiming to reduce reliance on the U.S. dollar and keep transaction costs below 3% (COMESA, 2025; Econfin Agency, 2025). Initial deployments along the Malawi–Zambia corridor are designed to test cross border interoperability and SME uptake. In Southeast Asia, ASEAN leaders adopted a Declaration on Advancing Regional Payment Connectivity and Promoting Local Currency Transactions in 2023, providing the political mandate for a network of cross border QR and instant payment linkages (Association of Southeast Asian Nations [ASEAN], 2023). Hamada 2025) documents rapid growth in cross border QR code payment connectivity and highlights how standardisation and coordination under the Regional Payment Connectivity (RPC) initiative support financial integration. An ASEAN+3 Macroeconomic Research Office (AMRO, 2025) policy note further shows that central bank led governance and clear technical standards have been key to scaling these linkages. These regional examples underline that governance, standardisation, and political commitment are as important as technology in building interoperable ecosystems.

Across regions, several thematic patterns emerge. First, mobile money adoption and penetration are widely recognised as fundamental drivers of digital payment uptake in the EAC and other African RECs, but cross border usage remains limited by regulatory silos, FX frictions, and the lack of seamless interoperability between mobile money and banking rails (AfricaNenda et al., 2022; Monye & Monye, 2022; Ricci et al., 2025). Second, cross border interoperability depends not only on technical integration but also on common messaging standards such as ISO 20022, harmonised settlement rules, and shared risk management frameworks—conditions emphasised in SIIPS, ECDPM's work on the EAC, and design documents for SADC's TCIB scheme (AfricaNenda, 2022; Domingo et al., 2023; World Bank, 2021). Third, regarding digital finance regulation and harmonization, Monye and Monye (2025) and (Drummond et al. (2015). stress the need for coherent legal and regulatory frameworks at regional level, while PAPSS and COMESA analyses show that fragmented FX controls, capital account restrictions, and inconsistent AML/CFT regimes can undermine even well designed platforms (Afreximbank, 2022; COMESA, 2025).

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A growing body of work also addresses cybersecurity and data governance in digital public infrastructure. (Ricci et al. 2025) highlight operational and cyber risks associated with high volume digital payments and call for stronger supervisory capacity, incident response frameworks, and cross border cooperation among regulators. SIIPS notes that many IPS in Africa still lack robust governance, resilience, and consumer protection features, despite impressive transaction growth (AfricaNenda et al., 2022). In SADC and ASEAN, central banks have explicitly embedded risk management and governance arrangements into regional payment initiatives, including clear allocation of roles, contingency planning, and oversight structures (AMRO, 2025; FinMark Trust, 2025; World Bank, 2021). These findings suggest that the EAC's efforts to unify its digital payment ecosystem will need to integrate cybersecurity, data protection, and governance from the outset, rather than treating them as secondary considerations.

For the EAC specifically, the literature identifies a combination of challenges and opportunities. On the opportunity side, the region benefits from deep mobile money penetration, vibrant fintech ecosystems, and ongoing initiatives to develop national IPS that could be linked regionally (AfricaNenda et al., 2022; Ricci et al., 2025). On the challenge side, (Domingo et al. 2023) point to fragmented regulation, uneven institutional capacity across member states, and limited cross border usage of existing infrastructures. AfricaNenda (2022) and AfricaNenda et al. (2022) note that low income users, women owned businesses, and informal traders are often under represented in the design and governance of payment systems, which risks reinforcing existing inequalities. Compared with ECOWAS and COMESA, where PAPSS and DRPP are already live, the EAC remains in an earlier implementation phase of its regional architecture; compared with SADC and ASEAN, its arrangements for regional RTGS integration and central bank coordinated payment connectivity are less mature but potentially more flexible, allowing it to incorporate lessons from these regions' successes and missteps.

In summary, there is broad agreement in the literature that instant, interoperable digital payment systems are critical for advancing regional integration, lowering cross border transaction costs, and expanding financial inclusion (AfricaNenda et al., 2022; AMRO, 2025; Ricci et al., 2025). Most authors concur that central banks and regional economic communities must play coordinating roles in setting standards, ensuring interoperability, and managing systemic and cyber risks (Afreximbank, 2022; ASEAN, 2023; Domingo et al., 2023). Where the literature diverges is in expectations about sequencing and emphasis: some studies prioritise building regional settlement and governance layers first (e.g., PAPSS, SADC RTGS, DRPP), whereas others stress that inclusive design and strong domestic interoperability are prerequisites for sustainable regional integration (AfricaNenda et al., 2022; Monye & Monye, 2022). For the EAC, the evidence suggests that success in advancing a unified digital payment ecosystem will depend on combining its strong mobile money base with carefully governed regional IPS, regulatory harmonisation, and proactive attention to inclusion, cybersecurity, and public value in digital finance.

Methodology

This policy brief is based on a qualitative synthesis of expert insights and institutional policy reviews. Primary evidence was drawn from the proceedings of Panel 4 of the East African Community Conference (EACON 2025), held on 7–8 October 2025 in Mogadishu, which convened policymakers, central-bank representatives, financial institutions, telecom operators, and academics to deliberate on building a unified digital-payment ecosystem in the EAC. The analysis integrates these panel recommendations with a desk review of key regional and continental frameworks, including the EAC Digital Payment Systems Masterplan (EAC Secretariat, 2025) and the AfCFTA Digital Trade and e-Commerce Strategy (African Union & UNECA, 2024).Complementary materials—such as the World Bank–GIZ (2023) Cross-Border Payments Report and national data from the Central Bank of Somalia (2024)—were examined to contextualize findings and validate emerging policy directions. No primary survey data were collected; rather, this synthesis triangulates institutional documents, expert dialogue outcomes, and scholarly literature to ensure analytical depth, credibility, and relevance to ongoing EAC integration processes.

Findings and Analysis

1. **Interoperability:** Panelists emphasized the need to integrate real-time gross settlement (RTGS) and mobile-money systems to facilitate instant, cross-border transactions. Interoperability across platforms would enhance both business-to-business and person-to-person payments, reduce transaction times, and support regional trade. A regional currency-settlement mechanism was proposed to simplify transfers and reduce conversion costs.
2. **Regulatory Harmonization:** Participants supported the upcoming launch of the EAC Cross-Border Payment System (targeted on May 2026) with support from GIZ and the World Bank. Achieving at least 70 percent implementation of capital-mobility commitments under the Common Market Protocol would improve regulatory consistency. The EAC Secretariat and partner institutions were encouraged to strengthen regional capacity for coordinated financial oversight and supervision.
3. **Cybersecurity:** A common EAC cybersecurity framework was identified as essential to mitigate a 25 percent rise in digital-finance incidents. Participants urged harmonization of data-protection standards, real-time threat-sharing mechanisms, and regional coordination among regulators to safeguard public trust in digital-payment systems.
4. **Partnerships for Scale and Sustainability:** The panel stressed the importance of University Industry Government partnerships to drive fintech innovation, data-driven financial inclusion, and workforce development. Expanding student mobility and digital-skills programs under EARDIP (EAC Regional Digital Integration Program) was recommended to build the human capital required for regional fintech growth.

Conclusion and Policy Recommendations

A unified digital-payment ecosystem is central to achieving the EAC's Vision 2050 and the AfCFTA digital-trade goals. With Somalia's accession, the region has a unique opportunity to model inclusive, interoperable, and secure financial integration that enhances economic resilience and deepens intra-EAC trade.

Policy Implications and Recommended Actions

Priority Area	Recommended Action	Expected Outcome
Policy & Standards	Harmonize digital-finance regulations across EAC.	Reduced transaction costs; faster cross-border payments.
Education & Skills	Adopt competency-based curricula in digital-finance fields.	Skilled regional workforce for fintech innovation.
Innovation Partnerships	Incentivize bank–university R&D collaborations.	Increased innovation and system resilience.
Currency Conversion	Develop regional settlement mechanisms.	Easier trade and remittance flows.
Infrastructure	Expand national instant payment systems.	Stronger foundation for interoperability.

To operationalize these recommendations, establishing an EAC Digital Finance Task Force, comprising national central banks, regulators, and private-sector leaders, is proposed. This mechanism would coordinate implementation, monitor progress, and ensure alignment with EAC integration milestones.

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