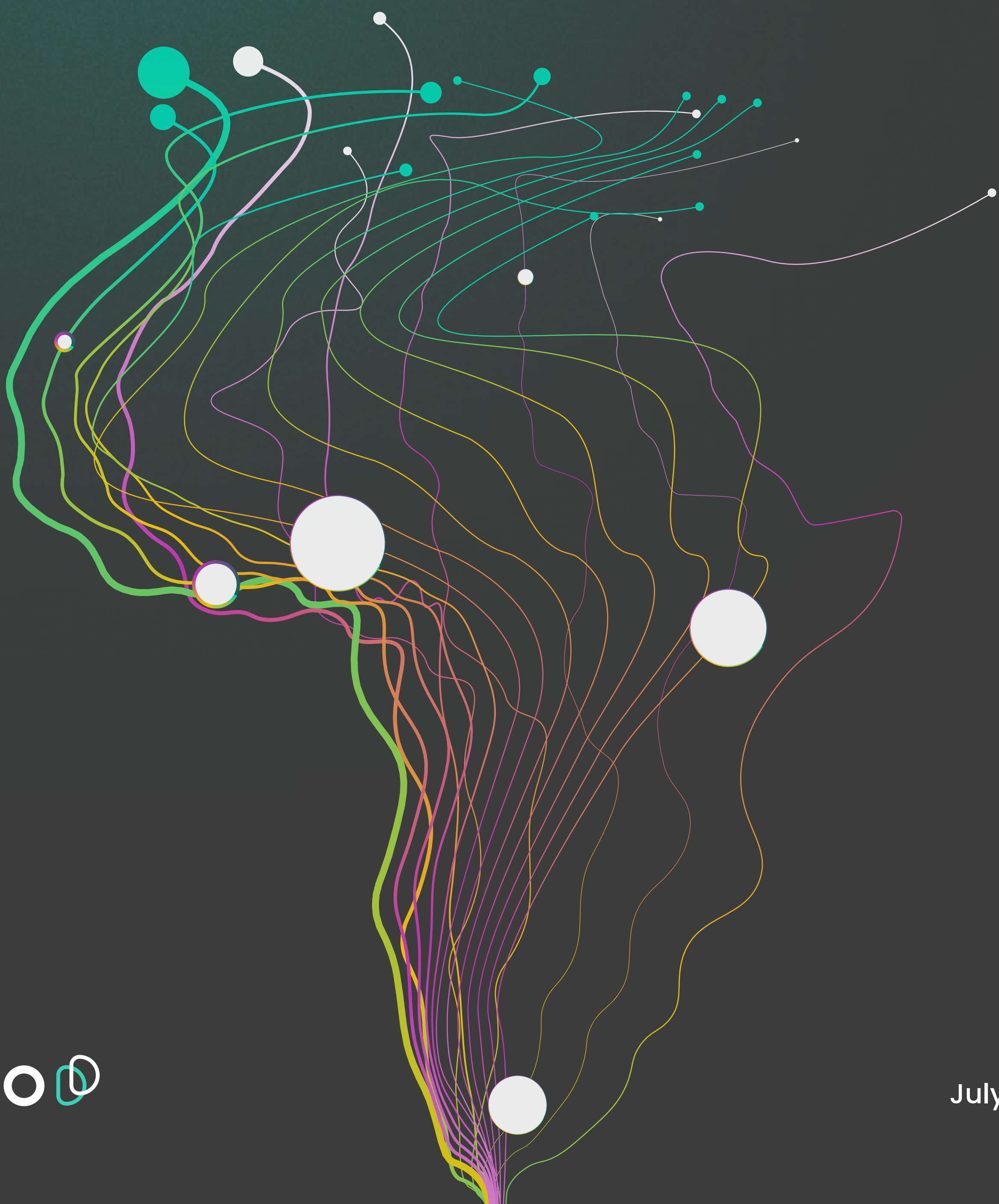
Exploring The State of B2B Payments in Africa

Zooming in on **Ghana, Kenya, Nigeria** and **South Africa**



Duplo

July 2023

About Duplo

Duplo is a business-to-business (B2B) payments platform that makes it easier for African businesses to pay each other by providing digital tools that enable a more efficient, cost-effective, and transparent payment process.

We've built an industry-agnostic B2B payments product that completely automates the back office processes of generating and processing invoices, receiving and approving bills, collecting and disbursing funds, and completing account reconciliation. With Duplo, businesses of all sizes can streamline their back-office operations and seamlessly pay suppliers, and get paid much faster from their business customers.

Businesses that adopt our platform have been able to see over $5.3 million in cost savings and save 80+ hours/month in reconciliation time.

Leveraging our deep domain expertise, we purpose-built a robust two-sided network that connects buyers and suppliers, drives digital transformation, increases efficiency and accuracy in payment workflows, accelerates payments, enables insight into critical analytics, and lowers operating costs for our customers. Duplo works seamlessly with major accounting and ERP platforms, such as Microsoft Dynamics, SAP, QuickBooks, Xero, and Sage, and all payments processed through Duplo are automatically synced with these platforms in real time.

If you are looking to streamline your financial operations, you can find out more about us here.

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Introduction

Introduction

In recent years, Africa's payments landscape has seen remarkable growth, spurred by technological advancements and evolving market dynamics. However, the progress across the payments landscape hasn't been uniform.

While Consumer-to-Business (C2B) and Consumer-to-Consumer (C2C) payments have been increasingly streamlined, the adoption of digital Business-to-Business (B2B) payments has lagged behind. This is partly due to the complexity and larger transaction volumes associated with B2B payments.

The African B2B payments sector represents a significant, yet largely untapped opportunity. The global B2B payments market boasts an estimated worth of $125 trillion[1] of which Sub-Saharan Africa's share stands at approximately $1.5 trillion[2] according to the World Bank. Despite this promising potential, many businesses grapple with considerable payment delays which affects their cash flow and slows their growth.

Historically, the B2B digital landscape has faced hurdles such as system instability, cybersecurity threats, and infrastructural inadequacies like unreliable connectivity. However, as fintech solutions become increasingly advanced, B2B transactions are becoming more secure and integrated, offering instant transfers, real-time fraud detection, enhanced transparency, and cost efficiency.

Despite these challenges, the African B2B payments landscape is on the brink of an evolution. The promise of digital transformation in this sector lies in various segments: automation of accounts payable and receivable, which could reduce payment delays and enhance cash flow; innovations in cross-border payments, which could simplify intra-African trade; development of fair trade financing solutions, particularly for small and medium-sized enterprises (SMEs); and the evolution of digital spend and expense management platforms, which could bring transparency, reduce fraud, and streamline operations.

Endnotes:
1. FT Partners (2022),"B2B Payments: The Last Major Bastion of Paper-based Payments and Processes"
2. World Bank (2022), "Innovative Solutions Accelerate Adoption Electronic Payments Merchants"

Therefore, the B2B payments sector in Africa is more than a financial market—it's a critical driver of the continent's economic growth, fostering trade and enabling SME growth. This report explores the current state of play of B2B payments in 4 sub-Saharan African countries—Ghana, Kenya, Nigeria, and South Africa. By analysing user payment behaviour, payment timeframes, and the regulatory environment, we aim to shed light on this vital sector.

1.1. Overview

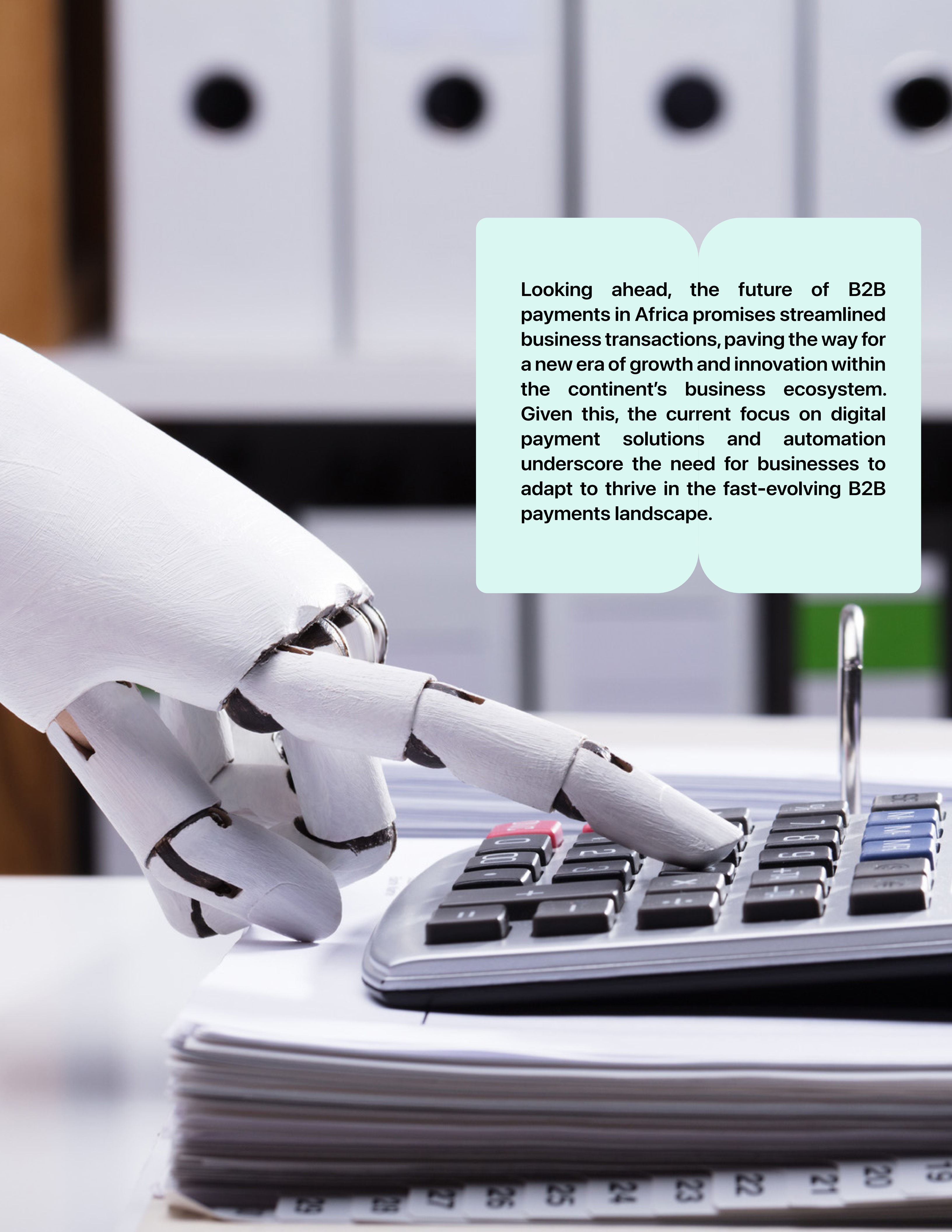
The B2B payment landscape in Africa is brimming with potential, propelled by a vibrant digital ecosystem, advancements in fintech, and heightened investor interest in the financial sector. The challenges associated with existing financial systems have paved the way for the rise of alternative financial solutions, including mobile money and other fintech innovations. Their rapid adoption highlights the growing appetite and readiness of businesses to adopt more efficient payment methods.

Previously marked with complexity and resource-heavy operations due to manual practices, the B2B payments sector is undergoing a digital transformation, with automation at its helm. Automation - the use of technology to perform tasks with minimal human intervention- is becoming increasingly prominent and fundamentally changing the way businesses operate, process information, and interact.

Automation is taking over the handling of repetitive, manual tasks such as invoice processing, payment approvals, payment scheduling, reconciliation, and error detection. By doing so with high accuracy and speed, it ensures quicker transactions, leading to a steady and predictable cash flow for businesses.

This shift to automation and digital payments has significantly improved efficiency, security, and cost-effectiveness, establishing digital B2B payments as a practical alternative to traditional cheques and cash. These digital solutions provide real-time transaction updates and operational flexibility, are not restricted by business hours, as well as contribute to reduced trade barriers, payment frictions, and associated risks, facilitating smoother business operations.

The rise of digital payments and automation has unveiled numerous opportunities for the modernisation of the B2B payment sector. Companies that persist with traditional payment methods risk being sidelined in the digital revolution. Through optimisation and automation processes, businesses can free up valuable resources - time, money, and manpower that can be channelled towards scaling and growth.



Looking ahead, the future of B2B payments in Africa promises streamlined business transactions, paving the way for a new era of growth and innovation within the continent's business ecosystem. Given this, the current focus on digital payment solutions and automation underscore the need for businesses to adapt to thrive in the fast-evolving B2B payments landscape.

1.2. South Africa

$994B

Payment Volume in 2022[3]

$1.8B

Funding to Fintechs between 2020 and 2022

Method of Payment	Electronic Transfers	Cards	Cheques	Cash	Debit Orders	Mobile Money
Percentage*	82.4%	14.7%	0.0%	1.8%	0.9%	0.2%

Key Payments Regulations

The National Payment System Act, 1998: Regulates the National Payment System to ensure efficient handling of payments and settlements between banks.

Financial Intelligence Centre Act (FICA), 2001: This Act is crucial for combating money laundering and ensuring due diligence measures such as Know Your Customer (KYC) and Anti-Money Laundering (AML) procedures, which are crucial in B2B transactions.

Electronic Communications and Transactions Act (ECTA), 2002: ECTA governs electronic communications and transactions, including B2B payments made online.

The Prevention and Combating of Corrupt Activities Act, 2004: This act strengthens measures to prevent and combat corruption and corrupt activities. It outlines offences related to corruption and measures for investigating corruption.

National Cybersecurity Policy Framework (NCPF), 2012: The NCPF was adopted by the Government to establish a comprehensive approach to cybersecurity across government departments. It led to the creation of a Cybersecurity Hub responsible for identifying and combating cybersecurity threats.

Protection of Personal Information Act, 2013 (POPIA: This act regulates the processing of personal information. While primarily focused on personal data, it can impact B2B transactions that involve the exchange of personal data

Cybercrime Act, 2021: This act establishes a legal and regulatory framework governing cybersecurity. It criminalises various forms of cybercrime and mandates reporting of cybercrime offences by service providers and financial institutions.

3. Payment volume and payment method numbers have been collected from the Central Bank and IMF data. Where there is no data available for a specific product, the value is estimated from the average growth rate from 2-3 years before

South Africa has been actively pushing towards the digitisation of its payment systems. A notable step in this direction was the joint notice issued by the South African Reserve Bank (SARB), Financial Sector Conduct Authority (FSCA), Payments Association of South Africa (PASA), and the Banking Association South Africa (BASA), which marked the end of acceptance and collection of cheques from December 31, 2020[4].

Despite this progressive stance, the country has been cautious about the adoption of e-money. According to SARB's E-Money Paper of 2009, only registered South African banks are allowed to issue e-money. This measure was taken to minimise risk in the national payment system but has limited the proliferation of mobile money and related services, especially in comparison to other sub-Saharan African countries. Consequently, fintech firms that wish to issue e-money must either partner with a registered bank or obtain authorisation as a bank, under the Banks Act.

Realising the need to keep pace with the rapid advancements in technology and innovation in payments, SARB has initiated an evaluation of the existing payment systems legislation. The goal is to assess the resilience and robustness of the National Payment System (NPS) legislative and regulatory framework. SARB has set a target date for legislative reform in 2022.

Additionally, as part of its Vision 2025, SARB is preparing to pilot its national Rapid Payments Programme (RPP) later in 2023. Now in the implementation phase, the RPP is designed to enable instant, final, and irrevocable payments using simplified identifiers such as mobile numbers or email addresses. This innovation aims to transform the way money is transferred, benefiting merchants, small businesses, e-commerce platforms, and consumers. Additionally, the RPP introduces proxy payments, eliminating the need for bank account details, and a digital request-to-pay feature, which allows users to solicit payments electronically.

A recent setback in South Africa's financial space is its inclusion in the Financial Action Task Force's (FATF) 'grey list' in February 2023. This inclusion signals the need for South Africa to adopt legislative changes over the next three to five years to modernise its regulatory framework for financial institutions and align with international standards concerning money laundering and terrorism financing.

Aerial view of Cape-Town

4. https://www.gov.za/speeches/south-african-reserve-bank-discontinuation-cheques-18-nov-2020-0000.

1.3. Nigeria

$3.5T

Payment Volume in 2022[5]

$2.9B

Funding to Fintechs between 2020 and 2022

Method of Payment	Electronic Transfers	Cards	Cheques	Cash	Mobile App	Mobile Money
Percentage*	79.0%	7.7%	1.9%	2.5%	6.5%	2.4%

Key Payments Regulations

The Cybercrimes (Prohibition, Prevention, etc) Act 2015: This Act is a legal framework for the prohibition, prevention, detection, prosecution, and punishment of cybercrimes in Nigeria, including those related to digital payments.

The Bank and Other Financial Institutions Act (BOFIA) 2020: This Act provides a framework for the regulation and supervision of the activities of banks and other financial institutions. It includes provisions that pertain to electronic transactions and digital payments.

The Nigeria Payment System Vision (PSV) 2020: This regulatory policy document outlines the strategic vision of the CBN for the country's payment system. It covers objectives like driving financial inclusion, ensuring a safe and efficient payment system, and encouraging the adoption of electronic payments.

The Nigeria Payment System Management Body (PSMB) Guidelines: These guidelines established by the Central Bank of Nigeria (CBN) govern the management of payment systems in the country, providing a regulatory framework for payment system operators.

The Nigerian Central Bank's Guidelines on Mobile Money Services in Nigeria: These guidelines provide a regulatory framework for the licensing and regulation of mobile money operations in Nigeria.

The Central Bank of Nigeria (CBN) Guidelines for the Regulation of Agent Banking and Agent Banking Relationships in Nigeria: These guidelines provide the framework for agent banking services, enabling third parties to provide banking services, which is a key component of extending digital payments to underserved areas.

5. Payment volume and payment method numbers have been collected from the Central Bank and IMF data. Where there is no data available for a specific product, the value is estimated from the average growth rate from 2-3 years before

Nigeria, a trailblazer in Africa's digital and payments economy, boasts one of the most vibrant tech and payments markets on the continent. The country has undergone a remarkable transformation in its B2B payments landscape.

Historically, Nigeria's B2B payments ecosystem was predominantly cash-based[6]. Recognising the need for a more secure and efficient payment system as a result of issues like fraud, counterfeiting, and difficulty in tracking transactions, the Central Bank of Nigeria launched a demonetisation process in October 2022, which aimed to reduce physical cash in circulation and transition towards a cashless economy. The policy led to the redesign of higher Naira notes, resulting in a return on NGN 1.9 trillion worth of notes within three months. Though faced with temporary cash shortages and public unrest, this initiative effectively laid the groundwork for an unprecedented surge in digital payment methods among businesses and consumers.

Historically, Nigeria's B2B payments ecosystem was predominantly cash-based. Recognising the need for a more secure and efficient payment system as a result of issues like fraud, counterfeiting, and difficulty in tracking transactions, the Central Bank of Nigeria launched its cashless policy in January 2012. This policy led to a massive increase in digital payment adoption. The volume of e-payment transactions increased from 27,227,379,414,746 Naira in 2012 to 1,550,443,208,305,530 Naira in 2022[7]. A full implementation plan termed the demonetisation process was set in motion in January 2023.

Fintech companies have emerged as pivotal players in this transformative journey. Additionally, businesses have embraced electronic funds transfers, mobile money, and other fintech solutions, which are now integral components of the payments ecosystem.

Aerial view of Lagos

While the rapid pace of digitalisation has brought some infrastructural challenges to light, including failed transactions, fraud, and inadequate internet access, it has also spurred innovation and the development of solutions such as advanced cybersecurity measures, AI-driven fraud detection systems and more efficient transaction mechanisms to these challenges. Traditional banking continues to play a significant role, but the landscape is now enriched with a plethora of options such as agency banking services, digital wallets, and cross-border payment solutions.

Guided by visionary regulatory policies, the sector is poised for continuous evolution, with emerging technologies and innovators shaping the future of Nigeria's B2B payments landscape.

6. https://www.benjamindada.com/b2b-payments-cash-shortage-nigeria/
7. https://www.cbn.gov.ng/paymentsystem/epaymentstatistics.asp

1.4. Ghana

$2.9B

Payment Volume in 2022[8]

$320M

Funding to Fintechs between 2020 and 2022

Method of Payment	Electronic Transfers	Cards	Cheques	Cash	Others	Mobile Money
Percentage*	82.4%	4.0%	22.5%	18.8%	0.5%	22.6%

Key Payments Regulations

Establishment of the Payment Systems Advisory Committee (PSAC): The Bank of Ghana established PSAC in 2020 under the Payment Systems and Services Act 2019 (Act 987) to advise on the regulation and standards of payment systems. The act licences and regulates service providers and Fintechs, facilitating B2B payments.

Tiered KYC Document for Merchant Accounts: The Bank of Ghana published a tiered Know Your Customer (KYC) document to enable micro to medium-sized enterprises to access suitable digital merchant accounts, fostering the acceptance of digital payments.

Promotion of Mobile Money as an alternative to cash, (During COVID-19):

a. Utilised GSM KYC data to activate minimum KYC accounts.
b. Introduced a GH¢100 daily limit for fee- free person-to-person transfers.
c. Increased daily transaction limits.
d. Increased monthly aggregated transaction limits.
e. Raised the maximum account balance limits.

Guidelines on Electronic Money Issuers and Agents: Bank of Ghana issued guidelines that outline the responsibilities and requirements for entities in electronic and mobile money transactions, affecting how B2B payments are conducted via mobile platforms.

Cyber Security Guidelines: With the surge in digital transactions, the Bank of Ghana accentuates the importance of cyber security and expects financial institutions to implement robust security measures.

Data Protection Act: This act governs the collection, usage, disclosure, and care of personal data, ensuring the privacy protection of individuals and companies involved in financial transactions.

8. Data retrieved from Statista. The validity of the data cannot be verified.

Ghana's thriving digital ecosystem can be attributed to several factors. These include the widespread mobile connectivity, strong government initiatives in support of digitisation, regulatory frameworks by the bank of Ghana, and a vibrant Fintech sector. Recognising the importance of a digital economy for growth and financial inclusion, Ghana has made significant strides towards digitising its economy, particularly in the payments ecosystem, beginning with the World Bank-sponsored e-Transform project, which aimed at establishing a national inclusive digital payments ecosystem, laying the groundwork for reducing reliance on cash transactions.

In 2014, the Ghanaian government made a notable commitment by developing the National Payments Strategy. This commitment was further solidified when Ghana joined the United Nations' Better Than Cash Alliance[9], which marked a formal dedication to transition to digital channels. In recent years, to operationalise these commitments, the Ministry of Finance has created a Digital Payments Roadmap. Informed by studies, workshops, and stakeholder inputs, this roadmap serves as a guide for the systematic implementation of digital payment strategies.

An integral part of this roadmap is the "National Payment Systems Strategic Plan (2019-2024)[10]," which was established as an extension of the 2014 National Payments Strategy. Rooted in the Bank of Ghana Act, 2002 (Act 612) and the Payment Systems and Services Act (2019), this plan is geared towards leveraging digital technology to cultivate an environment conducive to the growth of the Ghanaian payment and financial systems. The focus lies in fostering efficient payments, improving financial inclusion, and enhancing financial innovations.

The progress is measurable and significant. For instance, the Ghana Interbank Payment and Settlement System (GhIPSS) reported a 103% increase in transactions processed across all its platforms at the end of 2020 compared to 2019. The number of mobile money accounts increased by 18.49%, and issued credit cards rose by 13.73%[11]. This growth is particularly noteworthy considering a 2016 study by the Ministry of Finance with support from the Better Than Cash Alliance that found 99% of payment transactions in Ghana were conducted in cash and only 1% were through digital means[12].

Aerial view of Accra

9. Based at the United Nations, the Better Than Cash Alliance is a global partnership of governments, companies, and International Organisations that accelerates the transition from cash to responsible digital payments to help achieve the SDGs.

10. https://www.bog.gov.gh/wp-content/uploads/2022/01/National-Payment-Systems-Strategic-Plan-2019-to-2024-2.pdf

11. https://www.bog.gov.gh/wp-content/uploads/2022/02/Payment-Systems-Annual-Report-2020.pdf

12. https://mofep.gov.gh/sites/default/files/acts/Ghana_Cashlite_Roadmap.pdf

1.5. Kenya

$112.8B

Payment Volume in 2022[13]

$3.0B

Funding to Fintechs between 2020 and 2022

Method of Payment	Electronic Transfers	Cash-based	Cheques	Cards	Debit Orders
Percentage*	6.5%	5.3%	19.2%	1.9%	67.1%

Key Payments Regulations

National Payment system act, 2011: It provides for the oversight, regulation and supervision of payment, clearing and settlement systems by the CBK.

Kenya Information and Communications Act: Regulates electronic transactions and signatures, also providing a legal framework for electronic commerce.

Mobile money guidelines: Focus on areas like transparency, customer service, security and anti-money laundering measures.

Guidelines on Agent Banking: To extend banking and financial services to remote areas where setting up a branch may not be feasible, the CBK issued guidelines that allow banks to use agents as a way of providing their services.

Regulations for E-Money: E-Money regulations have been put in place to govern mobile banking and other digital payment systems. These rules are designed to ensure transparency, accountability, and customer safety.

13. Payment volume and payment method numbers have been collected from the Central Bank and IMF data. Where there is no data available for a specific product, the value is estimated from the average growth rate from 2-3 years before

Aerial View of Nairobi

Kenya's B2B payment landscape has undergone a significant digital transformation, driven by various factors. One standout factor is the dominant presence of M-PESA, which has reshaped business payments in the country, offering a convenient and efficient alternative to traditional payment methods.

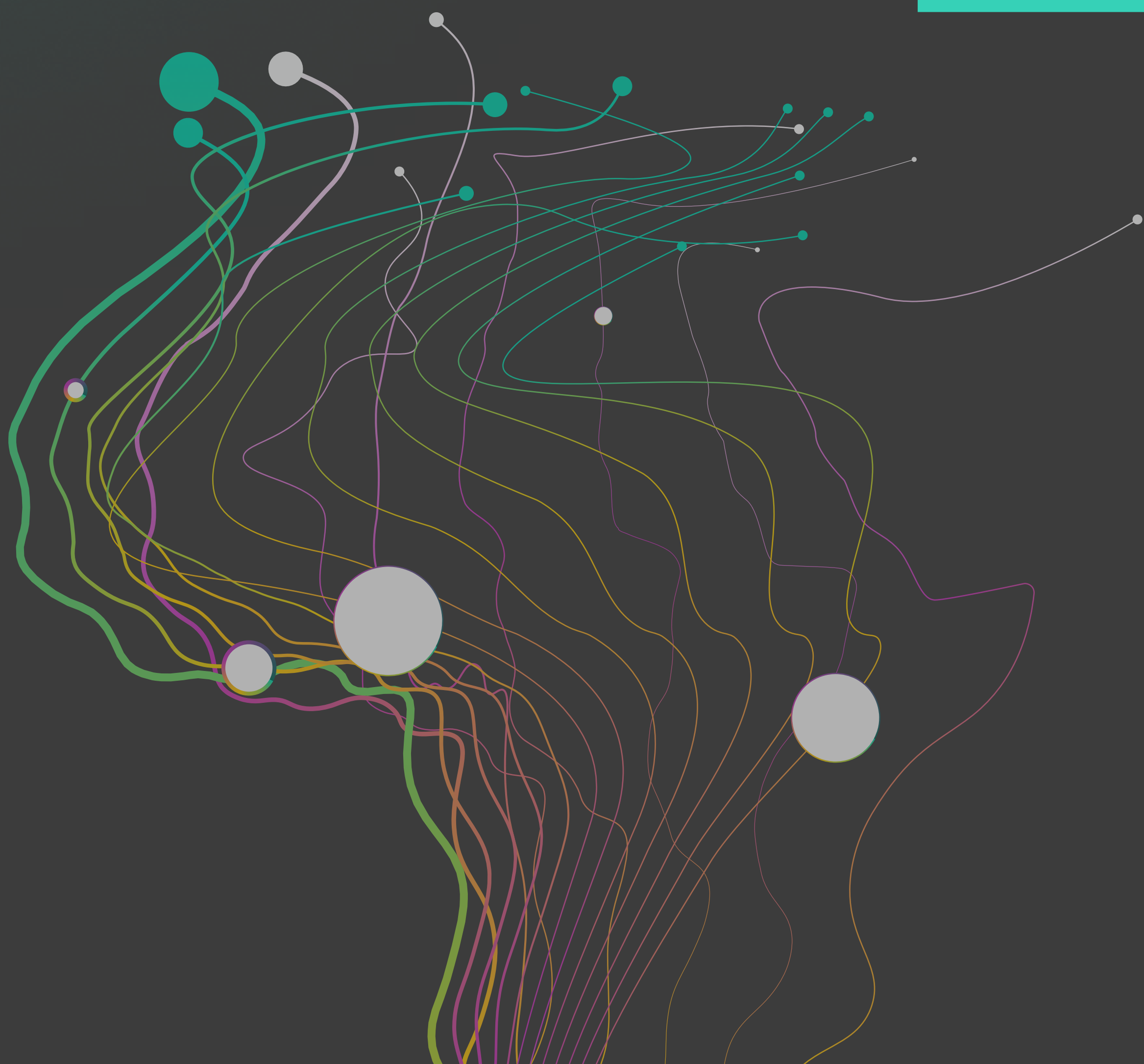
M-PESA's rise to prominence in Kenya can be attributed to various factors, including the widespread accessibility of mobile phones and the internet, as well as the convenience and security provided by the mobile money platform. Its contactless and cashless features proved invaluable during the pandemic, enabling businesses to continue operations while adhering to safety protocols. The adoption of M-PESA by major billers like the Kenya Power and Lighting Company (KPLC), has further contributed to its widespread acceptance in the B2B sector.

In addition to the impact of M-PESA, the digital B2B payments landscape has evolved due to the growing acceptance of credit and debit cards, supported by the expansion of physical card acceptance points and the rise of e-commerce. However, it is important to note that cash and cheques still hold a significant role in certain segments, particularly among small businesses and micro-enterprises.

Overall, Kenya's B2B payment landscape reflects the interplay of technology adoption, ecosystem growth, and regulatory measures, all contributing to the increasing adoption of digital payments.

2

Survey Results



2.1. Methodology

The report provides an analysis of data gathered from a survey conducted in Q2 2023.

The survey targeted finance professionals and founders, aiming to identify trends and comprehend business preferences related to B2B payments. This exploration focused on four key markets: Kenya, Nigeria, South Africa, and Ghana.

The data, referred to as 'Sample Data' within this report, provides insights into how businesses manage their payments, the factors they consider while choosing a payments provider, the duration of their payments, and the software used in their operations, among other things.

The report encompasses responses from more than **1200 businesses** across these **4 countries.**

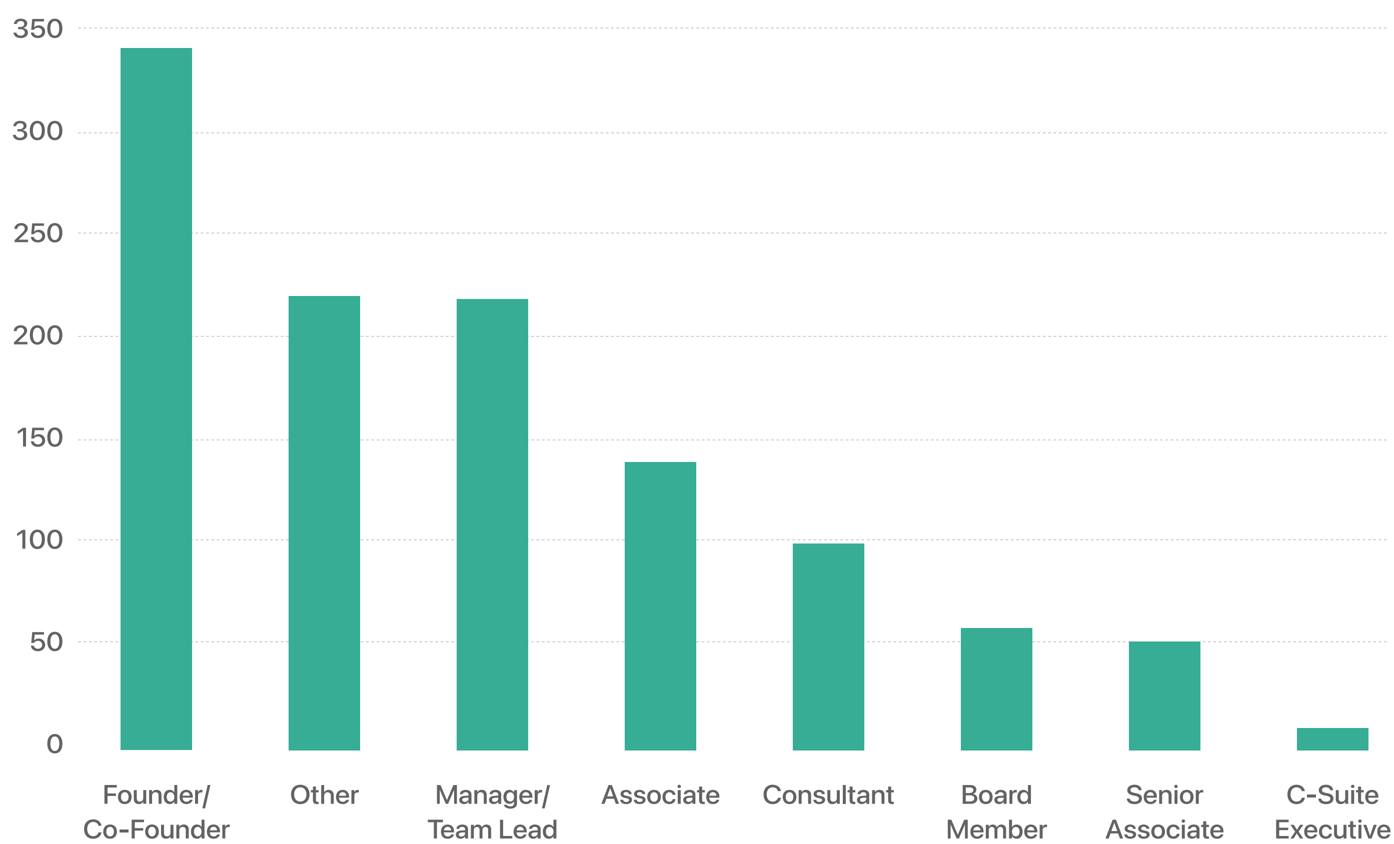
The survey's data is also complemented by ecosystem data from Briter Intelligence. Comparisons to the first edition of this report are made where relevant, but it's important to note that the respondents and choices given may not be similar, so any findings compared between the two surveys should be interpreted with caution as they do not necessarily reflect a direct trend.

2.1. Respondents

Survey Overview

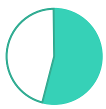
The report explores survey data from 1,218 contributors from Nigeria, Ghana, South Africa, and Kenya.

The distribution of the responses is relatively even across the four countries, indicating a well-balanced distribution of answers. A notable 29% of this year's respondents are business owners and an additional 19% are team leaders or managers. Significantly, 72% of those surveyed are part of finance teams, indicating that the insights predominantly reflect the perspectives of professionals closely involved in financial operations.



2.1. Respondents

Company Profiles

54.1% 

of respondent companies were established between 2011 and 2022 indicating a significant presence of relatively young businesses.

47% 

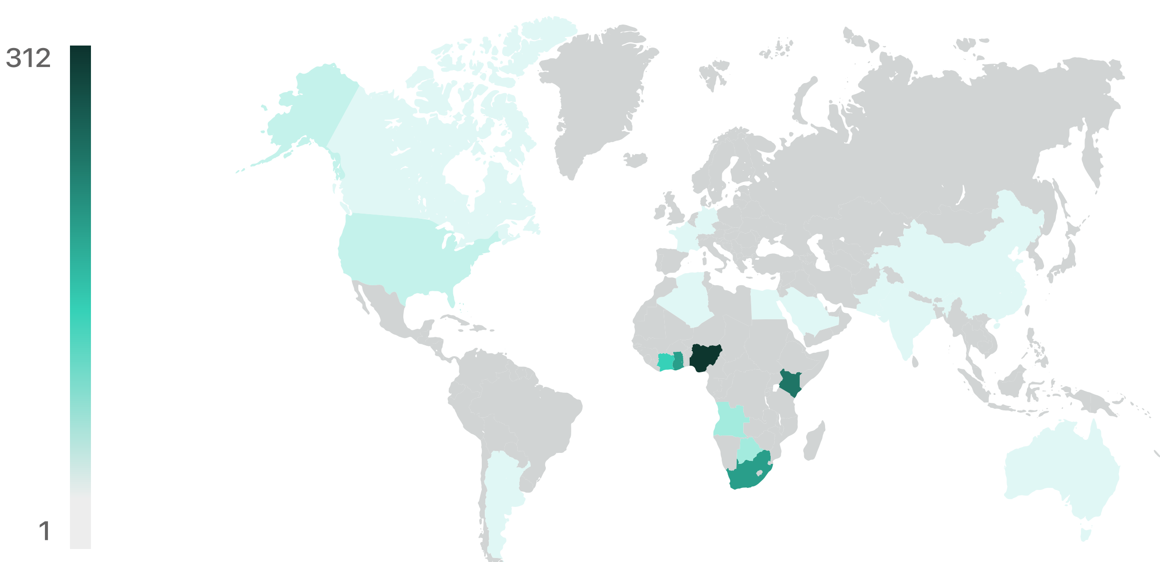
of respondent companies earn less than $100K a year reflecting the number of small businesses contributing to the study. Lower financial capacity speaks to the importance of affordable B2B payment services.

32.5% 

of respondent companies have less than 10 employees followed by companies with 11 to 50 employees (23.9%). Large businesses, with over 500 employees accounted for 16% of respondents.

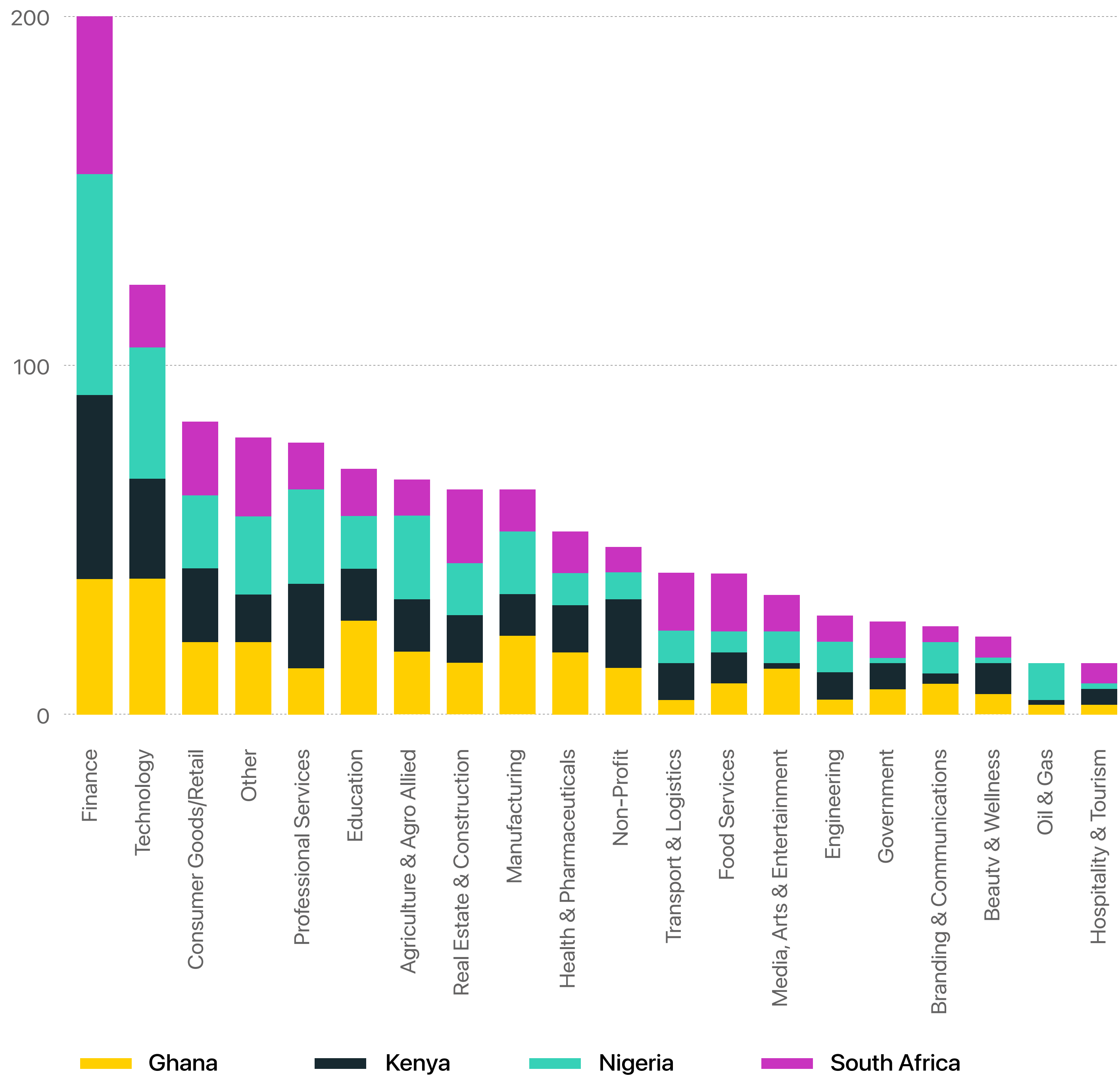
Finance & Tech

were predominant sectors, particularly in Kenya and Ghana.
Consumer Goods and Retail sectors maintained consistent presence across all 4 countries.



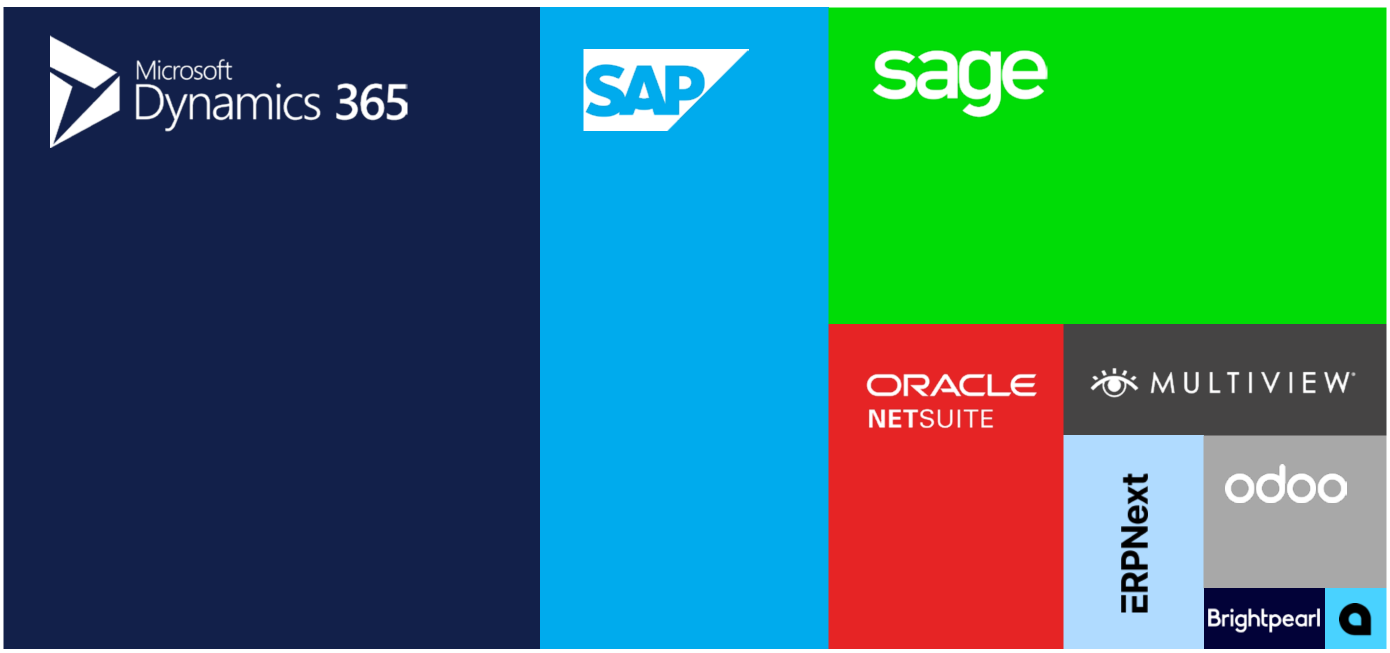
2.1. Respondents

Sector Distribution of Respondents



2.3. ERP Software Popularity

In the diverse landscape of business operations, the choice of ERP and accounting software is a critical decision that can significantly impact a company's efficiency and financial control. Businesses typically consider factors like the size of their operations, industry needs, customisation, integration, cost, and user-friendliness when choosing these softwares. Legacy systems may, however, be retained for historical data and familiarity despite new alternatives. This section discusses ERP and Accounting software usage among the respondent companies.



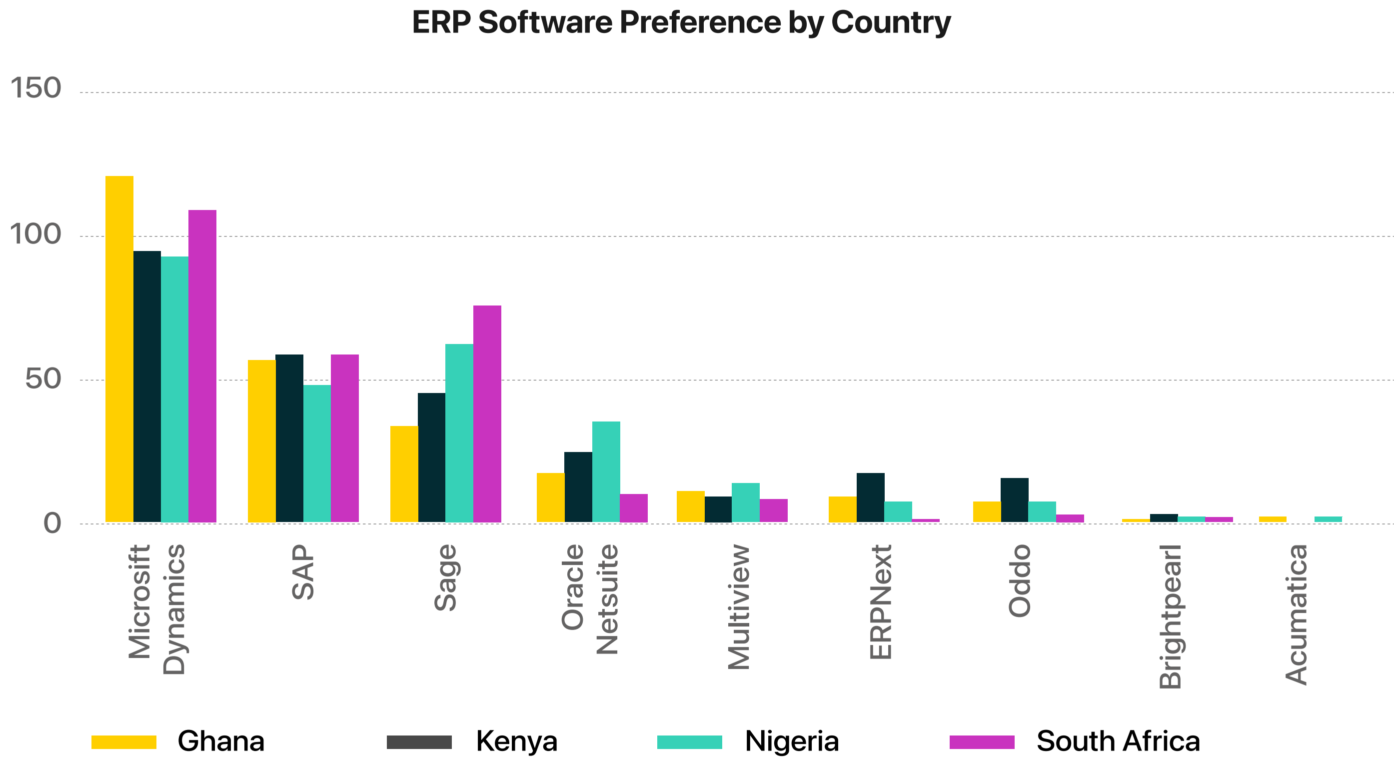
Microsoft Dynamics is the preferred ERP software, used by 39.2% of teams.
This is likely due to its broad functionality and customisable features.

SAP and Sage follow, at 20.9% and 20.3% respectively, which can be attributed to their reliability and comprehensive capabilities, making them suitable for a wide range of operational needs.

Brightpearl and Acumatica have minimal usage, at 0.8% and 0.4% respectively, possibly due to limitations or a lack of awareness. Less mainstream options such as **Multiview, ERPNext, and Odoo**, also have an uptake, ranging from 3.06% to 3.92%, suggesting niche requirements these software cater to. In B2B payments, understanding the ERP systems businesses use is important as payments are often processed or managed within these systems.

'It's crucial for providers to integrate well with common ERP systems and also explore opportunities with organisations using less popular software.'

2.3. ERP Software



Microsoft Dynamics dominates across various team sizes and the 4 markets surveyed.
While Sage is popular among smaller teams, it's also significant in South Africa and Nigeria, hinting at regional and size-specific preferences in ERP selection.

ERPNext and Odoo find their niche in Kenya and among small to mid-sized teams. Acumatica and Brightpearl see limited use in larger teams and across all the 4 countries. These findings underscore the need for B2B payment solutions that align with prevalent ERPs and meet regional and size-specific needs.

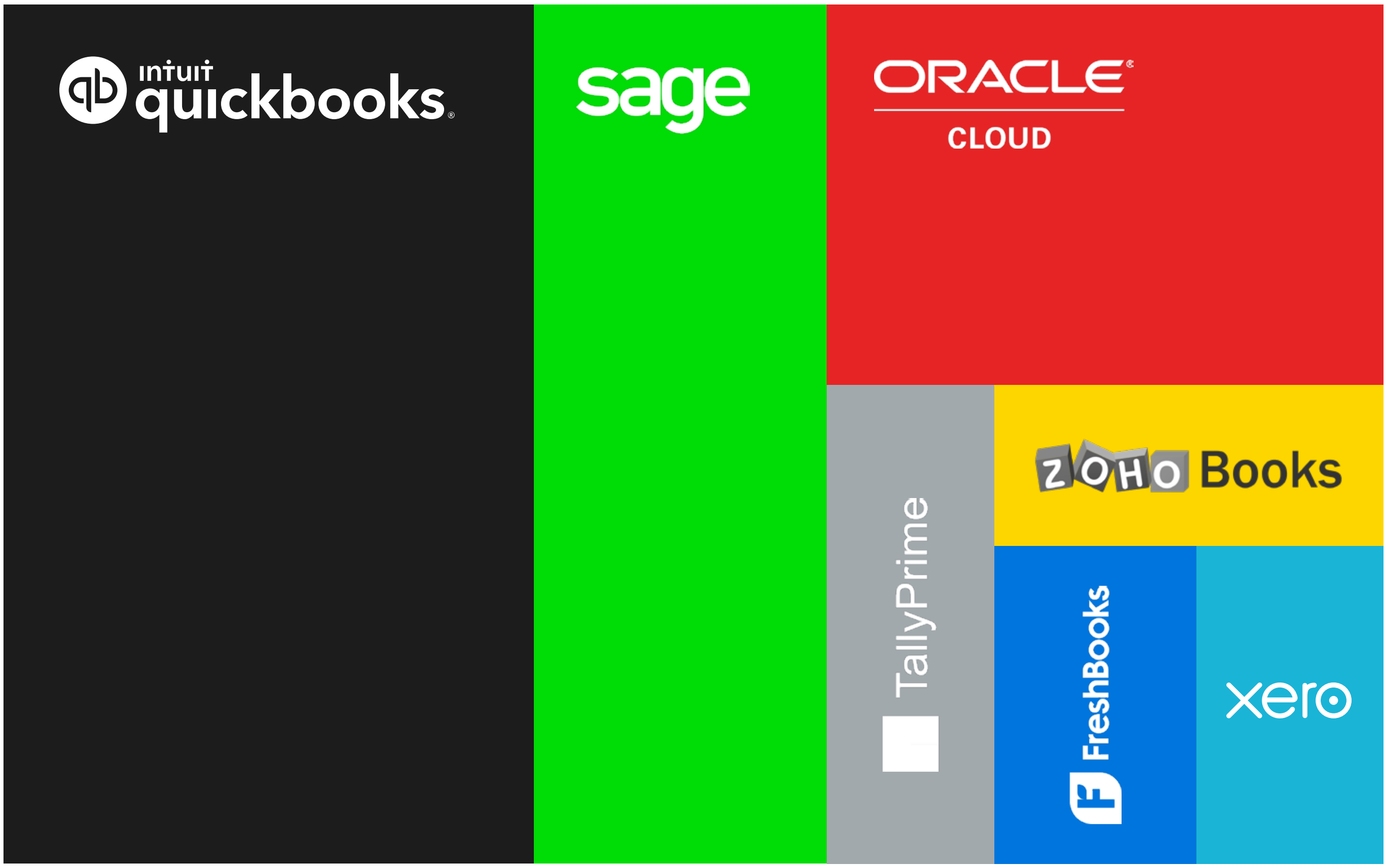
Contrasting with revenues, Microsoft Dynamics dominates as the preferred choice across all revenue categories, with a particularly strong presence among businesses earning $100K or less.

SAP is the second most popular option, also showing consistent usage across various revenue segments. Sage closely follows, with notable adoption among smaller companies (below $1M in revenue).

Oracle Netsuite, Multiview, ERPNext, Odoo, Brightpearl, and Acumatica have significantly smaller user bases. ERPNext and Multiview see some usage in the mid-revenue range ($1.1M - $10M and $51M - $100M). **Microsoft Dynamics is the most versatile and popular ERP software**, with SAP and Sage being alternatives, especially for smaller to mid-sized businesses.

2.3. Accounting

Accounting Software

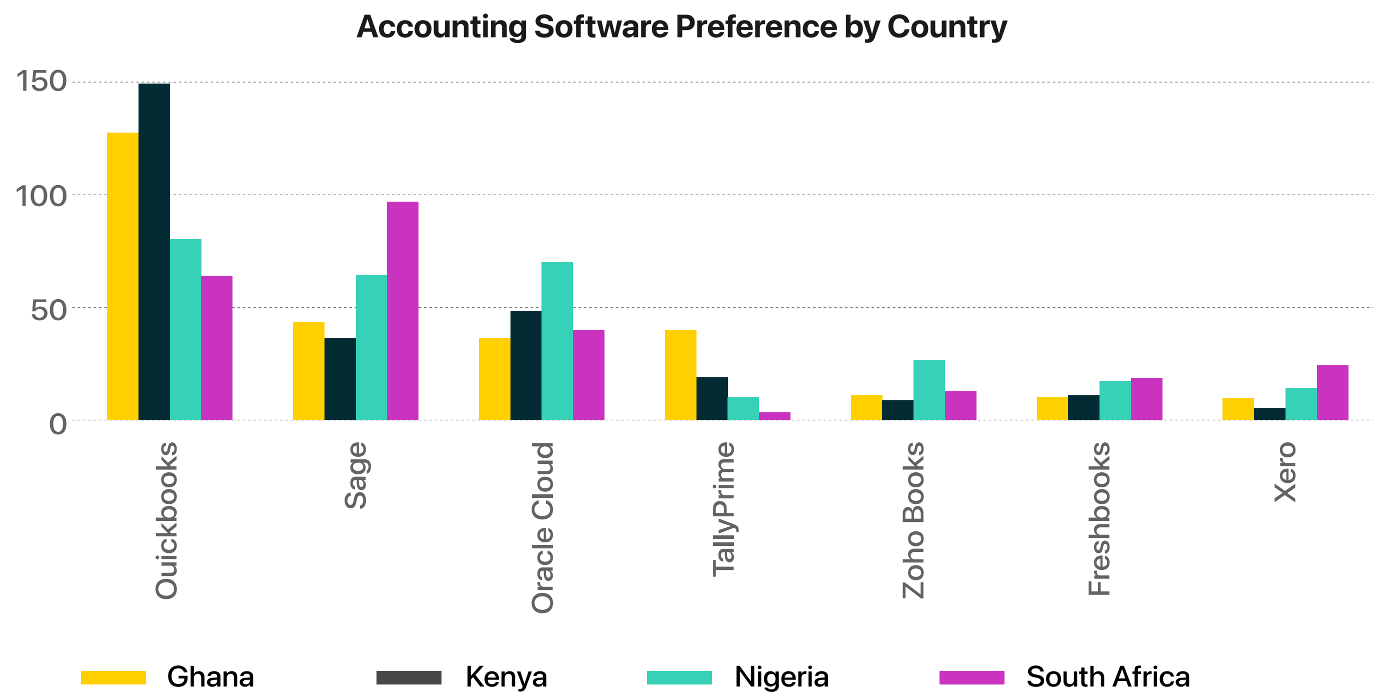


Quickbooks leads in accounting software usage with a 38.23%
This is likely due to its broad functionality and customisable features which cater to a broad range of business accounting needs.

Sage and **Oracle Cloud** follow in usage, with 21.81% and 17.79% respectively, their uptake is likely attributed to their comprehensive features and performance. Xero, Zoho Books, and Freshbooks, with shares of 4.93%, 5.38%, and 5.29% respectively, appear to serve more niche needs of companies using them. TallyPrime holds a share of 6.57%, indicating its recognition in specific market segments.

Given the variety in software preferences, B2B payment providers should ensure integration with popular options and consider tailoring their offerings for those using niche software. This will help them enhance compatibility and cater to varied system requirements.

2.3. Accounting Software



In analysing the accounting software usage across different countries and company sizes, several observations can be made. **Quickbooks emerges as the most widely adopted software** in both categories, with Kenya exhibiting the highest usage. Sage follows as the second most popular software, showing significant usage in South Africa and among companies with 1-10 employees. **Oracle Cloud demonstrates consistent usage across various team sizes**, particularly in smaller teams and those with over 500 employees.

On the other hand, TallyPrime is more commonly used in smaller teams. Zoho Books and Freshbooks exhibit higher usage in smaller teams, which gradually decreases as team sizes grow. Xero demonstrates moderate usage across both team sizes and across the studied countries.

Contrasting by company revenues, Quickbooks is the most popular accounting software across all company sizes, particularly in those earning $100K or less annually, followed by Sage. Sage's usage drops among firms with revenues above $50M. Oracle Cloud sees more use in larger companies, with revenues between $101M to $1B. TallyPrime, Zoho Books, Freshbooks, and Xero have a smaller user base, but TallyPrime and Xero are notably popular with businesses earning $51M to $100M. Companies with revenues above $1B show varied software use, which could be attributed to their considerable financial resources, allowing for investment in diverse software solutions. Overall, we note that software preferences differ across businesses of varying sizes.

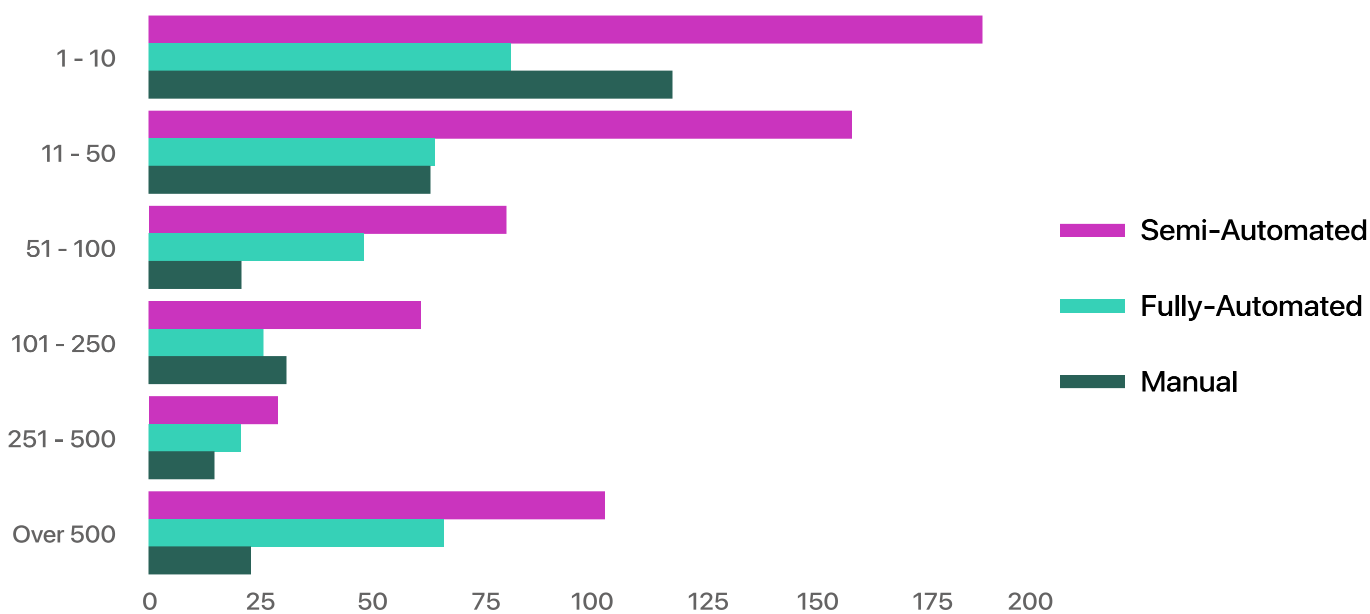
2.5. Payment Systems

Overview

Half of the businesses (50.5%) surveyed use semi-automated payment systems, illustrating a significant inclination towards adopting technology to enhance their payment processes.

Only 25.1% employ fully automated systems. Notably, 22.2% still rely on manual methods, suggesting room for further digital adoption.

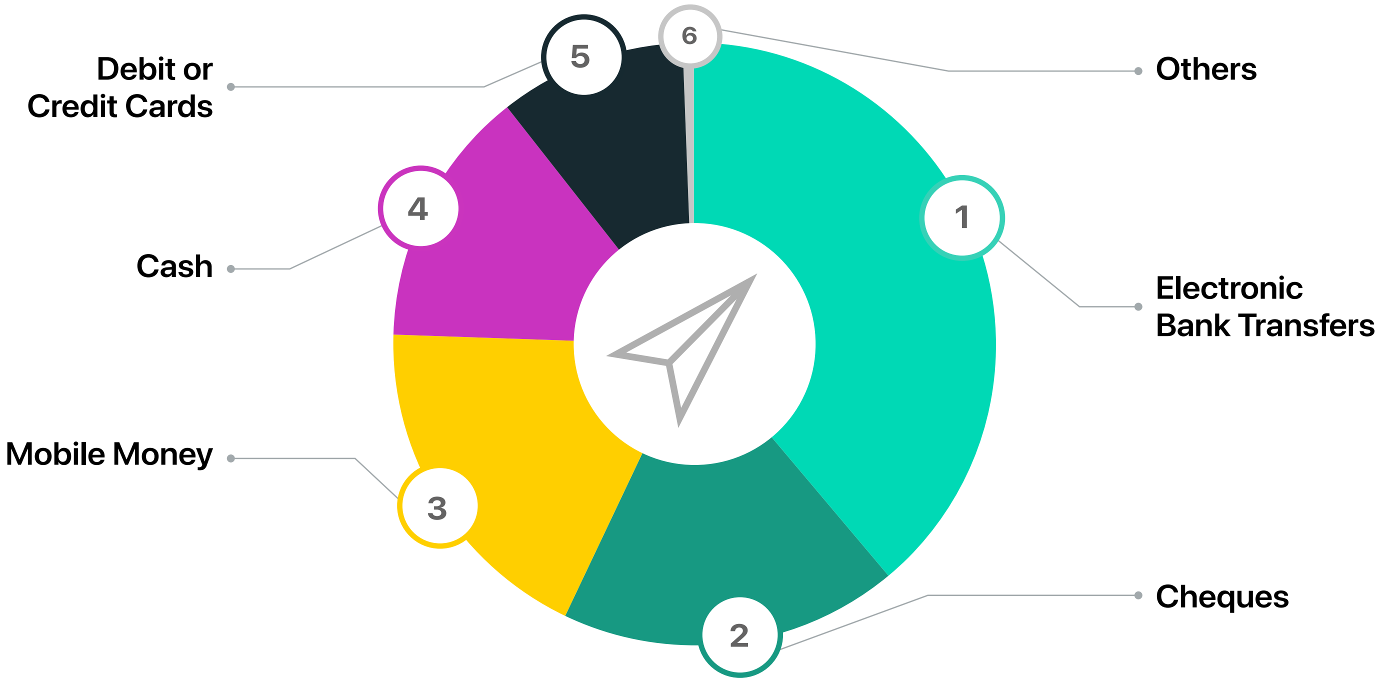
Payment Systems by Company Size



Semi-automated systems appear to be the most prevalent across all team sizes. In contrast, fully-automated systems, while less widespread, see their highest usage among smaller and mid-sized teams. As the team size increases, the adoption of fully-automated systems reduces. Manual systems persist, mostly within smaller teams, with significant usage in the 1-10 members category.

As the team size grows, the reliance on manual systems markedly decreases. Thus, the data highlights a gradual shift towards automation in payment systems, with semi-automated systems leading the charge, especially in smaller to mid-sized teams.

How Vendors are Paid

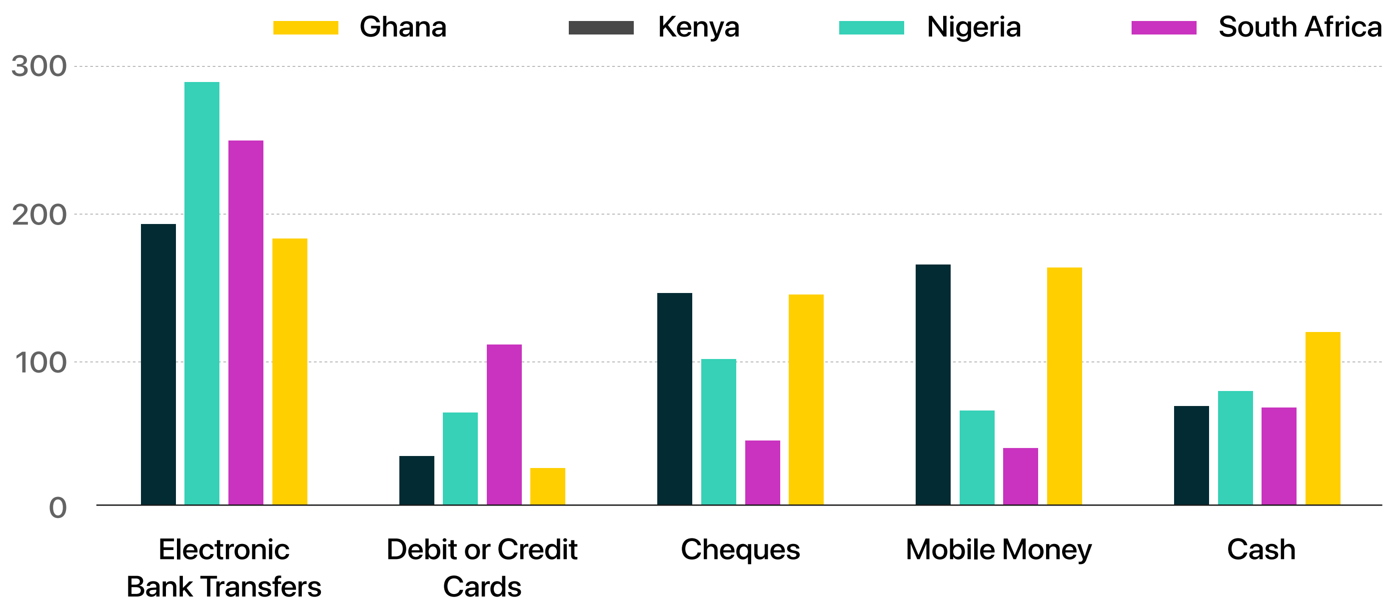


Electronic Bank Transfers are the most favoured way to pay vendors at 39%.

This is followed by cheques and mobile money at 18% each, and debit/credit cards at 10%. Despite digitisation, however, 14% still use cash. The Sample Data shows a **shift toward digital payments**, especially electronic bank transfers, while also noting the persistence of traditional methods like cheques and cash. It is important to note, however, that payment choices aren't arbitrary but are influenced by factors such as **efficiency, security, transaction size, fees, industry needs, and regional practices.** For instance, cash is still favoured for its simplicity in small transactions and in areas with limited digital adoption.

2.5. Payment Breakdown

Payment Methods by Country



1 **The surveyed companies** across all the four countries are increasingly using digital payments as seen from **electronic bank transfers emerging as the top choice for paying vendors**. South Africa leads with 49.1% adoption of electronic bank transfers, followed by Nigeria (48.5%), Ghana (34%), and Kenya (31.9%).

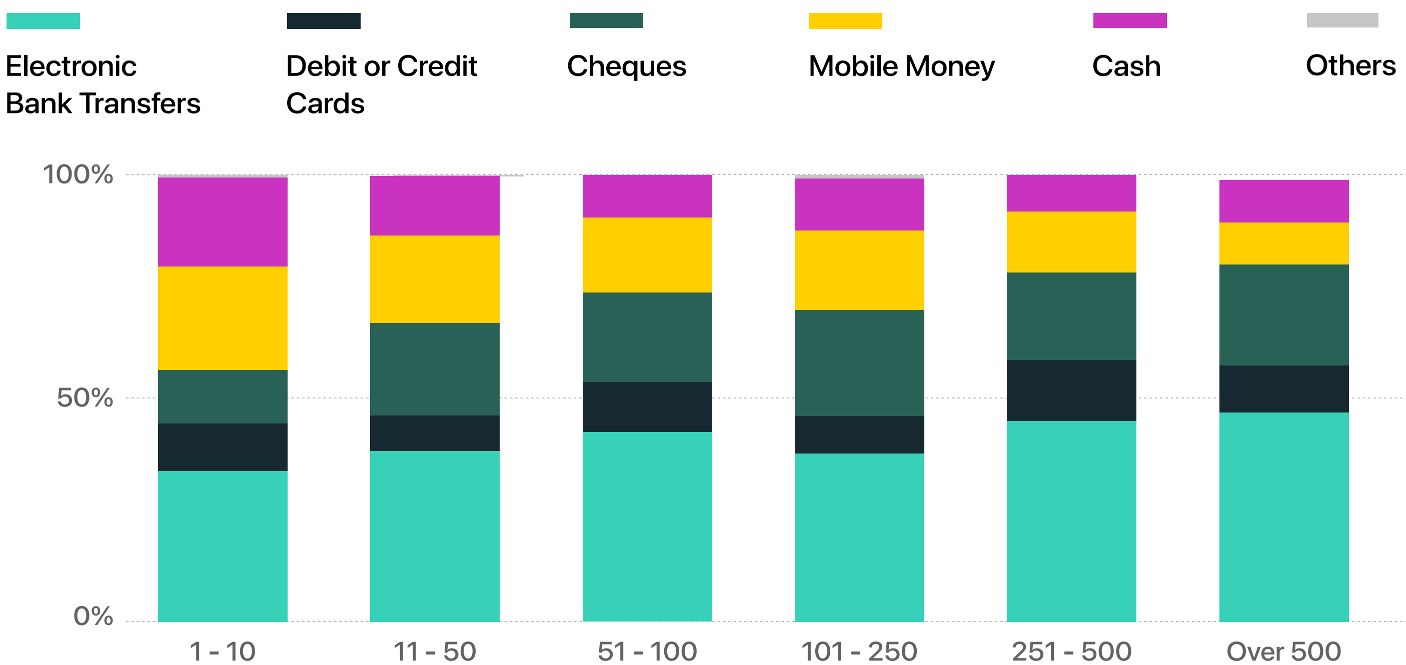
2 **South Africa** has a notably higher adoption of debit or credit cards at 21.4%, compared to Ghana's 4.7%, reflecting a more developed banking sector and greater card service penetration.

3 **Mobile money** is more prevalent in Kenya (27.2%) and Ghana (30.4%) compared to Nigeria (10.7%) and South Africa (7.6%), likely due to the success of platforms like M-PESA in Kenya and MTN Mobile Money in Ghana, consistent the findings of the first edition of this report.

4 **Cheques** are still fairly popular in Kenya (24%) and Ghana (26.8%) compared to South Africa (8.4%), possibly due to established business relationships or preference for paper trails, but their use is fading, consistent with previous years' findings.

5 **Ghana** leads in cash payments at 22.4%, versus 13% in Nigeria and South Africa, and 11.1% in Kenya, suggesting a significant informal sector in Ghana where cash transactions are favoured.

Payment Methods by Company Size



Electronic Bank Transfers are favoured across all company sizes, with adoption increasing with company size

This peaks at 47.7% for companies with 251-500 employees and 41.6% for those with over 500 employees, likely due to larger transaction volumes and a need for streamlined accounting processes in bigger companies.

Micro-companies (1-10 employees) use mobile money (20.5%) and cash (17.7%) more than larger companies

Usage then drops to 8.5% and 10.1% respectively, specifically for those with over 500 employees. This trend aligns with findings from last year's study and is likely due to the convenience and ease in handling smaller transactions using these methods.

Cheques are consistently used by companies of various sizes

They are especially favoured by mid-sized companies (11-50 employees at 18.4% and 101- 250 employees at 25.7%).

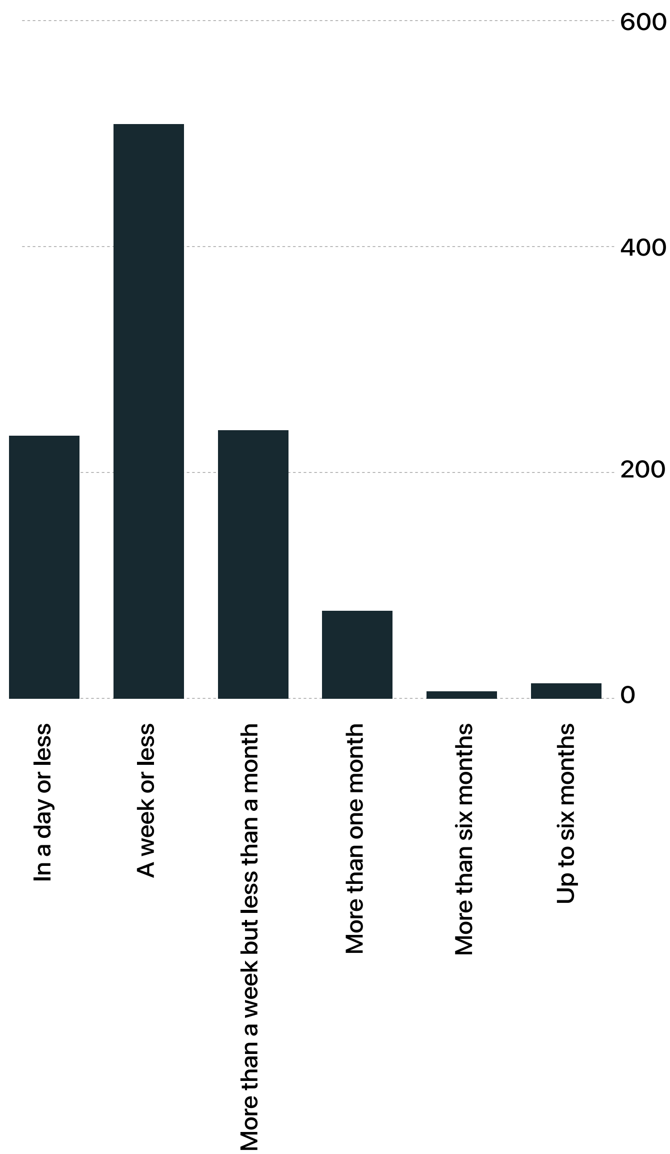
Debit or Credit Cards are not widely used across all company sizes

They are however slightly favoured by micro-companies with a 9% adoption rate.

2.7. Wait Time

Wait Time to Process invoices

83% of companies process invoices in under a week.



35% do so within a day, indicating increased efficiency compared to the previous year, possibly due to streamlined systems, utilisation of efficient software, or automation. Quick invoice processing can greatly benefit companies by ensuring healthier cash flow, enhancing supplier confidence, and facilitating more agile business operations.

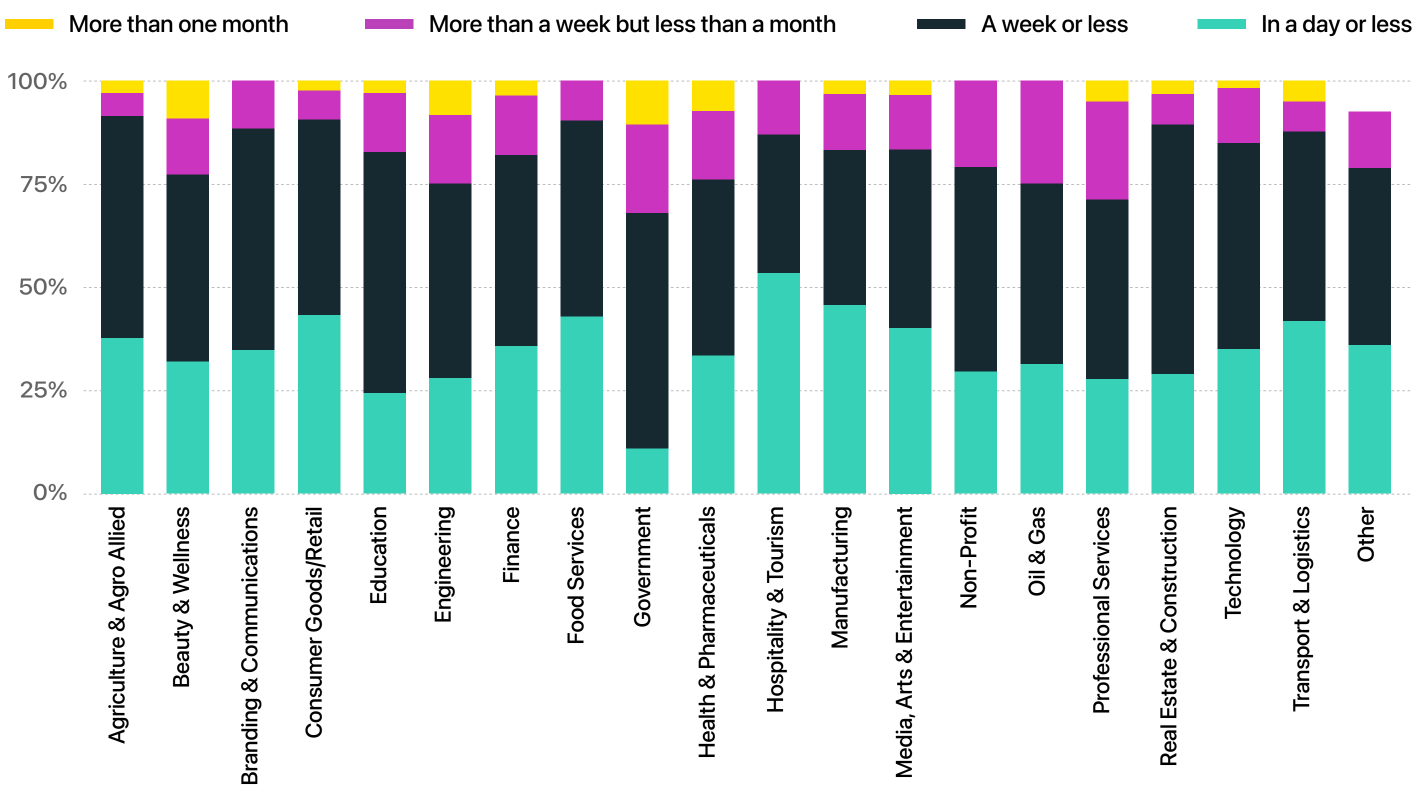
However, **13.7%** take a week to a month, and **3.7%** take even longer, with some instances exceeding six months, which may be due to operational inefficiencies or lack of automation. This wait can impact cash flow, strain vendor relationships, and limit responsiveness to market changes.

Zooming into the different countries surveyed, South Africa has a slender lead, with 39.93 percent stating that it typically takes a day or less to process invoices compared with Nigeria's 39.74 percent and Ghana's 38.36%. Kenya trails behind in invoice processing time with only 19.79% of companies claiming that they process invoices within a day, with the majority of invoices taking up to a week to process (57.24%).

Companies with longer invoice processing times may need to consider modernisation or automation, including invoice automation, personnel training, and revising internal processes for greater efficiency.

2.8. Invoices

Invoice Processing Time by Sector



'Agriculture & Agro Allied', 'Branding & Communications', and 'Consumer Goods/ Retail' stand out as the most efficient in invoice processing. Their efficiency might be attributable to streamlined operational procedures, efficient administrative practices, or the nature of the businesses in these sectors, which may require prompt payment and transaction clearances.

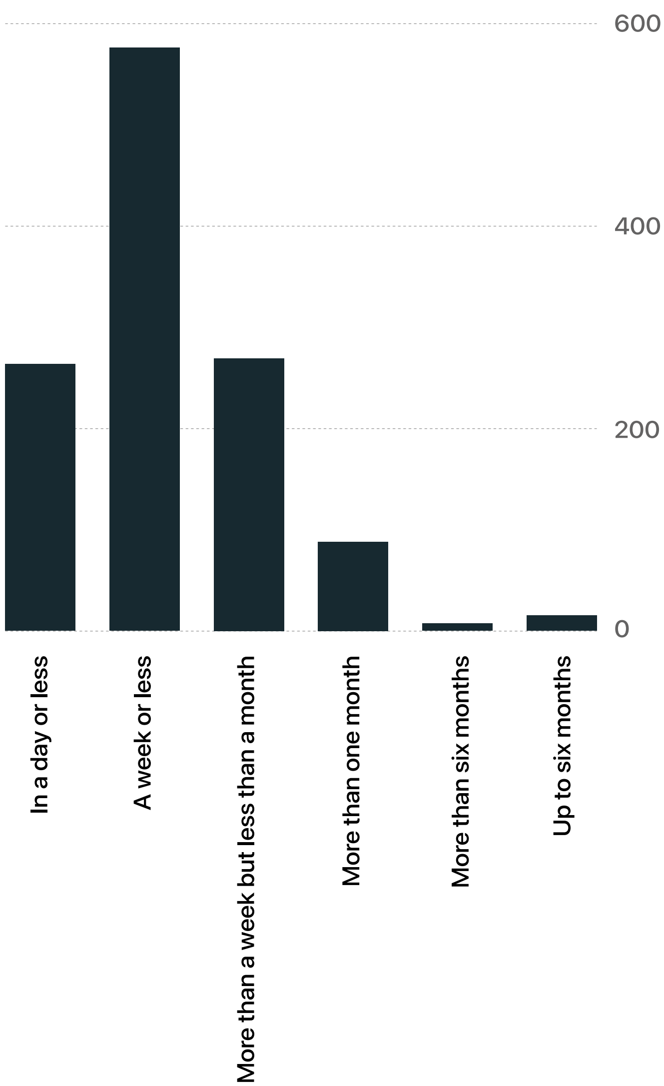
Conversely, the **'Engineering', 'Beauty & Wellness', and 'Finance sectors**, despite their overall efficiency, showcase noticeable delays in invoice processing. In particular, a significant proportion of invoices take over a week or even a month to process. This delay could be due to the complexity of transactions, intricate invoice procedures, or high invoice volumes in these sectors.

'Finance', in particular, while managing a substantial volume of invoices, shows an interesting trend. A large portion of invoices are processed promptly, within a day or a week. However, there's also a noteworthy percentage taking over a week to clear. This might be reflective of the sector's complex nature which could potentially be streamlined through automation.

2.8. Invoices

Wait Time to Receive Invoices

69% of payments made to businesses are received within a week of sending out an invoice.

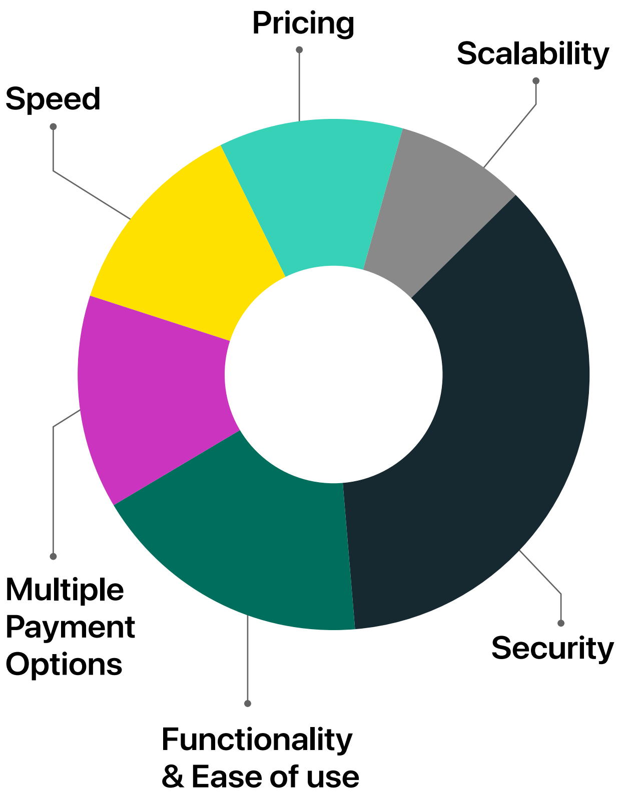


21.5% of these are settled within a day, down from 42.1% the previous year. Moreover, more businesses reported payment delays; **22.1%** reported waiting times exceeding a week, and **8.9%** over a month, up from 4.4% last year, indicating potential transactional complexities or cash-flow constrain.

Smaller companies in size, as well as those with revenues below $1M, tend to receive payments more quickly. In contrast, larger companies in size and those with higher revenues generally experience extended payment durations. This could suggest that larger companies encounter more complex payment processes, involving multiple stakeholders and approval layers. The sample data shows that the percentage of payments received within a day or less generally decreases as company size or revenue increases. Conversely, the percentage of payments that take a week or more to be received tends to increase with larger companies and higher revenue categories.

2.8. Top Features

Most Valuable Features



36.3% of respondents rank Security as the most critical feature when evaluating a B2B payment software.

This emphasises the importance companies attach to safeguarding their financial data.

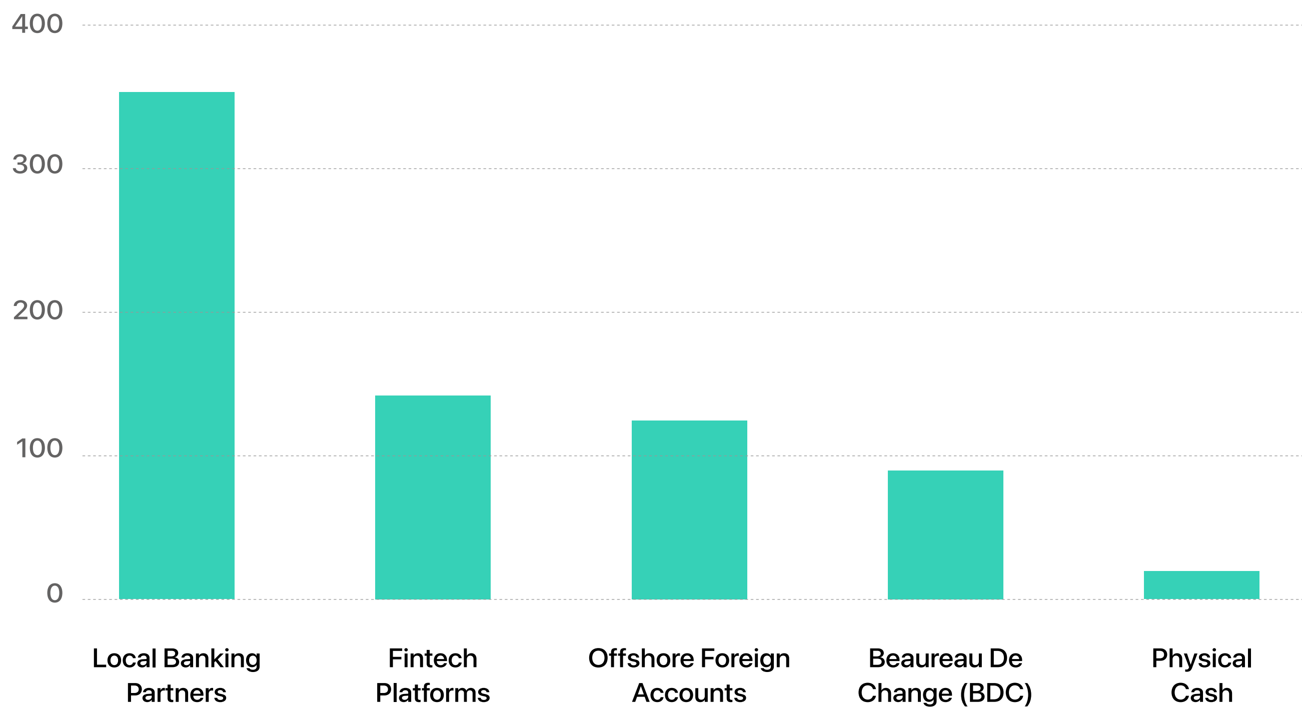
Functionality and ease of use are second at 17.6%, highlighting the value of user-friendliness and practicality. **Multiple payment options** (13.5%) and speed (12.9%) follow, showing a preference for payment flexibility and quick transactions. **Pricing** is important to 11.5%, indicating the significance of cost-effectiveness. **Scalability** at 8.2% is less prioritised suggesting a focus on immediate needs over long-term growth considerations.

Evaluating the most sought-valued features across the companies of different sizes, **security stands out as the universal priority**, critical from small teams to larger ones. Functionality and ease of use come next, although emphasised more by smaller to mid-sized teams. Multiple payment options and transaction speed are valued universally, although slightly more by smaller teams. **As company size grows, pricing importance declines**, hinting at larger companies prioritising functional attributes over cost. While scalability might be less prioritised overall, it still holds importance, especially for a substantial number of mid-sized teams.

In a geographical context, security continues to be a universal priority. Functionality and ease of use receive higher emphasis in Kenya and Nigeria, less so in South Africa. Multiple payment options, pricing, and speed hold equal appeal, although slightly more pronounced in Ghana and South Africa. Scalability, though typically less prioritised, is uniquely favoured in Nigeria and Kenya.

2.8. Top Features

Cross-Border Payments Channels

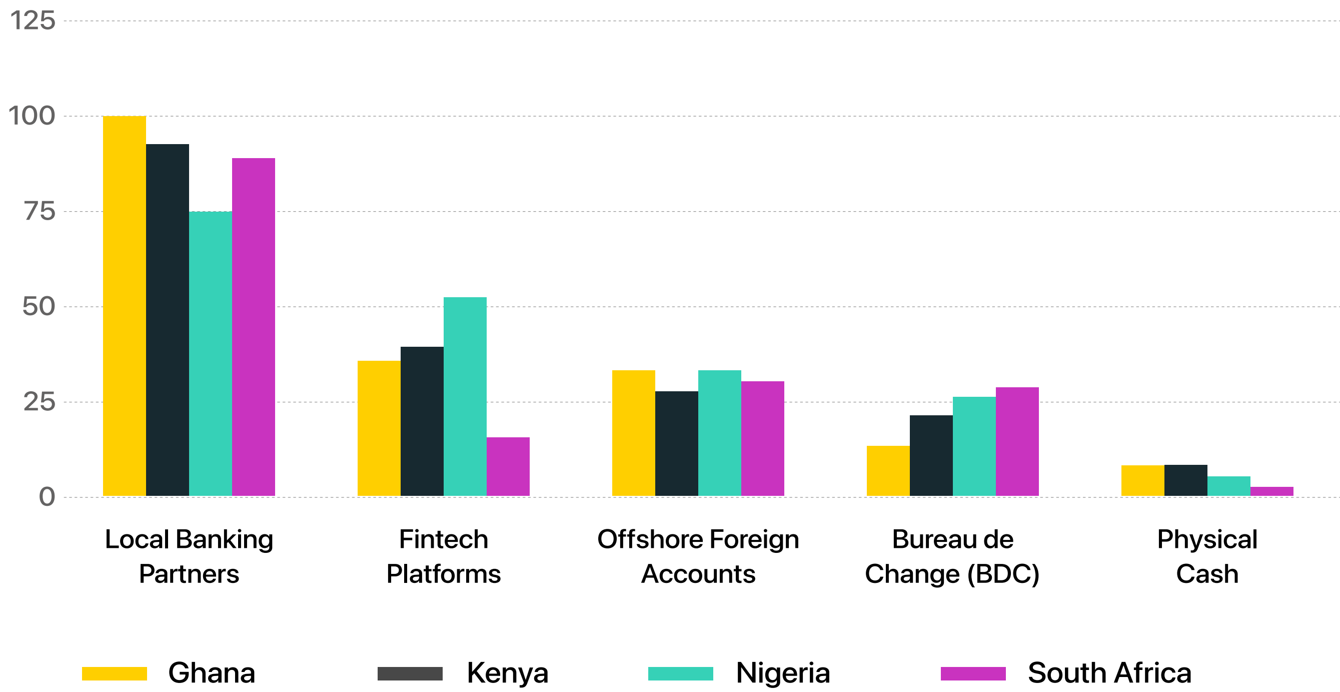


61% of surveyed companies engage in cross- border payments. Among these, almost half (48.4%) prefer local banking partners.

This is likely due to established relationships and trust in traditional banking systems.

Fintech platforms are favoured by 19.5% likely for their **convenience, speed, and competitive fees**. Offshore/foreign accounts are used by 17% for efficient multi-currency handling and liquidity in foreign markets. Bureau De Change services, used by 12.2%, cater to specific currency exchange needs and comply with regional regulations. Only 2.5% rely on cash, which is least preferred due to inherent risks and logistical challenges associated with carrying and transacting physical cash across borders.

Cross-Border Payment Channels by Country



The four countries show almost similar behaviour when it comes to cross-border channels.

Local banking partners and Fintech platforms emerge as the most commonly utilised channels in all four countries. The use of offshore/foreign accounts varies across the countries, with Nigeria exhibiting the highest percentage. This suggests a higher reliance on international accounts for cross-border transactions in Nigeria. Bureau de Change (BDC) services are used to varying extents, with Ghana and Nigeria having the highest usage. **Physical cash is the least favoured option** for cross-border payments in all countries, indicating a preference for digital and banking-based solutions.

3

Summary of Findings

The B2B payments landscape in Sub-Saharan Africa, despite reflecting a diverse range of stages in digital adoption and varying payment channel preferences, is poised for significant transformation, driven by the continuous adoption of digital technologies and an environment that continuously fosters digital literacy, transformation and automation. It is expected that digital payment methods will outpace traditional ones.

Fintechs are at the forefront of this transformation, offering innovative solutions **like automation, instant payments, integrated invoicing, and AI-enabled fraud detection**, which are set to reshape B2B transactions across the continent.

These technologies hold the promise of enhancing the B2B payment landscape by offering faster, more secure, and cost-effective solutions, particularly for cross-border payments, reflecting a trend of diverse technology adoption and integration across payment channels. Furthermore, regulatory backing from governments endorsing the digital shift in the financial sector is expected to accelerate this digital transition.

However, the realisation of the full potential of the B2B payments landscape in Africa hinges on addressing challenges such as financial inclusion, technological infrastructure, and digital literacy. Despite these hurdles, however, the future of B2B payments in Africa is set for dynamic growth and innovation, signalling a new era of opportunities and expansion for the continent's business ecosystem.

For finance professionals and analysts in the sector, the automation of B2B payments implies a shift in workplace dynamics. It signals enhanced efficiency, improved accuracy, cost savings, better cash flow management, and an increased ability to add value to their organisations. It also necessitates the development of skills in areas like data analysis, system management, and cybersecurity.

3.0. Summary of Findings

The report explores survey data from **1,218 contributors** from Nigeria, Ghana, South Africa, and Kenya from a diverse range of companies, reflecting different ages, sizes, revenues, and sectors.

Microsoft Dynamics is the preferred ERP software, used by 39.2% of teams.

Quickbooks leads in accounting software usage with a 38.23% share.

Half of the businesses (50.5%) surveyed use **semi-automated payment systems.**

Electronic Bank Transfers are the most favoured way to pay vendors, across all company sizes, with adoption increasing with company size.

Mobile money is more prevalent in Kenya (27.2%) and Ghana (30.4%).

Micro-companies (1-10 employees) use Mobile Money (20.5%) and Cash (17.7%) more than larger companies.

83% of companies process invoices in under a week.

69% of payments made to businesses were received within a week of sending out an invoice.

Security is the top priority (27.6%) for companies when selecting a B2B software, and it is also deemed the most critical feature (36.3%) within the software.

61% of surveyed companies engage in **cross-border payments**. Among these, almost half (48.4%) prefer local banking partners.

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4

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