From Fragmented Payment Systems to a Pan-African Digital Market: Interoperable Digital Public Infrastructure for Youth-Led MSMEs under the AfCFTA

Abstract

A young entrepreneur may find a customer in another African country and still struggle to complete the sale. The buyer and seller may use different payment providers; fees and exchange costs may be unclear; and delays or failed transactions can leave a small business without the funds it needs for its next order. The African Continental Free Trade Area (AfCFTA) creates a framework for wider market access, but that opportunity is harder to use when payment systems remain fragmented.

This research examines how interoperable Digital Public Infrastructure (DPI) could make cross-border payments more accessible and dependable for youth-led micro, small and medium enterprises (MSMEs). It asks where payment frictions arise in a small firm's trade journey, which forms of interoperability could address them, and what else must be in place for technical connectivity to translate into regular use. The analysis will consider fees, settlement and currency conversion, access through banks and other payment providers, transaction transparency, dispute resolution, and the ability of smaller firms to participate on fair terms.

The proposed study will combine a review of AfCFTA-related digital trade and payment arrangements with evidence on the payment needs of youth-led MSMEs. It will use Central Africa's experience with regional payment interoperability as a case through which to examine how shared infrastructure connects institutions across borders, while identifying questions that require further evidence from businesses and other African markets. Its central distinction is between a network that *can* route a payment and a service that an entrepreneur can afford, understand, and trust when trading with a new customer.

The research aims to develop a framework to assess whether interoperable payment systems enable meaningful market participation by youth-led MSMEs. It will identify infrastructure and policy choices that could reduce transaction frictions, as well as barriers that payment connectivity alone cannot solve. The intended contribution is a grounded account of what it would take for shared digital payment infrastructure to help turn AfCFTA market access into usable cross-border opportunities for young entrepreneurs.

Keywords: Digital Public Infrastructure; AfCFTA; payment interoperability; cross-border payments; youth-led MSMEs; digital trade; financial inclusion; regional integration.