

# How cryptocurrencies could offer solutions to Africa's payments challenges

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We have reached a technological crossroad for payment services where adaptation and innovation will have to pave the way. In the developed world, people are used to having access to several payment methods, and that is how it has been for decades. The introduction of cryptocurrencies serves as an additional method to what is already out there.



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In the developing world, on the other hand, things are different. Cash rules, and not until very recently have people started to gain access to other payment options. In fact, in areas where very few people have access to internet banking and credit or debit cards, cryptocurrencies can offer several practical solutions, and in some areas they already do.

In Africa, the cryptocurrency movement has been especially prominent, and by the looks of it, most Africans will skip over card payments and online services and go directly from cash to cryptocurrencies.

## Money in Africa

[According to the World Bank](#), over two-billion humans do not have access to a bank account in any way, shape or form. All their transactions are done using cash and nothing else. In Africa, roughly 60% of the population only uses cash to pay for products and services, and they have no reliable way of transferring money to people they can't physically interact with.

What sets Africa apart from the rest of the developing world - even though some areas are catching up - is the high number of mobile phone users. By 2020, sub-Saharan Africa is expected to have [over half a billion mobile users](#), and as you might imagine, this creates some unique possibilities.

The payment systems that they are used to in the developed world are not a good enough option for people that don't have access to reliable banks, payment services, or computers. Instead, these people need payment options where they are most active i.e. on their mobile phones.

## Cryptocurrencies in Africa

Cryptocurrencies and [payments over blockchains using tokens](#) were introduced in Africa before the technology became a

phenomenon in the rest of the world. Due to the large numbers of mobile users, companies quickly realised that there was a market for mobile payments.

The original versions of these payment systems are most often referred to as [money](#), and they allow users to send money from their mobile balances to other users. These transactions are used to pay for products and services. However, the technology is developing rapidly.

Today, there are several payment apps available to the hundreds of millions of mobile users in sub-Saharan Africa, and they are allowing people to have access to financial accounts for the first time ever. Now, most of these apps and services are more similar to the American payment app Venom and the Swedish banking application called Swish. However, some newer solutions are based on blockchain tokens, and this is where we expect to see the most change moving forward.

## Behold, the future

Cryptocurrencies could offer a solution to a wide range of economic issues in the region. Not only will it give the population control over their own money, but it will provide channels to further help grow the local economy.

There are currently several cryptocurrencies being developed to offer payment solutions to users globally, but when it comes to payments in Africa one company is leading the development.

BitMinutes Inc. - a company founded by a group of Harvard and Stanford graduates - has created the BMT Token which is a cryptocurrency that one can pay for with mobile minutes and balances. Their goal is to bank the unbanked and provide a cryptocurrency payment solution to the developing world.

At the time of writing, BitMinutes was available to more than four-billion users, and they have already established themselves in Africa where their services are growing in popularity. BitMinutes is currently holding a global ICO that allows people from all over the world to invest in the project. But it's always important to remember the main rules of how to avoid cryptocurrency and ICO scams when it comes to deciding whether to invest in any of them.

There is no longer any doubt that cryptocurrencies will play an important role in the economic development in Africa. Instead of introducing payment methods that have been popular in the developed world for decades such as credit cards, the African population is going straight from cash-only to mobile payments using cryptocurrencies.

## ABOUT THE AUTHOR

Luko Onke Binase is a finance professional with a background in management and financial accounting, reporting and planning with experience in financial services, mining services) and manufacturing industries.

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