

The Rise of OTC and Stablecoins: Africa's Quiet FX Revolution

Explore how Over-The-Counter (OTC) crypto trading enables global businesses to simplify cross-border settlements across Africa, making them secure, compliant, and cost-effective.



About This Report

This report offers a strategic overview of how global businesses can leverage over-the-counter (OTC) crypto trading to simplify settlements, access liquidity, and expand confidently into African markets. Drawing from regional insights, market trends, and operational realities, it is tailored for decision-makers, finance leads, and treasury teams looking to navigate Africa's evolving crypto landscape with clarity and compliance.

It covers:



The growing role of stablecoins in cross-border payments



The regulatory environment across key African markets



Real-world use cases of OTC trading by global businesses



The benefits of working with a regulated partner like Quidax

To preserve the privacy and discretion we offer our clients, the business examples provided are drawn from real-world scenarios but presented under pseudonyms or anonymized identities. This reflects the confidential nature of OTC trading, where privacy and bespoke service are core to the value we provide.

Whether you are exploring new markets, managing regional payouts, or optimizing your treasury operations, this report equips you with the knowledge and confidence to make OTC trading work for your global business.

This report was prepared by [TechCabal Insights](#) for Quidax Technologies FZCO

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Executive Summary

Over-the-counter (OTC) cryptocurrency trading is emerging as a pivotal force enabling global businesses play seamlessly in Africa's digital financial ecosystem. By enabling high-volume, direct crypto transactions outside of traditional exchanges, OTC trading is addressing structural limitations in conventional banking systems and offering a secure, compliant pathway for institutional-grade settlements. As global OTC crypto volumes surged by 106% year-over-year in 2024, driven largely by a 147% increase in stablecoin activity, African platforms like Quidax and Busha are leveraging this model to facilitate efficient, large-scale transactions. These services allow businesses to navigate liquidity needs with minimal market disruption, real-time fiat settlements, and streamlined regulatory onboarding across high-growth markets such as Nigeria, South Africa, and Ethiopia.

This growth is set against a backdrop of rapid transformation in Africa's broader crypto landscape. With a median age of 19.2 and more than 60% of the population

unbanked, the continent presents a unique demographic and economic case for digital financial solutions. Cryptocurrency usage has matured beyond retail speculation into practical applications, most notably in cross-border transactions and inflation hedging. Nigeria, leading the continent, processed approximately \$59 billion in crypto value last year, ranking second globally behind India. South Africa and Kenya also show strong momentum, propelled by mobile money integration and progressive crypto policy frameworks.

Stablecoins have emerged as the dominant asset class for settlement, now representing 43% of all Sub-Saharan crypto transactions. They offer price stability, near-instant settlement, and transparent audit trails. Nigeria alone accounted for over 40% of stablecoin inflows in SSA, with Ethiopia and Zambia posting year-over-year growth rates above 100%. Businesses are using stablecoins to hedge FX volatility, streamline imports, and accelerate cross-border workflows. The use of USDT and USDC is

becoming ubiquitous in retail and business environments, as stablecoins overtake Bitcoin in transaction volume across most African regions.

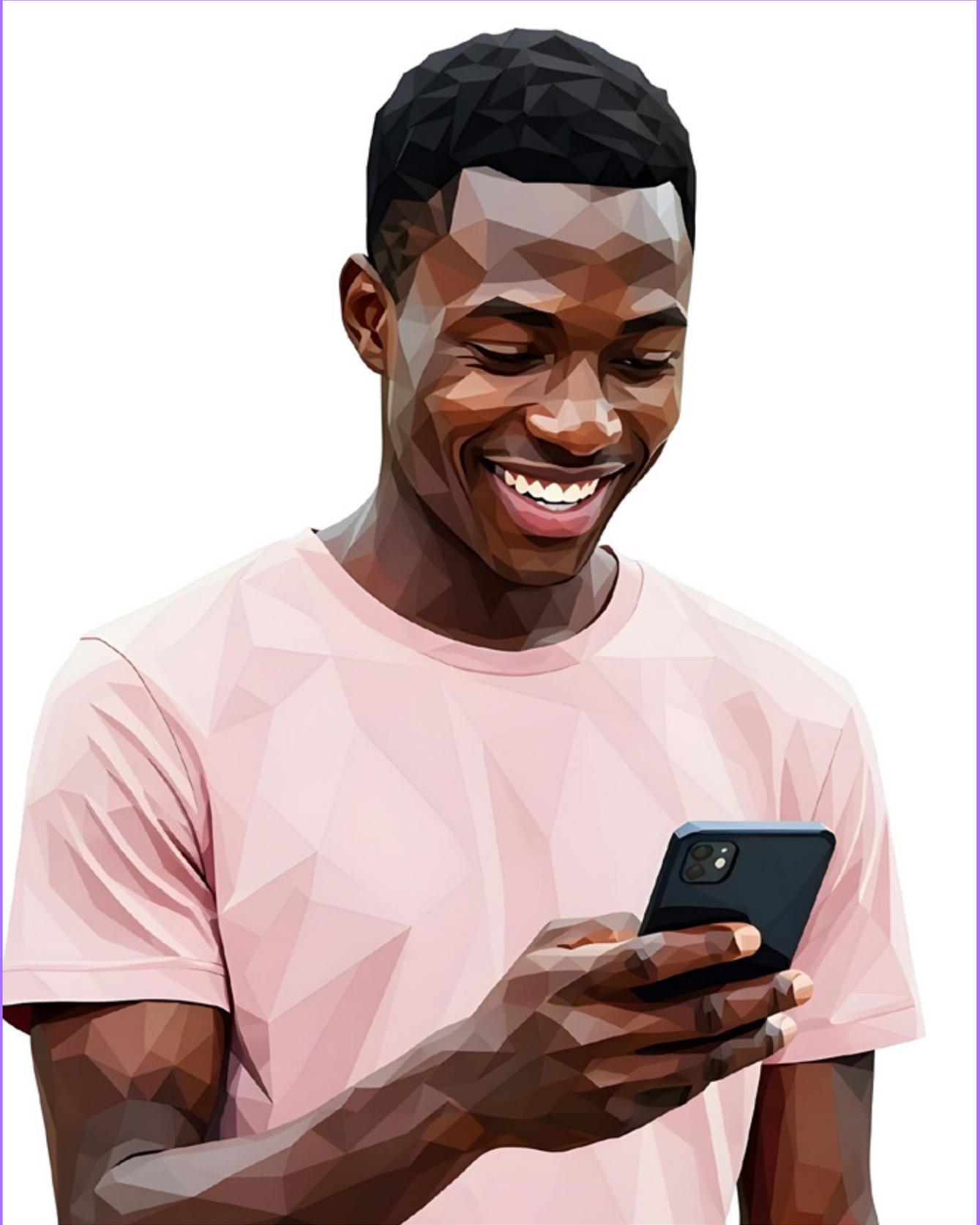
Despite regulatory caution, many African governments are shifting from prohibition to engagement. Nigeria's 2024 crypto licensing regime marked a turning point, sparking renewed business interest. The introduction of Central Bank Digital Currencies (CBDCs) and sandbox initiatives across countries like Ghana, South Africa, and Kenya signal a move toward clearer compliance pathways. Industry leaders interviewed in the report, including executives from Busha and Xago, advocate for hybrid models that balance innovation with strong governance and risk controls.

OTC trading is finding strong product-market fit across sectors. Banks and PSPs are embedding stablecoin corridors into treasury flows; manufacturers and importers use OTC swaps to bypass slippage and bank fees; while digital businesses leverage crypto rails for onboarding and instant settlement. Quidax's expansion into ZAR and ETB rails illustrates the sector's momentum. Meanwhile, infrastructure players like Kotani Pay are integrating API-based stablecoin-fiat conversions directly into mobile money ecosystems.

Regulatory stances are shifting from outright bans toward licensing and sandboxes. In 2024, Nigeria's SEC granted

operational approval to major VASPs; South Africa's FSCA has since issued dozens of crypto-asset licenses. Yet divergent frameworks across 15+ African markets create compliance complexity for pan-regional players. Despite regulatory caution, many African governments are shifting from prohibition to engagement. Nigeria's 2024 crypto licensing regime marked a turning point, sparking renewed business interest. The introduction of Central Bank Digital Currencies (CBDCs) and sandbox initiatives across countries like Ghana, South Africa, and Kenya signal a move toward clearer compliance pathways. Industry leaders interviewed in the report, including executives from Busha and Xago, advocate for hybrid models that balance innovation with strong governance and risk controls.

Looking ahead, programmable stablecoin rails and API-driven OTC platforms will evolve into invisible back-end infrastructure for corporate ERP and fintech apps likely powering Africa's cross-border trade in parallel with frameworks like AfCFTA. Institutional onboarding of crypto-backed working-capital lines and CBDC pilots across West and East Africa will further blur lines between fiat and crypto settlements, heralding a new era of 24/7, dollar-equivalent liquidity across the continent.



Introduction →

1

Like the evolution of finance (fintech) and money (digital currencies), the rise of cryptocurrencies in Africa closely followed the continent’s mobile phone revolution. The widespread adoption of mobile and internet technology over the past three decades laid the foundation for rapid digital transformation across sectors. This shift, fueled by a young, tech-savvy population, created fertile ground for the adoption of blockchain technology—the backbone of cryptocurrencies.

With over 60% of the population unbanked, blockchain quickly gained traction in the financial sector, offering a fast, accessible solution for cross-border payments and digital asset trading (see figure 1) .

Initially driven by inflation-hedging and capital control challenges, crypto became a store of value for individuals and a payment rail for businesses. Today, the evolution continues with individuals and a payment rail for businesses. Today, the evolution continues with over-the-counter (OTC) crypto trading, which provides global businesses with a seamless financial transaction experience—bypassing the friction of traditional banking systems plagued by foreign exchange volatility, delayed settlements, and complex cross-border compliance. As Bitcoin, Ethereum, Tether, and other stablecoins gained ground, enterprises found not just utility in cryptocurrency, but a reliable, fast, and transparent alternative to legacy financial infrastructure across Africa.



Key Stats: Africa

27%



Mobile Internet Users:
(2023, GSMA)

237M



Mobile Money:
(2023, GSMA)

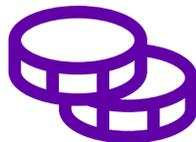
Population:
(2024, UNECA)

1.5B



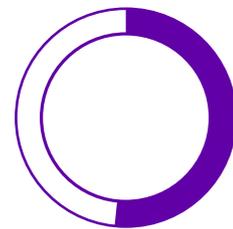
Crypto Market Cap:
(Feb. 2025, CoinGecko)

\$3.36T



Smartphone
Penetration:
(2023, GSMA)

51%



Bitcoin Market Cap:
(57.5% Dominance)

\$1.96T



Stablecoin Market Cap:
(6.95% Dominance)

\$234B



Inflation:
(2024, AfDB)

18%

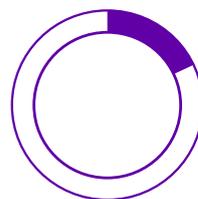
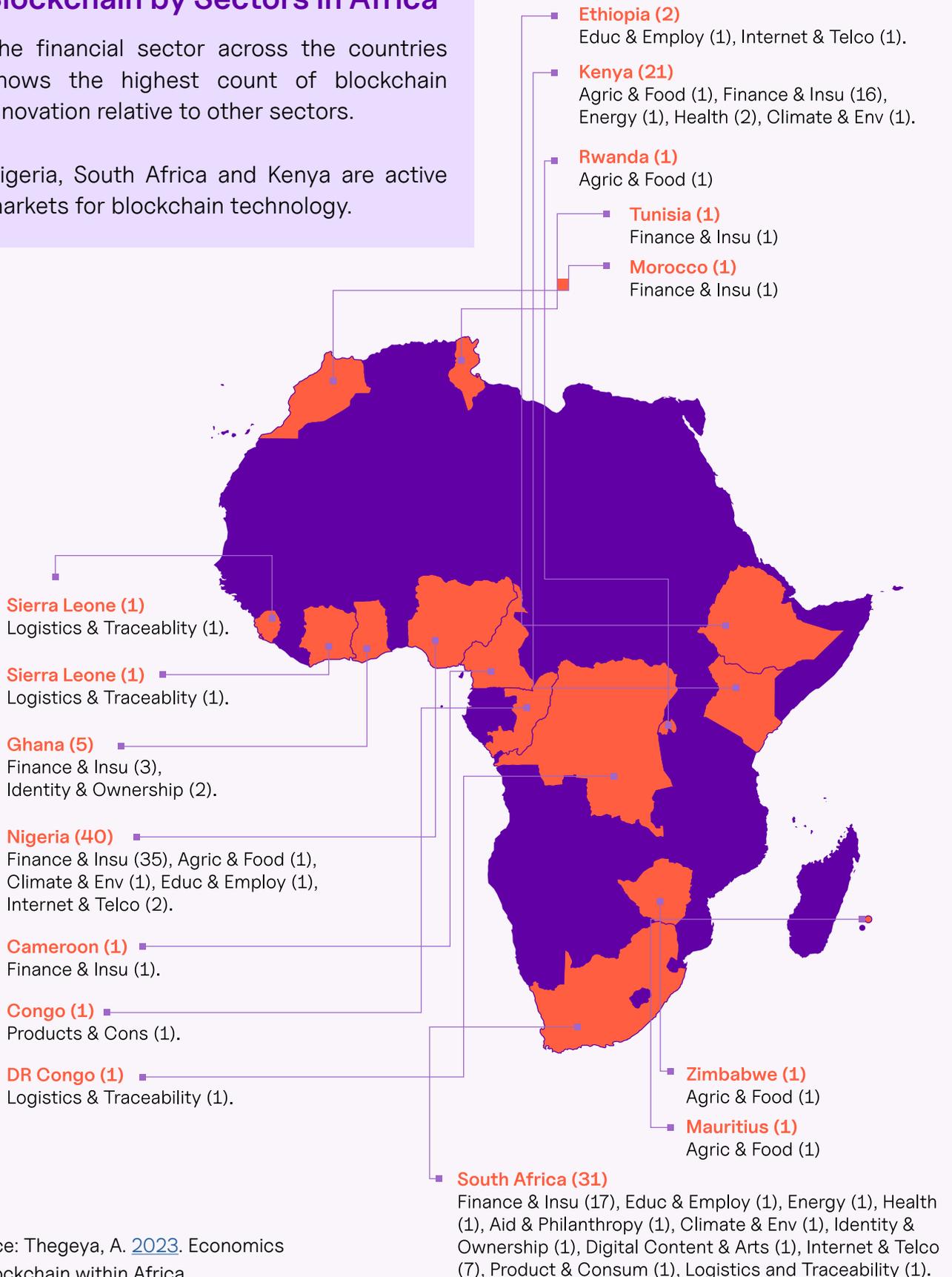


Figure 1: Application of Blockchain by Sectors in Africa

The financial sector across the countries shows the highest count of blockchain innovation relative to other sectors.

Nigeria, South Africa and Kenya are active markets for blockchain technology.



Source: Thegeya, A. 2023. Economics of Blockchain within Africa

1.1 Evolution of cryptocurrencies in Africa

African central banks have been cautious while leaving a window of consideration for crypto

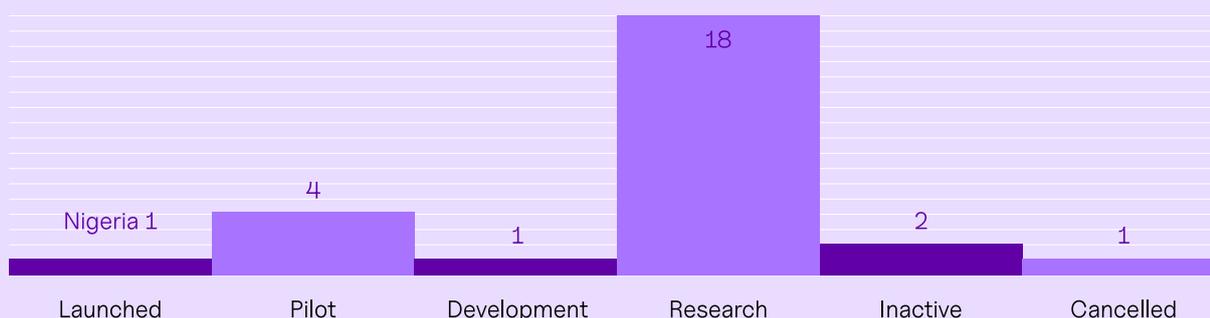
Across many African countries, the initial response by Central Banks and financial regulators was one of caution. Crypto is a decentralized and unregulated system, and therefore potentially threatened the use of fiat money and invariably the role of monetary institutions. Moreover, governments were concerned about the use of cryptocurrencies and digital assets for illicit transactions, unchecked.

Consequently, countries such as Nigeria, Tunisia, Egypt, Lesotho, Algeria and others,

banned the use of cryptocurrencies in formal transactions. However, trading in crypto continued because it is decentralized and cannot be completely banned by any one government.

As governments around the world began to legislate and accept cryptocurrencies and digital assets (e.g. UK, US, Canada), more businesses worldwide such as Microsoft, Tesla, Paypal, KFC, and others began accepting cryptocurrencies especially Bitcoin as a payment method. See figure 3.

Figure 2: 23 African countries at different stages of CDBC, only Nigeria has launched CDBC in Africa.



The global acceptance of cryptocurrencies trickled down and inspired confidence amongst Africa’s users that cryptocurrency was the future of money. As the value of transactions grew, some of African countries began to either relax the ban on crypto like Nigeria, Tunisia, Senegal, Sierra Leone, Ghana and/or started researching central bank digital currencies (CBDCs) as

a regulated alternative to cryptocurrencies, e.g. Nigeria, Egypt, Morocco, Algeria, Kenya, amongst others. In April 2022, Central African Republic (CAR) moved to adopt Bitcoin as a legal tender along side the CFA Francs. Though the bill has been suspended pending regulatory approval from the Bank of Central African States (BEACS), CAR launched a meme coin in February 2025.

Figure 3: Number of companies that have Cryptocurrency ATM or offer in-store payment option as of 2021

No African countries ranks amongst the top countries with crypto ATMs. In-store payment options is still limited in Africa.

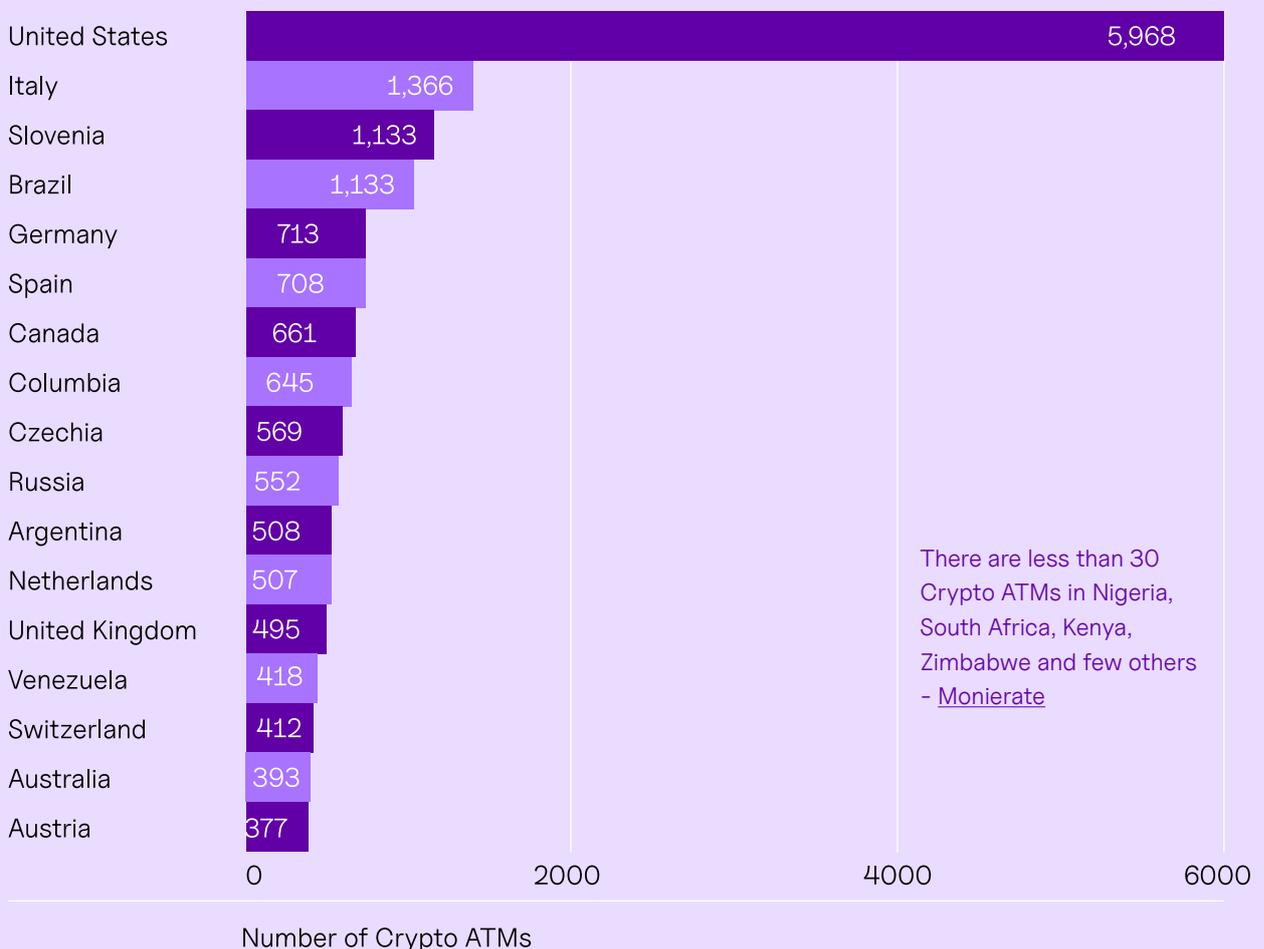
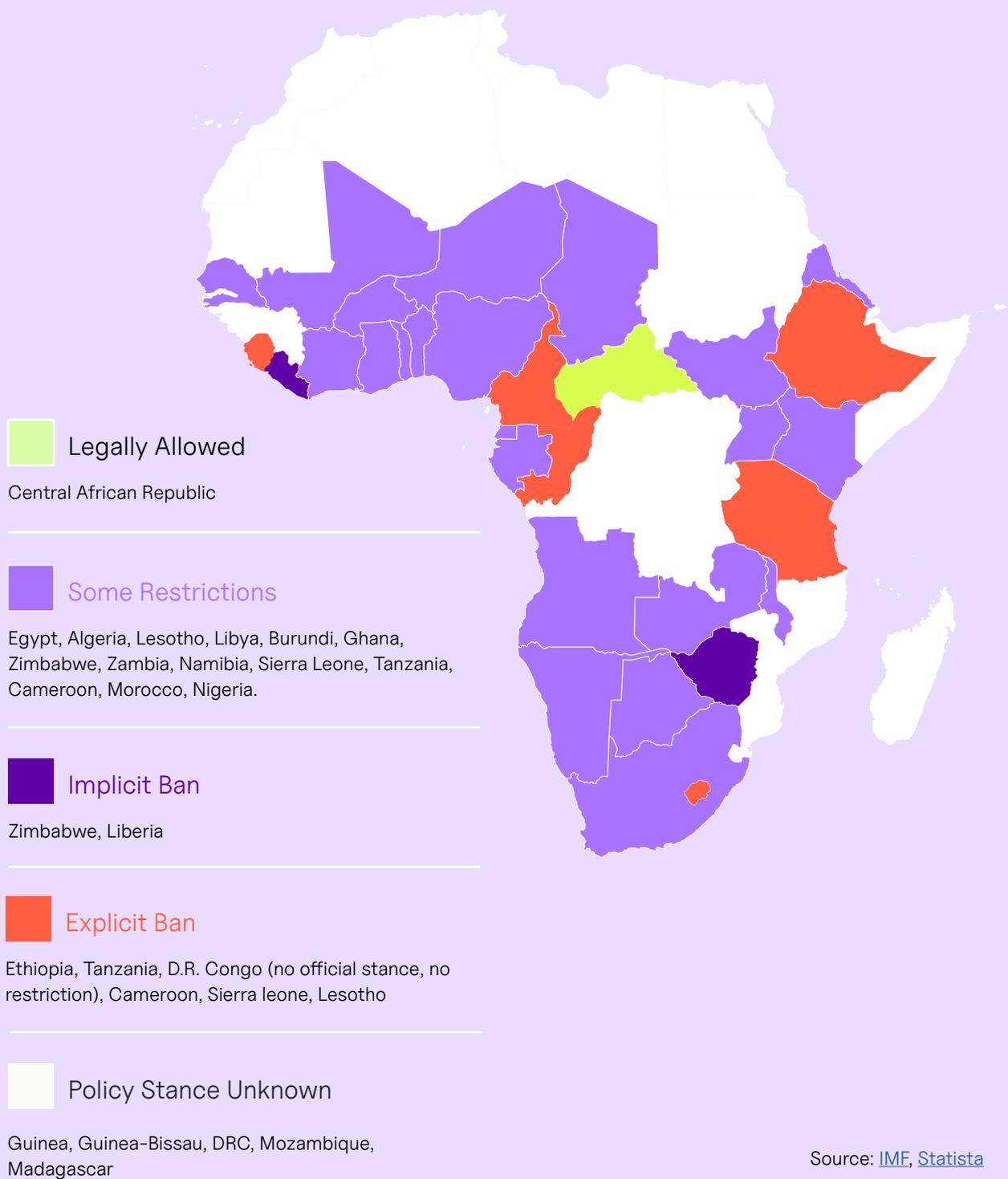


Figure 4: Status of Cryptocurrency in African countries (Map)

Crypto Clampdown: About 20% of sub-Saharan African countries have banned crypto assets.



1.2 Cryptocurrencies and the Business Landscape in Africa

African central banks have been cautious while leaving a window of consideration for crypto

Today, the crypto landscape in Africa continues to evolve as more governments find ways to tap into the huge potentials - value creation, smart transactions, tax revenue. Nonetheless, like the rest of the world, African businesses are taking the bull by the horn.

Though Sub-Saharan Africa (SSA) accounts for only 2.7% of global crypto transactions value of about \$4.8 trillion, businesses in Africa are leveraging crypto for payments, as a hedge against inflation, and for more frequent, smaller (i.e. retail-sized) transfers. Nigeria, comes atop (after India worldwide) in Crypto adoption while Ethiopia (26), Kenya (28), and South Africa (30) made the top 30, according to The 2024 Geography of Crypto report by Chainanalytics.

The report shows that SSA leads the world in decentralized finance (DeFi) adoption, likely driven in part by a growing need for accessible financial services in a region

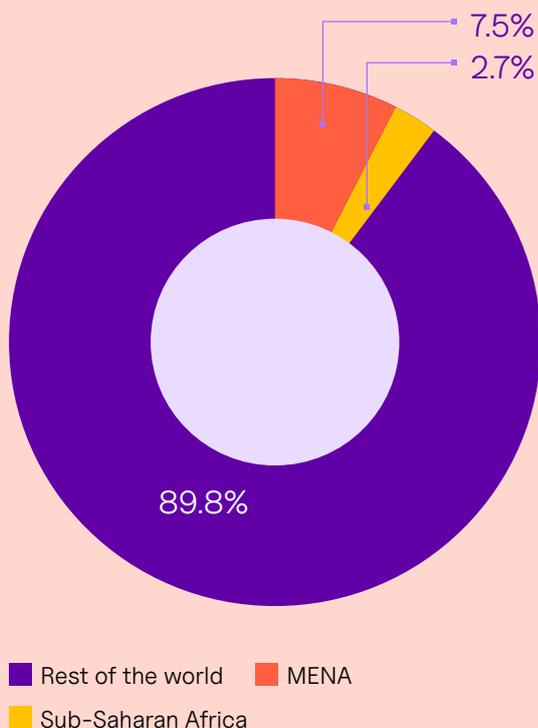
where only 49% of adults had a bank account as of 2021, according to the World Bank. Businesses are also hedging against FX risks by adopting stablecoin(s).

2.7%

Sub-Saharan Africa (SSA) accounts for only 2.7% of global crypto transactions; value of about \$4.8 trillion

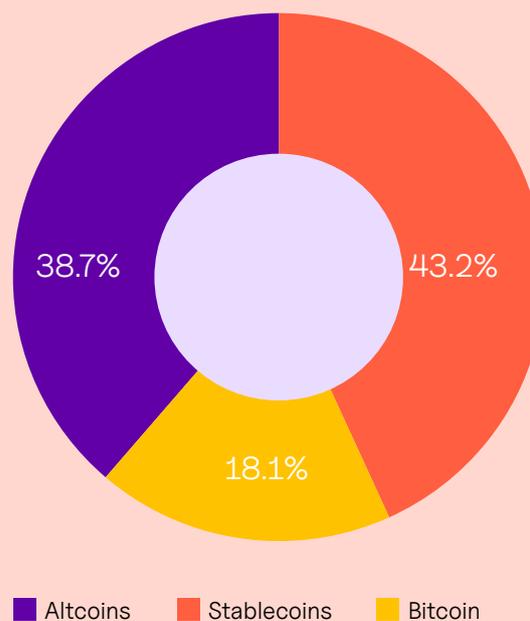


Percentage of cryptocurrency value received in SSA relative to the rest of the world (July 2023 - June 2024).



Source: [Chainalysis](#)

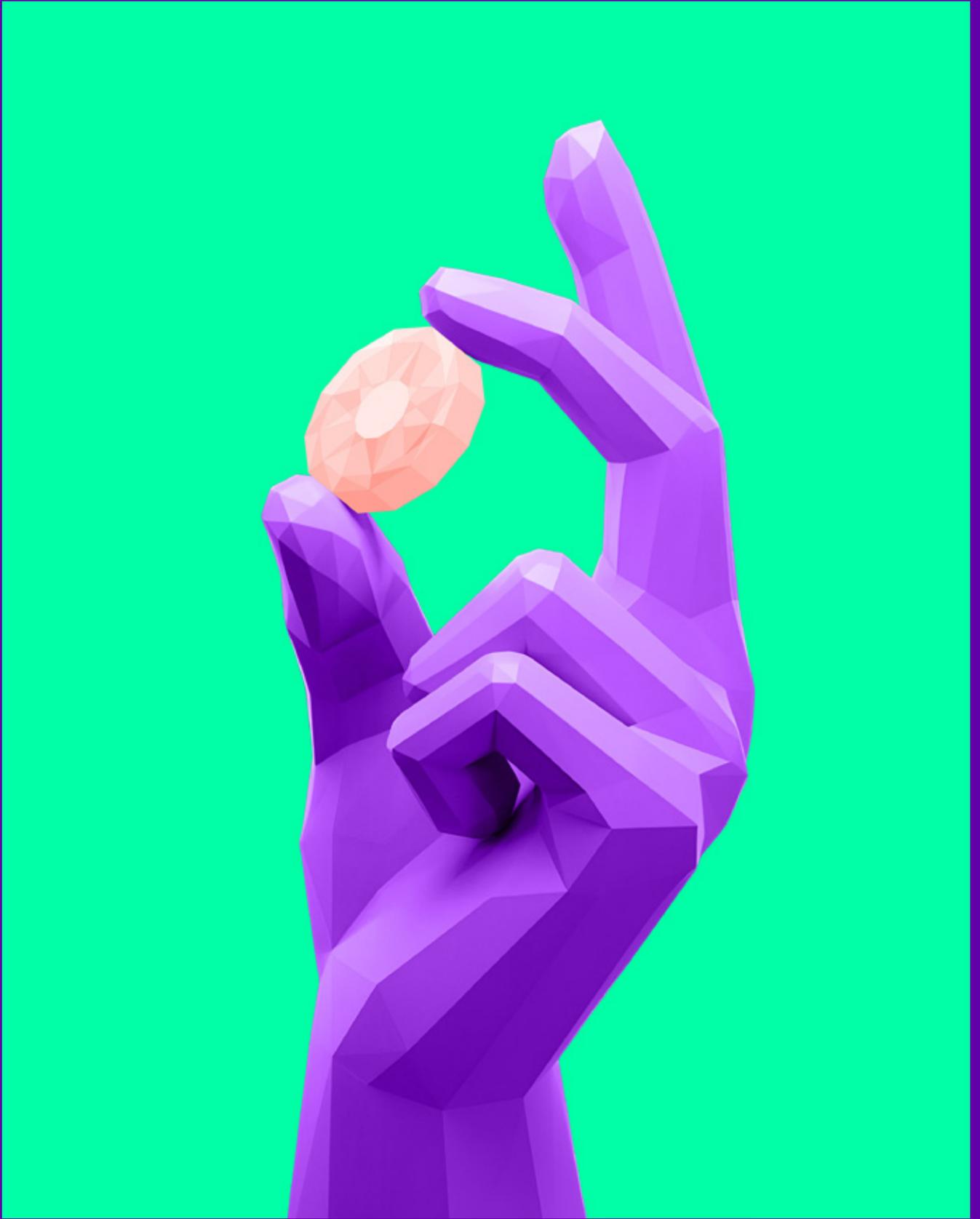
Stablecoins account for 43% of regional transactions (July 2023 - June 2024).



Source: [Chainalysis](#)

The pandemic in 2020, the Russia-Ukraine war in 2021 and the efforts towards regional integration have been pivotal moments in the adoption of cryptocurrencies in Africa. The African Union High-Level Panel on Emerging Technologies ([APET](#)) encouraged the development of alternative payment methods in blockchain and cryptocurrencies to facilitate cross-border transactions, increase financial inclusion and lower transaction costs.

Though crypto mining in Africa is still low - 3% of global Bitcoin mining hashrate, trading in crypto continues to soar. Firms like Quidax (NG), Luno (SA), and BitPesa (KE) amongst many others are some of the platforms for trading in Africa.



OTC Crypto Settlements in Africa →

2

OTC trading is fast becoming an alternative to accessing cryptocurrencies in Africa as transaction volume grows

Financial markets are typically organized in two ways: exchanges and over-the-counter (OTC). Exchanges, such as Stock Exchange or any cryptocurrency exchange equivalent, essentially facilitate transactions between buyers and sellers of assets. These transactions are executed openly on the floor of the exchanges, with the prices of all traded assets visible to all traders, irrespective of whether they are party to the trade or not.

On the other hand, OTC trades happen directly between two parties, with one party being a “trading desk.” A trading desk is a business dedicated to purchasing and selling an asset or asset class. In an OTC trade, the transacting parties agree on a price before executing the transaction. Only the transacting parties are privy to the agreed-upon volume and price in an OTC.

For cryptocurrency, OTC trading involves the direct exchange of large volumes of cryptocurrencies between parties, typically conducted outside the conventional exchange platforms. Unlike exchange-based trading, Crypto OTC transactions occur directly between buyers and sellers, often with the assistance of OTC trading platforms or trade desks that privately connect parties interested in trading large volumes.

OTC trading is preferred when the size of the trade is large and may adversely

impact the market price of the asset being traded. Nonetheless, OTC trading generally has higher counterparty risks compared to exchanges.

OTC trading is fast becoming an alternative to accessing cryptocurrencies in Africa as volume of trade grows.

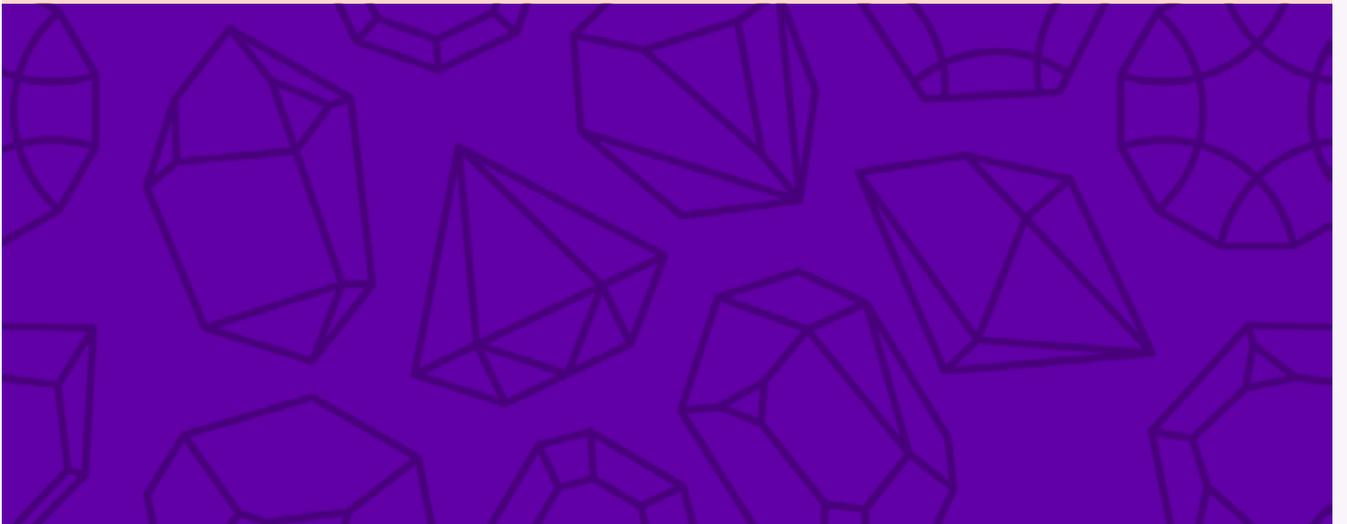
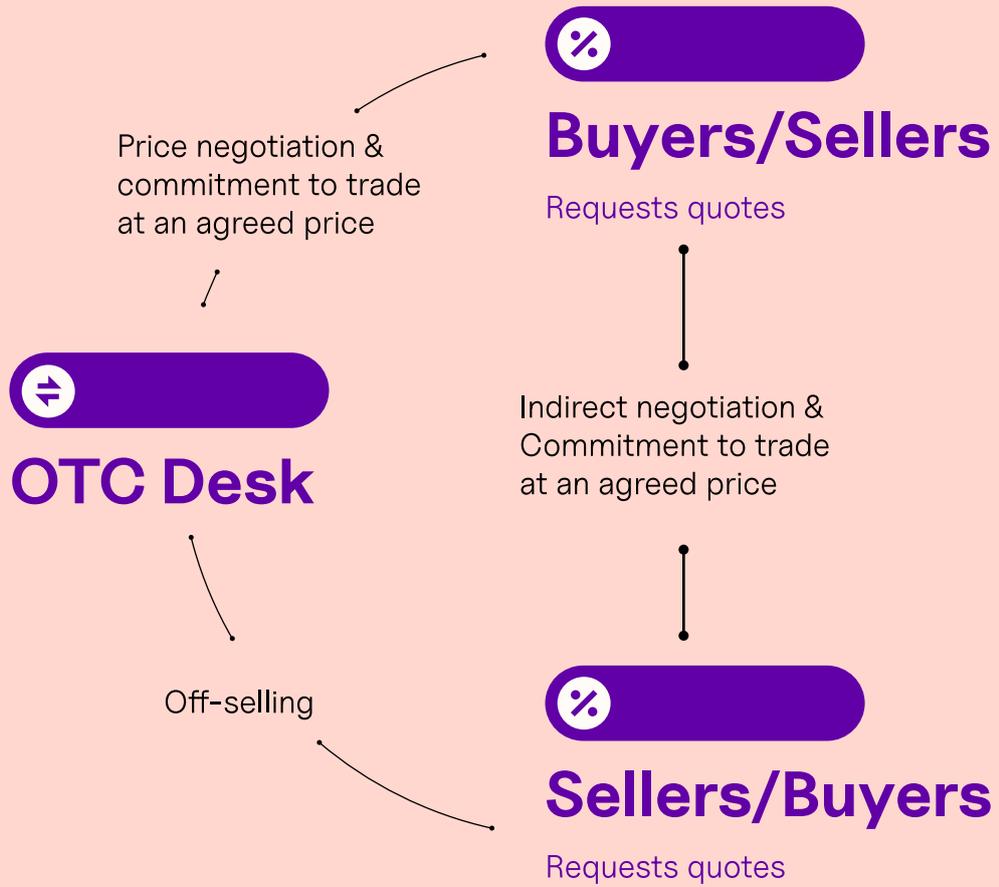
Types of OTC Desks

There are two types of OTC trading desks: principal desk and agency desk.

Principal desk: A principal desk uses its own funds to buy or sell the crypto asset on behalf of the customer, and assumes the risk of price volatility during transaction window. For instance, if you request 500 BTC, a principal desk will buy those assets with their own funds and deliver them to you at the pre-agreed price, even if market price rises before the transaction is completed.

Agency desk: acts as an intermediary between parties without using its own funds. The desk matches buyers with sellers, but the customer bears the market risk. If prices move unfavourably before the trade is finalised, the customer may need to adjust their offer. The Agency desk charges a fee for facilitating transactions.

How Crypto OTC Operates



Advantages of OTC

The upsides of OTC include:

Negotiation: Unlike regular exchanges, OTC allows for price negotiation between parties.

Confidentiality of transaction: OTC transactions are privately conducted, outside of crypto exchanges allowing for confidentiality in high volume transactions.

Minimized impact on market prices: Large transactions on public exchanges can cause significant price shifts, known as slippage. OTC desks reduce this risk by privately executing trades, keeping market impact minimal and ensuring stable prices.

Liquidity: Crypto OTC desks offer more liquidity compared to public exchanges, which often struggle with large orders. By using an OTC desk, large transactions can be executed in full, avoiding the need to break the order into smaller pieces that could cause price spikes or delays.

2.1 Global Cryptocurrency OTC Trading

Finery Markets data shows Crypto OTC rose by 106% in 2024 driven by institutional and macro developments.

Finery Markets data:

OTC Trading volume

106%

YoY growth

Transactions with stablecoins

147%

YoY growth

BTC share in total OTC trading volumes

22%

2024

Source: [Finery Markets](#)

In 2024, the cryptocurrency OTC market witnessed significant growth, driven by an increasing demand for stablecoins and a notable rise in crypto-to-crypto transactions. The market experienced an impressive annual growth rate of 106%, underscoring a dynamic year for institutional and large scale digital asset transactions.

This performance was driven largely by the following events:

- The introduction of Bitcoin (BTC) and Ethereum (ETH) exchange-traded funds (ETFs) offered institutional investors regulated market access.
- The pro-crypto stance of the Trump administration significantly fueled Q4 crypto spot trading to 2024 highs. It also underscores a level of regulatory certainty and inspires institutional involvement in cryptocurrencies.
- In December, Bitcoin exceeded the \$100,000 mark, reaching new all-time highs, while Stablecoins solidified their market dominance as the primary bridge between traditional and digital finance.
- Geographically, Europe leads demand for institutional crypto spot OTC trading at 38.5%, followed by North America, Asia, and the Middle East, each at 15.4%.



2.2 Why OTC Trading is The Smartest Solution for Global Businesses Operating in Africa

Over-the-counter (OTC) crypto settlements has emerged as a powerful complement to exchange-based markets especially for enterprises requiring large, fast, and compliant settlement of digital assets. Consequently, it's crucial to highlight the key benefits for global businesses.

1. Deep Liquidity:

OTC desks aggregate large buy and sell orders off-exchange, enabling firms to transact blocks of crypto or stablecoins without fragmenting orders across order books. This ensures full execution at negotiated prices rather than enduring partial fills or slippage on public exchanges.

2. Regulatory Compliance and Transparency

Reputable OTC desks like [Quidax](#) conduct full KYC/AML and enforce whitelisting of counterparties and wallet addresses. They furnish audit-ready trails and adhere to licensing regimes (e.g. Nigeria SEC, South Africa FSCA), giving treasurers and compliance teams the assurances they need.

3. Fast Settlements

Unlike traditional banking rails (which

may take days), OTC crypto settlements especially in stablecoins finalize within minutes, reducing settlement risk and accelerating working-capital cycles.

4. Large Volume Friendly:

OTC desks specialize in handling six and seven-figure trades in a single block. They shield businesses from market impact that would otherwise occur if large orders hit public order books, preserving price stability.

5. Personalized Service and Negotiation

OTC desks offer bespoke pricing, tailored settlement options (fiat vs. USDT/USDC), and direct negotiation enabling corporates to structure trades around their cash-flow needs, hedging strategies, and treasury policies.

2.3 How OTC Trading Desks Address Universal Business Pain Points

Over-the-counter (OTC) crypto desks are uniquely positioned to resolve several perennial pain points faced by global businesses operating in Africa. We map each challenge to the OTC solution, then illustrate with mini-scenarios.

FX Volatility

Challenge: Rapid local currency swings can erode margins when converting large sums through banks.

OTC Solution: By settling in dollar-pegged stablecoins (USDT/USDC) or major crypto assets, OTC desks lock in rates at trade execution, shielding treasuries from intraday FX moves.

Use case: A Nigerian importer secures a 30-day USDT OTC contract to pay a Chinese supplier, avoiding the N/USD rate jump that occurred mid-month.

Cross Border Payment Complexity

Challenge: Multi-leg correspondent-

bank transfers introduce delays, fees, and operational complexity.

OTC Solution: OTC trades convert local fiat into stablecoins on one leg, transmit on-chain near-instant, then off-ramp into the recipient's fiat currency, all in a single negotiated transaction.

Use case: A Ghanaian NGO uses Quidax's OTC desk to send grants in USDT to its Kenyan partner, who off-ramps directly to KES within minutes.

Slippage on Exchanges:

Challenge: Large orders on public order books impacts the market, causing slippage and hidden costs.

OTC Solution: OTC desks commit their own liquidity or match bilateral parties, executing block trades at pre-agreed prices with minimal market impact.

Use case: An African fintech raising capital needs 5 BTC for its reserves; instead of placing a market order, it books via OTC at a fixed price, avoiding a 2% slippage hit.

Compliance with Local Currency Laws

Challenge: Varying local currency controls and AML/KYC requirements makes doing business in Africa cumbersome.

OTC Solution: Licensed OTC providers (e.g. Quidax) handle full KYC/AML onboarding and tailor settlements to each jurisdiction's fiat rails and legal frameworks.

Use case: An European exporter onboards through Quidax's Nigerian OTC desk, satisfying the SEC's VASP licensing and local beneficiary-bank reporting rules in a single workflow. In one step, they convert euros into naira-pegged stablecoins and settle directly into their Nigerian partner's bank account fully compliant and audit-ready.

Streamlining Partner/Supplier Payments:

Challenge: Manual FX procurement and bank transfers tie up working capital and require multiple approvals. Large orders on public order books impacts the market,

causing slippage and hidden costs.

OTC Solution: Dedicated account managers negotiate credit terms, deliver settlement instructions, and automate repeat payments via API or scheduled desk calls.

Scenario: A pan-African agribusiness sets up a weekly OTC swap converting USD cash buffers into NGN stablecoins to pay numerous Lagos-based vendors without repeated bank mandates.

Facilitating User-payouts

Challenge: Digital platforms with high-volume disbursements (gig-economy, gaming) face slow bank batch processes and high fees.

OTC Solution: OTC desks can orchestrate mass stablecoin disbursements or direct crypto transfers, reaching users in jurisdictions with limited banking infrastructure.

Scenario: A Nigerian digital platform pays out tournament winnings in USDT via OTC, enabling instant, low-fee withdrawals to players' wallets.

2.4 Why Leading Global Businesses Choose Quidax

Quidax is a regulated, African founded cryptocurrency exchange that makes it easy for anyone to buy, sell, store, and transfer cryptocurrencies. At its core, Quidax specializes in over the counter (OTC) trading, empowering businesses and fintechs with a dedicated crypto API that seamlessly integrates high-volume, compliant settlements into their existing platforms.

Quidax is registered and licensed in Canada and Nigeria, with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and Money Services Business (MSB) license in Canada and the Securities and Exchange Commission (SEC) license in Nigeria.

Officially launched in 2018, Quidax, has customers in more than 70 countries and local expertise across key markets. With direct fiat corridors and support for a range of African currencies including: Nigerian Naira (NGN), South African Rand (ZAR), and Ethiopian Birr (ETB), The Quidax' OTC Desk offers a seamless business payment experience, enabling customers to trade more than \$100,000 and get settled in fiat or USDT.

There are just three simple steps to access the OTC Desk service: Book a call with one of the company's representatives, complete a quick and simple onboarding process, and trade directly into your wallet or local currency bank account.

There are just three simple steps to access the OTC Desk service:

1



Book a call with one of the company's representatives,

2



complete a quick and simple onboarding process,

3



and trade directly into your wallet or local currency bank account.

Why Quidax?



Regulated and licensed



Deep liquidity + large volume handling



API and bespoke support



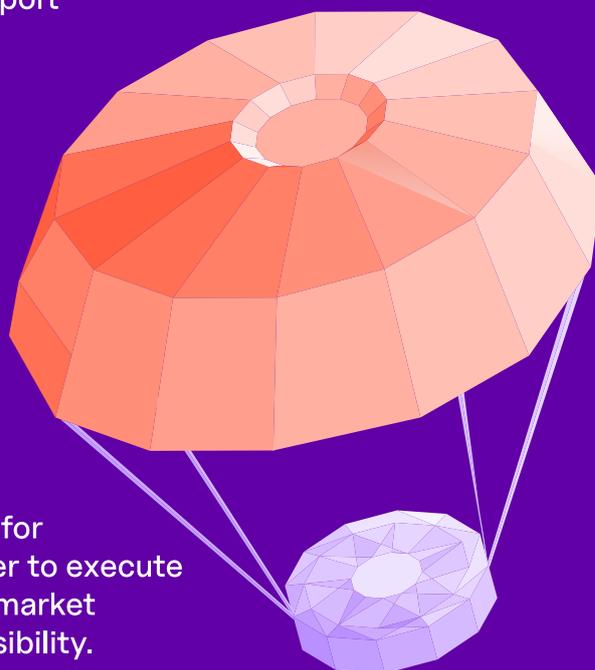
Local currency coverage (NGN, ZAR, ETB, etc.)



Strong compliance processes



Confidentiality: Ideal for institutions that prefer to execute large trades without market exposure or public visibility.



Quidax

www.quidax.com

2.5 Case Studies

Case Study 1: NevaCommerce* - Simplifying Cross-Border Settlements in Africa

About NevaCommerce:

NevaCommerce is a global digital commerce enabler based in Europe. Through partnerships across emerging markets, they help international brands connect with distributors and customers in regions like Nigeria, South Africa, and Kenya.

Challenge:

- Settling large payments with partners in local currency proved costly and slow using traditional banking methods.
- Volatile exchange rates and high FX costs impacted profitability.
- Regulatory complexities around cross-border transactions created operational challenges.

Solution:

- Partnered with Quidax OTC Desk to leverage stablecoins for cross-border settlements.
- Used OTC trades for competitive rates and access to large volume liquidity.
- Seamlessly converted stablecoins to

local fiat via Quidax OTC to pay partners quickly and compliantly.

Results:

- Reduced settlement time from up to 5 days to under 1 hour.
- Saved up to 2% per transaction on FX spreads and fees.
- Strengthened local partnerships through faster, more reliable payments.

Why OTC Made The Difference:

- Bespoke pricing and large trade handling.
- Private, secure and compliant execution.
- Local currency coverage with regulatory peace of mind.

“For the first time, our treasury and operations teams can settle into Africa quickly and cost-effectively — OTC has transformed our business.”

- CFO, NevaCommerce*

Case Study 2: Global Platform Co. - Enabling Fast and Compliant Partner Settlements in Africa

About Global Platform Co.:

Global Platform Co. is a fast-growing international digital platform with millions of users and partners across African markets, including Nigeria, South Africa, and Ghana.

Challenge:

- Slow and costly settlement processes for local partners and service providers.
- Pressure to reduce payout timelines to improve user experience and partner satisfaction.
- Traditional payment methods offered limited flexibility and high transaction costs.

Solution:

- Integrated with Quidax OTC Desk to use stablecoins for bulk settlements.
- Executed OTC trades to access deep liquidity and optimal rates.
- Converted stablecoins to local currencies for fast, compliant payments to African partners.

Results:

- Reduced partner settlement time from 48 hours to under 4 hours.

- Lowered operational costs and improved treasury efficiency.
- Embedded OTC trading as part of regular global settlement operations.

Why OTC Made The Difference:

- Stable, guaranteed pricing during high volume trades.
- Seamless API integration for automated settlements.
- Regulatory coverage and local expertise through Quidax's licenses.

“With Quidax OTC, our treasury has the flexibility, speed and compliance coverage needed to serve our African markets seamlessly.”

- Global Head of Finance, Global Platform Co.

2.6 Interview with Buchi Okoro - CEO, Quidax



Q: What key consumer changes have you observed in the application of cryptocurrencies in Africa in the past two years?

There's been a shift from speculation to practical utility as well. I think early on adopters primarily viewed crypto as an investment vehicle, but now we're seeing increased usage for everyday transactions; more consumers are now using crypto for cross-border and even e-commerce payments.

Q: What structural or existential barriers would you say are hindering the broad application of cryptocurrency in African business transactions? Additionally, from your perspective, do you think these can be changed or improved?

I think regulation or lack thereof is a significant challenge that's preventing crypto adoption in business transactions across several African markets. This can definitely be changed. We're seeing progress where regulators in countries like Nigeria have developed frameworks for crypto transactions with their digital assets exchange license, which has improved

positive sentiment in the crypto space and made consumers feel more secure. This model could work well across more African countries, creating environments where businesses can confidently use crypto without friction. What we need is a balanced approach where regulators work with established crypto companies to maintain appropriate oversight while enabling innovation and protecting users

Q: How do you envision the cryptocurrency market evolving in Africa over the next 2-3 years? What short and long-term evolutions are we likely to see?

I think in the short term, we're going to see a wave of regulatory frameworks being implemented in more African countries, so there's going to be a lot more regulation in the space, and it'll create more structure and legitimize cryptocurrency in these countries and provide consumer protection. In the long term, there'll be more partnerships between traditional financial institutions and crypto companies in the space. Central banks in some countries will roll out their own CBDCs in response to the growing cryptocurrency ecosystem.

Q: What are the key markets to watch out for and What factors will drive growth in cryptocurrency adoption in these African markets?

Nigeria, Ghana, Kenya, Rwanda, Tanzania and South Africa. The large population of young people, well developed financial infrastructure and forward thinking tech policies will drive growth in these markets.

Q: How will OTC trading desks evolve in Africa? Is complete decentralization realistic especially in the light of fraud cases and corporate governance issues?

Over the next couple of years, I think there will be increased institutionalization in the space, as regulatory frameworks mature across different markets, OTC Desks here will most likely adopt more standardized practices, and focus a bit more on things like better risk management and stronger compliance practices. The tech involved is going to advance as well: So that means more automated systems, maybe better escrow functionality etc.

Q: How are businesses exploring OTC platforms in Africa? What are the interesting use cases, the key players, and the industries or sectors? Where are the high-growth and opportunity sectors for OTC?

There are lots of interesting use cases. For example: Cross-border trade settlement for import/export businesses, Payment corridors for businesses that deal with international suppliers, and Corporate Treasury Management for businesses trying to hedge against local currency

volatility. The Import/export, Technology and e-commerce sectors are taking advantage of the opportunities the OTC Desks present.

Q: How can regulatory bodies effectively collaborate with industry players to promote the growth of the cryptocurrency industry? Is there any possibility of a pan-African collaboration on crypto regulation along the lines of the AFCFTA?

Regulatory sandboxes are a great way to do this - allowing players in the space to operate in controlled conditions. Also regular public-private dialogue so industry participants and regulators can share perspectives and develop a mutual understanding. Nigeria has done really well on this with the SEC's engagement with crypto stakeholders. As for Pan-African collaboration, it's definitely a possibility, it could include Standardized consumer protection policies and maybe Mutual recognition of licensed entities.

Q: How do you envision the regulatory landscape for cryptocurrency evolving in Africa over the next 2-3 years?

I believe we'll see more nuanced regulatory approaches, so regulation will explicitly distinguish between different types of crypto activities - separating trading, payments, asset tokenization, and fundraising - with tailored regulations for each.

2.7 Interview with Moyo Sodipo - Co-founder, Busha



Q: What structural or existential barriers would you say are hindering the broad application of cryptocurrency in African business transactions? Additionally, from your perspective, do you think these can be changed or improved?

The lack of regulatory clarity has always been a very big stumbling block. Up until August 2024, there was no clear regulatory framework for cryptocurrency in Nigeria and what this meant is a lot of people and corporations that would naturally be interested in cryptocurrency and digital assets, are taking a cautious approach towards our industry. So, what that meant is we needed to convince and do more talking and explanation before we're able to get people to actually use cryptocurrency as of that point in time. But thankfully, the Nigerian government, under the leadership of the new SEC Director General, decided it was time to regulate cryptocurrency and that has actually been a good light.

Q: What key consumer changes have you observed in the application of cryptocurrencies in Africa in the past two years?

The biggest change that I've seen is that people are beginning to realize the importance of cryptocurrency settlement. I think the first foray of crypto into Nigeria or what made crypto a bit popular in Nigeria was back in 2017 when there was a very popular bull run around the time and then prior to that, there was this thing that was very rampant in Nigeria, MMM, and people used to think, Bitcoin was similar to MMM back then. So that's the first big wave that I can recollect that people sort of tried to delve into cryptocurrency. The next time was when foreign exchange trading started becoming very popular and people were using cryptocurrency to fund their trading accounts. That still happens up until today, it's like the easiest way due to the restricted access to FX in Nigeria. Generally, it has evolved from just being used for trading currencies to being able to apply to our daily lives. Today we're seeing a lot of information around the adoption of stablecoins for different use cases. Although cryptocurrency is not yet fully accepted in Nigeria today, globally people are making a lot of use cases for how stablecoins are changing the way that

we can send money from one continent to another. With the licensing regime in Nigeria, over the next few years, we'll start seeing more businesses accepting not just crypto but also stablecoins as a form of payment. Let's say you're trying to make a payment for an airline ticket, we can potentially have a checkout that says, pay with stablecoin, just imagine a world where you're able to pay for that using your stablecoin. The possibilities are just endless and I think that's the shift that we're seeing now, from the past where it was largely perceived as some get-rich-quick scheme.

Q: How do you see the cryptocurrency settlement landscape evolving in Africa over the next two to three years? What kind of short or long-term evolutions are we likely to see?

Acceptance and adoption of cryptocurrency is definitely going to increase. We're going to see in the next two, three years, I believe we'll be able to see where crypto is being used for day-to-day things. Once different jurisdictions in Africa start creating the stablecoin version of their own currencies, transactions between two different countries become easier because imagine if there's a CKS and there's a CNGN. That means, I don't necessarily need to have a bank account in Kenya to be able to do trade between Nigeria and Kenya. So that's where I see the future going, where the digital versions of a nation's currency is on the blockchain, and then there can now be intra-Africa trade without necessarily having to move the fiat. That's where I see this thing going in the next few years, where stablecoins for different

currencies are now being traded, and it just promotes intra-Africa trade without having to depend on the physical US dollar.

Q: What is the outlook for 2025 when it comes to cryptocurrency and OTC trading in Africa?

The outlook looks positive. It's way more positive this year also because when we look at different African jurisdictions, when we look at different players in the market, you'll see that this year, there's been an uptick in those that are finally opening up to using stablecoins for different purposes, whether as a store of value, for cross-border transfers, making payments directly to suppliers. The conversation has been booming way more than before compared to the previous year. So, it's obvious that people have caught on to the bug, and are now willing to actually explore this new technology to ensure that their businesses are running faster, smoother, and more efficiently.



**The Rise of Stablecoins
in Cryptocurrency →**

3



3.0 The Rise of Stablecoins in Cryptocurrency

Globally, stablecoins are gaining momentum as a medium of exchange and a store of value particularly in regions with monetary instability and/or limited access to the U.S. dollar. Individuals, Businesses, and financial institutions are leveraging stablecoins for international payments, liquidity management, hedge against currency fluctuations, among other reasons via OTC desks. The ability to facilitate swift and more cost-effective transactions compared to those of traditional financial systems has accelerated the adoption of stablecoins worldwide.

As regulatory momentum surrounding cryptocurrency continues to gain headway, stablecoins are becoming a focal point in discussions examining the technologies shaping the future of finance.

Stablecoins evolved to address the failure of Bitcoin and other cryptocurrencies in order to provide an effective monetary and payment instrument. This reflected the preference of main market participants to base transactions and payments on sovereign fiat currencies, in particular the US dollar.

However, as no digital form of the dollar or other sovereign fiat currencies was available, market participants developed the stablecoin structure as a means to address this issue, as well as to provide an instrument to support hedging between crypto-assets and fiat currencies. To maintain stability, issuers back stablecoins with fiat or asset or crypto and are called asset-backed stablecoin; while algorithm-based stablecoins use algorithms to increase or decrease the supply of stablecoins in response to changes.

What is a Stablecoin?

Stablecoin is a cryptocurrency designed to minimize volatility by pegging to a more stable asset such as fiat currency, or digital assets.

Created by Charles Hoskinson and Dan Larimer, Stablecoins are a response to the high price volatility of existing cryptocurrencies which impaired their attribute as a means of payment, store of value or unit of account.



Fiat-backed stablecoins



Crypto-backed stablecoins



Algorithm-backed stablecoins

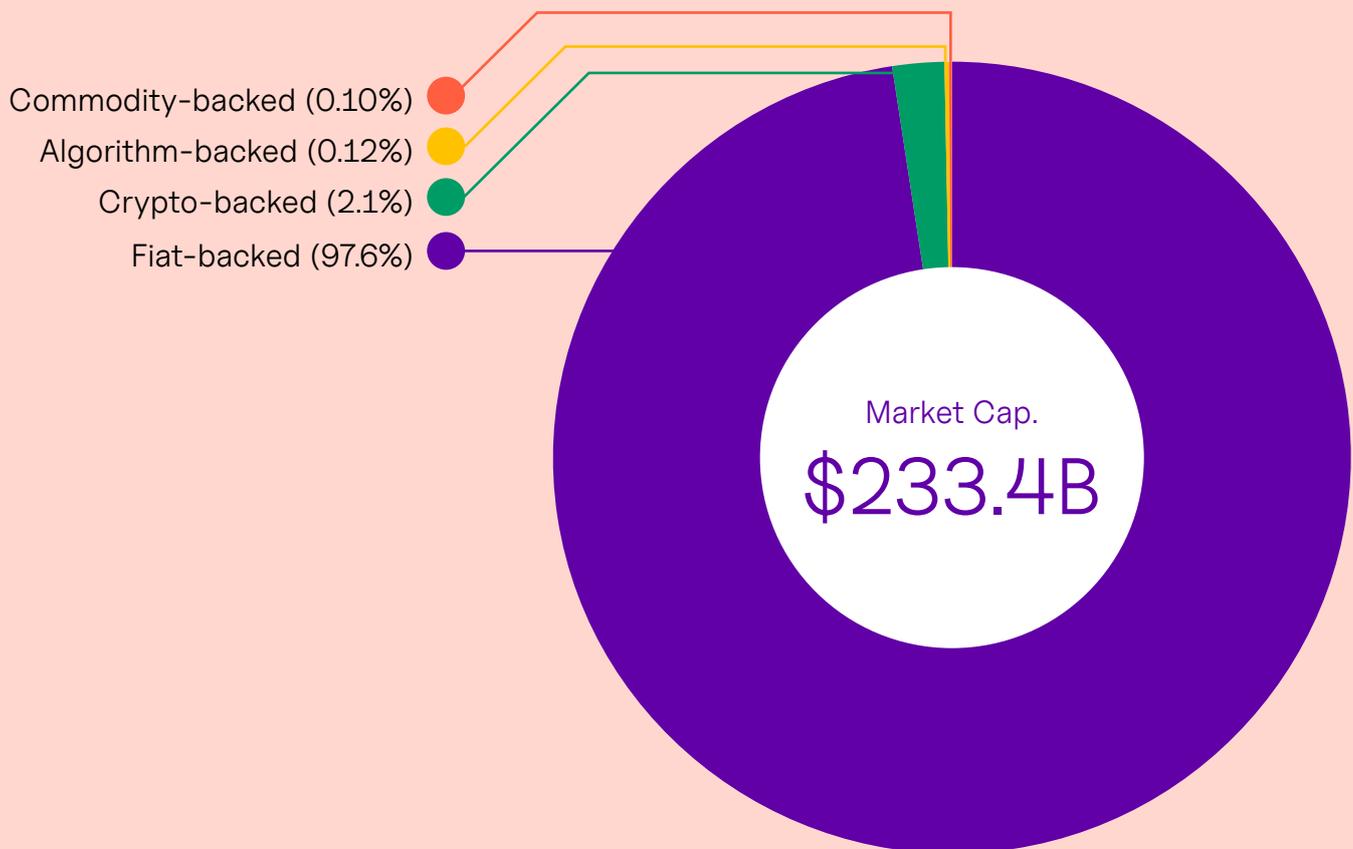


Commodity-backed stablecoins

“Stablecoins represents more than two-thirds of the trillions of dollars worth of cryptocurrency transactions recorded in recent months” - Chainalysis.

Stablecoin market

Figure 8: Fiat-backed stablecoins valued at \$226 Bn account for 97% of all stablecoin market.

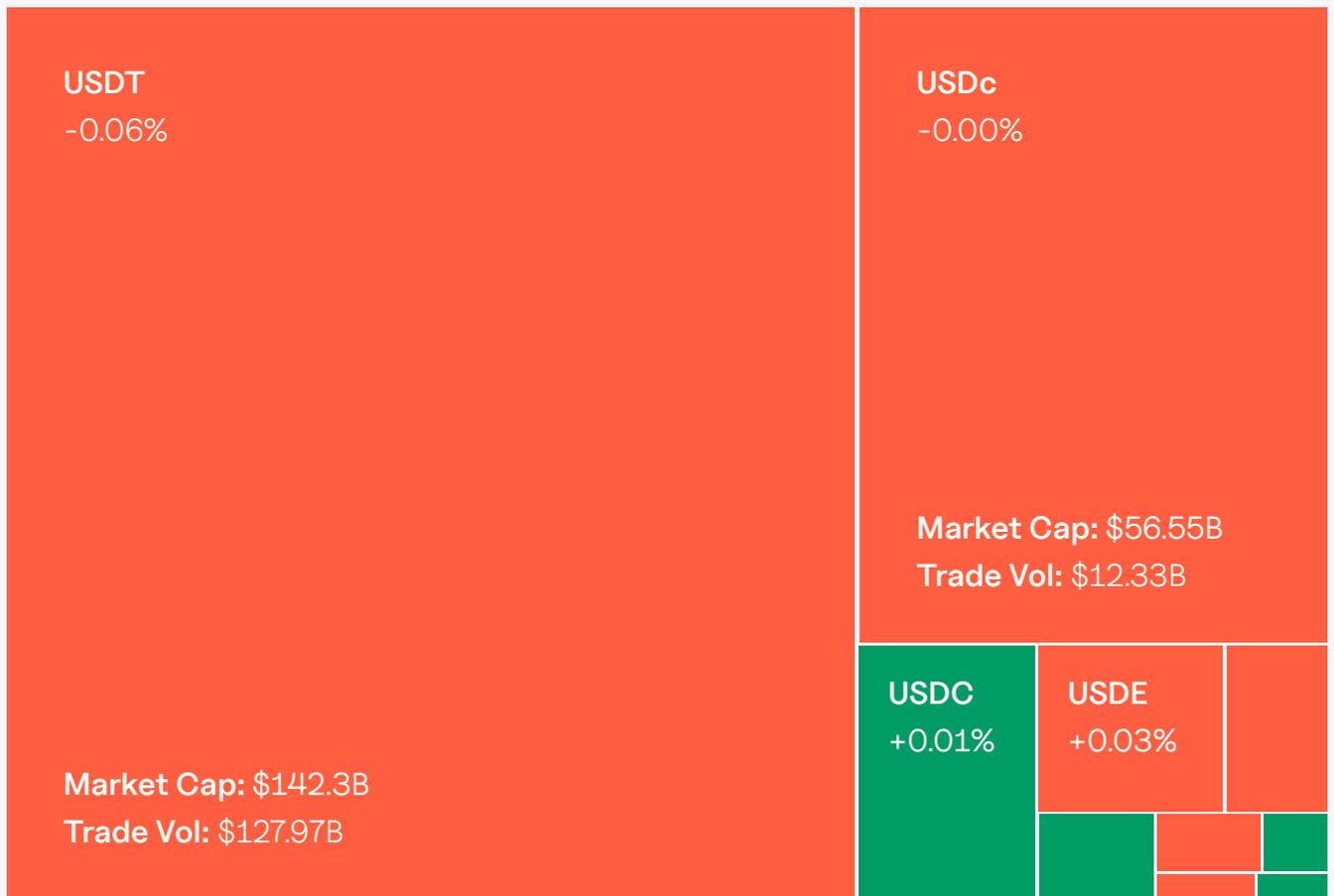


Trade Vol.

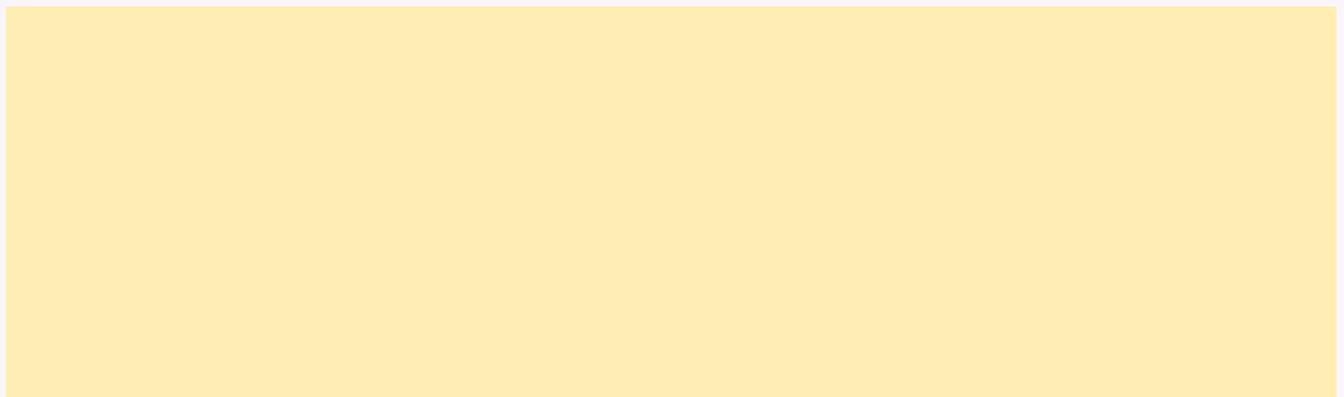
US\$151. Bn

Fiat-backed Stablecoin (FSB)

Figure 9: USDT and USDC account for the largest chunk of FBS.



Source: Coingecko



3.1 Stablecoin Trends in Africa

FX volatility drove retail and medium-sized stablecoin transfers to account for 43% of all crypto transactions last year.

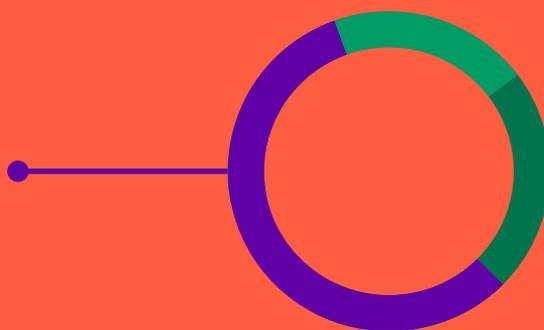
As in other regions, stablecoins market in Africa has matured, overtaking Bitcoin preferred asset for everyday transactions. Aside from North America where transaction activities in stablecoin only barely exceeds those in bitcoin, transactions in stablecoin is more than twice those in bitcoin (see figure 10).

In Africa where high inflation and exchange rate devaluation has led to the erosion of wealth, stablecoins is adopted as a hedge

against local monetary instability, offering a more reliable means of transacting and preserving value.

Still, much of the growth in Stablecoin in Africa is fueled by transfers under \$1 million - retail, non-institutional transfers. Latin America and SSA are the fastest growing regions for retail and professional-sized stablecoin transfers, with year-over-year (YoY) growth exceeding 40%.

43%



In SSA, stablecoins accounted for 43% of cryptocurrency transactions in SSA last year.

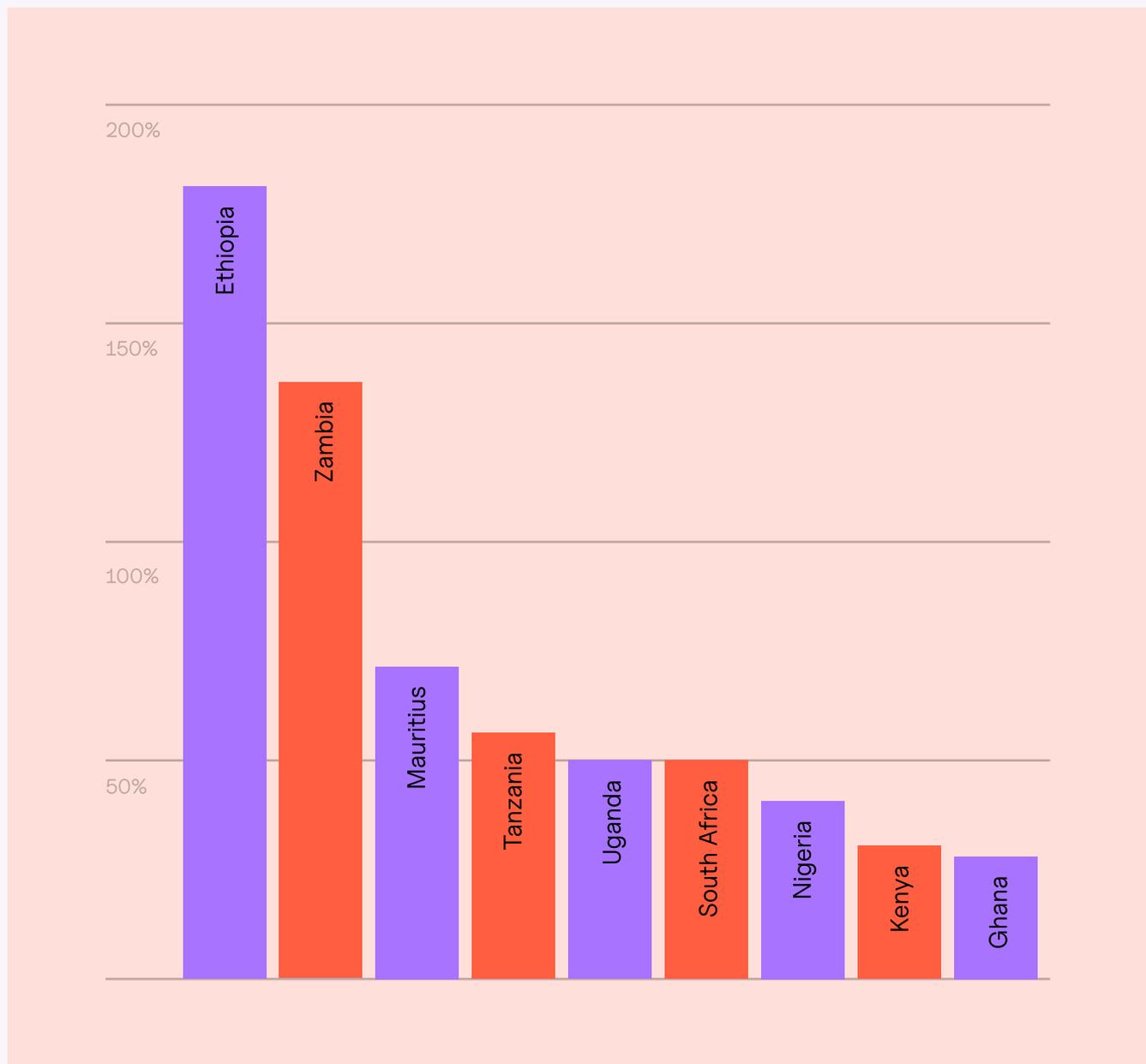
Figure 10: Share of regional transaction activity on stablecoin and bitcoin



Increasing Adoption of Stablecoins in Africa

Though Nigeria and South Africa lead on the adoption of stablecoin, Ethiopia, Zambia, Mauritius, Kenya, and Ghana are some countries with increasing adoption of stablecoin.

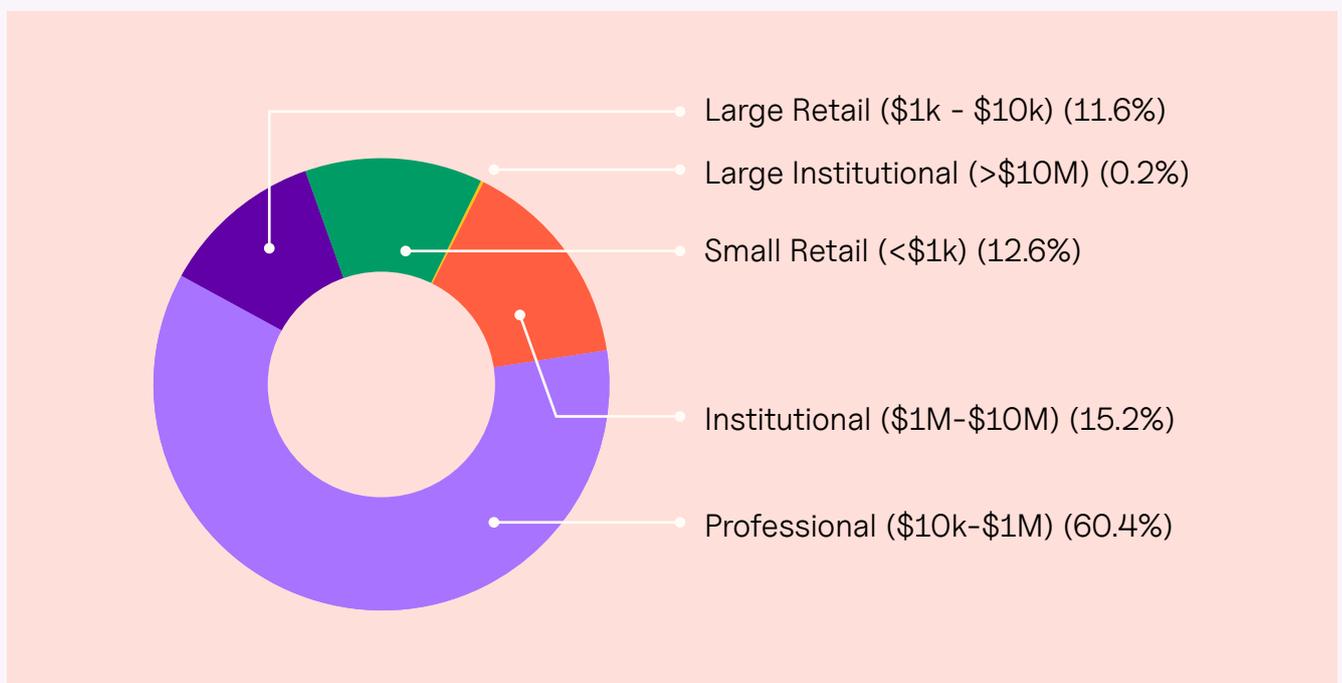
Figure 11: YoY Growth of retail-sized stablecoin transactions (<\$10k) in Sub-Saharan Africa. Jul 2022 - Jun 2023 vs. Jul 2023 - Jun 2024



Ethiopia and Zambia posts over a 100% yoy growth rate in stablecoin over the last year. Ethiopia was the fastest-growing market for retail-sized stablecoin transfers, with 180% yoy growth. The Ethiopian birr (ETB) shed

30% of its value in July after the government eased currency restrictions in a bid to secure a \$10.7 billion loan from the IMF and World Bank. This loss in value will likely fuel further demand for stablecoins.

Figure 11: YoY Growth of retail-sized stablecoin transactions (<\$10k) in Sub-Saharan Africa. Jul 2022 - Jun 2023 vs. Jul 2023 - Jun 2024



\$20B

With over US\$20 billion, Nigeria received over 40% of stablecoin inflow in SSA

In addition to the rising prominence of stablecoins, DeFi is experiencing a major moment in Nigeria, echoing the broader trend of Sub-Saharan Africa as the global leader in DeFi adoption. Nigeria's crypto activity

is largely driven by smaller denomination retail and professional sized transactions, with around 85% of the value of transfers received under \$1 million.

3.2 The Role of Stablecoins in Mitigating Cryptocurrency Price Volatility

[Stablecoins](#) play a crucial role in the cryptocurrency ecosystem by addressing one of its biggest challenges, volatility. Crypto tokens like Bitcoin, Ethereum can experience significant price swings within a short timeframe, making them risky for everyday transactions, and as a reliable store of value.

By design, fiat-collateralized stablecoins (e.g. USDC, USDT) hold reserves in cash or cash-equivalents, while crypto-collateralized variants (e.g. DAI) maintain over-collateralization and automatic liquidation safeguards. These are both mechanisms that cap price swings relative to high-volatility cryptocurrencies such as Bitcoin and Ether.

According to [S&P Global Ratings](#), in over-the-counter settlement workflows stablecoins deliver smoother, near-instant finality settling in minutes rather than days, while incurring minimal slippage (often below 1 percent versus 5–10 percent FX fees) and providing an immutable on-chain audit trail that enhances KYC/AML transparency and compliance. By serving as a programmable, 24/7 “dollar rail,”

stablecoins empower African businesses, fintechs and telco-fintech partnerships to extend cross-border payment corridors without building new banking infrastructure.

Figure 13: Analysis of Price Volatility of Crypto tokens vs Stablecoins over an approximately eleven month period



Source: [Yahoo finance](#)

The data reveals a clear distinction in volatility patterns between cryptocurrencies. While Bitcoin and Ethereum experience significant fluctuations in volatility, stablecoins like USDT and DAI maintain consistently low volatility levels, highlighting their role as a haven during market turbulence.

3.3 Interview with Jurgen Kuhnel - CEO, Xago Technologies (Pty) Ltd



Q: What key consumer changes have you observed in the application of cryptocurrencies in Africa in the past two years, as someone who is actively in the space?

It is very difficult for me to talk about the entire consumer market in crypto, because obviously we have a very specific use case that we service. But what we have seen is really a rise of stablecoins in Africa, massively rising. I always want to say an explosion in the use of USD Tether (USDT), and USDC, but USDT specifically seems to be widely accepted. Sometimes, when I speak to people, I say, a couple of years ago, everybody uses this use case of M-Pesa, which was a mobile money network that came into Kenya, and there was a need for a new sort of rail, and then obviously with some government backing, blah, blah, blah, they now control about 55% of the gross domestic product of Kenya. Because it was a clear need, and everyone went, oh, my goodness, it came out of the blue, and look at this thing, it just exploded into this massive thing. To me, USDT is this unannounced version of M-Pesa. It is taking Africa by storm.

What I mean by that is, when you talk to people in Africa, they are not even concerned about the fact that it is paid to the US dollar or not paid, or sometimes loses its pay, or understand that there is a Tron network, an Ethereum network, and they are on and off ramps, and there are premiums and discounts and stuff. They seem to completely understand the use of this, and I think this sort of viral growth of stablecoins in Africa is going to catch a lot of people off guard.

Q: How do you see the cryptocurrency market evolving in Africa over the next two or three years, what kind of short or long-term evolutions are we likely to see?

I think from our side it's clear where the market's going. You know, cryptocurrency is just getting more and more adopted, as regulation is coming into place, bigger and bigger players are getting involved. You know, we can just take the US for example, you know, the bigger companies like the Black rocks of the world and are listing these on the stock markets, with the ETFs. Even the governments are looking at this as using some sort of hedge against their own

currencies or reserves. So, like the bigger and bigger players are just getting more involved and the more the bigger players are getting involved, the more regulation will step up their game and it will get to a point where it will really just be another financial product where the purpose of crypto is to be this alternative underground movement that is bypassing the traditional financial system and are going to overthrow the world or whatever they were trying to achieve. BlackRock is already the biggest holder of Bitcoin. Donald Trump is manipulating the price of crypto by tweeting and carrying on. I think a couple of states in the US, maybe about 10 or 15 states have already put a bill forward. In fact, I think Donald Trump signed an executive order recently. So, I think once America does something, normally the rest of the world just does what America does. It won't be much longer for the rest of the world to sort of catch up.

The largest companies in America have stockpiles of Bitcoin. It's not like, everyone's already got it, right? But it's already there. So sometimes people say to me, yes, crypto is still in an infancy stage or this thing is going to explode or whatever. It exploded, right? It's already everywhere. I don't think there is. Well, I personally haven't met a person that doesn't know what a cryptocurrency is or haven't heard of Bitcoin. I personally haven't. But there would obviously be one or two people that do live under a rock and those guys might not know about it.

When I look at my kids, for example, 16, 17 years old, 10 years from now, they're going

to be the generation that's going to be working and transacting with each other. And they have no problem whatsoever with cryptocurrency. They don't even have questions about it. So, 10 years from now, it's going to be so commonplace. The real promise for crypto, if I have to go back to the very reason why I got into crypto and the very reason why most people have gotten into crypto in the first place by five or ten or eight years ago, is that it's an alternative way to do transactions. For instance, if I wanted to perform a transaction, say, I would like to send money to England, I would have had to use Swift. Now I have an alternative. I can buy cryptocurrency and send that cryptocurrency across the border. So, there is an alternative to the status quo, and it is just very difficult for the bigger banks and the larger payment rails of the world to sort of switch over and integrate this new method of thinking. And I think that is going to take some time, but ultimately, it's going to provide an additional rail for settlement.

Q: What are the key markets to watch out for in Africa? You already mentioned some of the factors that are likely going to drive the growth of crypto adoption in the African market, are there specific markets that could potentially drive the growth of cryptocurrency adoption in Africa?

In fact, in South Africa today, some of our normal ATMs have access that you can buy and sell your crypto or withdraw your crypto from. I've seen that. Yeah, I haven't used it personally, but I've seen it. Some of the exchanges in South Africa are integrated

with some of the retailers. You can buy and sell, but you can buy some goods with your cryptocurrency. So, you can shop with your crypto. So, it's a very, very mature market in South Africa.

The key markets are like everything in the world. It's always the big markets. Nigeria and South Africa are the biggest, they also have the highest adoption rates. Other countries like Namibia, for example, are actively looking at bringing in cryptocurrency exchanges. In markets like Mozambique, who have real liquidity problems, Cryptocurrency could play a big role in addressing this challenge and then, of course, right across Africa. People actually want to use it, but they do want to use stablecoins. I don't think people are that interested in Bitcoin or XRP that much in Africa. I think just getting their hands on the US dollar is good enough. I think the US citizens are more concerned with how can I make more US dollars? But most Africans tend to care more about how do I get out of my African currency and get into something stable like the US dollar. It's funny if you think about it like that, because for Africans, the US dollar is the thing, everything we value is against the US dollar, but for the US citizens, they just talk about how the US dollar devalues.

Q: You previously touched on the use of over-the-counter cryptocurrency trading, can you elaborate on how businesses currently engaging in OTC trades are leveraging it in practice?

Generally, OTC trading is not done by consumers, it's usually businesses and it's

usually businesses with a need. You've got a business that sits with a whole bunch of Angolan Kwanza and they are struggling through their own banks to get the funds out into US dollars, most of these countries in Africa are buying goods and services from international businesses for imports and exports and for whatever reason, they need to get their funds out. Or they could be a South African based company that is working in Angola, and they've got some funds there that they need to repatriate back into South Africa. These are some use cases of companies that have a real need to send funds across the border and it is really difficult for them to find a reliable way sometimes through the traditional rails. Having said that, it's not that cryptocurrency is more reliable, it's just an alternative in my mind. Usually, they would choose to do the normal FX transaction if they could, where the reporting structures are there, the bank is there to support them, everything is in place. It's easy for the CFO to sign off the document. Here's my little pink slip or whatever it is that I needed. So, venturing out into this cryptocurrency space is usually when they are running into problems and specifically liquidity problems.

Q: Do you see a future where cross-border payments across Africa are widely powered by cryptocurrency platforms and over-the-counter trading desks—similar to how the AfCFTA is aiming to unify trade on the continent?

For me, of course, I see that. But I don't think that the users will necessarily know

that crypto is the backbone of those trades. So, for example, as the regulation forms and reporting gets into place, for example, in South Africa, cross-border settlement businesses would be able to start using crypto for settlement. Currently, it is very difficult for them to use it for that purpose, because of that, I think there's still a barrier there. So, as these things get more solidified, it would be that alternative that some businesses might prefer to use cryptocurrency for their settlement and other businesses might prefer to use Swift or Western Union, whatever the business needs are. Cryptocurrency settlement would absolutely sit side by side with the traditional payments systems and will be incorporated into traditional networks. You would go to your banking app and say, I want to use, for example, a SWIFT transaction or I would like to use a crypto transaction to do X, Y, Z. And I think the more stablecoins like USDT or USDC is being used, the easier it becomes for that adoption. So, for example, we've got a partner already that can do integration for us where we can integrate some cryptocurrencies or stable coins into a mobile money platform, we haven't finished that integration, but the idea is you pay with your mobile money and you end up with your USDC or USDT in your wallet. There's actually a really good business based in Kenya that runs that payment system.



Market Analysis and Insights →

Crypto Market Trends in Africa

Though Sub-Saharan Africa (SSA) accounts for a small portion of global transaction in crypto, there are indicators of future prosperity in Cryptocurrencies.

According to YouGov 2024 survey data...

93 percent of people surveyed worldwide have awareness of crypto and 51 percent of those people say they understand what cryptocurrency is about.

Intention to invest in crypto is higher in Africa at 87 % than elsewhere.

Nigeria (77%), South Africa (65%), South Korea (61%), and India (60%) have the highest number of people who understand what crypto is about.

A majority of respondents in Nigeria (73%), South Africa (68%), the Philippines (54%), Vietnam (54%) and India (52%), either currently own or have owned cryptocurrencies in the past.



Nigeria (93%), South Africa (77%), Philippines (59%), India (58%), show the highest interest to invest in Cryptocurrencies in the next 12 months.

According to the 2024 Geography of Crypto Report by Chainalysis...

Sub-Saharan Africa accounts for the smallest share (2.7%) of global transaction volume (see figure 5).

Stablecoins now account for approximately 43% of the region's total transaction volume.

Nigeria received appr. \$59 billion in cryptocurrency value and ranked second (after India) on the Global Crypto Adoption Index.

Fig 14: African Countries on the Global Crypto Adoption Index 2024

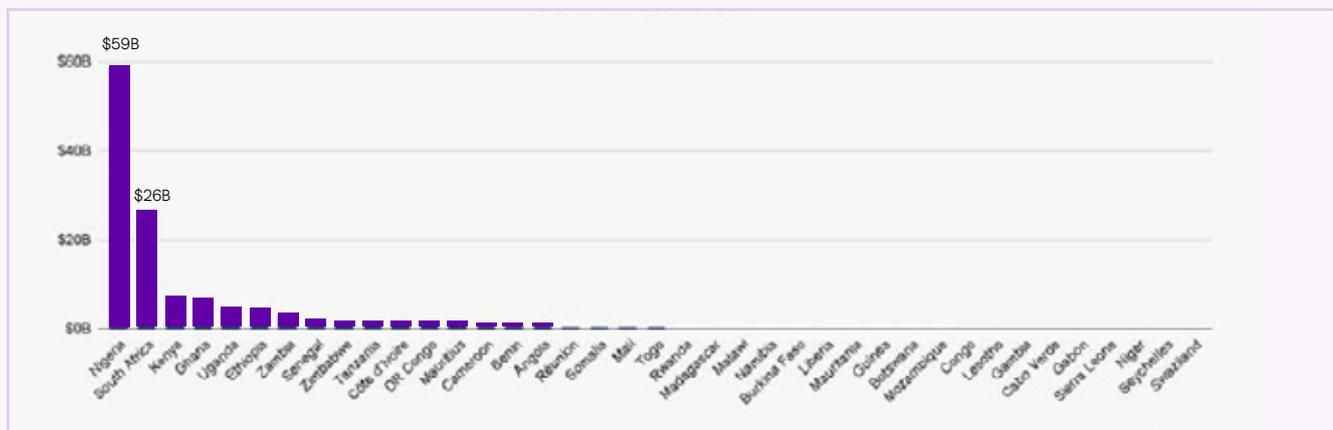
S/N	COUNTRY	RANK
1	Nigeria	2nd
2	Ethiopia	26th
3	Kenya	28th
4	South Africa	30th
5	Uganda	34th
6	Ghana	46th
7	DR Congo	48th
8	Zambia	58th
9	Tanzania	62nd
10	Somalia	63rd

Source: [Consensys 2024](#)

Nigeria leads crypto transactions and adoption in Sub-Saharan Africa

With a youth population of over 50 million, Nigeria is a hotbed of crypto activities. Last year, Nigeria received approximately \$59 billion in cryptocurrency value between July 2023 and June 2024. South Africa follows in second position with \$26 billion.

Figure 15: Countries in Sub-Saharan Africa by cryptocurrency value received Jul 2023 - Jun 2024

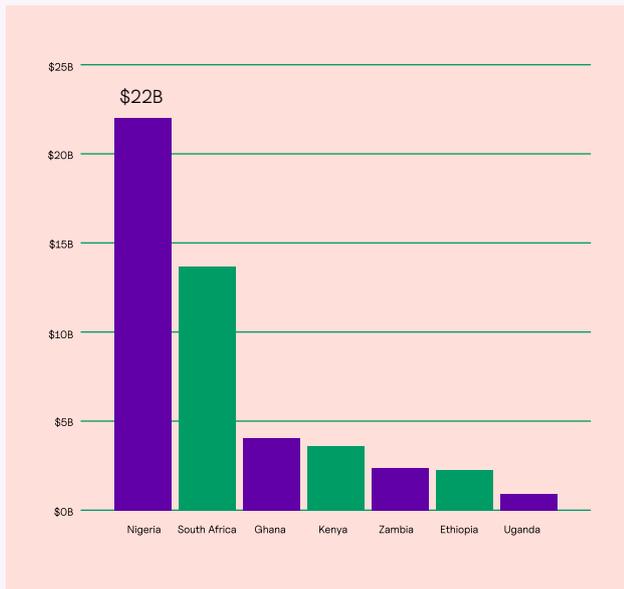


Source: [Chainalysis](#)



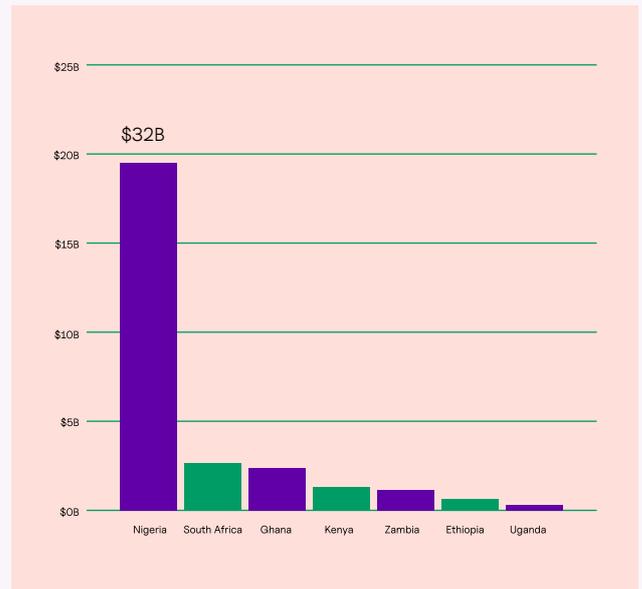
Nigeria leads SSA in Stablecoins and DeFi

Figure 16: Total stablecoins received by country, Jul 2023 - Jun 2024.



Followed by South Africa, Nigeria also leads the transaction in Stablecoins in the continent. Stablecoins activities in Nigeria accounted for approximately 40% of all stablecoin inflows in the region. Many Nigerians rely on stablecoins to send money across borders due to the inefficiencies and high costs associated with traditional cross-border payment channels. For similar reasons, there has been an uptick in stablecoin transactions in Ghana, Kenya, Ethiopia and Uganda.

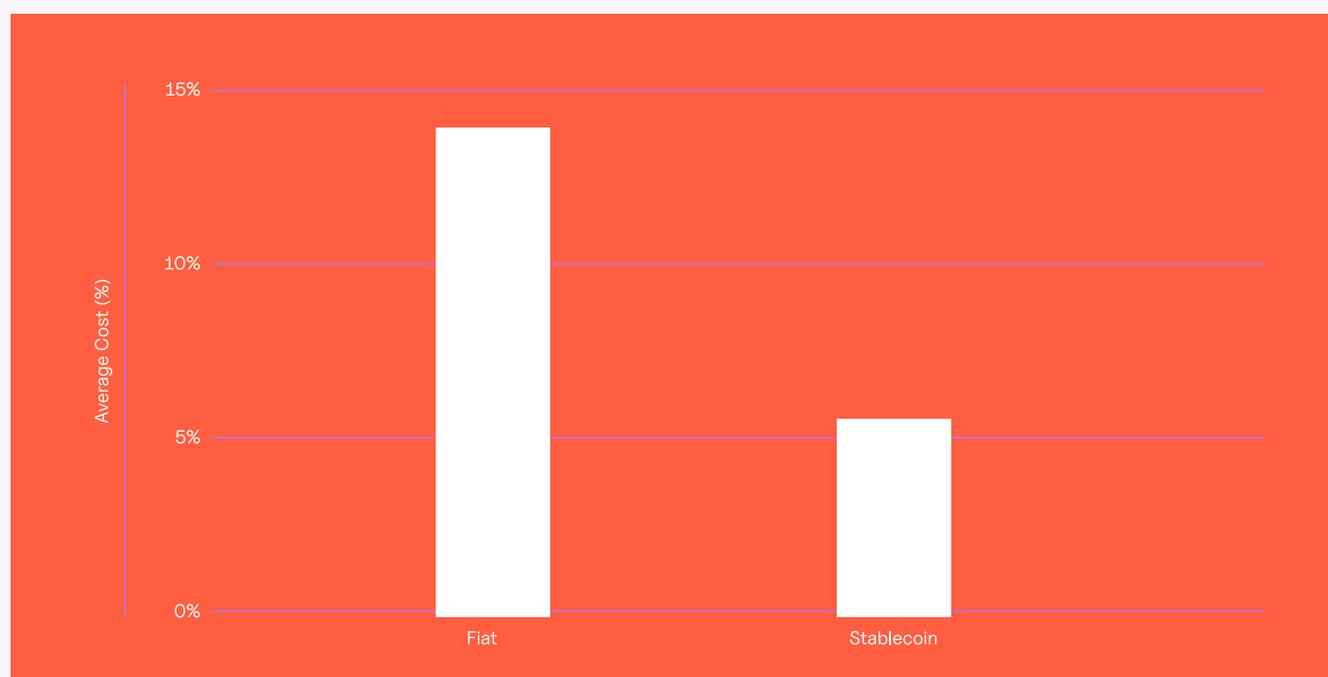
Figure 17: Total value received by DeFi services by country, Jul 2023 - Jun 2024.



Decentralized Finance (DeFi) is experiencing a major moment in Nigeria, echoing the broader trend of Sub-Saharan Africa as the global leader in DeFi adoption. Nigeria stands at the forefront of this trend, with over \$30 billion in value received by DeFi services last year. DeFi platforms are providing Nigerians with new opportunities to earn interest, take out loans, and engage in decentralized trading, in addition to the traditional financial systems.

Stablecoins are gaining wide appreciation in cross-border transactions due to the lower costs of settlements.

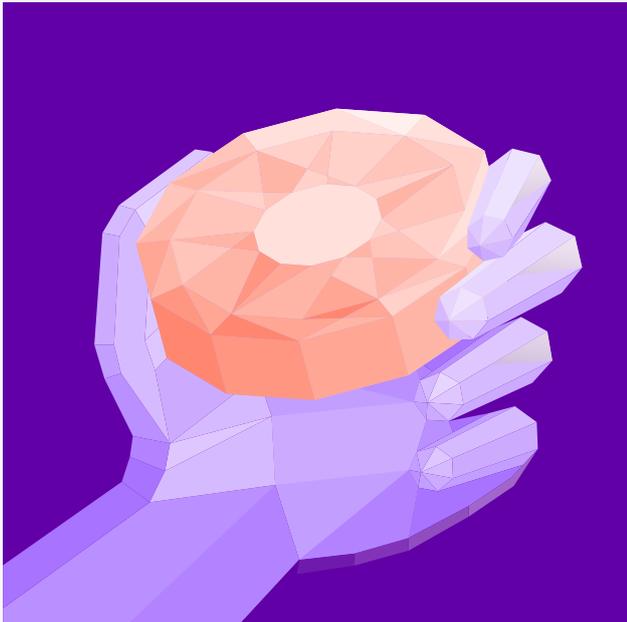
Figure 16: Total stablecoins received by country, Jul 2023 - Jun 2024.



Source: [Chainalysis](#)

Cross-border transactions is a perennial issue across Africa due to the reliance on third-party currency and bank. Even with the rise of financial technology, the cost of sending money remains high as shown in the figure.

However, Blockchain and Cryptocurrency are gradually redefining how money is moved across. Stablecoins, because of its unique features, is becoming instrumental in cross-border transaction.



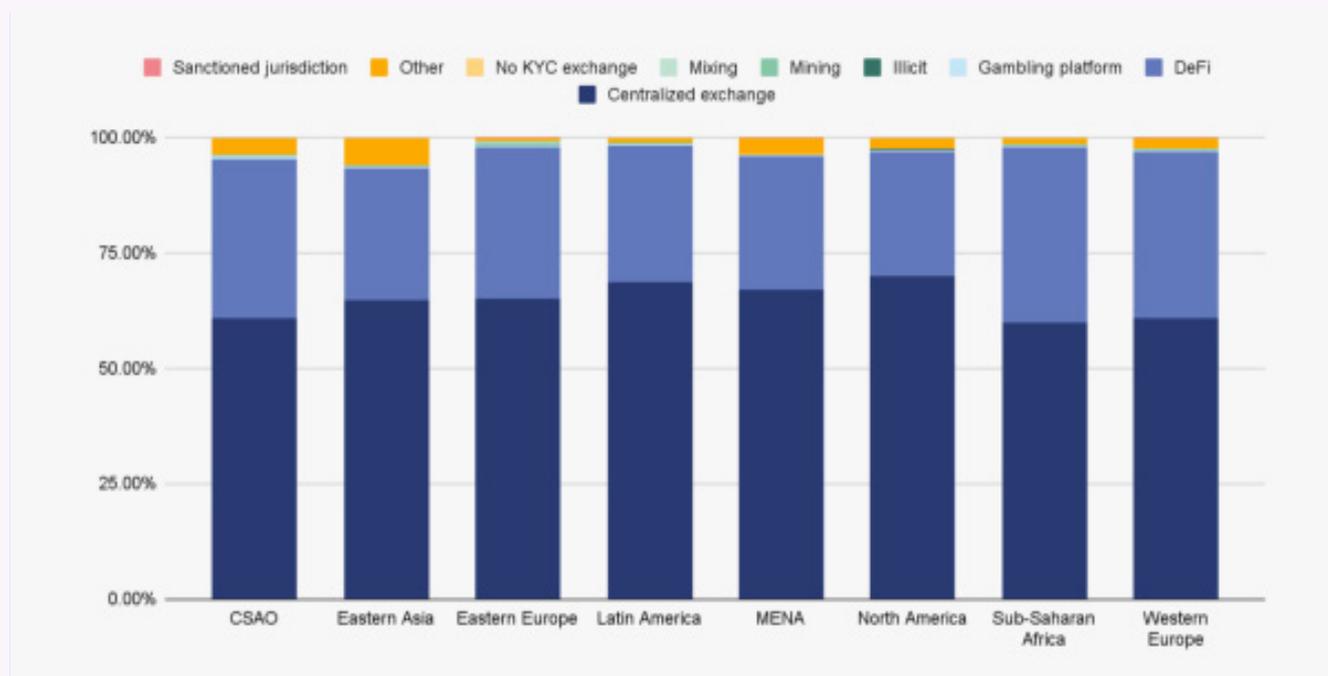
The figure shows that average cost of sending \$200 from Sub-Saharan Africa is approximately 60% lower when using stablecoins compared to traditional cross-border methods facilitated by fiat currency.

This trajectory holds promise for the future of payments and cross-border transactions using cryptocurrencies.



Compared to the rest of the world, Sub-Saharan Africa competes strongly in DeFi and Centralized exchange.

Figure 19: Total value received by region by type of service. Jul 2023 - Jun 2024



Source: [Chainalysis](#)

Sub-Saharan Africa leads the world in DeFi adoption, likely driven in part by a growing need for accessible financial services in a region where only 49% of adults had a bank account as of 2021, according to the World Bank.

Drawing on its position as a frontier for financial innovation and inclusion, Sub-Saharan Africa is emerging as a global model for how crypto can drive real-world impact, especially in areas underserved by traditional financial systems.

4.2 Key Industries Leveraging OTC Trading in Africa

OTC Business Use Cases:

Use Case 1: Cross-Border Trade & Commerce

Challenge:

International brands and distributors face costly and delayed payments when settling with local partners in multiple African markets.

Solution:

OTC stablecoin trading allows these businesses to buy digital dollars (e.g., USDC, USDT) at competitive rates and convert them instantly to local currencies via Quidax OTC, enabling fast and compliant settlements.

Impact:

- Reduced settlement from days to hours
- Lower FX costs
- Improved cash flow and supplier relations

Use Case 2: Digital Platforms and Consumer Apps

Challenge:

Global digital platforms with large African

user bases need to pay local partners and service providers quickly while managing operational costs.

Solution:

Through Quidax OTC Desk, these platforms access stablecoins in bulk and convert them to local currencies, enabling fast and reliable payouts.

Impact:

- Reduced partner settlement time dramatically
- Lowered transaction and FX fees
- Embedded OTC into automated treasury workflows

Use Case 3: Institutional and Treasury Operations

Challenge:

Financial operators, corporates, and investment groups need reliable, compliant, and scalable ways to move large volumes of value into and across Africa.

Solution:

Quidax OTC trading supports large volume trades with guaranteed execution, local currency access, and regulatory alignment.

Impact:

- Enhanced treasury management
- Greater regulatory confidence
- Ability to scale cross-border operations seamlessly

Major Crypto exchanges in Africa





**Regulatory
considerations,
Compliance and Legal
framework in Africa →**

5

5.0 Regulatory Navigation Guide for Global Businesses

Global businesses entering Africa's burgeoning business climate often find themselves navigating a maze of differing rules, licensing regimes, and compliance requirements and any misstep can mean frozen funds, costly penalties, or reputational damage. Quidax eases these fears by operating under robust, multi-jurisdictional licenses: it holds a Money Services Business (MSB) license, registered with Canada's Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), and in 2024 became the first crypto exchange to secure an operational Digital Assets Exchange license from Nigeria's Securities and Exchange Commission (SEC). These approvals mean every trade runs through fully regulated pathways, giving treasury teams a single, audited process rather than a patchwork of local approvals.

The demand for rigorous know-your-customer and anti-money-laundering controls by regulators across Africa, particularly for large transactions, means that working with an unlicensed counterparty or anonymous peer-to-peer platform leaves businesses exposed to enforcement actions

and reversals. Quidax's onboarding includes automated screening against global sanctions lists, ongoing transaction monitoring, and full customer due-diligence checks. The result is an institutional-grade compliance framework that mirrors the highest global standards, ensuring that every dollar or stablecoin moved is backed by an immutable, on-chain audit trail ready for internal and external review.

Many African markets enforce strict foreign-exchange controls and repatriation rules that can leave cross-border settlements in regulatory limbo. Quidax's direct fiat corridors and locally-pegged stablecoin pairs, across Nigeria (NGN), South Africa (ZAR) and Ethiopia (ETB) are fully aligned with the respective central bank and securities commission guidelines. This pan-African licensing model assures businesses that funds will settle without unexpected holds or freezes. Moreover, Quidax maintains active, ongoing dialogue with regulators in every market it serves, updating its compliance controls in real time as rules evolve so clients never have to track dozens of bilateral changes themselves.

5.1 Cryptocurrencies as Digital Assets for Regulatory Consideration

The general regulatory direction has been to treat cryptocurrencies as (virtual or digital) assets like properties and apply taxes accordingly. This is so in the US (UK and Canada) where the IRS announced that the same general tax principles for a property would apply to crypto assets. South Africa and Nigeria have accordingly floated similar regulations under the Virtual Asset Service provider regulation.

Nonetheless, regulating a highly volatile and decentralized system remains a challenge for most governments, requiring a balance between minimizing risk and maximizing innovation. As [data shows](#), only one-quarter of countries in sub-Saharan Africa formally regulate crypto.



Albeit slow, the hard stance on crypto regulation is changing.

70% of African countries still hold a neutral or uncertain policy approach to cryptocurrencies.

■ ■ Nigeria

Though being one of the highest Crypto assets holders in Africa, regulation in Nigeria is remains uncertain. In 2017 and 2021, the CBN restricted formal institutions from transacting in Crypto (this gave rise to P2P transactions). Meanwhile, within the period, the SEC understudied the market and launched the SRIP in 2021 and the Digital Asset Rule in 2022. In 2023, the CBN released the VASP guidelines which although maintaining the restriction of FI from Crypto transactions, allowed FI to facilitate crypto transactions.

In 2024, the SEC released the ARIP Framework and grants Approval-in Principle to Quidax and Busha.

South Africa

On October 19, 2022, the South African Financial Sector Conduct Authority (FSCA) officially classified crypto assets as a financial product. This categorization subjected crypto assets to regulation by the FSCA, falling under section 1(h) of the Financial Advisory and Intermediary Services Act (FAIS) Act. This builds on a proposal

by FSCA in November 2020 that aimed at ensuring cryptocurrencies are treated like financial products, and that firms offering crypto-related services must apply for a license and thereby report transactions involving crypto assets.

Since June 2023, the FSCA has granted 59 licenses to crypto services providers.

Kenya

As in other countries, Kenya has evolved on its initial stance on Cryptocurrencies. In December 2024, the National Treasury unveiled a Draft National Policy on Virtual Assets and Virtual Asset Service Providers, along with the Virtual Asset Service Providers Bill. According to the draft, “the main objective of this policy is to guide the development of a fair, competitive, and stable market for virtual assets (VAs) and virtual asset service providers (VASPs) in Kenya.” These documents outlined a comprehensive regulatory framework governing VA activities and VASPs, aimed at licensing, consumer protection, and cybersecurity.

The government opened the draft regulations for public consultation and feedback until January 2025.

Egypt

In 2018, a religious decree from the primary Islamic legislator in Egypt categorized commercial transactions involving bitcoin as haram, or prohibited under Islamic law. This stance was also emphasized in January 2021 - no protection for losses due to trading in crypto.

The Central Bank and Banking System Law (Law No. 194 of 2020) explicitly prohibits the issuance, trading, or promotion of cryptocurrencies without prior approval from the Central Bank of Egypt (CBE). Article 206 of the law outlines strict penalties, including fines and imprisonment, for those who engage in unauthorized activities related to cryptocurrencies.

CAR

On 22 April 2022, the Parliament of the Central African Republic (CAR) passed a Law that established cryptocurrency as a [legal tender](#) in CAR. The Law proposes a cohabitation between cryptocurrencies and Central African CFA Franc (FCFA), which is the official legal tender used in the Central African Economic and Monetary Community (CEMAC) area.

However, CAR is a member of CEMAC, and monetary creation is entrusted to the Bank of Central African States (BEAC). Effectively, the heads of the BEAC [issued a statement](#) declaring the CAR's adoption of the new cryptocurrency law "null and void" and in violation of the tenets of the regional bloc. In February 2025, CAR launched a meme coin in defiance.

Other Countries

Though Ethiopian government is opening its economy to competition and digital technology, it is taking cautious steps with Crypto assets. High mining activities and rising adoption rate is forcing the state to reconsider its hard stance on Crypto.

Meanwhile in Tunisia, Senegal and Sierra Leone, the stance has been silent or neutral in the absence of no legislation on the use of cryptocurrencies. In Tunisia, the Finance Minister [announced](#) the need to revise the stance criminalizing crypto dealers.

Banning crypto is stronger in North Africa where countries like Egypt, Algeria, and Libya have outrightly prohibited the use of cryptocurrencies. In 2024, Morocco and Ghana issues draft guidelines to regulate cryptocurrencies.

5.2 Regulatory Challenges and opportunities in Africa's Crypto landscape

Challenges

- **Regulatory uncertainty:** Many African countries have no regulation that allows cryptocurrencies. Though countries like Nigeria, Kenya, and South Africa are strategizing around VASPs, it is not clear what the outcome would be. Crypto yet represents a threat to monetary policy institutions.
- **Decentralized and unregulated nature** of cryptocurrencies makes it hard for national governments to regulate. Attempts at creating CBDCs have not been very successful. Though there is potential in Regulated blockchain.
- **Illicit financial flows:** from the above, cryptocurrency represents a leeway for illicit financing especially in Africa where the fraud and terrorist financing are on the rise.
- **Price volatility:** Cryptocurrencies such as Bitcoin are prone to sharp market volatility and could have destabilizing impact on household and business finances.

Opportunities

- **Improving financial inclusion:** Regulatory approval for Cryptocurrency will enable coordination between VASP and traditional institutions to enhance financial services/products.
- **Facilitating Cross-border trade:** Cryptocurrency can help improve intra-Africa trade with regulatory coordination at continental level.
- **Enhancing payment efficiency:** Cryptocurrencies like stablecoin have tremendous potential for reducing the cost of transfers and settlement in Africa.
- **Hedge against inflation:** Stablecoins are gaining appreciation as a hedge against inflation and devaluation. This would ensure wealth retention in household portfolios.

5.3 Interview with Michael Kioneki - Founder, Blockchain Association of Kenya



Q: Tell us about the Blockchain Association of Kenya, the origin story, core mission and the role it plays within Kenya's blockchain ecosystem?

I'm the founder and chairman of the Blockchain Association of Kenya, which is an organization I founded in 2015. I got into this industry back in 2014, it was way different than it is now and I've had to sort of watch it morph and evolve up to where it is right now. Up until recently, I was working with a startup known as Fonbnk. I was the head of growth and I was also running business development. Since 2014, I've been working with a lot of crypto and fintech startups. I was one of the earliest thought leaders and promoters of blockchain and crypto as a useful infrastructure for fintech. I spent much of my years educating people, building communities, and most recently in 2023, together with the Blockchain Association of Kenya and some stakeholders, we also developed a virtual assets service provider bill, which we submitted to parliament. My work over the last close to a decade has been trying to do my best to grow the ethical adoption of blockchain technology in Kenya,

in our region, and across Africa. I've been able to influence people and organizations beyond my country, in other regions across Africa, and also a lot of foreigners who are usually interested in looking at this market.

The main purpose that has been driving us all these years has always been how to accelerate the ecosystem, and in different stages of this decade, there's always been a key barrier, a different problem that has to be addressed in order to unlock the ecosystem to another level.

Q: How do you envision the crypto markets evolving in Africa in the next two years? What shops and long-term evolutions do you think we are likely to see?

Broadly, what I think we're going to see is just the formalization of this industry. I think that's generally the bottom line. And I think we've seen this with the bills that I've mentioned that have been passed in Kenya, in South Africa. There's already some licensing going on. I think in Nigeria, you've seen the government is coming down hard

on Binance and asking for taxes. Kenya as well has been asking for taxes from these crypto companies. So, I think broadly really is just the formalization of this industry where you're going to see companies coming, get licenses, perhaps they're going to be able to get bank accounts. They're going to be paying taxes more formally. They're going to be able to acquire customers. The industry will be less shady. Crypto companies are going to need to get a stamp of approval from the governments to be allowed to operate the same way FinTechs are allowed to operate.

The biggest question will be which kind of services will be allowed in this new regime. I see a company like Binance being able to secure licenses across these different markets and therefore you're going to see people allowed to get into exchanges and trade and speculate. I think you're going to see blockchain enabled or crypto enabled FinTechs that are going to use this technology to improve cross-border payments. There are already companies like Yellowcard, Binance also has a Binance Pay service. So I think that's another service that you'll see. And this is where perhaps stable coins, which are getting a lot of traction right now, could come in. I think online payments as well. You're going to see people being able to make payments from their local currency into online merchants through crypto. But I think what will enable all this is some type of formalization because for the regulators and the governments, there has to be a way to manage and contain the risks of these

technologies, of these companies, to the financial system and also to consumers. I think also you might see a bit of tokenization. I think you might see from the capital market side. So over and beyond payments and fintech, I think you might see let's say some companies being able to raise capital by tokenizing securities.

Q: In what ways are businesses across Africa engaging with over-the-counter (OTC) cryptocurrency settlements?

I think it's been happening already, I know companies like Quidax and Yellowcard are already doing this. They have different banking partners in different markets and then they just do these cross-border settlements in different bank accounts even though they don't publicize their partnerships. I know there are also some specific companies that they're not consumer facing but behind the scenes they support fintechs, they support these crypto companies with cross-border settlement. I've noticed a lot of Nigerian companies are really good at this type of cross-border settlement OTC game but there's also companies out there that are doing this but they're usually behind the scenes so you'll never see them promoting themselves, they're not customer facing they're more like B2B so they work a lot with with I know BitPesa, BitPesa is another company nowadays it's known as AZA as well.

Q: How is OTC trading likely to evolve? Do you think that complete decentralization is

realistic especially in the light of all these fraud cases and corporate governance issues?

Right now, I envisage more formalization. I see these OTC settlements moving more towards fintech partnerships, perhaps banking partnerships with established fintechs but I do see that the end result will be funds getting settled in the banking system because the banks want money to keep moving through their system. The banks, and regulators are trying to curb this industry because they don't want decentralization. They want payments to continue within their ecosystem because the more it becomes decentralized, the more it takes power away from them, the more it poses a risk to the financial sector so, they are not going to let that happen and this is not just a Kenyan thing or an African thing, globally as well in jurisdictions like Hong Kong, Singapore and the US. All these stablecoin settlements are ending up as regulated instruments within the financial sector.

I think the high growth areas are just going to be the high trade flow areas, so fintechs are probably already chasing this type of businesses, let's say Kenya and China that's a trade corridor or Dubai and Kenya which is big on cross-border payments or US and Kenya which is a corridor for settlements so, I think wherever there's money flowing right now whether it's for trade or cross-border money transfer. wherever there's a lot of services flowing between two nations like a corridor, wherever there is trade flow between two nations, those are the same

areas that are prime for cryptocurrency settlement.

So, Fintechs just need to activate these solutions and this is why it is easy for companies like stripe to add a stablecoin payment solution, they already know the business that is coming in yeah. I do see opportunity in terms of micro payments like small payments of around five dollars which you may need to make online or ten dollars, I think this is gonna be a space that is unique for stablecoins because the current system is quite difficult to send one dollar online it's very difficult to sell so that is a segment I see is a high growth segment for stablecoin solutions and this could be let's say allowing creators to open merchant accounts where they can receive as little as five dollar so I do think that's a market that is unique, is a unique market that only stable coins can solve and not the existing systems that we have.

5.4 Interview with Engr. Salisu Kaka, Director of the Digital Economic Department - National Information Development Agency (NITDA)



Q: What is NITDA's current stance on cryptocurrency and blockchain technology in Nigeria and how do you see it evolving over the next 2-3 years?

As an agency in Nigeria, NITDA is playing a crucial role in shaping the country's digital economy landscape and I think our stand on cryptocurrency needs to be understood within the broader context of the e-government and digital economy as a whole. Currently, as a regulator of the IT sector, we issued the National Blockchain policy document In 2023, which was approved by the government and the essence of that document is to provide a road map for integrating blockchain technology into the Nigerian digital economy. So we are looking at it holistically beyond cryptocurrency but looking at the underlying technology which is the blockchain technology that provides use cases including cryptocurrency and other use cases to support the adoptions and development of our digital economy.. So promoting the use of blockchain technology is what we are doing so naturally cryptocurrency is one of the benefactors of that. So understanding the technology

will definitely guide the country and ensure that at least we help the country navigate the terrain as blockchain technology and the cryptocurrency landscape evolve.

Q: What is the overall position on cryptocurrency settlement around Africa today?

Regulation across Africa is encouraging, looking at the evolving regulatory landscape across the continent, several African countries are making efforts to come up with the necessary regulations to ensure that the stablecoins or cryptocurrency as a whole is really being explored and and trying to provide the enabling environment to engage. For example, in Nigeria, there was an initial total ban by the Central Bank of Nigeria, but over time it became obvious that cryptocurrency needs to stay, then the CBN was forced to make a shift. So they came in 2023 with the guidelines and this guideline came as a result of the efforts put in by the SEC to come up with the regulation on the Digital asset Service Providers. So it recognized digital assets for trading in a form of token and others, forcing the CBN to recognize this.

So that really helped in recognizing crypto and it really became a relief to the society that cryptocurrency is being recognized and an enabling environment is being provided through regulation and in 2024, the SEC also issued under the Nigerian investment and security act ISA 2024 it registered these players and it provided necessary guidelines for them to operate and they started operating three digital assets have been registered. CNGN has been traded now as a stable coin which is fully backed by the Nigerian Naira as a currency. If you move down to South Africa for example, I can remember South Africa in 2022 under the financial sector conduct authority (FSCA), declared cryptocurrency assets as a financial product that can be transacted. So under the financial advisory intermediary service FS20 they were mandated to license what they call crypto asset service Providers (CASP) just equivalent to the VASP we have in Nigeria. So South Africa did that one way back in 2022 as well so they started licensing the CASPs in 2023, so trading is already being done and they have their own cryptocurrency called ZARP. South Africa's Financial Intelligence Centre (FIC) also issued a directive which mandates CASPs to recognize and implement the "Travel Rule" for crypto asset transfers in 2025

Ghana's Securities and Exchange Commission issued a directive in 2022 requiring all digital assets to be registered and crypto exchanges to maintain license just like the CASP in South Africa, and VASP in Nigeria. In Kenya, the National Treasury

of Kenya launched public consultations in an attempt to come up with a new bill on regulating cryptocurrency and virtual asset companies. So this is an indication that there is a move towards establishing a formal regulatory framework.

These efforts springing up across Africa indicates that the governments are ensuring that new bills, relevant regulatory frameworks are developed to guarantee that the cryptocurrency space is effectively regulated, the stablecoins in particular has been recognized and everyone is given opportunity to trade. So doing that will definitely lead to some significant impact in the African economy as a whole. For example, there will be an increase in legitimacy, particularly investors will have trust in investing in Africa, because they've seen the involvement of the government there.

Q: Is there any possibility of a Pan African collaboration on crypto regulation, maybe along the lines of the AFCFTA, and how can regulatory bodies effectively collaborate with other industry players to promote the growth of the cryptocurrency industry?

Starting with the AFCFTA which recently came up with the provision of the digital trade protocol that was adopted I think late last year by all the African member state and under it they have eight annexures that largely has to do with digital trade or digital economy which will definitely translate to utilizing cryptocurrency or digital assets for these transactions, one of which is the

cross-border payments. There's a protocol that supports and promotes cross-border payments. So member countries are going back to the drawing board to see how Africa can come up with a harmonized framework for cross-border payments regardless of the jurisdictions of member state entities. We need to have a convergent framework that promotes cross-border payments. This is one of the annexures that is being provisioned under the digital trade. So I believe when we have that it's a clear possibility that Africa can come up with one voice when it comes to the issue of cross-border payment. The same thing with cross-border data flow. So how can we ensure that the national jurisdiction on data protections are not at variance with one another so that at least we can have combined regulations on data flow. So for example Nigeria under the Nigerian data protections regulations we promote data localizations and even though there's emergence of cloud hosting or cloud localization of data part of the provision in Nigeria is to see that whoever is hosting Nigerians data in a cloud has to ensure that it reflects within his own national jurisdiction where that cloud facility is being hosted.. So Kenya has a different approach that they don't really emphasize on localization. Data can be localized anywhere. So for them the requirement for data localization is a little relaxed compared to what it is in Nigeria. So imagine if Nigeria is going to have a bilateral engagement on cross-data flow. So, there is a need to have harmonization on these divergences in terms of data localization. So these are just examples showing differences in national jurisdiction and data prohibition.

Q: How do you envision the regulatory landscape for cryptocurrency settlement evolving in Africa over the next two to three years?

I believe that the regulatory landscape in Africa and not only in Africa still remains dynamic. It will continue evolving and the full impact of this evolving framework that the African countries are struggling to come up with will continue to unfold over the coming years. So when they get fully matured and the trends keep evolving and being monitored there will be clarity in terms of regulations, once we get that clarity in terms of regulations it will definitely lead to having increase in inflow of investment, increase in confidence in the cryptocurrency space and also increase in financial capabilities, which will translate into improvement in their living standard, more money will be coming now because people can easily do cross-border trades and because of the flexibility and decentralized nature of cryptocurrency, and the stability of the stablecoins which has been backed by the national currencies of the countries they have been operated, the competence will keep on growing and so will the impact if we succeed in ensuring that we closely monitor the challenges and the risks. When we apply the necessary risk mitigation approach to assess and understand the impact of these risks, I think the sky will be a limit for the growth of the cryptocurrency settlement landscape in Africa.

5.5 Interview with Abdul-Rasheed Dan Abu, Head of Fintech and Innovation - Securities and Exchange Commission (SEC) Nigeria



Q: What is the SEC's stance on cryptocurrency settlement and OTC trading desks, and how do you see it evolving?

The Securities and Exchange Commission of Nigeria (SEC) is actively engaging with the fast evolving cryptocurrency ecosystem, particularly around settlement platforms and over-the-counter (OTC) trading desks. Our current stance is grounded in a commitment to investor protection, market integrity, and financial system stability. As such, we are working to bring these activities within the scope of Nigeria's existing securities regulatory framework, with a clear emphasis on compliance with anti-money laundering (AML) and know-your-customer (KYC) requirements.

For us to better understand the dynamics of these emerging markets, the Commission is adopting a regulatory incubation approach. This enables us to engage with players in the cryptocurrency and digital asset space in a controlled environment, allowing for iterative learning while identifying potential risks and gaps in regulation.

We anticipate a gradual but firm evolution in our regulatory approach. As the market matures and more participants enter the space, we expect to see greater regulatory clarity, with the rollout of specific guidelines tailored to the licensing, operation, and oversight of crypto settlement providers and OTC trading desks. This will be accompanied by stricter enforcement mechanisms to ensure compliance and foster trust in the ecosystem.

Q: How do stablecoins influence the overall cryptocurrency landscape, and what specific impact do they have on the regulatory and financial ecosystem in Nigeria and across Africa?

Stablecoins play an increasingly pivotal role in the global cryptocurrency ecosystem. Their value lies in offering price stability in an otherwise volatile crypto market, making them a preferred medium for settlements, cross-border transactions, and everyday digital transactions. For many users, particularly in markets like Nigeria, stablecoins offer an accessible on-ramp into the digital economy. However, their

growing use also introduces a complex set of regulatory and financial challenges, particularly in Nigeria. The most immediate concern is the potential impact on the stability of the Naira, as widespread adoption of stablecoins could contribute to increased dollarization and reduce reliance on local currency. From a regulatory standpoint, we are also focused on the risks related to anti-money laundering (AML), countering the financing of terrorism (CFT), and consumer protection, especially as stablecoins become more integrated into informal and cross-border payment systems.

Across Africa, stablecoins present a similar duality of opportunity and risk. On one hand, they can drive financial inclusion by enabling faster, low-cost, and borderless transactions for underserved populations. On the other, they introduce regulatory blind spots in markets with varying levels of oversight, digital literacy, and technological readiness. As a commission, the SEC will prioritize ensuring stablecoins are fully backed by reserves, transparent, and compliant with existing financial regulations.

Q: Given the evolving nature of digital assets, what measures is the SEC implementing to establish a clear and comprehensive regulatory framework for cryptocurrency settlements and OTC trading desks while balancing innovation and investor protection?

The SEC is taking deliberate steps to create a clear, adaptive, and forward-looking regulatory framework that supports

innovation while safeguarding the integrity of the financial system. We recognize the growing importance of cryptocurrency settlements and OTC trading desks in both local and cross-border financial transactions, and we are committed to ensuring these developments are effectively regulated.

One of our key approaches has been the implementation of Regulatory Incubation (RI) and the Accelerated Regulatory Incubation Program (ARIP). These programs provide a controlled environment for fintech innovators to engage with regulators, test their models, and offer feedback. Through this approach, we are able to gain firsthand insights into emerging technologies and business models while assessing risks in real-time.

In parallel, we are developing clear rules and operational guidelines for digital assets that will define the conduct and requirements for digital asset players, including licensing frameworks, compliance obligations, and risk management protocols. This is being done in close collaboration with other local regulatory bodies such as the Central Bank of Nigeria (CBN), NITDA, and the NFIU as well as with international bodies, to ensure alignment with global best practices.

Above all, the SEC maintains a strong commitment to investor protection. We are prioritizing transparency, disclosure, and strict adherence to anti-money laundering (AML) and know-your-customer (KYC) protocols. The goal is to strike a balanced approach, one that encourages responsible

innovation but also ensures market integrity, financial stability, and consumer confidence as digital assets become more integrated into Nigeria's financial ecosystem.

Q: How can regulatory bodies effectively collaborate with industry players to promote the growth of the cryptocurrency industry? Is there any possibility of a pan-African collaboration on crypto regulation along the lines of the AfCFTA?

Given the fast-paced nature of digital innovation, open and continuous dialogue between regulators, fintech operators, technology developers, and other key players is critical to ensuring that regulation is both pragmatic and forward-looking. At the SEC, we actively engage with market stakeholders through regulatory incubation initiatives and consultative forums. This approach helps us better understand industry dynamics, while also giving innovators clearer guidance on compliance expectations.

On a broader scale, the idea of pan-African collaboration around cryptocurrency regulation holds significant promise. Much like the African Continental Free Trade Area (AfCFTA), there is a growing case for harmonized regulatory frameworks that would facilitate cross-border digital asset transactions, reduce fragmentation, and foster innovation and investment across the continent. A unified approach would not only help address challenges such as regulatory arbitrage but also enable shared standards for issues like anti-money laundering (AML), consumer protection, and technology interoperability.

However, one of the major hurdles remains the current diversity in national regulations. Each African country is at a different stage in its digital asset regulatory journey, ranging from outright bans to active sandbox initiatives. Bridging these gaps will require sustained effort, political will, and multi-stakeholder cooperation at both regional and continental levels. Despite these challenges, the momentum for collaboration is building, and in the near future, we could see frameworks that reflect shared African priorities in digital finance but will require much work.



**How Quidax is
positioned to help your
business grow →**

6



6.0 How Quidax OTC Trading is Supporting Global Businesses in Africa

For businesses exploring entry into African markets, navigating the financial landscape and thinking of cross-border payments and settlements can seem daunting.

Businesses are posed with challenges such as restrictive banking systems, currency volatility, and regulatory uncertainty. These challenges can hinder business operations and discourage potential investors. It has become necessary to find an alternative and in recent years, cryptocurrency has been adopted by many businesses.

Cryptocurrency has become a viable alternative and having reliable crypto exchange partners like Quidax enables businesses to simplify their financial operations with stablecoins like Tether (USDT) or USD Coin (USDC).

As digital innovation continues to be adopted in Africa and globally, cryptocurrency offers an opportunity for businesses to grow in this rapidly evolving market. We have seen this adoption across various industries such as:

- **Settlements & and Cross-Border**

Payments: Stablecoins facilitate cheaper and faster settlements and cross-border payments, especially when compared to traditional banks. It has become a preferred option as it benefits both sender and receiver.

- **E-commerce & and International Trade:** Stablecoins have become an option for payments for both large and small e-commerce businesses, providing a secure and fast way for customers to pay for goods and services from anywhere in the world.
- **Import-Export Businesses and Digital platforms** are also increasingly adopting stablecoins to facilitate payments and settlements internationally.

Quidax's OTC Desk offers a seamless business payment experience, enabling customers to trade more than \$100,000 in and out of Africa and settle in fiat currencies, USDT or USDC, or vice versa. Its efficient on-ramp/off-ramp service allows businesses to efficiently and securely transfer funds in and out of the crypto ecosystem.

Gateway to Crypto Settlement: Understanding On- and Off-Ramps:

In crypto, on-ramps and off-ramps are simply gateways in and out of the crypto ecosystem.

On-ramp is the process where fiat currencies such as NGN, USD, KES, EUR, or any national's currency is converted to cryptocurrency. This typically looks like transferring funds from a traditional bank to a crypto exchange for cryptocurrency in return, or using payment processors to purchase crypto, or getting crypto directly through OTC platforms that cater to high-volume trades.

Off-ramp, on the other hand, is simply converting crypto back to fiat. This would involve selling crypto on an exchange and withdrawing fiat into a traditional bank account or using an OTC Desk to execute large trades that can be settled in fiat currency.

Effective on-ramp and off-ramps ensure businesses can easily acquire crypto and trade it for fiat currencies as their business needs require.

The role on-ramps and off-ramps play in OTC Crypto transactions include:

1. **Liquidity:** On-ramps and off-ramps provide necessary liquidity for smooth

transactions between crypto and fiat and vice versa.

2. **Mitigates risks:** On-ramps and off-ramps provide a secure and regulated system for moving funds. This reduces the risk of fraud and other security breaches.
3. **Offers speed and efficiency:** On-ramps and off-ramps offer a quick and efficient way to convert between crypto and fiat, which is a huge advantage in business.
4. **Confidentiality:** OTC transactions in particular require a high degree of confidentiality. On-ramp and off-ramp products and services are designed specifically to provide discretion and a safe way to transact, ensuring transactions are kept private and confidential.

6.1 Compliance Framework

Quidax's robust compliance framework ensures each transaction is safe, secure and follows all laid down regulations. At the centre of its compliance framework is its simple, yet thorough Know-Your-Customer (KYC)/Know-Your-Business (KYB) process. Regardless of the sector of business, Quidax upholds the highest standards and best practices.

Compliance in Crypto: What Global Businesses Need to Know

Why Compliance Matters

- Weak compliance opens the door to money laundering, fraud, and terrorism financing – undermining trust in the entire crypto ecosystem.
- A robust compliance framework demonstrates a crypto exchange's commitment to regulatory standards and market integrity.
- Recent high-profile enforcement cases

show that non-compliance can result in severe legal and financial consequences.

Business Benefits of Strong Compliance

- **Fraud Prevention:** Know-Your-Customer (KYC) protocols help prevent illicit activities by verifying customer identities.
- **Trust Building:** Robust KYC and AML practices increase user confidence and reinforce brand credibility.
- **Regulatory Alignment:** Businesses show commitment to Anti-Money Laundering (AML)/ Counter-Terrorism Financing (CTF) laws, protecting themselves from legal risk.
- **Risk Assessment:** KYC enables businesses to conduct due diligence, assign risk levels, and apply appropriate controls.

Risks of Poor Compliance

- Doing business with an unregulated or non-compliant exchange increases exposure to fraud, loss of funds, and regulatory penalties.
- Lack of due diligence can lead to onboarding high-risk customers unknowingly.

Core Components of a Solid Compliance Framework

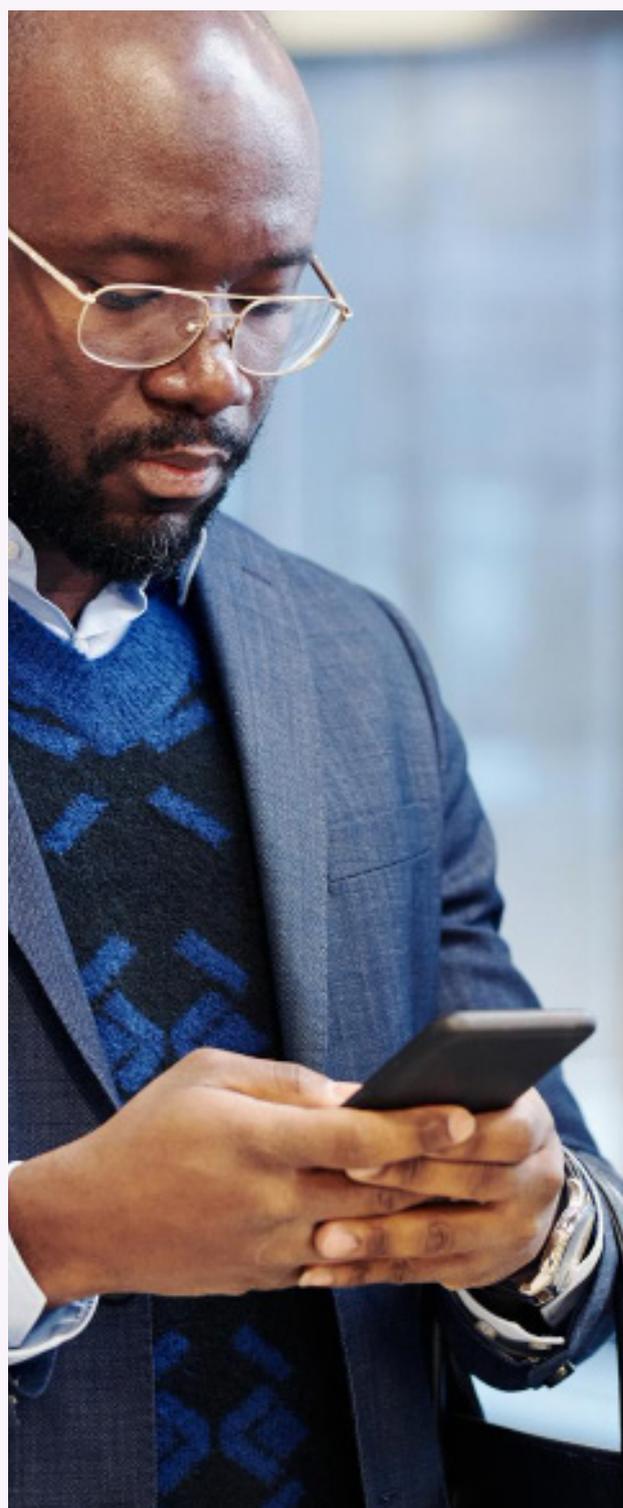
- **Compliance Programme:** Includes documented policies, guidelines, internal processes, a designated compliance team, and ongoing staff training.
- **Compliance Governance:** Oversight by the Board of Directors ensures accountability and leadership support.
- **Independent Audit:** Regular third-party audits help identify risks early and enforce continuous improvement.

How to Assess a Crypto Exchange's Compliance Strength

- Evaluate the thoroughness of its KYC/ due diligence during onboarding.
- Check if the exchange categorizes customers by risk level and applies enhanced measures for high-risk individuals (e.g., politically exposed persons).

At Quidax, we operate with a licensed and audited compliance framework.

Our programme includes advanced KYC/ AML tools, risk-based onboarding, and active oversight. For business clients, this translates to secure, regulated, and trustworthy settlements across Africa.



Testimonials

Here's what our clients are saying:

With Quidax, we get competitive rates and timely settlements. They are like an extension of our internal treasury team.

I love that I can reach out at any time and get a response shortly after! It's really 24/7 support.

Their deep understanding of the various regulations around Africa helped us when we planned our expansion into the African market and they have remained a reliable partner for our OTC transactions.

Transacting with Quidax has been transparent and efficient. The communication is clear and we have not had to worry about hidden fees or slippage.

6.2 Quidax API

A Scalable Infrastructure to Power Liquidity, Settlement, and Growth

Operating a cryptocurrency exchange particularly within high-growth but underserved markets like Africa presents both significant opportunities and critical infrastructure challenges. From liquidity constraints and high operating costs to unreliable fiat on/off ramps and limited technical bandwidth, these hurdles can make scaling complex and resource-intensive.

The Quidax API is designed to address these challenges by providing a comprehensive, secure, and high-availability infrastructure layer for crypto exchanges. Our API enables you to streamline operations, offer seamless user experiences, and maintain cost-effective service delivery while accelerating your growth.

Industry Context and Market Opportunity

- Africa continues to be one of the fastest-growing crypto markets globally, with Nigeria leading in adoption.
- Global crypto trading volumes have surpassed \$1 trillion monthly, creating

increasing demand for good exchange platforms.

- Exchanges that offer instant liquidity and seamless user experience grow up to 5x faster than competitors with fragmented infrastructure.

While market potential is evident, infrastructure inefficiencies often limit the scalability and profitability of emerging exchanges. This is where Quidax provides a critical competitive edge.

Common Challenges Faced by Crypto Exchanges

- Inconsistent or delayed access to liquidity
- High infrastructure costs for wallet management and settlement
- Limited availability of affordable fiat on/off ramp services
- 24/7 operational burden on lean teams
- Volatility-related losses due to delayed conversions
- Regulatory onboarding challenges and lack of global partner support

Quidax API is built to resolve these operational bottlenecks. Our API offers a unified, modular system that provides:

- Deep Liquidity Pools: Real-time access to global liquidity, enabling faster trades and improved capital efficiency.
- Fiat On/Off Ramp Integration: Seamless crypto-to-fiat and fiat-to-crypto conversions within seconds, with bank-level reliability.
- Full-Suite API Functionality: A comprehensive set of tools covering trading, wallet management, custody, payments, staking, and lending.
- Flexible and Transparent Fee Structure: Tailored to support the operational realities of exchanges in Africa and similar markets.
- Security and Compliance: Enterprise-grade encryption, 24/7 monitoring, and multi-factor authentication to ensure platform integrity.
- High Availability: 99% uptime rate, ensuring continuous operations with minimal disruption.
- Dedicated Support: Partner-centric service, including access to dedicated account managers and technical onboarding support.

API Features Overview

1. Trading APIs

- Execute market and limit orders
- Access real-time price data
- Configure stop-loss and take-profit settings

2. Wallet Management APIs

- Generate and manage digital wallets
- Track balances and transaction history
- Automate address generation for end-users

3. Payment APIs

- Enable crypto payments for products and services
- Integrate with e-commerce platforms for digital checkout

4. Custody APIs

- Secure multi-asset custody with liquidity access
- Transparent reporting for audit and compliance
- Support for trades directly from custodial accounts

5. Staking APIs

- Support for multiple staking assets
- Access liquidity solutions for staked assets
- Enable staking participation across various protocols

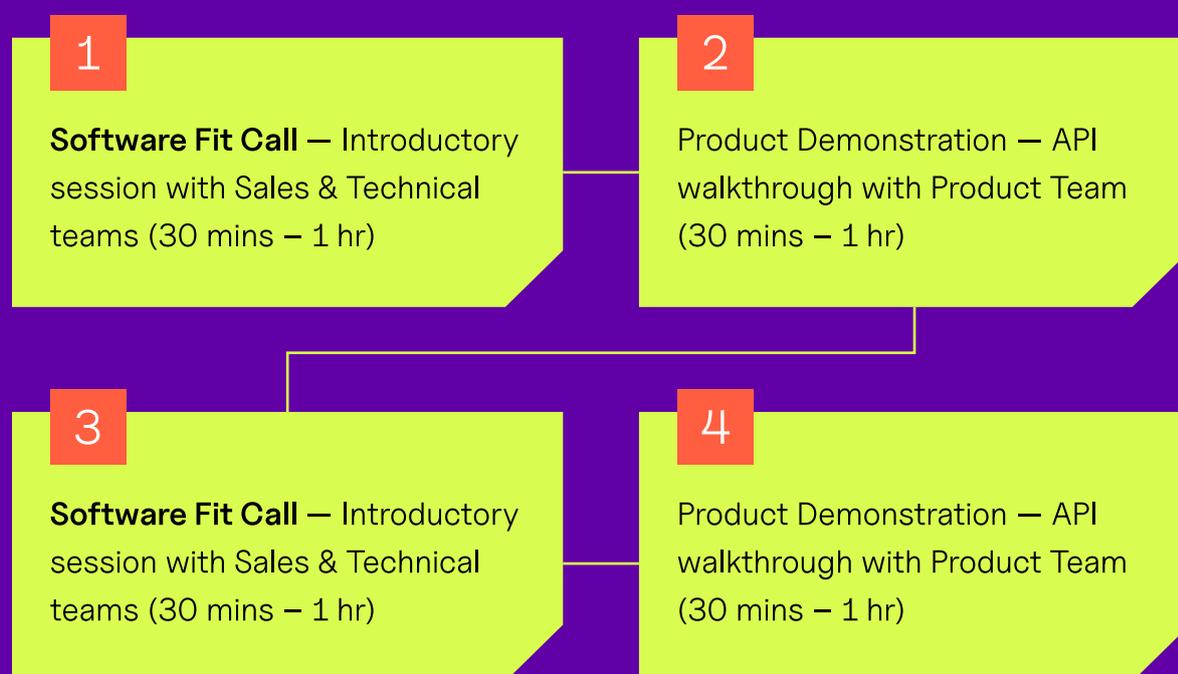
6. Lending APIs

- Manage lending workflows for digital assets
- Enable liquidity access for lent positions
- Support loan initiation, disbursement, and repayment

API Implementation Process

Integration with the Quidax API is streamlined to minimize downtime and ensure fast time-to-market.

Integration Timeline Overview:



Exchanges with an existing web or mobile infrastructure can be fully integrated and operational within 2 weeks.

Quidax is committed to powering the next generation of crypto exchanges across Africa and beyond. By leveraging our API infrastructure, partners can reduce operational burdens, improve profitability, and deliver faster, more reliable services to their users.

If your exchange is seeking deep liquidity, cost-effective crypto infrastructure, and reliable fiat rails—Quidax API offers an integrated, tested solution.



Conclusion →

Outlook for Cryptocurrency in Africa

Regulatory changes across the country will largely shape how investors take position

The outlook for OTC Cryptocurrency settlement in Africa is promising. As the results of regulatory studies across different countries begin to come out and African governments begin to increasingly grasp the cryptoverse, increased licensing for VASPs will follow regulatory framework. Regulatory certainty will bring institutional subscription. Already, trends show upward trajectory as the SSA share of crypto transactions increase to 2.7% from 2.3% in 2023; stablecoins also account for 43% of that volume of transaction.

Though SSA crypto activities are largely driven by retail activities (as in Nigeria), large institutional players will change the trajectory (as in South Africa) in the light of increased regulatory provisions.

Although 2.7% represents a relatively small portion of the global crypto economy, SSA is experiencing a remarkable momentum. Nigeria and South Africa are leading the way, driving substantial on-chain activity and positioning the region as an increasingly influential hub for cryptocurrency adoption and financial technology.

Due to currency volatility, Stablecoins have become a key part of Sub-Saharan Africa's crypto story, a welcomed hedge against long standing inflation and currency devaluation, now accounting for a majority of crypto transactions across the continent.

As regulators establish clearer frameworks, institutional adoption of decentralized finance (DeFi) protocols will likely rise. This could lead to a hybrid model where decentralized platforms integrate with centralized oversight, offering traders new avenues for yield generation and arbitrage.

Key highlights/takeaway

01

There is a general optimism and positive expectation about the future of cryptocurrency in Africa - shaped largely by regulatory certainty.

02

The rising number of OTC platforms in Africa will create liquidity and trust in the cryptocurrency market.

03

The rise in Stablecoin adoption and its role as a store of value will return credence to crypto assets as a store of value.

04

Market signals show rising transaction, awareness, and adoption of cryptocurrencies today and future for in cross border payment.

05

Although more than half of African countries are yet to pass legislation on cryptocurrencies, more institutions are developing framework to guide VASPs and digital assets .



Methodology Overview

This report combines quantitative market data, primary interviews with industry stakeholders, and qualitative case analysis to deliver a comprehensive guide for over-the-counter (OTC) crypto settlements in Africa for global businesses. Data span from July 2023 through February 2025 and cover key markets including Nigeria, South Africa, and Ethiopia. All sources, processes, and analytical steps are documented in this report to ensure reproducibility and to highlight assumptions and limitations.

Research Design

Our approach followed a three-pillar framework:

1. **Desk Research:** Aggregation of market statistics and trend data from leading analytics providers (Chainalysis for adoption indices; Finery Markets for OTC volumes; CoinGecko and Yahoo Finance for price and volatility metrics).
2. **Primary Research:** Semi-structured interviews with senior executives from OTC desks, regulatory bodies, and industry experts, conducted between January and March 2025.
3. **Case Study Development:** In-depth analysis of industry use cases across different verticals to illustrate practical OTC workflows and impact metrics.

Data Collection

Quantitative Data: Provided broad market context such as:

- **Global OTC Volumes:** Sourced from Finery Markets' 2024 OTC Review..
- **Regional Adoption & Trade Values:** Extracted from Chainalysis' 2024 Sub-Saharan report and ConsenSys' 2024 Web3 Perception Survey for country-level transaction volumes and DeFi metrics.
- **Stablecoin Market Caps & Volatility:** Pulled from CoinGecko and S&P Global Ratings for market-cap breakdowns and volatility comparisons between stablecoins and major cryptocurrencies was sourced from Yahoo Finance.

Qualitative Data:

- **Internal Reports & Interview Transcripts:** Interview notes and regulatory data provided by Quidax's Compliance team.
- **Regulatory Documents:** Publicly available licensing guidelines from FINTRAC

(Canada), Nigeria SEC, and FSCA (South Africa) to map compliance frameworks.

Data Analysis

Our approach followed a four-pillar framework:

- 1. Trend Analysis:** Year-over-year and quarterly comparisons of OTC volumes, stablecoin flows, and price volatility were conducted using Excel pivot tables and Tableau dashboards to identify growth inflection points and sectoral shifts.
- 2. Comparative Frameworks:** Regulatory regimes were mapped side by side to highlight licensing similarities and gaps across jurisdictions, guiding the Regulatory Navigation Guide.
- 3. Interview Thematic Synthesis:** We transcribed interviews verbatim and used a combined deductive–inductive coding approach: we began with set categories (e.g., regulatory challenges) then allowed new themes to emerge. Through thematic saturation, we distilled recurring insights such as FX-control concerns, and currency devaluation into our use-case narratives and regulatory recommendations.
- 4. Use Case Metrics:** Each industry scenario was scored on four dimensions, cost savings, settlement speed, compliance assurance, and liquidity access using a standardized impact rubric.

Limitations & Assumptions

- **Data Lag:** Some market-cap figures and adoption statistics have reporting delays of up to two quarters.
- **Interview Bias:** Executive insights may reflect optimistic adoption forecasts; where possible, we cross-verified claims against on-chain transaction data.
- **Regulatory Fluidity:** African crypto regulations are rapidly evolving; this guide reflects the state of play as of March 2025 and will require periodic updates.

Glossary

Term	Explanation
Cryptocurrency	A digital or virtual form of money secured by cryptography, operating on decentralized networks such as blockchains. Examples include Bitcoin (BTC), Ethereum (ETH), and Tether (USDT)
Blockchain	A decentralized ledger that records transactions across many computers to ensure that the record cannot be altered retroactively without the alteration of all subsequent blocks.
Blockchain	A type of cryptocurrency pegged to a stable asset such as fiat currencies (e.g., USD) or commodities. Stablecoins aim to reduce volatility common to traditional cryptocurrencies.
OTC Desk	A trading service that facilitates large crypto transactions outside public exchanges, often offering personalized pricing, reduced slippage, and confidentiality.
Slippage	The difference between the expected price of a trade and the actual price at which the trade is executed, often due to market volatility or trade volume
On-Ramp	Converting fiat currency into crypto (e.g., buying crypto via bank transfer).
Off-Ramp	Converting crypto back to fiat (e.g., selling crypto and withdrawing NGN to a bank).
Volatility	A statistical measure of the dispersion of returns for a given

Term	Explanation
	asset. Cryptocurrencies typically exhibit high volatility, whereas stablecoins are designed to minimize it.
Liquidity	The ease with which an asset can be bought or sold without affecting its price. OTC desks often provide higher liquidity for large transactions
Cross-Border Settlement	The process of completing a transaction between parties in different countries. Crypto enables faster, cheaper settlements compared to traditional financial systems.
OTC (Over-the-Counter) trading	Private crypto transactions executed directly between two parties, usually via a trading desk, bypassing public exchanges. Common for high-volume or institutional trades.
API (Application Programming Interface)	A set of protocols and tools enabling software components to communicate. In crypto, APIs allow automated trading, fiat-to-crypto settlement, and integration into platforms.
KYC (Know Your Customer)	A regulatory requirement that obliges service providers to verify the identity of their customers to prevent money laundering and fraud.
KYB (Know Your Business)	A regulatory requirement that obliges service providers to verify the identity of their customers to prevent money laundering and fraud.
CBDC (Central Bank Digital Currency)	A digital form of fiat currency issued by a central bank. CBDCs are state-backed and aim to offer the efficiency of crypto with central oversight.
DeFi (Decentralized Finance)	A financial ecosystem built on blockchain technologies enabling peer-to-peer services like

Term	Explanation
	lending, borrowing, and trading without traditional intermediaries.
ERP (Enterprise Resource Planning)	Software systems that manage business processes. In crypto, ERP integration allows companies to embed OTC trading and stablecoin payments into their operations.
USDT (Tether)	A widely used fiat-backed stablecoin pegged to the US dollar. Popular in Africa for OTC settlement, and cross-border commerce
Regulatory Sandbox	A controlled environment provided by regulators to allow crypto innovations to be tested under relaxed regulatory conditions before full market entry.
AML (Anti-Money Laundering)	Policies to detect and prevent illicit use of financial systems.
USDC (USD Coin)	A fiat-backed stablecoin issued by Circle and Coinbase, also pegged to the US dollar. Known for transparency and regulatory alignment
FX (Foreign Exchange)	Refers to currency exchange. Crypto is often used to circumvent unfavorable FX conditions in volatile African currencies.
SSA (Sub-Saharan Africa)	Geographic region often referenced in crypto adoption metrics. Nigeria, South Africa, and Kenya are key markets.
AfCFTA (African Continental Free Trade Area)	A trade agreement unifying African markets. Crypto is increasingly viewed as an enabler of frictionless intra-African digital payments under this framework.
Tokenization	The process of converting rights to an asset into

Term	Explanation
	a digital token on a blockchain. Used for asset management, real estate, and trade finance.
AfDB (African Development Bank)	A regional financial institution providing statistics such as inflation rates used in crypto reports
FSCA (Financial Sector Conduct Authority)	The South African financial regulator issuing licenses to VASPs and overseeing crypto compliance
SEC (Securities and Exchange Commission)	Refers here to Nigeria's SEC, which began approving operational licenses for crypto platforms in 2024.
ETFs (Exchange-Traded Funds)	A type of investment fund traded on stock exchanges. ETFs based on cryptocurrencies (e.g., Bitcoin ETFs) offer exposure to digital assets through traditional investment vehicles.
API-Based Settlement	Using Application Programming Interfaces (APIs) to automate transactions and settlements in crypto platforms, enhancing speed and integration with enterprise systems.

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About Quidax

Quidax is an African-founded cryptocurrency exchange that makes it easy for anyone to buy, sell, store and transfer cryptocurrencies. Quidax additionally enables OTC trading and gives fintech companies the tools to offer cryptocurrency services to customers through a dedicated crypto API.

Quidax was officially launched in 2018 and has customers in more than 70 countries.

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Quidax Academy