

Digital Finance as a Geopolitical Arena: China, Web3, and the Competition Over Africa's Digital Payments Landscape

Description

A young Nigerian man uses [cryptocurrency](#) for peer-to-peer transactions to avoid the challenges of Naira inflation, while thousands of miles away, a farmer in rural Kenya uses her [smartphone](#) to access a mobile credit platform for a microloan. These two examples represent just a small sample of how the payments landscape is transforming at a global level.

The rapid evolution of Africa's financial landscape is being influenced by global and regional forces that are reshaping how money flows through digital systems across the continent. Sub-Saharan Africa has emerged as the world's [third-fastest](#) growing crypto market. Widespread digital asset adoption in countries like [Nigeria](#) and [South Africa](#) highlight Africa's demand for accessible, efficient, and low-cost financial infrastructure. With Africa's digital payments industry increasing at an average of more than [8%](#) yearly, digital finance has become a strategic point of competition over influence in setting the technical standards, financial messaging protocols, and digital infrastructure that determines how international and domestic payments are processed. As Chinese investments aggressively enter the region, it is important for African nations to maintain their digital infrastructure sovereignty by adopting digital finance in a manner free from foreign interference.

Fintech, Web3, and the Challenge to Traditional Finance

Africa's new digital financial infrastructure increasingly [relies on Web3](#) to alleviate cross-border payments friction. Web3 broadly describes an emerging layer of internet-based financial infrastructure built on decentralized blockchain networks. In contrast with traditional financial (tradfi) intermediaries, these systems enable peer-to-peer transactions executed through a decentralized, shared, secure digital record maintained across various computers for accuracy and transparency.

Financial technology (fintech) seeks to disrupt tradfi, with fintech broadly referring to the software and digital platforms designed to improve access to financial services. One of the most successful examples of fintech in Africa is [M-Pesa](#), a mobile money transfer and payment service that allows users to send, receive, and store money through their mobile phones, M-Pesa originated in Kenya, and is now a widely-used, pan-African digital money app.

The Convergence of Digital and Legacy Financial Infrastructure in Africa

In conjunction with the advent of Web3, a new standard for financial transactions called [ISO 20022](#) is bringing greater efficiency, transparency and interoperability to those transactions. On November 22, 2025, the global financial messaging network, SWIFT (Society for Worldwide Interbank Financial Telecommunication), [retired the legacy message type \(MT\) messages](#), and migrated fully to ISO 20022. This new global standard for financial messaging enables financial transactions that can carry more data compared to MTs and brings increased legitimacy and transparency to payments. Together, these changes offer a significant opportunity for the growth of digital payments and financial inclusion across the continent.

SWIFT's transition to the ISO 20022 standard represents one of the most significant efforts to date to standardize Africa's financial markets. [First introduced in 2004](#), ISO 20022 standardization has been slow because adherence to such standards requires significant infrastructure investment, which is typically challenging for emerging economies to afford. That's why several African countries have only recently transitioned to ISO 20022. For instance, South Africa's Reserve Bank announced [its adoption of ISO 20022](#) in late 2022. Nigeria's central bank [mandated adherence](#) to ISO 20022 only on August 25, 2025, just two months prior to the discontinuation of MT messages. Ghana transitioned even later, in September 2025.

At the same time that governments are spending to upgrade digital financial infrastructure, tradfi is also becoming more expensive. In late [September 2025](#), while the Parliament of Ghana sought to regulate cryptocurrency activities, the Bank of Ghana directed all commercial banks to charge a 5% fee on dollar cash withdrawals, creating new friction in transactions.

If effectively implemented, Web3 native payment rails such as central bank digital currencies (CBDCs) may be able to circumvent such friction. Africa is already emerging as a hotbed of such technologies, including stablecoins, a type of cryptocurrency designed to maintain a stable value. Stablecoins rely on Web3 to carry structured, data-rich, auditable transactions. The Central Bank of Nigeria (CBN) formed a [task force](#) in late October 2025 to study its population's embrace of stablecoin adoption. SWIFT has also recognized the popularity of stablecoins by including South Africa-based Amalgamated Banks of South Africa (ABSA) and FirstRand Bank with 32 other banks in a September 2025 [blockchain-based pilot](#) focused on cross-border payments.

As African financial institutions upgrade their systems to accommodate Web3 payment rails and comply with ISO 20022, governments must decide how to modernize legacy banking infrastructure while also determining how to integrate emerging technologies alongside traditional financial systems. These choices will not only shape the future-state development of Africa's digital infrastructure, but

they will also influence geopolitical dynamics, with secondary effects on the US standing against global competitors in resource-rich Africa.

China's Digital Statecraft in Africa

Amidst the growth of digital finance across the continent, China has exhibited a keen interest in shaping Africa's digital financial infrastructure, building on its flagship Belt and Road Initiative (BRI). Through a parallel effort in Africa, the Digital Silk Road (DSR), China is playing a key role in everything from the region's [telecommunications services](#) to centralizing [blockchain infrastructure](#) through the [Blockchain Service Network \(BSN\)](#), a Chinese-backed digital infrastructure platform that allows governments and institutions to run blockchain applications akin to a Software-as-a-Service (SaaS) model.

More foundationally, China is playing an increasing role in Africa's digital payments scene. China's [Cross-Border Interbank Payment System \(CIPS\)](#) went live with South Africa-based Standard Bank Group in early December 2025, better enabling RMB (which stands for Renminbi, the official currency of China)-denominated clearing services to other African banks. This, along with region-wide initiatives like the Africa Continental Free Trade Area (AfCFTA) and the Digital Silk Road, in addition to local efforts like Nigeria's Ogun-Guangdong free trade zone and the China-Congo Industrial City, highlight China's increasing role in building Africa's digital infrastructure. Taken together, these initiatives highlight a broad effort to create a parallel financial ecosystem reliant on Chinese standards and technology, aimed at securing strategic influence and infrastructure dominance.

This environment also attracts gray-zone actors and illicit networks, especially as cryptocurrency takes hold across the continent. In early 2024, at the same time that the state-owned Ethiopian Investment Holdings announced a [\\$250 million data mining partnership](#) with a subsidiary of Hong-Kong based West Data Group, Chinese Bitcoin miners were [reported](#) to be moving to Ethiopia en-masse to avoid Chinese legislation banning cryptocurrency and to take advantage of low electricity costs. In August 2025, the Interpol-coordinated [Operation Serengeti 2.0](#) recovered nearly \$100 million in proceeds from criminal activities throughout Africa, including a variety of cryptocurrency-focused scams. Among those arrested were 60 Chinese nationals accused of illegally validating blockchain transactions to generate cryptocurrency.

This dangerous combination of state-backed economic statecraft and transnational organized crime mediated through digital financial infrastructure is not only challenging the stability of African institutions, but by limiting economic access, fostering illicit activities, and shifting geopolitical alignments, China's increasing influence over Africa's digital infrastructure could also challenge

American security and economic interests in the region.

Safeguarding Digital Sovereignty

In the face of both the opportunities that new technologies offer to African enterprises and individuals, and the challenges to sovereignty and stability that accompany China's interventions, it is important for countries across the region to put in place robust regulatory frameworks for digital transactions. The experience of the Central African Republic offers a cautionary tale in the risks of adopting new technologies in the absence of such regulations. In 2022, the Central African Republic made history as the [first African country to adopt Bitcoin](#) as legal tender. In the aftermath, however, [accusations of corruption](#) via digital assets have clarified the potential for crypto to promote criminal activity and expose gaps in regulatory oversight and enforcement capacity.

With African countries already facing significant difficulties for tradfi standards adoption and the [increasing prevalence of cybercrime](#), misguided efforts to adopt Web3 to facilitate digital financial transactions could increase corruption, organized crime, and digital dependencies. This could take the form of enabling illicit financial flows and sanctions evasions via cross-border transactions, reduced central bank control over monetary policy through widespread stablecoin usage, and overdependence on foreign-built digital infrastructure. Such an environment could end up undermining economic stability for the region as a whole through reliance on potentially corruptible financial systems, thereby reducing national control over financial data, transaction visibility, and regulatory enforcement. For the US, reduced visibility into cross-border financial flows limits the effectiveness of economic tools such as sanctions and risks diminishing influence over the very standards and systems that currently underpin the global financial system.

A better alternative is for digital asset usage to have not only clear regulatory guidance and approval, but also product-market fit to ensure long-term sustainability. This clearest example of the consequences of a lack of such a fit is Nigeria's late 2021 [debut of the eNaira CBDC](#). Despite what CBN Governor Godwin Emefiele characterized as ["overwhelming interest,"](#) transaction numbers remain [relatively low](#), with the eNaira being seen by many as a [failed initiative](#), in part because Nigerians have found [greater utility](#) in stablecoins.

Ghana has taken a more deliberate approach. One month after its transition to ISO 20022, Ghana's Parliament approved a [Virtual Asset Service Providers Bill](#), which created a legal framework to regulate and legalize cryptocurrency activities within the country. By providing legislation that enables the Bank of Ghana to oversee and license exchanges and wallet providers, Ghana is able to increase its legitimacy in both the cryptocurrency and traditional financial markets.

As strategic competition in Africa's digital realm intensifies, maintaining sovereignty will require African countries to foster growth and innovation through robust regulatory frameworks and financial technologies tailored to their local markets.

Conclusion

Global leaders must recognize that digital payment rails are now critical instruments of national power. As global standards like ISO 20022 converge with Web3-native payment rails, African nations have a rare opportunity to leapfrog over legacy systems while still pursuing digital growth on their own terms. Understanding and responding to the influence of China's Digital Silk Road will be critical for African nations to maintain digital sovereignty while embracing innovation.

With this in mind, African nations can strengthen their digital sovereignty by implementing comprehensive regulatory frameworks, investing in local fintech ecosystems, and promoting partnerships with trustworthy international players to ensure security and transparency. As they do so, the US can play a supportive role by offering technical assistance, facilitating knowledge-sharing initiatives, and encouraging private-sector investments that align with Africa's strategic interests. These actions could ensure that African countries embrace financial and technological innovation, while safeguarding their digital sovereignty.

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