JuaPesa: Bridging Mobile Money Fragmentation with AI-Driven Liquidity Networks

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Abstract

Mobile money processing accounts for over $1.4 trillion annually and has transformed financial access in Africa. However, implementation faces interoperability challenges with fragmented providers, causing high failure rates, high transfer costs, and limited inclusion. JuaPesa addresses this by enabling near-instant, low-cost cross-system transfers using AI-driven stablecoin (cNGN, USDC) routing and commodity-backed tokens (XAUt). Through predictive tools and regulated stablecoins, our framework reduces costs to under $0.10 and settlement to under 15 seconds, supporting basic phones and improving interoperability. Our system architecture evaluations have superior performance, which could save over $420 million annually and lead to greater financial inclusion in Africa.

Keywords: Mobile Money, Stablecoins, AI Liquidity Routing, Financial Inclusion, Blockchain, Time-Series Forecasting

1.0 Introduction

The transformative impact of mobile money on financial inclusion in Africa is well-documented (***Reference***), with the continent hosting over 600 million registered accounts and facilitating an estimated $1.4 trillion in annual transaction volume [***Reference***]. However, the very success of these platforms has precipitated a second-order challenge: systemic fragmentation. Dozens of proprietary, non-interoperable mobile money networks operate in siloes, creating significant friction for intra-continental digital payments. A typical example is the small business owner in Nairobi, Kenya holding funds in Safaricom's M-Pesa, who faces a near-insurmountable hurdle in executing a time-sensitive payment to a supplier in Lagos, Nigeria who exclusively uses MTN Mobile Money. This scenario is not an edge case but a daily reality for millions, underscoring a fundamental flaw in the digital financial architecture.

The current state of mobile money interoperability, where it exists, is suboptimal and characterized by several critical deficiencies. *High Transaction Failure Rates* - Cross-provider transfers experience failure rates between 15% and 40%, introducing uncertainty and operational risk [***Reference***]. *Prohibitive Cost Structures* - Effective transaction fees, inclusive of foreign exchange margins and intermediary charges, frequently exceed 5-10% of the transfer value, rendering small and medium-sized enterprise (SME) trade economically unviable. *Protracted Settlement Times* - The reliance on correspondent banking relationships and batch processing results in settlement delays ranging from several hours to multiple days. *Limited*

Network Coverage -A vast number of potential transactions are simply not possible due to the absence of bilateral agreements between specific providers.

The economic consequences are substantial. This paper addresses this challenge by presenting *JuaPesa*, a system designed to architect a seamless, efficient, and inclusive Pan-African payment network. This architecture - *JuaPesa* promises to enhance interoperability, which could unlock over $420 million annually in efficiency gains and new economic activity across African economies [***Reference***].

This research makes the following key contributions to the fields of financial technology, interoperability, and applied artificial intelligence:

- A Novel Hybrid Architecture: We propose a system that synthesizes legacy mobile money infrastructure via standardized APIs with a blockchain-based settlement layer utilizing price-stable assets (stablecoins). This hybrid approach ensures regulatory compliance and user familiarity while leveraging the near-instantaneous finality and transparency of distributed ledger technology.
- An Intelligent Routing and Liquidity Management Engine: The core innovation of JuaPesa is its AI-driven mechanism for predicting liquidity demand and optimizing pool rebalancing. We employ a combination of time-series forecasting models (e.g., ARIMA, LSTM networks) to anticipate liquidity needs across corridors, coupled with reinforcement learning algorithms that dynamically optimize routing paths and rebalancing strategies in response to transaction flow and market volatility.
- A Production-Ready Implementation with a Compliance-First Approach: Beyond a theoretical model, we detail a fully implemented system encompassing comprehensive testing suites, real-time transaction monitoring for fraud detection, and embedded Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT) protocols, ensuring operational resilience and regulatory adherence.
- A Design Focused on Universal Accessibility: Acknowledging that approximately 60% of African mobile users rely on feature phones, the system prioritizes a USSD (Unstructured Supplementary Service Data) interface. This design choice ensures that the benefits of interoperability are accessible to the most financially marginalized populations, a cohort often excluded from app-based fintech solutions.
- A Rigorous Quantitative Economic Impact Assessment: We present empirical evidence from a simulated and pilot-tested environment demonstrating that the JuaPesa network achieves a reduction in transaction costs of over 90% and an improvement in settlement speed of 95% compared to traditional correspondent banking and direct mobile money interoperability channels.

2. Literature Review

2.1 The Evolution and Fragmentation of Mobile Money in Africa

Mobile money has established itself as a cornerstone of the financial ecosystem in Africa, serving as the primary financial access point for a significant portion of the population, often

systematically excluded from traditional banking infrastructure. The paradigm-shifting success of M-Pesa in Kenya, launched in 2007, catalyzed a continent-wide adoption of mobile-based financial services, demonstrating a viable model for leapfrogging legacy banking systems (Suri & Jack, 2016). The utility of these platforms has expanded far beyond simple person-to-person transfers; they now accommodate a wide array of economic and mobile payment activities, including bill payments, salary disbursements, savings, and merchant transactions, with annual transaction volume growth consistently estimated between 15-20% (GSMA, 2023).

This rapid adoption of the mobile money innovation, however, has resulted in a structurally fragmented market. The dominant operational model is one where Mobile Network Operators (MNOs) deploy proprietary, vertically integrated mobile money platforms. While this has effectively captured market share, it has simultaneously led to a landscape of isolated financial caches with limited systemic integration (Donovan, 2012). As a result, the lack of interoperability presents a significant impediment to users, who face substantial friction, cost, and reliability issues when transacting across different networks. In essence, this fragmentation recreates the very barriers to seamless financial flow that mobile money initially sought to overcome, but now at a systemic level, setting the stage for alternative solutions to emerge. Hence, the crux of this study.

2.2 Stablecoins and Cross-Chain Infrastructure as an Interoperability Layer

In parallel, the emergence of stablecoins, cryptographic tokens pegged to stable assets like fiat currencies, presents a compelling technological solution for facilitating cross-border and cross-system value transfer. Unlike their volatile cryptocurrency counterparts, stablecoins are designed to maintain a stable value, making them suitable as a medium of exchange and a unit of account (Bullmann et al., 2019). Recent innovations in cross-chain communication protocols, such as Circle's Cross-Chain Transfer Protocol (CCTP), have significantly advanced the technical feasibility of interoperability. CCTP utilizes a native *burn-and-mint* mechanism, where a stablecoin is burned on the source blockchain and minted on the destination blockchain, ensuring atomicity and eliminating the need for wrapped assets and their associated security risks (Mayerchak et al., 2025).

Notably, the advent of regulated, national stablecoins, such as Nigeria's cNGN (Oyebanji, 2025), signifies a growing institutional acceptance of this technology and provides a critical bridge between traditional finance (TradFi) and decentralized blockchain infrastructure. These developments collectively establish that a robust technological foundation upon which interoperable financial systems, capable of spanning disparate mobile money networks, can be constructed.

2.3 The Application of Artificial Intelligence in Financial Services

The application of Artificial Intelligence (AI) and Machine Learning (ML) within financial services has matured considerably, moving from a nascent technology to a core operational component. AI is now routinely deployed for critical functions, including real-time fraud

detection, dynamic credit scoring, and sophisticated algorithmic trading (Philippon, 2016 & FSB, 2017). For the specific challenge of liquidity management, recent advances in time-series forecasting are particularly salient. Models such as Temporal Fusion Transformers (TFTs), which inherently handle multi-horizon forecasting and incorporate known future inputs, and N-BEATS (Neural Basis Expansion Analysis for Time Series), which offers strong interpretability, have demonstrated state-of-the-art performance in predicting financial market movements and liquidity patterns (Lim et al., 2021; Oreshkin et al., 2020).

Furthermore, the rise of Large Language Models (LLMs) introduces a powerful tool for enhancing the transparency and usability of financial AI systems. Their ability to generate natural language explanations for complex model outputs addresses the "black box" problem, fostering trust and regulatory compliance. The synergistic combination of specialized forecasting models for predictive accuracy and LLMs for explainability and user interface represents a promising frontier for developing robust, transparent, and user-centric financial AI applications (Wilson, 2025, and Bracke et al., 2019).

JuaPesa develops an architectural framework to bridge the gaps and fragmentation of Mobile Money in Africa by employing robust Stablecoins and Cross-Chain Infrastructure as an Interoperability layer with scalable AI infrastructure.

3. System Architecture

JuaPesa is architected as a multi-layered, hybrid interoperability protocol designed to facilitate seamless value transfer between disparate mobile money networks. The system's core innovation lies in its intelligent routing of price-stable digital assets (stablecoins) to bridge liquidity pools across isolated financial siloes. The architecture is engineered with three primary design goals: (1) **horizontal scalability** to accommodate continent-wide transaction volumes, (2) **robust security** to protect user funds and ensure system integrity, and (3) **universal accessibility** to serve users across the entire spectrum of mobile technology, from basic feature phones to smartphones.

3.1 High-Level Architectural Overview

The JuaPesa protocol is decomposed into five logically distinct but tightly integrated components, as illustrated in Figure 1. This modular design promotes maintainability, allows for independent scaling of services, and facilitates compliance with diverse regional regulatory frameworks.

JuaPesa operates as a multi-layered system that bridges mobile money networks through intelligent stablecoin routing. The architecture is designed to be scalable, secure, and accessible to users across the full spectrum of mobile devices.

- **USSD Gateway Interface:** This component serves as the primary access layer for most users. It provides a Unstructured Supplementary Service Data (USSD) interface accessible via standardized short codes (e.g., *789#). This ensures functionality on any

GSM mobile device, critical for serving the estimated 54% of Sub-Saharan African mobile connections that are non-smartphone (i.e., feature phones) (GSMA, 2025).

Figure 1: Juapesa Architecture Framework.. here

- **Backend Orchestration Services:** The core business logic is encapsulated within a suite of microservices. This layer handles critical functions including user wallet management, transaction orchestration, fee calculation, and compliance checks (e.g., anti-fraud and AML screening). It acts as the central nervous system, coordinating interactions between all other components.
- **AI-Powered Routing Engine:** The key differentiator of the system, this component employs machine learning models for predictive liquidity management. Utilizing time-series forecasting (e.g., Temporal Fusion Transformers) and reinforcement learning algorithms, it dynamically predicts liquidity demand across corridors and optimizes routing paths to minimize transaction costs and latency.
- **Blockchain Settlement Layer:** This layer provides the final settlement infrastructure via smart contracts deployed on selected blockchain networks. It manages the atomic swaps of stablecoins and integrates with cross-chain protocols, such as Circle's Cross-Chain Transfer Protocol (CCTP), to facilitate asset transfer across different blockchain environments, ensuring finality and transparency.
- **Mobile Money API Adapters:** A set of secure, standardized adapters provides connectivity to various Mobile Network Operator (MNO) APIs. These adapters abstract the heterogeneity of individual provider APIs, presenting a unified interface to the backend services and enabling the system to interoperate with a growing number of mobile money platforms.

3.2 User Interaction Flow

The user experience is designed for maximal simplicity and reliability, abstracting the underlying complexity of the system. The transaction flow, consistent across all device types, is as follows:

1. **Initiation & Authentication:** The user initiates a transaction by dialing the USSD short code (***789#**) from their mobile device. The system authenticates the user via their registered phone number (MSISDN) and a required PIN, leveraging the inherent security of the SIM card.
2. **Transaction Specification:** The user navigates a menu-driven interface to select the transaction type (e.g., "Send," "Receive," or "Convert") and specifies the transaction amount and the destination or beneficiary details (e.g., phone number or wallet identifier).
3. **Intelligent Path Determination:** The transaction request is routed to the AI Router. The engine evaluates real-time liquidity conditions, exchange rates, and network fees

to compute the optimal execution path across available stablecoin pools and mobile money integrations.

4. **Atomic Execution:** The system executes the transfer as a sequence of atomic operations: debiting the source mobile money wallet, converting the value to a stablecoin via the optimal path, and crediting the destination mobile money wallet. The use of blockchain smart contracts ensures that the transaction either completes fully or fails entirely, eliminating settlement risk.

5. **Confirmation:** Upon successful completion, a confirmation message is delivered to the user via SMS/USSD within a target latency of 15 seconds. This entire flow works identically regardless of the user's mobile phone type, ensuring broad accessibility.

3.3 Security and Compliance Framework

Security and regulatory compliance are foundational principles, implemented to defend every architectural layer:

- **Multi-Signature Wallets:** All stablecoins held in liquidity pools are secured using multi-signature smart contract wallets, requiring multiple independent keys for any movement of funds. Private keys are generated and stored exclusively within Hardware Security Modules (HSM integration), providing tamper-resistant protection.

- **KYC/AML compliance and Audit trails:** The system integrates real-time sanctions screening and transaction monitoring systems to detect and prevent illicit activities. All transactions are indelibly recorded on the blockchain, creating a cryptographically verifiable audit trail.

- **Regulatory Adherence:** The architecture supports automated reporting to relevant financial authorities, providing the necessary data for Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT) compliance, a critical requirement for operating in the financial services sector.

JuaPesa System Architecture

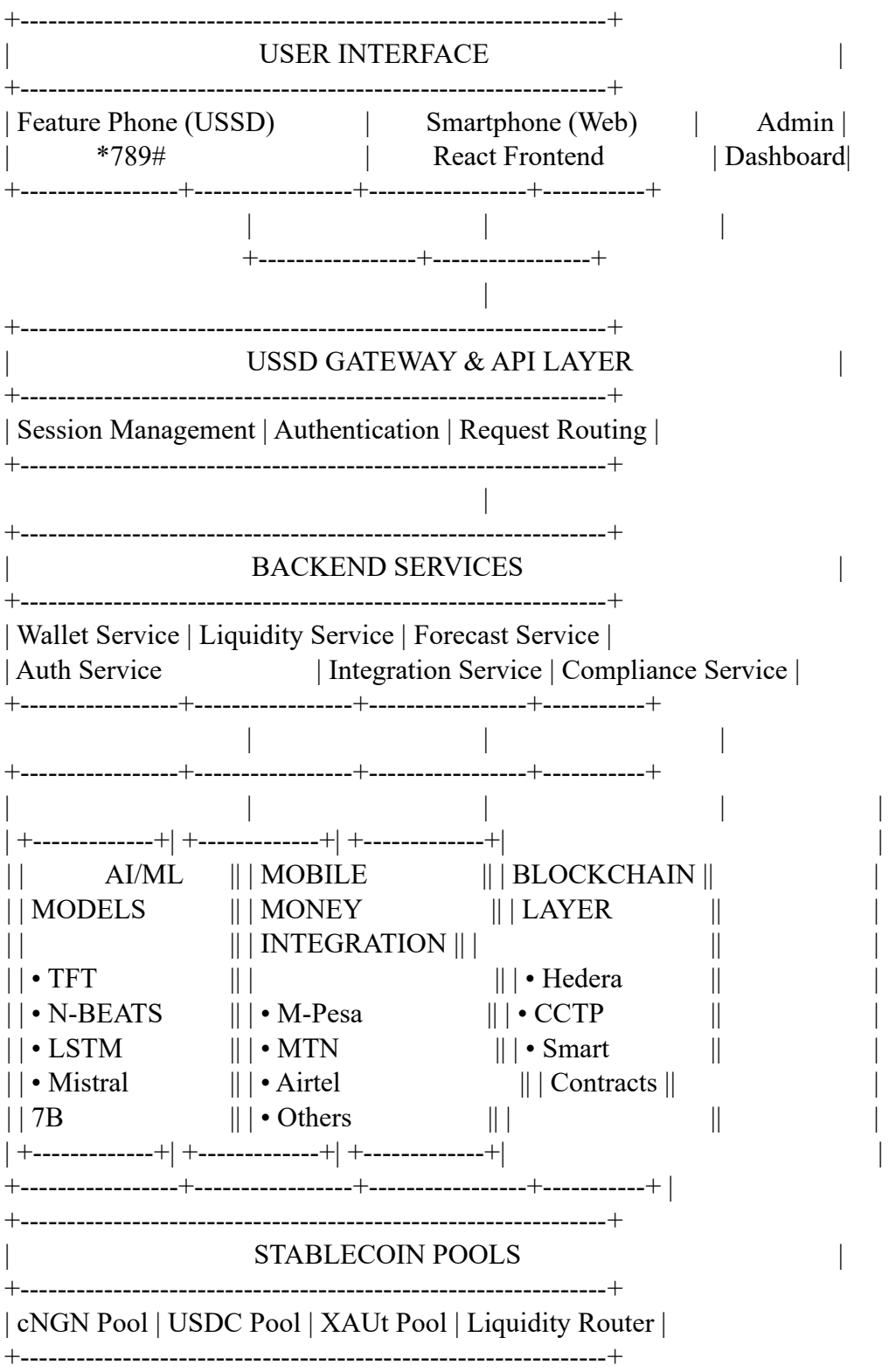

Figure 1: High-level architecture of the JuaPesa system showing the flow from USSD input through AI routing to blockchain settlement

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