# 'Trust must move to the front of payments arena'

**Ms Sarah Njuguna,** the group senior legal counsel at PawaPay, tells **Joan Salmon** about her determination to build seamless payments across Africa, one regulation at a time.

Seamless payments across Africa and beyond are crucial to the continent's growth. Yet this remains more aspiration than reality because, even within the East African region, progress is still uneven.

Ms Sarah Njuguna, the group senior legal counsel at PawaPay, has been in the trenches of this challenge. When we meet, she tells me that one of the biggest headaches is that innovation often moves faster than regulation.

Ms Njuguna began her legal career in private practice at leading law firms in East Africa, where her background spanned corporate law, from legal advisory work to transactional matters.

A significant part of that involved advising clients in regulated sectors, including payments and fintech.

"Through that work, I was exposed early on to the regulatory and operational complexities of the fintech ecosystem. That included licensing and compliance requirements, and how partnerships are structured. That background and understanding of the realities on the ground have been valuable in my current role at PawaPay, a mobile money payments aggregator," she says.

Working with international merchants, Ms Njuguna says her corporate law background has proved invaluable. As a commercial lawyer, one of the key questions is how to design something that works not only today, but as it continues to grow.

"My previous experience trained me to think in terms of structure, risk allocation, compliance and scalability," she tells *Lunch with the DM.*

Many places, such as the one where we meet for this interview, use Point of Sale (POS) machines to process transactions. Before we can use one, Ms Njuguna tells me that when it comes to frictionless payments, a major part of the equation is the technology behind them. That means assessing how easy, fast and reliable payment processing is.

"Behind that, from a legal perspective, is designing the right structures so that compliance is built into the system, rather than becoming a bottleneck," she explains.

> "Testing. Overall, controlled testing environments help de-risk innovation by allowing companies to move faster with greater confidence while ensuring compliance and regulatory alignment are built in from the start.
> – Ms Sarah Njuguna, the group senior legal counsel at PawaPay.

**Lessons from the frontline**

While innovation moves rapidly, regulation is also constantly evolving. Part of Ms Njuguna's role is to bridge that gap, helping the business move at speed while ensuring innovations are built sustainably and aligned with where regulation is heading.

Advising on legal strategy across the fintech and mobile money ecosystem has also taught her that simplicity on the surface often requires complexity underneath.

"The more seamless the merchant experience, the more carefully designed the legal and compliance infrastructure needs to be behind it," she says.

Ms Njuguna also believes partnerships are critical for scaling in this space. That means working closely with mobile network operators, financial institutions and regulators to make cross-market expansion possible.

And while regulation can sometimes feel like a setback, she has learned that it can also be an enabler when approached proactively.

"That means working with regulators rather than reacting to them," she says. "Taken together, those lessons are what allow businesses to operate across multiple markets in a way that is both reliable and scalable."

**Fragmented regulation challenges**

One of the biggest obstacles remains Africa's highly fragmented regulatory landscape, which creates real operational complexities for businesses expanding across markets. Each country has its own licensing regime, regulatory expectations and operational requirements.

From a legal perspective, Ms Njuguna says their role is to absorb that complexity so it does not sit with the merchant.

That involves a combination of local licensing strategies, partnerships with regulated entities, and clearly structured contractual frameworks across markets.

"That legal structure sits alongside the technical integrations and operational set-up, so the merchant benefits from a single, consistent way to collect and disburse payments across countries. In practice, that is what turns a fragmented landscape into infrastructure that a global business can actually rely on day to day," she says.

Among the latest efforts to bridge this gap is the recent regulatory passporting agreement between Kenya and Rwanda, allowing licensed firms to operate across both markets without duplicate approvals while regulators retain oversight.

**ABOUT PAWAPAY**

PawaPay is a pan-African business payments company and mobile money platform that builds payment systems for Africa. It aims to simplify Africa's fragmented telecom networks into a single Application Programming Interface (API) – a tool that allows different software systems to communicate with each other – enabling businesses to easily send and receive mobile money payments across different African countries.

**Source: PawaPay website**

This has been welcomed by fintech players because it significantly reduces the friction involved in entering the other market. In practice, licensing can take months, and sometimes years.

"If this model proves effective, it could pave the way for similar frameworks across East Africa. We are already seeing movement in that direction through initiatives like the East African Community Cross-Border Payment System Masterplan, which aims to promote more harmonised regulatory frameworks," Ms Njuguna tells *Lunch with the DM.*

She adds that there are also early signs of similar co-operation in other markets, signalling greater regional alignment. It also reflects growing trust between regulators and a willingness to work more closely together.

"The impact is fairly clear. Lower barriers to entry will increase competition. Greater regulatory consistency reduces uncertainty, which tends to attract more investment," she says.

From a payments perspective, it also becomes easier to build infrastructure that works across multiple markets, rather than having to rebuild country by country.

Ms Sarah Njuguna, the group senior legal counsel at PawaPay. PHOTO/COURTESY/JOAN SALMON

**Uganda's growing fintech ambition**

Uganda is also making progress in the fintech space, signalled by the launch of the Sandbox to Accelerate Fintech Innovation by the Capital Markets Authority of Uganda.

Ms Njuguna applauds the move, saying sandboxes create a controlled environment where fintechs can test products under regulatory supervision before full-scale launch.

From a regulatory risk perspective, this reduces uncertainty and potential loss. Instead of launching a product into a fully regulated environment and then having to make adjustments afterwards, companies can validate their model early, receive feedback from regulators, and identify compliance gaps before scaling.

She says sandboxes are also valuable for multi-market expansion, as different jurisdictions have different regulatory expectations.

"Sandboxes allow businesses to test assumptions in one market and refine their approach before replicating it elsewhere," she says. "They also improve regulator engagement. As you work closely with regulators during the testing phase, you build a clearer understanding of expectations, which reduces the risk of delays or approval issues later on."

Ms Njuguna notes that the same is happening through the Central Bank of Kenya sandbox and the Capital Markets Authority of Kenya sandbox, with several firms successfully graduating into wider rollout.

"Overall, controlled testing environments help de-risk innovation by allowing companies to move faster with greater confidence while ensuring compliance and regulatory alignment are built in from the start," she says.

**Building trust in payments**

Trust is essential in the payments arena, and that comes down to transparency and reliability. Payments must be processed correctly, funds settled as expected, and reconciliation must be clear and timely, even across different markets.

PawaPay has built a pool of global partners, and Njuguna says the trust begins with the company's set-up, such as operating through licensed entities and direct integrations with mobile network operators.

"Our merchants do not rely on informal routes. They are plugging into infrastructure that holds up under regulatory scrutiny in each market," she says.

A major part of her team's role is ensuring there is no ambiguity about how that infrastructure is used. This includes contracts that clearly define responsibilities from the outset and explain what happens if circumstances change.

"If that is properly defined upfront, most of the perceived unpredictability disappears," she says.

Day-to-day performance, however, matters most. Settlement must be predictable, reconciliation must be clean, and reporting should be transparent.

"We process millions of transactions, and partners stay because the fundamentals work. Funds move when they should, the numbers match, and if something breaks in a corridor, we are quick to communicate and resolve it. That consistency is what builds trust over time," she reveals.

PawaPay, where Ms Njuguna works as group senior legal counsel, is one of Africa's leading mobile money payment platforms. She advises on legal strategy across the business, including structuring merchant and partner arrangements across the fintech and mobile money ecosystem.

An advocate of the High Court of Kenya and a member of the Law Society of Kenya, the East Africa Law Society, and GC Connected, Ms Njuguna's experience spans corporate law and mergers and acquisitions, having advised everyone from development finance institutions to high-growth scale-ups across emerging markets.