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Case Study

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Stablecoin Adoption in East and West Africa: Kenya and Nigeria as Case Studies

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Abstract

This paper examines the evolving landscape of stablecoin adoption across East and West Africa, highlighting the intersection of macroeconomics, digital financial infrastructure, and regulatory innovation. The case study synthesizes existing research from global and regional studies, including Busha as a major operator, Chainalysis reports, fintech industry data, and academic analyses, to explore how stablecoins function as a cross-bridge between traditional finance and decentralized digital economies. Key themes identified include the role of currency depreciation and dollar scarcity as catalysts for adoption in Africa, the influence of mobile-money ecosystems (e.g., M-Pesa) in facilitating access and trust, and the gradual emergence of regulatory frameworks such as Nigeria's remittance policies and Kenya's Virtual Asset Service Providers (VASP) Bill (2025). This research explains that West Africa's stablecoin adoption is influenced by macro-level factors primarily, and demand is spurred by growing appetite for Dollar-pegged stability amid inflation. Meanwhile, East Africa's trajectory embodies infrastructure-led growth, built on the interoperability between cryptocurrency exchanges and mobile-money networks. Across both regions, stablecoins (particularly USDT and USDC) serve increasingly practical roles in remittances, savings, and merchant payments, moving toward real-world utility. However, gaps persist in areas such as financial literacy, consumer protection, and cross-border policy harmonization. This case study thus situates stablecoin adoption within the broader context of Africa's digital economic transformation, providing the conceptual and empirical foundation for the subsequent analysis of user data, market dynamics, and policy implications presented in this study.

Keywords: Stablecoins, Adoption, Financial inclusion, DeFi, Sub-Saharan Africa, Currency depreciation, Regulatory framework

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1. Introduction

Over the past decade, Nigeria's economy has faced a steady storm of inflation, currency depreciation, and

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inconsistent monetary policies, each eroding public confidence in the Naira and formal banking systems. Inflation climbed from about 9% in 2015 to more than 24% by early 2025, peaking above 32% the previous year. While the Tinubu administration's policy tightening has slowed the slide of the naira, these measures have offered only temporary relief. Lingering uncertainty and closed access to foreign exchange continue to expose weaknesses at the core of Nigeria's monetary framework.

In this climate, many Nigerians have gravitated toward digital alternatives, most notably stablecoins such as USDT and USDC. These tokens now serve practical roles, helping people save, send money across borders, and trade more efficiently. The pattern marks a quiet yet powerful form of financial adaptation: citizens using technology to protect value when local systems falter. Exchanges like Busha, Quidax, alongside non-custodial wallets and peer-to-peer marketplaces, have become the infrastructure of this new behavior, giving stablecoins a visible place in daily economic life.

This research explores how and why this transformation is unfolding in Nigeria and Kenya, representing West and East Africa, respectively. Drawing on original data from Nigerian students, small business owners, freelancers, and members of the diaspora, as well as Busha's internal data from external sources in Kenya, the study examines the motivations and patterns shaping adoption. Kenya's experience offers a contrasting perspective. Its long-established mobile money culture, centred around M-Pesa, and the passage of the Virtual Asset Service Providers (VASP) Bill in 2025 have provided a more formal pathway for integrating digital currency. Taken together, these cases illustrate how two distinct economies—one grappling with macroeconomic instability and the other leveraging technological maturity—are converging around stablecoins as functional financial tools.

In both countries, stablecoins are becoming part of everyday finance and used to store value, move funds, and transact globally with greater speed and certainty. Nigerian users emphasize inflation protection and currency stability, while Kenyan users highlight convenience and the seamless link between crypto and mobile money platforms. What unites both contexts is the search for reliability in a region where traditional monetary systems often fail to deliver it.

Ultimately, the results reveal Nigeria and Kenya as front-runners in Africa's evolving digital finance landscape. Their experiences shed light on both the promise and the tension of this shift: the potential for financial inclusion and resilience, balanced against regulatory uncertainty and the need for deeper public understanding. In showing how ordinary users have turned to stablecoins out of necessity rather than novelty, this study adds to the broader discussion on how African economies are reimagining value and trust in the digital age.

N/B. This paper references Busha as an illustrative case based solely on publicly available information, industry reports, and observable market practices. No privileged, internal, or proprietary data was accessed or used. While Busha provides a useful example, the analysis reflects broader trends across exchanges operating in Nigeria and Kenya and is not limited to any single platform.

2. Literature Review

2.1. Theoretical Framework

2.1.1. Financial Inclusion and Digital Currency Adoption

Financial inclusion may be an overused word in the African context, and that may be correct, but there is evidence that it has been under-delivered in such an unbanked region (Klapper *et al.*, 2025). But in the last decade, digital finance has drastically revolutionized inclusion and increased speed. For instance, in Kenya and Uganda, M-Pesa enables millions to transact and save without traditional banks, demonstrating the transformative power of mobile money (Munyegera and Matsumoto, 2016). In more specific terms, this financial product (i.e., M-Pesa) enables users to conduct financial transactions using their mobile phones. Since its inception in Uganda in 2009, the mobile money service has been used by over 35% of the adult population, and the rate of penetration is rapidly increasing; however, there's still much ground to cover. Further research has shown that integrating mobile money and digital currency can significantly reduce transaction costs and enhance access to financial services for underserved populations. Stablecoins, as a

subset of the broader digital asset landscape, extend these benefits, enabling cross-border payments and inflation hedging.

In Nigeria, over the last decade, mainstream financial inclusion has been successfully led by companies such as Flutterwave, Paystack, Remita, and others. More recently, Opay, Moniepoint, and Palmpay have also emerged. However, for a country whose financial inclusion extends to nearly seamless global reach and mainly prioritizes hedging against inflation, these solutions don't fully suffice; there's a need for services that offer protection against naira depreciation and enable seamless global transactions (Ishioro, 2023). According to Ishioro (2023), the way out of this financial exclusion morass is to adopt a digital financial system that can reach the unbanked public without establishing bank branches in financially excluded areas. Moreover, Ishioro (2023) argues in the literature that having a commercial bank account does not equate to financial inclusion if a number of obstacles hamper access to the bank. A digital financial system can adequately remove these obstacles, making financial systems accessible, always available, and affordable to the financially disenfranchised population. Stablecoin exchange platforms such as Busha, Quidax, Yellowcard, and Flutterwave integrate with fiat on-ramps, allowing users to buy, sell, and store USD-backed stablecoins such as USDT and USDC. These services offer protection from local currency depreciation and enable seamless global transactions.

2.1.2. Technology Acceptance Model (TAM) in the African Context

The Technology Acceptance Model (TAM), first proposed by Davis (1987), has been widely applied to explain how individuals adopt and use technology. The model posits that two key constructs, Perceived Usefulness (PU) and Perceived Ease of Use (PEOU), determine a user's attitude toward adopting a new technology, which in turn influences behavioral intention and actual system use. In financial technology (fintech) contexts, these constructs are often moderated by trust, social influence, perceived risk, and facilitating conditions, particularly in developing economies where infrastructural and institutional barriers persist.

2.1.2.1. Relevance of TAM to Stablecoin Adoption in Africa

In Africa, TAM provides a valuable framework to understand the adoption of stablecoins, a novel form of digital money offering stability, borderless usability, and accessibility. Unlike traditional cryptocurrencies such as Bitcoin, stablecoins are designed to maintain parity with fiat currencies, reducing volatility risks that often discourage everyday use. However, the acceptance of stablecoins in Africa depends on several context-specific extensions of TAM:

1. **Perceived Usefulness (PU):** Users are more likely to adopt stablecoins if they perceive clear benefits such as protection from currency depreciation, reduced transaction fees, and greater access to international markets. In Nigeria, for instance, crypto exchanges like Busha users frequently convert Naira to USD-backed stablecoins (e.g., USDT, USDC) to preserve value amid persistent inflation and currency fluctuations (Busha, 2024). Similarly, Kenyan traders view stablecoins as a useful alternative for cross-border commerce, allowing seamless conversion between M-Pesa and digital assets.
2. **Perceived Ease of Use (PEOU):** Ease of access and simplicity of user interfaces are central to adoption. In Africa, where digital literacy levels vary, platforms like Busha and Quidax have localized interfaces local language support and offer simple on/off ramps between fiat and crypto. Kenya's mobile money familiarity through M-Pesa creates a natural foundation for integrating stablecoins into existing user behaviors. The more intuitive and familiar the process, the greater the perceived ease of use, reinforcing adoption intentions (Boateng et al., 2016).
3. **Trust and Perceived Risk:** In the African financial context, trust often plays a more decisive role than in developed economies due to weak regulatory frameworks and histories of financial instability. Users must trust that stablecoins are properly collateralized, that crypto exchange platforms like Busha and Quidax are secure and compliant, and that transactions are transparent and auditable. Studies indicate that higher trust in platform integrity and perceived institutional backing significantly enhance adoption intention (Catalini and Massari, 2021).
4. **Social Influence and Network Effects:** Social factors such as peer recommendation, media exposure, and

community use also play a pivotal role in technology diffusion. In Nigeria, the high youth population and strong online crypto communities amplify awareness of stablecoins through social media platforms, influencing behavioral intentions to adopt. For example, using observable platform activity, Busha's use of community marketing and ambassador programs demonstrates how peer influence reinforces TAM's behavioral constructs in Africa's digital ecosystem.

5. **Facilitating Conditions:** Stablecoin adoption is influenced by mobile penetration, internet availability, and financial infrastructure. Africa's mobile-first economy makes blockchain wallets accessible even without traditional banking, aligning with TAM's assumption that enabling environments positively affect perceived ease of use and usefulness. The presence of interoperable platforms such as M-Pesa, Busha, and Flutter wave enhances these facilitating conditions by bridging digital currencies with fiat systems.

2.1.2.2. Integrating TAM Extensions for African Fintech Realities

While the traditional TAM model is useful, its predictive capacity in Africa improves when contextual extensions are included:

- **Perceived Cost:** In cost-sensitive markets, transaction fees, volatility, and conversion costs affect adoption decisions. Stablecoins often outperform banks and remittance services on this front.
- **Regulatory Clarity:** Ambiguity in crypto regulation introduces uncertainty that negatively affects adoption intentions. Nigeria's evolving Central Bank guidelines and Kenya's cautious stance influence user perceptions of legal safety.
- **Cultural and Informal Financial Norms:** Many Africans rely on informal saving groups (chamas, esusu). The integration of stablecoins into these culturally familiar systems could improve adoption through cultural compatibility – an element bridging TAM and Diffusion of Innovation theory.

2.1.2.3. Application to Busha and M-Pesa Ecosystems

Market behavior shows Busha exemplifies TAM principles in action. Its ease of use (simple onboarding, local currency support), perceived usefulness (inflation hedging, Dollar access), and trust mechanisms (security audits, local compliance) directly reflect TAM's core determinants. Meanwhile, M-Pesa's success in Kenya highlights how user-centric design, low transaction costs, and social acceptance drive digital finance adoption, lessons directly applicable to stablecoin integration.

In theory, if Busha's stablecoin services were integrated with Kenya's mobile money infrastructure, the combined ecosystems could lower adoption barriers, increase perceived utility, and enhance social legitimacy, fulfilling all primary TAM constructs.

2.1.3. Diffusion of Innovation (DIT) Theory Applied to Stablecoins

The Diffusion of Innovation (DIT) Theory, developed by Rogers (1962), provides a framework for analyzing how new ideas, technologies, or products spread across social systems over time. It identifies five key attributes that influence the adoption rate of an innovation: relative advantage, compatibility, complexity, trialability, and observability. Applying this framework to the diffusion of stablecoins in Africa especially in Kenya and Nigeria in this context helps explain how these digital currencies transition from early adopters in the crypto community to potential mass-market acceptance.

Stablecoins, unlike volatile cryptocurrencies such as Bitcoin or Ethereum, offer a stable store of value by pegging their worth to assets like the US dollar or other fiat currencies. This stability makes them attractive for remittances, savings, and business transactions which all align seamlessly and closely with Africa's financial inclusion needs.

2.1.3.1. Relative Advantage

Relative advantage refers to the perceived superiority of an innovation over the system it replaces. In the context of Kenya and Nigeria, stablecoins offer multiple relative advantages over both traditional fiat systems and volatile cryptocurrencies.

- **Cost and Speed:** Traditional remittance systems in Africa such as Western Union or MoneyGram can charge fees as high as 7-10% and take several days to process cross-border payments. Stablecoin transactions on blockchain networks like Tron or Stellar can occur in seconds at near-zero cost. The platform's publicly documented features suggest Busha have leveraged these features to make cross-border and business payments faster and cheaper.
- **Value Retention:** For users in Nigeria and Kenya who face currency devaluation, stablecoins like USDT, USDC, and PYUSD act as digital Dollar substitutes that hedge against inflation.
- **Financial Inclusion:** Stablecoins provide unbanked users with a gateway to global finance without the need for traditional bank accounts, especially when combined with mobile money systems such as M-Pesa.

Thus, the clear economic and functional advantages of stablecoins make them an innovation with strong relative advantage in Africa's financial landscape.

2.1.3.2. Compatibility

Compatibility measures how well an innovation fits within the values, experiences, and existing infrastructure of potential adopters.

In both Kenya and Nigeria, the rise of mobile money and fintech platforms has created a strong foundation for digital finance acceptance. Users are already accustomed to digital wallets, QR payments, and peer-to-peer transfers. This ecosystem makes stablecoins a natural extension of existing behaviors rather than a radical shift.

For example:

- Busha in Nigeria integrates directly with Naira-based accounts, allowing users to buy, sell, and hold stablecoins without prior technical knowledge.
- Flutter wave enables businesses to accept stablecoin payments through crypto-fiat gateways, merging blockchain innovation with traditional business payment systems.
- In Kenya, M-Pesa's interoperability with blockchain-based remittance providers allows stablecoin transactions to be integrated into everyday mobile money use.

This high compatibility with familiar technologies and financial habits accelerates diffusion by lowering behavioral resistance.

2.1.3.3. Complexity

Complexity refers to the degree to which an innovation is perceived as difficult to understand or use. In Africa, this dimension represents one of the main barriers to widespread stablecoin adoption.

Challenges include:

- **Low Digital Literacy:** Many users lack technical understanding of blockchain technology, private key management, and wallet security.
- **Regulatory Ambiguity:** Frequent changes in crypto regulation such as the Central Bank of Nigeria's (CBN) periodic restrictions create uncertainty and fear among potential adopters.
- **Infrastructure Gaps:** Limited internet access in rural regions and dependence on smartphone connectivity also hinder adoption.

Despite these barriers, platforms such as Busha, Quidax and Luno have simplified user interfaces and introduced KYC-integrated wallets that abstract blockchain complexity, allowing users to transact without deep technical understanding.

2.1.3.4. Trialability

Trialability refers to the extent to which an innovation can be experimented with before full adoption.

Stablecoins have low entry barriers, users can begin with small-value transactions or stablecoin savings accounts without committing large resources. In Nigeria, platforms like Busha allow users to buy stablecoins with as little as ₦ 1500 (~\$1), making experimentation affordable and safe.

This characteristic is critical in economies where financial trust is often earned through experience and observation rather than institutional reputation. The ability to test stablecoin transactions in a low-risk environment fosters confidence and leads to progressive adoption.

2.1.3.5. Observability

Observability refers to how visible the results and benefits of an innovation are to others. In Africa, social networks, word of mouth, and peer influence play powerful roles in spreading the gospel of new financial technologies.

Stablecoins have gained visibility through:

- **Social Media and Crypto Communities:** Platforms like Twitter (X), Telegram, and WhatsApp groups serve as informal education channels for crypto and stablecoin users.
- **Success Stories:** Many Nigerians and Kenyans have publicly shared experiences of using stablecoins to receive freelance payments, protect savings from inflation, or send remittances instantly.
- **Influencer and Platform Marketing:** Busha’s community-driven outreach and referral programs leverage the observability effect, showing tangible benefits of participation.

The visibility of positive outcomes such as wealth preservation, business growth, or remittance savings serves as a catalyst for adoption by reducing uncertainty and increasing perceived legitimacy

2.1.4. Financial Inclusion Gaps in Kenya and Nigeria

2.1.4.1. Financial Inclusion in Kenya: Current Status and Gaps (Table 1)

Table 1: Kenya Financial Inclusion Metrics (2024)	
Metric	Value (Kenya, 2024)
Formal financial access rate (adults)	84.8%
Financial exclusion rate	9.9%
Mobile money usage (daily)	52.6%
Urban formal access	91.3%
Rural formal access	80.2%
Informal-only access (rural)	~7.2%
Informal-only access (urban)	~2.5-2.7%
Gender gap (formal access)	Slight: women 84.1%, men 85.7%
Main barriers for the excluded	Lack of mobile phone (64.1%), lack of ID (51.5%)
Sources: Kenya’s 2024 FinAccess Household Survey (CBK, KNBS, FSD Kenya) and related analyses	

2.1.4.2. Key Observations for Kenya

1. **High Formal Access but Persistent Exclusion:** While over 84% of adults have formal financial service access, nearly 10% remain excluded entirely. A disproportionately large share of those excluded are rural youth (18-25 years old).
2. **Urban-Rural Divide is Still Material:** Urban residents enjoy significantly higher formal access than rural ones (91.3% vs 80.2%). Informal-only or no access is more likely among rural dwellers.

- 3. **Gender Gap Narrowing but Present in Some Services:** Overall access between men and women has almost equalized in formal access metrics, but differing usage in services like insurance, pensions, or some digital finance products persists.
- 4. **Usage vs Health:** Even among those who are included (i.e., have access), financial health (ability to manage shocks, savings, investments) remains low; only ~18% are considered “financially healthy.”
- 5. **Barriers:** Major barriers for the excluded population include not having a mobile phone, lack of identity documents, and for many rural youth, digital infrastructure and cost constraints.

2.1.4.3. Financial Inclusion in Nigeria: Current Status and Gaps

Table 2: Nigeria Financial Inclusion Metrics (Latest Available, 2023–2024)	
Metric	Value (Nigeria, Latest)
Financial exclusion rate	~26% in 2023 (i.e., about 3 in 4 adults are “financially included”)
Adults with a financial account (formal)	63% in 2024
Digital payments usage (made/received digital payments)	54% in 2024
Adults saving formally (banks, mobile money, fintech)	~43% in 2024
Adults borrowing from formal credit sources	~9% in 2024
Urban-rural inclusion gap	Rural areas are significantly more excluded; about 20% exclusion in 2023; gap from ~24% in 2020 to ~20% in 2023
Barriers cited by excluded	High fees/trust issues (~25% of unbanked citing this), lack of documentation, cost of services, distance to institution, inadequate funds
Sources: EFINA Access to Finance Survey (2023), World Bank Global Findex (2025), recent media and research reports	

2.1.4.4. Key Observations for Nigeria

- 1. **Improving Account Ownership but Still Lagging Kenya:** Formal account ownership among Nigerian adults has increased to ~63% in 2024. Still, this lags behind Kenya’s ~85%; although bigger context can be drawn to the population gap between both countries.
- 2. **Digital Payment Usage Rising:** Over half of Nigerian adults now have made or received digital payments (54%), signaling increased usage of digital financial services.
- 3. **Low Formal Borrowing:** Only about 9% of adults report borrowing from formal financial institutions; many rely on informal sources or non-formal credit.
- 4. **Urban vs Rural Divide:** Exclusion is more acute in rural areas. Although exclusion has been decreasing, rural communities often have poor network/internet connectivity, fewer financial service access points, and lower financial digital literacy.
- 5. **Trust and Fees are Major Barriers:** A quarter of unbanked Nigerians point to mistrust of financial institutions and high fees as reasons for not holding accounts.
- 6. **Mobile Money/USSD and Agent Networks:** These are emerging as important tools for inclusion. Increasing number of agents, better mobile phone penetration are helping, but digital divides (internet, smartphones) remain.

2.1.4.5. Comparative Insights and Implications

Putting Kenya and Nigeria side by side:

Table 3: Comparative Financial Inclusion Metrics: Kenya vs. Nigeria		
Aspect	Kenya	Nigeria
Formal financial account access	~84-85%	~63%
Exclusion rate	~9.9%	~26%
Use of digital payments	High, especially mobile money in Kenya; rising in Nigeria	54% with digital payments in Nigeria
Borrowing formally	More robust in Kenya (credit uptake 64%)	Very low (~9%)
Key barriers	ID, mobile phone ownership, rural infrastructure, youth exclusion	Trust, fees, documentation, digital/internet access, rural service point scarcity

2.1.4.6. Why These Gaps Matter for Stablecoin Adoption

These financial inclusion gaps have direct relevance to stablecoin adoption:

- **Account Ownership and Digital Payment Usage:** Stablecoins depend on digital wallets, stable internet/mobile access, and sometimes bank linkage. Populations without formal accounts or digital payments experience will face extra friction.
- **Trust and Fees:** As seen in Nigeria, mistrust and high fees for banking services discourage formal account ownership. For stablecoins, similar trust issues exist – users need to trust the issuer, the stability of the peg, and ensure transparency. Stablecoins must address fee structures to be attractive.
- **Rural and Youth Focus:** Rural youth are a large share of the excluded. Stablecoin platforms will need to design for low-bandwidth, low-device, low-income users. Identity/documentation requirements are a barrier.
- **Formal Borrowing and Savings Behavior:** If people are not used to saving formally or borrowing through formal channels, stablecoins that offer savings, remittances etc. may find a receptive audience – but also must overcome inertia and lack of experience.

2.2. Stablecoin Mechanisms and Value Proposition

Stablecoins maintain stable value via fiat reserves, crypto collateral, or algorithmic controls. Their value proposition in Africa includes:

- Protection from inflation;
- Lower remittance fees;
- Financial access for unbanked populations;
- Transparency and security through blockchain.

Busha, in particular, leverages fiat-collateralized stablecoins (e.g., USDT, USDC), ensuring users' holdings retain value independent of local currency fluctuations.

2.2.1. Types of Stablecoins

Stablecoins are digital assets designed to maintain price stability by pegging their value to another asset, most commonly fiat currencies or commodities. Their structure influences user trust, adoption, and regulatory treatment. In Africa, especially in Kenya and Nigeria, fiat-backed models dominate due to simplicity and perceived reliability.

2.2.1.1. Fiat-Collateralized Stablecoins

These are backed 1:1 by traditional fiat reserves such as USD, EUR, or NGN held by a custodian. Examples include Tether (USDT), USD Coin (USDC), and cNGN.

- **Adoption in Africa:** Fiat-backed stablecoins are the most popular across African exchanges like Busha, Quidax, Valr, and Luno.
- **Reasons for Preference:** Users trust that each token can be redeemed for a real-world currency, which reduces volatility compared to cryptocurrencies like Bitcoin.
- **Use Cases:** Cross-border remittances, dollar savings, and hedging against inflation especially in Nigeria, where the naira has seen high inflation.

2.2.1.2. Crypto-Collateralized Stablecoins

These are backed by other cryptocurrencies (e.g., ETH, BTC) locked in smart contracts. A well-known example is DAI from the MakerDAO protocol.

- **Key Feature:** They are over-collateralized (e.g., \$150 worth of crypto backs \$100 of stablecoins) to absorb market volatility.
- **Benefits:** Decentralization and transparency, as no single entity holds reserves.
- **Challenges in Africa:** Require technical literacy and stable internet access, limiting mass adoption beyond tech-savvy users and DeFi traders.

2.2.1.3. Algorithmic Stablecoins

Algorithmic or non-collateralized stablecoins rely on code-driven supply adjustments, minting or burning tokens to maintain a price peg.

- **Examples:** TerraUSD (UST) and Ampleforth (AMPL).
- **Issues:** After the TerraUSD collapse in 2022, global confidence in algorithmic models declined sharply.
- **Relevance in Africa:** Adoption is minimal due to high risk, lack of transparency, and limited understanding of algorithmic monetary mechanisms.

2.2.2. Busha's Role and Market Implications

Busha, one of Nigeria's leading crypto platforms, emphasizes fiat-backed stablecoins (mainly USDT and USDC). This aligns with user sentiment that prioritizes:

- Stability over speculation;
- Ease of conversion to fiat (e.g., direct NGN withdrawals);
- Auditability and regulatory comfort.

Busha's approach mirrors broader African user behavior – seeking trusted, dollar-denominated assets as hedges against inflation, currency devaluation, and unstable banking systems.

2.2.3. Summary Table

Table 4: Types of Stablecoins by Collateral Mechanism					
Type	Backing	Example	Strength	Limitation	Adoption in Africa
Fiat-Collateralized	Fiat currency reserves	USDT, USDC	Stable, easy to understand	Requires trust in issuer	High
Crypto-Collateralized	Crypto reserves (ETH, BTC)	DAI	Decentralized, transparent	Complex for the average user	Low
Algorithmic	Supply-demand algorithms	UST, AMPL	Fully on-chain, no reserves	High risk, unstable	Very Low

2.3. Advantages Over Volatile Cryptocurrencies

While cryptocurrencies such as Bitcoin (BTC) and Ethereum (ETH) have gained attention for their investment

potential, their high price volatility limits their practical use for payments, remittances, and savings. Stablecoins, by contrast, maintain a consistent value, usually pegged to fiat currencies like the US dollar. This stability makes them far more suitable for financial inclusion and real-world transactions in African economies.

In Nigeria and Kenya, where local currencies have faced depreciation and inflationary pressures, the advantages of stablecoins over volatile cryptocurrencies are both economic and functional.

2.3.1. Price Stability and Value Preservation

One of the core advantages of stablecoins is their low volatility. Bitcoin, for instance, can fluctuate by more than 10% in a single day, making it unsuitable for stable value storage or regular transactions.

- Stablecoins like USDT and USDC, pegged 1:1 to the US dollar, offer predictability in value. This feature is crucial in countries like Nigeria, where the naira has lost over 70% of its value against the dollar between 2020 and 2025 ([Central Bank of Nigeria, 2025](#)).
- Kenyan users also benefit from value preservation against the depreciating shilling, especially freelancers and SMEs transacting in USD via stablecoins on platforms such as Busha and Binance P2P.

Thus, stablecoins serve as a digital dollar substitute, enabling users to hedge against inflation and currency devaluation; something volatile cryptocurrencies cannot reliably offer.

2.3.2. Enhanced Usability for Payments and Remittances

Stablecoins are more practical for everyday transactions and cross-border remittances because their value remains constant during transfers.

- In Nigeria, where annual remittance inflows exceed \$19 billion ([World Bank, 2024](#)), stablecoins are being used as a faster, cheaper alternative to traditional remittance platforms like Western Union or SWIFT.
- Busha allows users to send and receive USDT or USDC within minutes, avoiding high remittance fees that can reach 7-10% in traditional systems.
- Kenyan businesses integrating stablecoins through Flutter wave or M-Pesa-linked wallets benefit from instant cross-border settlements, a major advantage over both volatile crypto and slow banking infrastructure.

This transactional reliability has accelerated stablecoin adoption for Business-to-Business (B2B) and Peer-to-Peer (P2P) transfers.

2.3.3. Financial Inclusion and Accessibility

Stablecoins contribute to broader financial inclusion by offering banking-like services to unbanked or underbanked populations through mobile and crypto platforms.

- According to Klapper *et al.* ([2025](#)), 37% of Nigerian adults and 10% of Kenyan adults remain unbanked.
- However, mobile-based stablecoin apps (e.g., Busha, quidax) allow users to store and transfer value with only a smartphone and internet connection.
- Unlike volatile cryptocurrencies, which can discourage low-income users due to uncertainty in value, stablecoins' predictability encourages adoption for savings, payments, and micro-investments.

This positions stablecoins as a bridge between traditional finance and digital inclusion, particularly in regions underserved by formal banks.

2.3.4. Regulatory and Institutional Comfort

Stablecoins' peg to real-world assets and auditability make them easier for regulators and institutions to understand compared to purely speculative cryptocurrencies.

- Central banks in Africa, including Nigeria's and Kenya's, remain skeptical of crypto volatility but are more open to stablecoin integration within regulatory sandboxes or CBDC-linked ecosystems.

- The CBN's eNaira initiative, although not a private stablecoin, demonstrates an acknowledgement of the utility of stable-value digital currency.
- Private-sector platforms like Busha and Quidax align with this stability-focused framework, using stablecoins for compliant, trackable transactions.

Hence, stablecoins occupy a middle ground between the innovation of crypto and the stability of fiat systems, which promotes both trust and institutional adoption.

2.3.5. Integration with Local Ecosystems

Unlike volatile cryptocurrencies that operate largely outside local economic systems, stablecoins can integrate with existing fintech infrastructure.

- In Nigeria, Busha's wallet allows direct NGN conversions from stablecoins, while the company's APIs enable businesses to accept USD stablecoin payments.
- In Kenya, partnerships between crypto platforms and M-Pesa agents facilitate stablecoin-based remittances and liquidity access in rural regions.

These integrations enhance utility and create hybrid systems that connect blockchain finance with real-world applications, a level of integration that volatile crypto assets cannot easily achieve due to unpredictable valuations.

2.3.6. Lower Transaction Costs and Efficiency

Stablecoins typically operate on efficient blockchain networks such as Tron, Stellar, and Polygon, reducing transfer fees to less than \$0.10 in many cases compared to Bitcoin or Ethereum gas fees that can exceed \$10-20 per transaction during congestion.

This cost efficiency has made stablecoins the preferred medium of exchange for African SMEs, freelancers, and remittance receivers, where micro transactions are frequent and cost-sensitive.

2.3.7. Reduced Speculative Risk

Volatile cryptocurrencies attract speculative traders seeking quick profits, often exposing users to sudden losses. Stablecoins, on the other hand, encourage utility-driven use – for payments, savings, and transfers – rather than speculation.

In this sense, stablecoins contribute to sustainable crypto adoption, shifting the narrative from “investment hype” to “financial empowerment.” Platforms like Busha emphasize this by offering savings features in USDT or USDC, highlighting stability and predictable yield over speculative trading.

2.3.8. Summary

Table 5: Summary of Stablecoin Advantages Over Volatile Cryptocurrencies in the African Context		
Advantage	Impact in Kenya/Nigeria	Example/Platform
Price Stability	Protects against inflation and FX volatility	USDT, USDC on Busha
Low Remittance Cost	Reduces fees and delays in cross-border payments	Yellow Card, Flutter wave
Financial Inclusion	Access for unbanked via mobile wallets	Chipper Cash, Busha
Regulatory Comfort	Easier oversight than volatile crypto	CBN Sandbox, eNaira
Integration	Seamless with fintech and mobile systems	M-Pesa, Flutter wave APIs
Efficiency	Fast, cheap transactions	Tron, Stellar networks
Reduced Speculation	Encourages real economic use	USDC-based savings accounts

2.3.9. Data Comparison: Volatility, Transaction Cost, and Adoption

Table 6: Comparative Data – Volatility, Transaction Cost, and Stablecoin Adoption Metrics			
Metric	Volatile Crypto (Bitcoin/BTC)	Stablecoins (e.g., USDT/USDC)	Notes/Sources and Context
Volatility (30-day realized volatility)	~ 38% (as of June 2025)	Very low/near peg (often <1%)	Bitcoin’s price fluctuates heavily; stablecoins are designed to maintain peg and show minimal fluctuation
Volatility Ratio (BTC vs USDT)	~ 33:1 (June 2025)	-	In one report, BTC is ~33 times more volatile than USDT
Transaction/Transfer Cost	High (on congested chains)	Low (often <1% on remittance)	Stablecoin transfers can cost ~1% vs >11% via traditional systems in some African contexts
Share of Crypto Transactions in Sub-Saharan Africa	Declining share	~ 43% of crypto transaction volume	Stablecoins now make up ~43% of all crypto transaction volume in Sub-Saharan Africa
Stablecoin Transaction Volume (Nigeria, 2023-24)	-	~ US\$22 billion	Between July 2023 and June 2024, Nigeria processed ~US\$22B in stablecoin transactions
Market Size/Dominance	~ 60% of crypto market cap (Bitcoin)	Stablecoin market cap ~ US\$230 billion; USDT ~ US\$150B, USDC ~ US\$60B	Stablecoins together make up a significant portion of total crypto capital in the market

3. Methodology

3.1. Data Sources

This study utilizes both primary and secondary data to analyze cryptocurrency usage, user behavior, and market trends within the Busha ecosystem.

- Academic literature on cryptocurrency adoption and digital finance.
- Industry reports such as Chainalysis, Stellar, Plume that provide benchmarks and market insights.
- Regulatory documents outlining local compliance and policy frameworks from both Kenya and Nigeria.
- News and market analyses offering context on external factors influencing crypto adoption.

3.2. Analytical Framework

- **Quantitative Analysis:** This examines patterns, user growth, and relationships between key activity metrics.
- **Qualitative Assessment:** This interprets key findings in relation to market conditions, user behavior, and regulatory developments.

This mixed-method approach combines statistical evidence with contextual insights to understand Busha’s user and market dynamics.

3.3. Time Period

The analysis covers 2022 to 2024, a period selected to capture key shifts in user behavior, market growth, and regulatory evolution across Busha’s core markets.

4. Findings: Nigeria Case Study

4.1. Adoption Metrics

4.1.1. User Growth Rates

Between January 2022 and Mid-2025, Busha, one of Nigeria’s leading regulated digital asset exchanges, recorded a sharp, sustained increase in verified users, rising from just over 100,000 to more than 800,000

(TechCabal). This represents roughly a six-fold expansion in under three years, illustrating both the resilience of Nigeria's crypto ecosystem and the acceleration of retail participation despite recurring macro-financial volatility.

Several structural factors underpin this trajectory. First, the period coincided with intensifying domestic currency instability and successive waves of naira depreciation, which strengthened demand for digital assets perceived as inflation-resistant or Dollar-linked. Second, Busha's simplified onboarding process, integration of stablecoin products, and compliance with Nigeria's evolving virtual-asset guidelines lowered entry barriers for first-time users. The platform's partnerships with local payment providers also helped sustain user acquisition during intervals of banking restrictions on crypto-related transactions.

The data align with regional evidence reported by Chainalysis (2024), which identifies Nigeria as Africa's largest retail crypto market by transaction volume and stablecoin use. Busha's growth therefore mirrors a wider shift from speculative trading toward functional digital-asset usage encompassing remittances, savings, and small-business payments. The continuous rise in user registrations even through periods of policy uncertainty suggests that digital-asset participation in Nigeria is transitioning from niche adoption to mainstream financial behavior.

Collectively, Busha's user-growth curve from 2022-2024 provides a quantitative window into the institutionalization of crypto adoption within the Nigerian market. It demonstrates not only expanding market penetration but also growing consumer confidence in regulated, locally operated digital-asset platforms.

4.1.2. Stablecoin Preferences

Most Traded Coinpair by Count: Busha, used here as a representative example of crypto exchanges in the region, demonstrates through its publicly visible operations, including its internal trading and asset-ownership data, that it provides consistent evidence of the growing prominence of stablecoins, particularly Tether (USDT), within Nigeria's retail crypto market. Between 2022 and 2024, the exchange recorded approximately 1.2 million USDT trades, making it the second-most traded asset on the platform after Bitcoin (BTC), which recorded 3.3 million trades. In proportional terms, this indicates that USDT activity accounts for roughly 36% of BTC's trading frequency, underscoring its emergence as a liquid and routinely used asset rather than a peripheral trading pair.

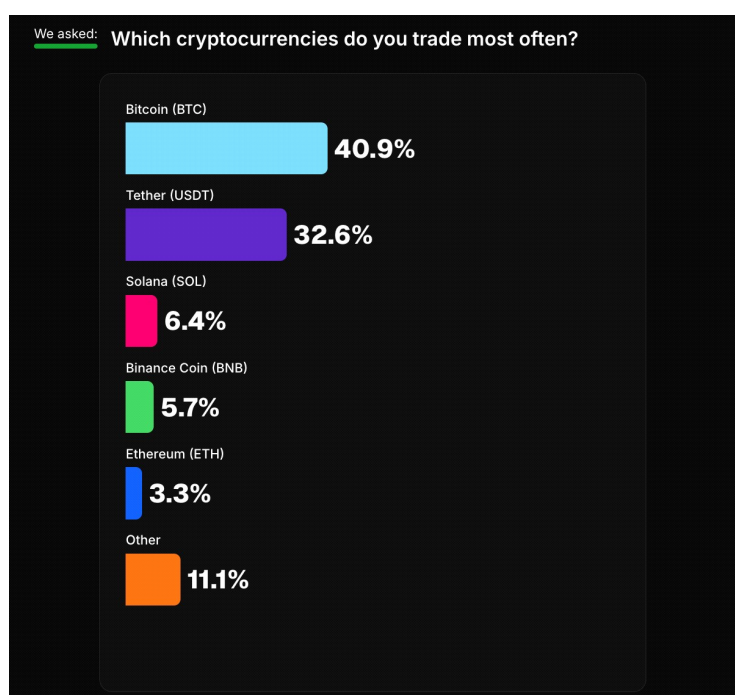


Figure 1: Most Frequently Traded Cryptocurrencies Among Busha Users, Nigeria (2024)

A parallel pattern is visible in Busha’s inaugural Crypto Adoption Report (2024), which tracked user portfolio composition. According to that dataset, 40.9% of users held BTC, while 32.6% held USDT, a difference of just 8.3% points. The proximity of these ownership shares reinforces the interpretation that Nigerian users view stablecoins not merely as trading instruments but as functional stores of value and transactional currencies amid ongoing naira volatility.

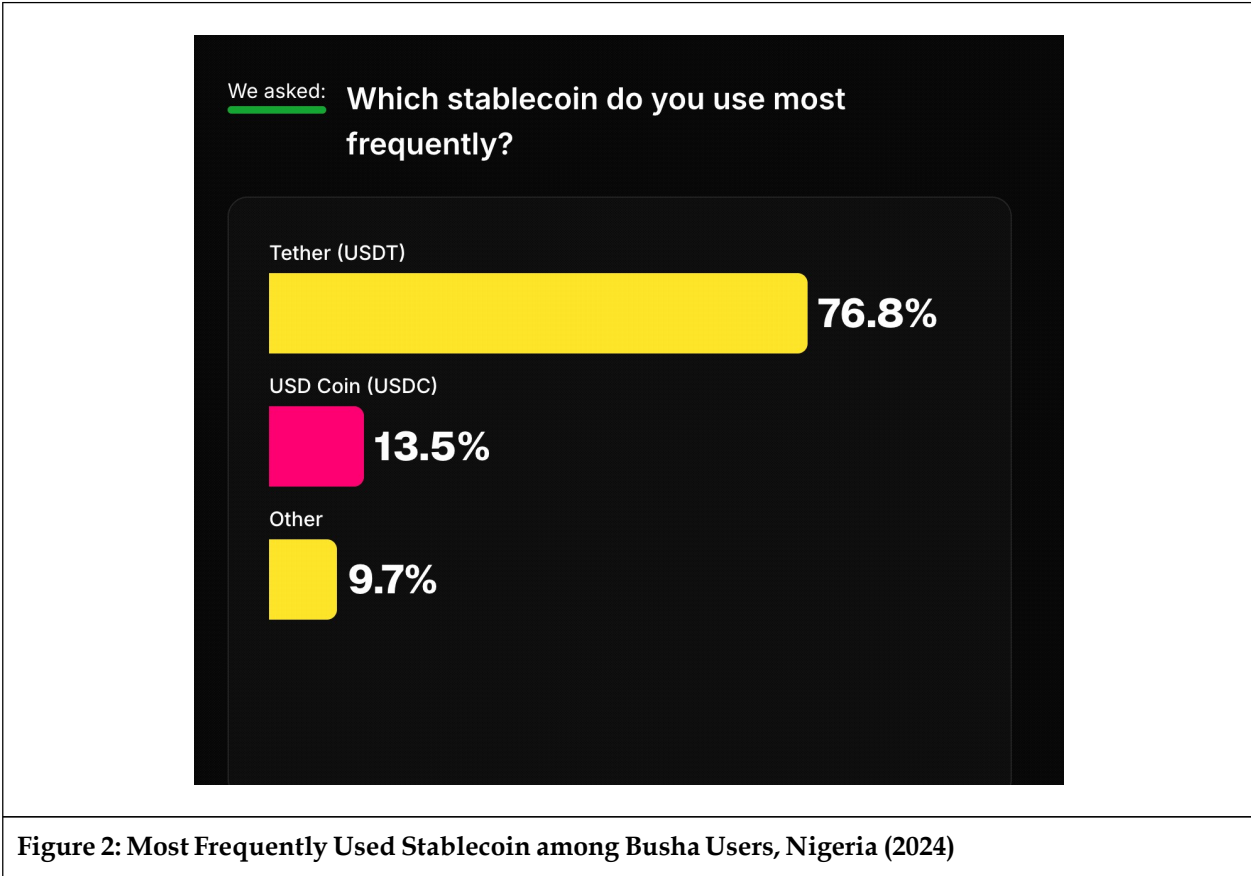
The alignment between trading activity and asset ownership suggests a convergent behavioral pattern across Busha’s user base: Bitcoin remains the dominant speculative and long-term investment asset, while USDT serves as a practical liquidity and hedging vehicle. This dual-asset dynamic reflects broader African crypto-usage trends reported by Chainalysis (2024), which highlight the region’s preference for Dollar-denominated stablecoins in everyday payments and remittances.

In essence, Busha’s public data show that stablecoins particularly USDT have achieved near-mainstream adoption levels within Nigeria’s crypto economy. The narrow gap between Bitcoin and USDT, both in trading frequency and asset ownership, points to a maturing user ecosystem where stability, utility, and accessibility drive participation as much as speculation.

4.1.3. Most Preferred Stablecoins

According to Busha’s 2024 Crypto Adoption Report, among stablecoins the dominant preference is very clearly for Tether (USDT), with 76.8% of respondents indicating they transact more with USDT than any other stablecoin. In contrast, the next most preferred stablecoin, USD Coin (USDC), garnered just 13.5% of the vote (Figure 2). The difference between the two is 63.7% points, highlighting USDT’s overwhelming relative dominance in usage within Busha’s Nigerian user base.

When placed in a global context, that preference aligns with the broader market share and adoption patterns of major stablecoins. As of October 2025, USDT has a market capitalization of approximately US \$167 billion. Meanwhile, USDC is shown to have a market cap around US \$76 billion. Based on the ratio of USDT to USDC market caps (167/76), USDT has approximately 2.20 times the market capitalization of USDC as of these data points.



Thus, Busha's local survey data (76.7% vs 13.0%) reflect a more extreme preference difference than the global market cap ratio but the direction is consistent: USDT leads by a large margin. The local user base in Nigeria appears to prefer USDT by a factor of nearly six times ($76.7 \div 13.0 \approx 5.9$) over USDC in terms of usage within that platform, which suggests that in this market USDT has an even stronger functional dominance than merely market cap would suggest.

A number of factors may explain this. USDT's longer presence in the stablecoin market, high liquidity across multiple blockchain networks, widespread acceptance on exchanges and P2P platforms, and perhaps local network effects make it the go-to stablecoin for many Nigerian users. Meanwhile, although USDC is well-regulated and growing, its relative ecosystem penetration in Nigeria may lag. The result is that USDT functions not just as a trading instrument but as a transactional medium, a store of value, and a remittance corridor especially in contexts of local currency volatility.

4.2. User Demographics

4.2.1. Gender Disparity in Crypto Adoption

Busha's internal user-registration data reveal a persistent and widening gender disparity in cryptocurrency participation within Nigeria. As of 2024, users were overwhelmingly male. Males accounted for approximately 86% of total verified users, compared with only 14% identifying as female. The relative proportions indicate that men outnumber women by roughly a ratio of 6:1 among those who declared their gender.

This imbalance is further corroborated by findings from the Busha (2024), which surveyed active users on their demographic characteristics. According to that study, over 92.2% of respondents identified as male, with women representing only a marginal share of survey participants. The consistency between internal platform data and independent survey evidence underscores that cryptocurrency adoption in Nigeria remains heavily male-dominated, mirroring global participation patterns in emerging digital-asset markets (Figures 3 and 4).

Several structural and socio-economic factors may explain this persistent gap. Access to financial education, digital-literacy differentials, and gendered patterns of risk perception in investment decisions all play

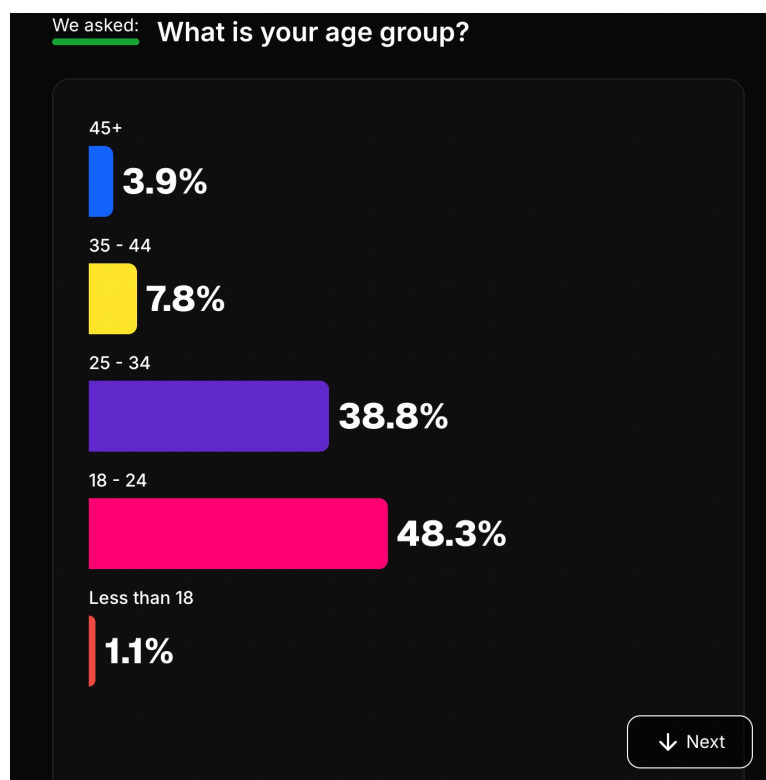
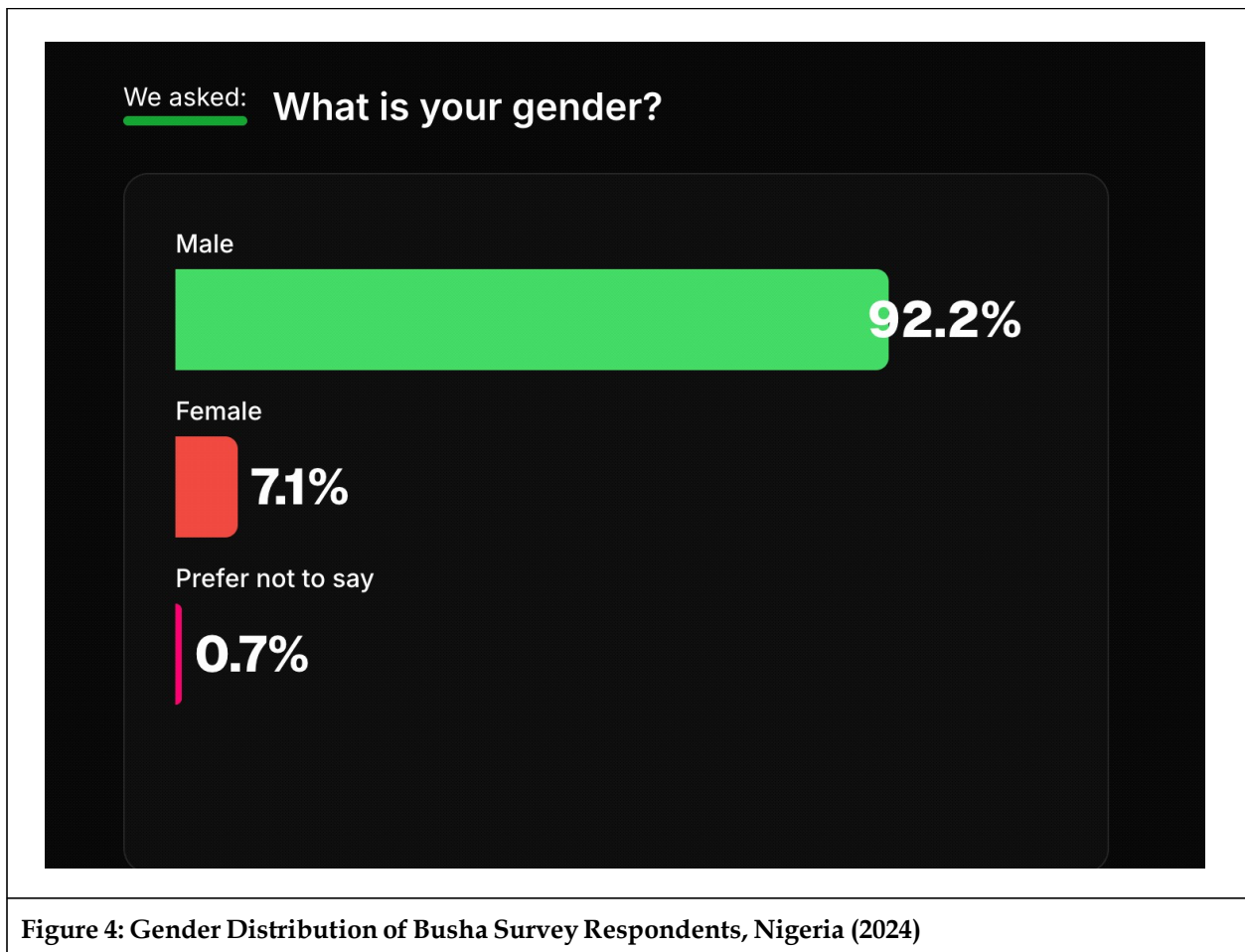


Figure 3: Age Distribution of Busha Survey Respondents, Nigeria (2024)



contributory roles. Moreover, cultural and institutional barriers continue to limit women's participation in formal and informal financial networks, potentially constraining entry into the cryptocurrency ecosystem.

Nonetheless, the small but visible share of female participants points to a nascent demographic segment with potential for targeted inclusion strategies. As crypto platforms like Busha expand outreach, enhance user education, and introduce low-risk on-ramps (e.g., stablecoin savings products), a gradual narrowing of the gender gap could emerge over time. For now, however, both Busha's operational data and its user surveys suggest that Nigeria's crypto economy remains predominantly male in composition, with female adoption trailing significantly behind.

4.2.2. Occupation and Income Segments

User occupation and income categories provide essential context for understanding how and why stablecoins are adopted across different socio-economic groups. In both Nigeria and Kenya, the data indicate that the two most prominent user groups are students and entrepreneurs/business owners, each engaging with stablecoins for distinct but complementary reasons (Figure 5).

4.2.2.1. Students: High Frequency, Low- to Mid-Value Transactions

Students form one of the largest user cohorts within the dataset. Although students may not control significant financial resources, their transaction activity tends to be frequent and diverse, contributing meaningfully to platform volume through sheer participation rather than transaction size. This pattern aligns with broader digital finance trends across Africa, where younger populations are often early adopters of emerging technologies.

Several factors explain their strong presence:

1. **Digital-Native Familiarity:** Students are typically more comfortable experimenting with digital tools, including stablecoins, exchanges, and peer-to-peer platforms.

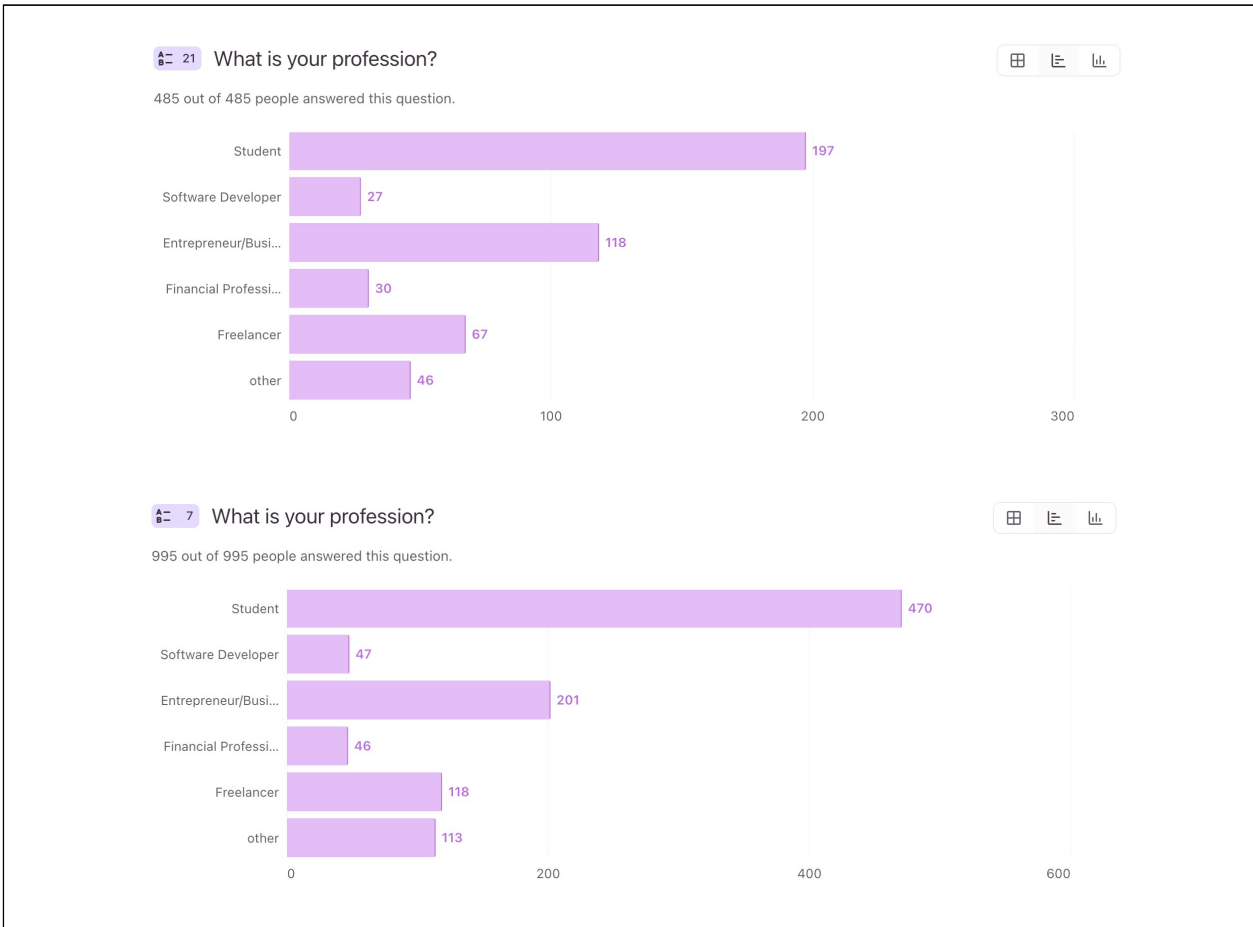


Figure 5: Occupation of Busha Survey Respondents, Nigeria (2024) – Two Survey Waves (n = 485 and n = 995)

- 2. **Income Sources Independent of Formal Banking:** Modern online income stream,, freelancing, design services, gaming, content creation, and crypto micro-tasks, allow students to earn money without traditional bank accounts. Stablecoins offer a frictionless channel for receiving, storing, and spending this income.
- 3. **Protection against Inflation:** Students often save small amounts over time; holding savings in stablecoins rather than volatile local currencies preserves value, especially in inflation-prone economies like Nigeria and, increasingly Kenya.
- 4. **Campus-Level Financial Communities:** Stablecoin usage among students is amplified by peer influence. Many participate in informal P2P circles, savings groups, or crypto-oriented clubs, reinforcing adoption through social networks.

As such, students may not be the “largest value movers,” but they are among the most active and engaged demographic clusters, often driving early-stage adoption patterns and platform stickiness.

4.2.2.2. Entrepreneurs and Business Owners: Higher Value, Cross-Border Efficiency

Entrepreneurs and SMEs represent the second major segment in stablecoin usage, but they differ sharply from students in motivational dynamics. For this group, stablecoins are not merely an experiment, they are a practical solution to everyday business constraints in African markets.

Key drivers include:

- 1. **Cross-Border Trade and Payments:** Many African SMEs rely on imports (electronics, clothing, beauty products, spare parts, digital products) and often face delays, fees, and FX restrictions through the banking system. Stablecoins allow them to pay suppliers in Asia, Europe, and the Middle East instantly and at low cost.

- 2. **Hedging against Currency Instability:** Business owners in Nigeria, in particular, use stablecoins to shield working capital from rapid naira depreciation. Parking business revenue temporarily in USDT or USDC protects margins and reduces liquidity shocks.
- 3. **Faster Settlement and Liquidity Management:** Traditional settlement channels can take days; stablecoin transfers occur within minutes, which enhances cash flow, a critical factor for SMEs operating with tight turnover cycles.
- 4. **Access to Global Markets:** Digital entrepreneurs such as software developers, online retailers, and creative professionals use stablecoins to receive international payments without depending on banks or remittance services. This reduces friction and increases their capacity to scale.

In essence, entrepreneurs and SMEs represent the high-value backbone of stablecoin adoption, using digital currencies not just for convenience but as a structural financial alternative to systems that do not adequately support their operational needs.

4.2.2.3. Interplay between the Two Segments

While students drive adoption volume, entrepreneurs drive economic utility.

Together, these groups illustrate how:

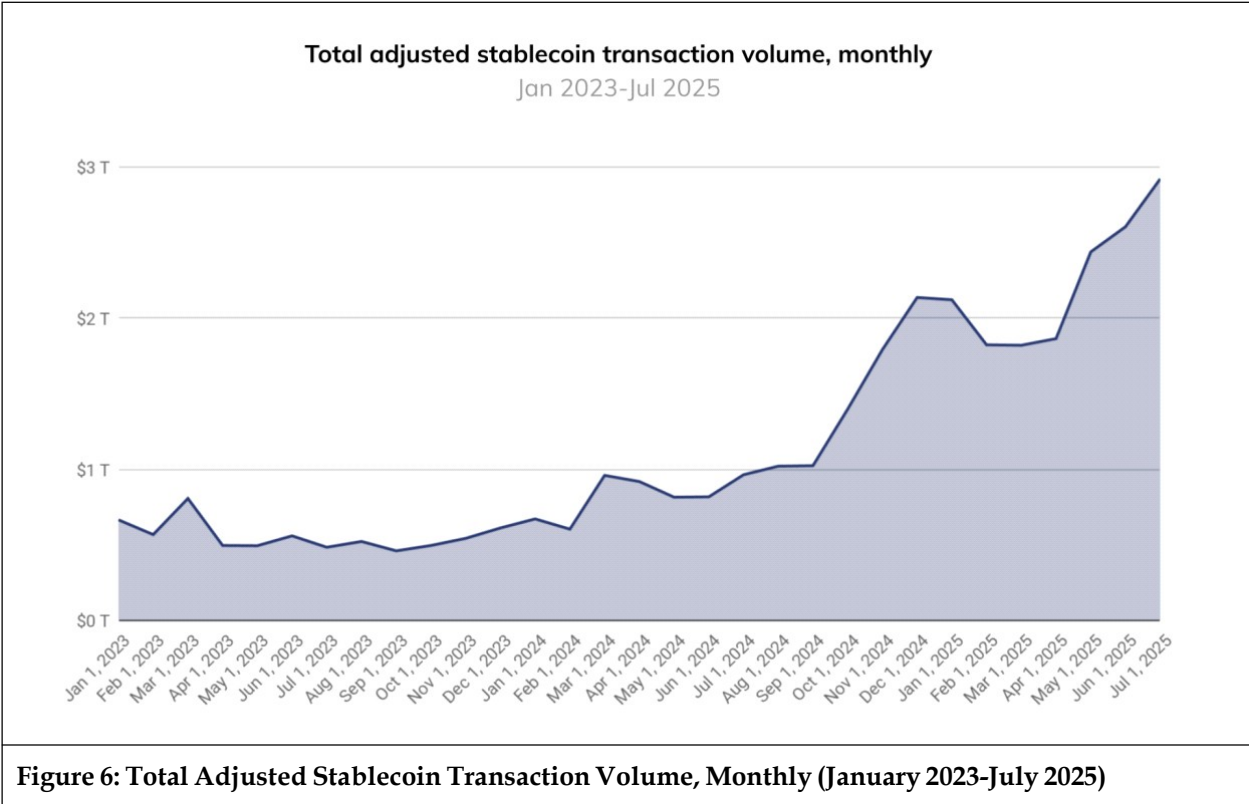
- Young people introduce the technology into social and financial spaces.
- Small businesses transform the technology into a functional economic tool.

This combination is part of what makes stablecoin adoption in Nigeria and Kenya so distinctive: it spans low-income, digitally savvy populations and higher-income commercial operators, producing a layered adoption curve rather than one driven by speculation alone.

4.3. Use Cases and Behavior Patterns

4.3.1. Primary Use Case for Stablecoins

Over the past twelve months, the global stablecoin regulatory landscape has evolved rapidly, shaping patterns of adoption across Sub-Saharan Africa, particularly in Nigeria, where digital assets play a growing role in



cross-border payments and value preservation. While the GENIUS Act¹ in the United States has yet to take effect, its legislative momentum has generated renewed institutional confidence in stablecoin infrastructure. In the European Union, the introduction of the Markets in Crypto-Assets (MiCA) framework has similarly clarified the status of fiat-referenced tokens, enabling the issuance of licensed euro-denominated stablecoins such as EURC. Together, these regulatory milestones have contributed to a more structured and credible global environment for stablecoin operations, indirectly benefiting emerging markets that rely on these assets for remittance and trade flows.

For Sub-Saharan Africa, and Nigeria in particular, these developments have both practical and symbolic significance. Nigeria remains one of the world's largest retail crypto markets, and local users have increasingly adopted USD-pegged stablecoins as a hedge against inflation and currency depreciation. Yet, despite growing regulatory clarity abroad, on-chain evidence shows that market concentration remains overwhelmingly dominated by Tether (USDT) and USD Coin (USDC). Between June 2024 and June 2025, USDT processed an average of US \$703 billion in monthly transaction volume, peaking at US \$1.01 trillion, while USDC ranged between US \$3.21 billion and US \$1.54 trillion per month.

Figure 7 illustrate the structural centrality of USDT and USDC not only to global digital-asset liquidity but also to Africa's emergent stablecoin economy, where they serve as the de facto rails for remittance, merchant settlement, and decentralized finance participation. In Nigeria's context marked by recurrent Dollar scarcity, high remittance demand, and inflationary pressures these instruments provide a functional bridge to the global economy in the absence of robust local-currency stability or fully developed domestic regulation. As regional policymakers contemplate frameworks modeled after MiCA or US standards, understanding the dominant role of US-denominated stablecoins will be critical to designing proportionate, risk-sensitive regulatory responses that preserve innovation while ensuring monetary sovereignty.

4.3.2. Fiat vs. Crypto: The Rise of Stablecoins in Nigeria

Recent data from Chainalysis (2024) highlight Nigeria's growing dependence on stablecoins as an alternative to traditional fiat-based remittance and payment systems. The primary motivation for this shift lies in the high transaction costs and inefficiencies associated with conventional remittance channels. According to Chainalysis and the World Bank, the average cost of sending a \$200 remittance from Sub-Saharan Africa is

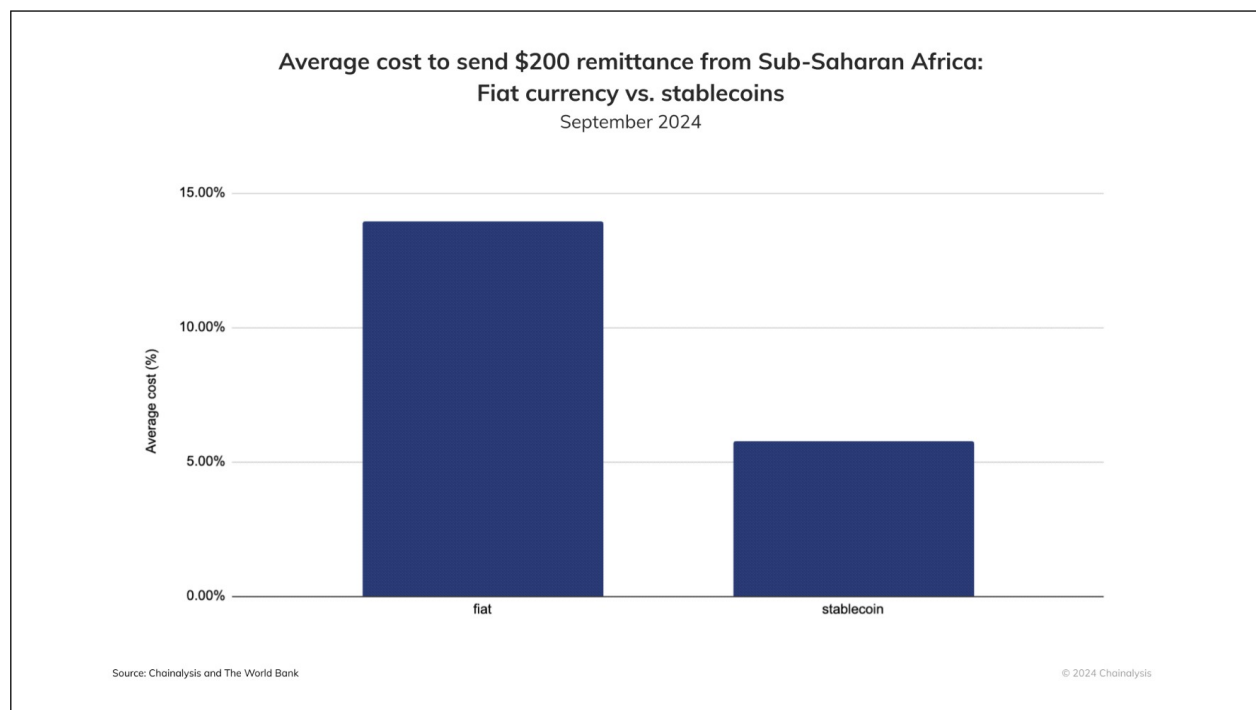


Figure 7: Comparative Monthly Transaction Volume of USDT and USDC (June 2024-June 2025)

¹ GENIUS Act (U.S. Senate, 2025).

approximately 60% lower when using stablecoins compared to transfers executed through fiat currency systems. This substantial cost advantage underscores the functional appeal of stablecoins for cross-border transactions, particularly for individuals and small businesses reliant on remittance inflows.

This trend is reinforced by macroeconomic pressures. Over the past few years, persistent inflation, currency devaluation, and limited access to stable foreign exchange have significantly eroded confidence in the Nigerian Naira. In February 2024, the Naira fell to a record low against the US dollar, prompting both households and firms to seek alternatives that could preserve value and facilitate smoother international trade. In this context, stablecoins digital assets pegged to fiat currencies such as the US dollar have emerged as a pragmatic hedge against domestic currency volatility and as a tool for financial inclusion in a highly dollarized informal economy.

Empirical data from Chainalysis further demonstrate the scale of this adoption. Between July 2023 and June 2024, Nigeria received over \$20 billion in stablecoin inflows, more than any other country in Sub-Saharan Africa, followed by South Africa and Ghana (Figure 8). When focusing on smaller transfers (below \$1 million), stablecoin transaction values in Nigeria approached nearly \$3 billion in Q1 2024, surpassing Bitcoin, Ethereum, and other altcoins. This suggests that stablecoins are increasingly being used not merely for speculative purposes but for routine commercial and personal transfers, reflecting a deepening level of everyday crypto integration.

While Bitcoin and other cryptocurrencies continue to account for significant transaction volumes, stablecoins have become the dominant medium of exchange for small to medium-sized transactions. Their growing role indicates a structural shift toward digital financial instruments that offer stability, liquidity, and interoperability across borders.

Moreover, Nigeria’s leadership extends beyond payments into the Decentralized Finance (DeFi) ecosystem. Chainalysis (2024) reports that Nigeria received over \$30 billion in value through DeFi platforms in the past year, positioning the country at the forefront of Africa’s DeFi adoption. This confluence of remittance-driven stablecoin use and expanding DeFi activity reflects a broader digital financial transformation in Nigeria, one shaped by necessity, technological innovation, and the search for monetary stability in an uncertain macroeconomic environment.

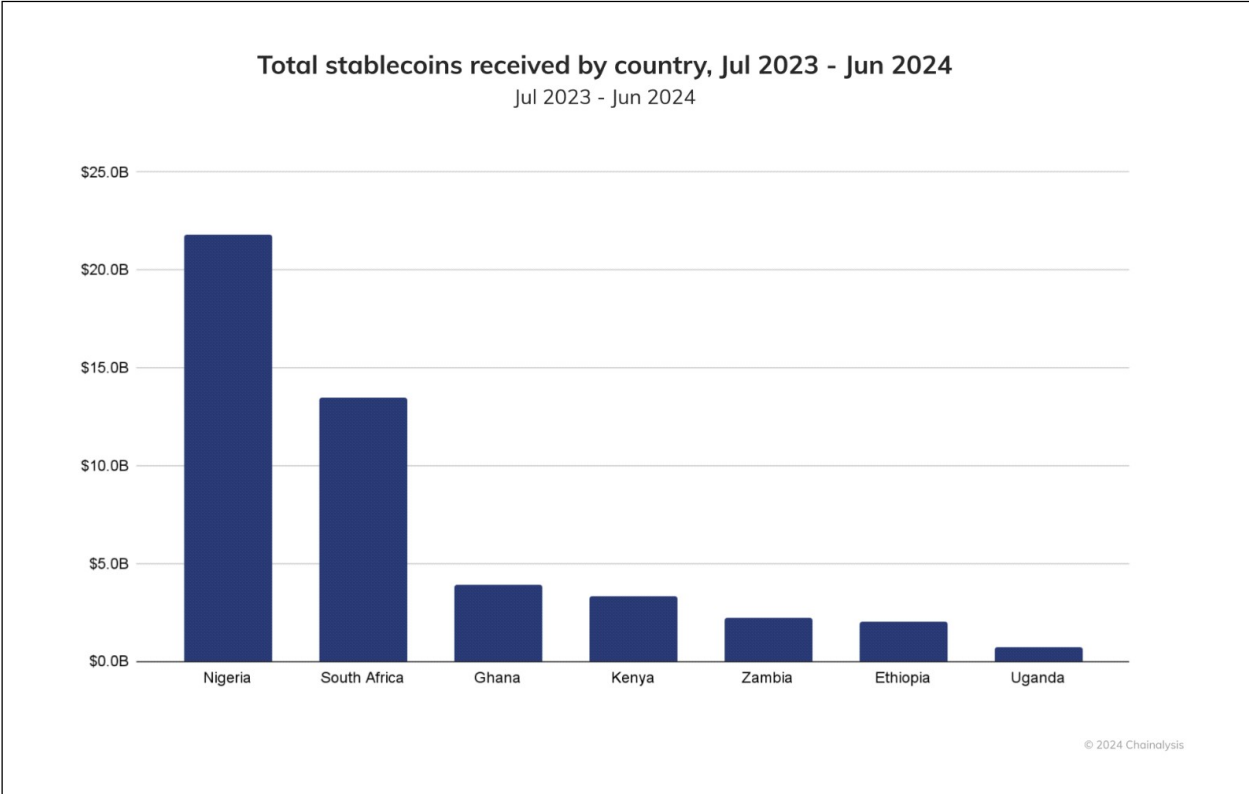
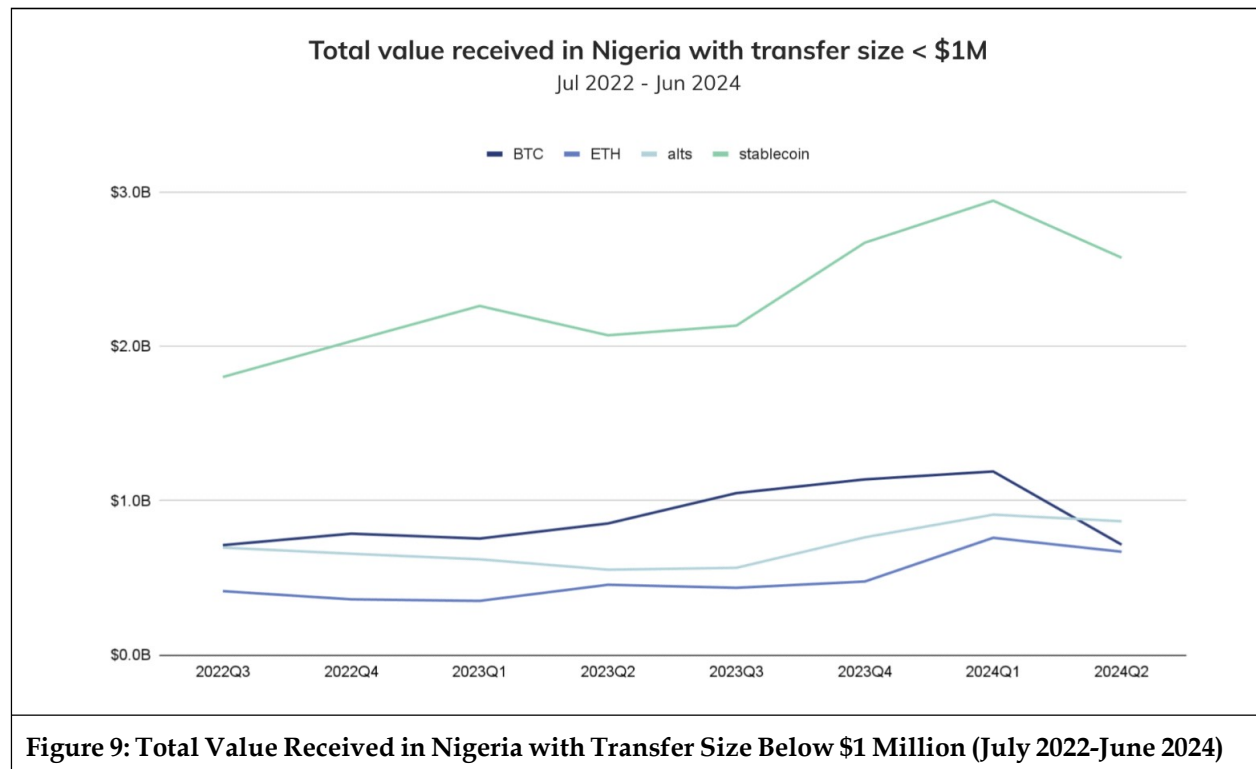


Figure 8: Total Stablecoins Received by Country, Sub-Saharan Africa (July 2023-June 2024)



4.3.3. Dollar Scarcity Response Patterns

From late 2023 through early 2024 Nigeria experienced acute foreign-exchange (FX) stress: official FX availability tightened, the Naira registered repeated record lows in the official and parallel markets, and the Central Bank of Nigeria (CBN) deployed ad-hoc liquidity operations to reduce FX backlogs. These events including a large, visible de-facto devaluation in February 2024 and CBN purchases to settle portions of outstanding forwards produced a sustained period of Dollar scarcity that altered both private-sector behavior and public policy choices.

4.3.3.1. Empirical Response Patterns

1. **Digital Dollarization Rapid Adoption of USD-Pegged Stablecoins:** When physical and bank-held dollars are scarce or rationed, economic agents substitute toward liquid, digital proxies for dollars. On-chain data show that stablecoin inflows and on-chain transaction volumes in Nigeria rose materially during the FX squeeze: stablecoin flows for sub-\$1M transfers approached nearly \$3 billion in Q1 2024, making stablecoins the dominant asset class for small and medium retail-sized transfers. This pattern indicates that stablecoins function as an operational dollar substitute – preserving purchasing power and enabling cross-border settlement in contexts where formal FX corridors are constrained.
2. **Widening Segmentation between Official and Parallel FX Markets:** Dollar scarcity amplified exchange-rate segmentation. As official windows tightened and the CBN adjusted rate-calculation methods, the divergence between formal and parallel market rates grew. Firms and individuals increasingly priced transactions with reference to the parallel (street) rate, while formal channels became subject to rationing and allocation rules. This segmentation raised transaction costs, encouraged precautionary dollar hoarding, and incentivized search for alternative payment rails.
3. **Remittance and Retail Substitution-P2P and Crypto Rails:** Diaspora remitters and recipients shifted from expensive, slow fiat remittance corridors to peer-to-peer crypto platforms and stablecoin-based transfers, attracted by lower fees and faster settlement. On-chain and market studies show a reallocation of remittance flows into crypto channels during FX tightness – a development that reduces the explicit cost of remittance for end users while introducing monitoring and regulatory challenges for authorities.
4. **Corporate Adaptation Re-denomination and Alternative Invoicing:** Corporates facing unreliable access to dollars employed operational responses that include re-denominating contracts into foreign currencies,

negotiating supplier credit in foreign currency, and routing payments through alternative fiat corridors (for example, RMB invoicing or third-party settlement chains). Large firms also pressed for settlement of matured FX forwards and sought bilateral swaps or counterparties willing to intermediate USD flows. The CBN's partial settlement of FX forwards in early 2024 was explicitly intended to ease corporate liquidity stresses, although unresolved forward backlogs persisted as a source of risk.

5. **Intermediation and Policy-Driven Rationing:** Financial intermediaries adjusted credit and FX-allocations in response to scarcity: banks tightened internal FX limits, increased risk premiums, and rationed FX to priority sectors. Policymakers oscillated between short-term liquidity interventions (forward settlements, special FX windows, and small open market FX sales) and structural reforms (rate-setting changes, automation of FX trading). Such interventions sometimes reduced immediate pressures but also risked driving more activity into informal channels if perceived as incomplete or unpredictable.

4.3.3.2. Implications and Trade-Offs

- **Efficiency vs. Regulatory Cost:** Stablecoins and P2P rails substantially lower the observable cost of transferring and storing Dollars for households and small firms, improving real incomes and transaction efficiency. However, they also dilute traditional surveillance channels, complicating AML/CFT enforcement and macro prudential oversight.
- **Distributional Effects:** Larger corporates with access to foreign suppliers, offshore relationships, or specialized treasury functions can better insulate themselves via contract re-denomination or swap arrangements; smaller firms and informal traders are more likely to rely on parallel markets or stablecoins, potentially increasing their exposure to unregulated intermediaries and exchange-rate risk.
- **Policy Credibility and Cyclicity:** Short-run FX interventions (forwards settlement, targeted FX sales) can be effective in alleviating immediate bottlenecks, but without durable reserve improvements or structural policy clarity they risk repeating cycles of scarcity. The presence of large external financing operations (e.g., commodity-backed prepayment facilities) can ease pressures temporarily, but they do not substitute for stable, predictable FX policy and transparent market mechanisms.

4.4. Market Dynamics

Country	Region	Overall Index Rank	Centralized Service Value Received Rank	Retail Centralized Service Value Received Rank	DeFi Value Received Rank	Retail DeFi Value Received Rank
India	Central & Southern Asia & Oceania (CSAO)	1	1	1	3	2
Nigeria	Sub-Saharan Africa	2	5	2	2	3
Indonesia	CSAO	3	6	6	1	1
United States	North America	4	2	12	4	4
Vietnam	CSAO	5	3	3	6	5
Ukraine	Eastern Europe	6	7	5	5	6
Russia	Eastern Europe	7	11	7	7	7
Philippines	CSAO	8	9	8	14	9
Pakistan	CSAO	9	4	4	18	13
Brazil	LATAM	10	8	10	10	14

Source: Chainalysis 2024 Global Crypto Adoption Index

4.4.1. Nigeria's Position in the Global Crypto Adoption Index

In the Chainalysis (2024) Global Crypto Adoption Index, Nigeria ranked second worldwide, surpassing major economies such as the United States, Vietnam, and Brazil. It was also the only African country to appear in the global top ten, highlighting the country's exceptional level of retail and decentralized finance (DeFi) activity. According to the report, Nigeria ranked fifth in centralized service value received, second in retail centralized service value, and second in DeFi value received, reflecting both the scale and diversity of crypto engagement across its population. The index was otherwise dominated by countries from Central and Southern Asia and Oceania (CSAO), such as India, Indonesia, and Vietnam regions with comparable high-volume retail activity and dynamic fintech ecosystems.

By the time of the Chainalysis (2025) report, Nigeria's overall ranking had shifted to sixth place globally, yet it remained the only African nation to sustain a top-ten position for two consecutive years. This consistency underlines the structural depth of Nigeria's crypto ecosystem and its enduring relevance in global digital-asset adoption trends. While several other African markets including Kenya, Ghana, and South Africa continue to record rising transaction volumes, none have matched Nigeria's combination of population scale, trading frequency, and everyday utility of digital assets.

Nigeria's prominence in these global rankings is rooted in a set of interrelated economic and social dynamics. Persistent macroeconomic instability, characterized by high inflation, foreign-exchange shortages, and recurring naira depreciation, has driven widespread adoption of cryptocurrencies and stablecoins as functional substitutes for traditional financial instruments. For many Nigerians, digital assets serve not merely as speculative investments but as practical tools for remittances, cross-border trade, and inflation hedging. On-chain data from Chainalysis support this interpretation: between July 2023 and June 2024, Nigeria reportedly received about US \$59 billion in crypto value, much of it through small and medium-sized transfers under US \$1 million.

Moreover, Nigeria's position near the top of the global index reflects the vibrancy of its retail-driven crypto culture and its growing Peer-to-Peer (P2P) market infrastructure. Even amid regulatory uncertainty, users have continued to transact through compliant local exchanges, informal networks, and stablecoin-based payment systems. The country's youthful, digitally literate population, combined with increasing mobile-payment penetration, has further reinforced this pattern.

Although Nigeria's slip from second to sixth place in 2025 indicates rising competition from other regions particularly Central and Southern Asia, its sustained presence in the top ten underscores a crucial point: crypto adoption in Nigeria is no longer peripheral but systemic. The country's consistent representation in the global rankings across two consecutive years demonstrates that digital assets have become deeply embedded in everyday financial practices, marking Nigeria as Sub-Saharan Africa's undisputed leader in crypto adoption.

5. Findings: Kenya Case Study

5.1. Adoption Metrics

5.1.1. User Growth Rates

Although Kenya remains a relatively new market for Busha, adoption trends indicate steady and meaningful progress. Despite operating within a developing regulatory environment, user data reveal a consistent upward trajectory in platform registrations and trading activity between 2022 and 2024. This growth aligns with broader regional patterns reflected in the Chainalysis (2024) Global Crypto Adoption Index, where Kenya ranked 28th globally alongside Ethiopia and South Africa, affirming its position as one of the leading digital asset markets in Sub-Saharan Africa.

The expansion of Busha's user base in Kenya underscores the country's robust appetite for digital assets, driven largely by a youthful, tech-savvy population and widespread mobile-money familiarity. Kenya's financial landscape, already shaped by the global success of M-Pesa and mobile fintech innovation, provides fertile ground for stablecoin and crypto adoption as users explore more diversified digital financial tools. Even amid the introduction of the 3% digital asset transaction tax and ongoing debates about regulatory clarity, adoption

has continued to accelerate, suggesting that practical use cases, particularly for cross-border transactions, remittances, and value preservation, outweigh deterrent effects from policy uncertainty.

Busha's early traction in Kenya thus represents not just market expansion; it reflects a broader continental shift in digital finance adoption, where Kenyan users are increasingly integrating cryptocurrencies into everyday financial practices. As the national framework for virtual asset regulation matures in 2025, user growth patterns are likely to remain a critical indicator of the balance between innovation, inclusion, and evolving oversight.

5.2. Stablecoin Preferences

Among Busha users in Kenya, stablecoins have rapidly emerged as the preferred entry point into digital assets, with data showing a particularly strong inclination toward Tether (USDT). The overwhelming preference for USDT among Kenyan traders parallels trends observed in other emerging markets where foreign exchange constraints and inflationary pressures drive demand for dollar-denominated assets. In Kenya's case, the combination of a weakening shilling, rising remittance volumes, and the increasing cost of cross-border transfers has elevated stablecoins as both a hedging tool and a transactional medium. USDT's deep liquidity and universal recognition make it a natural choice for local users seeking stability within a fluctuating macroeconomic context.

By contrast, other stablecoins such as USDC and DAI have yet to achieve significant traction, partly due to lower visibility in East African markets and limited liquidity in KES trading pairs. However, as Kenya moves toward implementing its Virtual Asset Service Providers (VASP) Bill, 2025, and formalizes its recognition of stablecoins as legitimate payment instruments, it is expected that the range and diversity of stablecoin use will expand. For now, Busha's transaction data clearly position USDT as the *de facto* digital Dollar of choice for Kenyan users mirroring Nigeria's market behavior and underscoring stablecoins' central role in Africa's evolving digital economy.

5.3. Use Cases and Behavior Patterns

5.3.1. Primary Use Cases

5.3.1.1. Savings

Kenyan users are increasingly using stablecoins and crypto instruments as a store of value and savings alternative. For example, a report indicates that in East Africa, users convert small balances into "Digital Dollars" (i.e., stablecoins) in order to protect against shilling depreciation and inflation. Busha's Kenya site also shows a product ("Busha Earn") where users can earn interest on stablecoins saved in their wallet. These developments suggest that savings is becoming a meaningful use case beyond pure speculation.

5.3.1.2. Remittances and Cross-Border Transfers

Remittances are another key use case. According to reporting, Kenyans transacted approximately KSh 426 billion (~US \$3.3 billion) in stablecoins in the year to June 2024, making Kenya one of the largest recipients in Africa via those channels. The report emphasizes that stablecoin flows are cheaper (costs around 0.5-1%) compared to traditional remittance fees (4-7%) in the region. This indicates that Kenyan users and diaspora networks are leveraging crypto rails to send and receive value across borders.

5.3.1.3. Trading

Trading remains a core use case in Kenya's crypto adoption. While specific Kenyan-only trading volumes for Busha are not publicly detailed, the fact that Busha's Kenya platform advertises "trade instantly... with Kenyan shillings" and "over 8 m trades executed" suggests significant trading activity. Moreover, one survey found that in Kenya, about 41.2% of respondents said their primary crypto use case was remittances, and 41.2% used crypto for investment, with trading forming part of that.

5.3.1.4. Payments and Merchant Use

There is emerging use of crypto and stablecoins for payments, though still less mature compared to savings and remittances. For instance, some Kenyan freelancers and gig workers receive payments in stablecoins,

converting only what they need into local currency, while retaining the rest in crypto. Business-to-business usage is also cited: SMEs use stablecoins to settle invoices, pay suppliers, or effect cross-border trade directly. However, the number of physical merchants accepting crypto remains relatively limited in Kenya's retail sector.

Summary: In summary, Kenyan users of crypto and stablecoins are engaging primarily in savings, cross-border remittances, and trading, with payments and merchant usage still at a nascent stage. The mobile-money infrastructure (e.g., through M-Pesa) provides a strong foundation for crypto on- and off-ramping, which enhances the viability of these use cases.

5.4. Market Dynamics

- Competitive landscape;
- Integration with M-Pesa and mobile money;
- Regulatory challenges and opportunities;
- Trust and education levels.

5.4.1. Competitive Landscape

Kenya's crypto ecosystem sits within a vibrant East African competitive field that includes neighboring countries such as Uganda and Tanzania. According to the 2024 report by Chainalysis, Kenya leads the region in absolute transaction value (around US \$7 billion), followed by Uganda (~US \$5 billion) and Tanzania (~US \$2 billion). However, while Kenya has a larger user base ($\approx$ 4 million users) compared to Uganda (~2 million) and Tanzania (~1.5 million), it records lower growth rates in stablecoin uptake (Kenya ~30% vs Tanzania ~53% vs Uganda ~50%) suggesting Kenya is more mature, whereas its neighbors are rapidly catching up. In this competitive dynamic, Kenyan platforms such as Busha operate with advantages in scale and regulatory visibility, but also face pressure to innovate to maintain leadership.

Table 8: East African Crypto and Mobile Money Landscape Comparison (Kenya, Tanzania, Uganda, 2024)

Country	Mobile Money Penetration/Subscriptions (Latest)	Crypto Transaction Value or User Base (Where Available)	Notable Regulatory/Tax Developments
Kenya	~82% mobile-money penetration (42.3 m subscriptions in 2024) As of June 2025, ~91% penetration with ~47.7 m subscriptions	~US \$7 billion crypto transaction value in 2024 (East Africa Leader)	Introduced 3% digital-asset transaction tax in 2023 (later adjusted) + draft VASP Bill 2025
Tanzania	Mobile money subscriptions ~63.2 million in 2024, penetration ~97% in region report	~US \$2 billion crypto transaction value in 2024 for Tanzania	Tax proposal: 3% tax on digital asset transactions in 2024/25 budget
Uganda	Mobile money subscriptions ~32.1 million in 2024, penetration ~70%	Noted user base ~2 million crypto users in an East African comparison	Regulatory environment still evolving; no full VASP licensing framework yet

Key take-aways on east africa competitive landscapes:

- Kenya continues to lead the region in mobile-money infrastructure and subscriptions, giving it a competitive base for crypto integration.
- Tanzania shows very high mobile money penetration and growing usage, which creates strong potential for crypto rails, though it's crypto transaction value still trails Kenya.
- Uganda has strong mobile money growth but lower publicly-reported crypto transaction value; its regulatory framework remains less mature than Kenya's.
- The differences in mobile money penetration and crypto values illustrate how infrastructure and market maturity vary across East Africa – which is important when discussing competition, mobile integration and trust/education in your report.

5.4.2. Integration with M-Pesa and Mobile Money

The integration of mobile money platforms such as M-Pesa, Airtel Money, and T-Pesa has been a cornerstone of digital financial inclusion across East Africa and is now emerging as a critical bridge between traditional fintech infrastructure and the growing crypto economy. In Kenya, mobile money penetration stands at over 91% as of mid-2025, with more than 47 million active subscriptions ([Communications Authority of Kenya, 2025](#)). This level of ubiquity makes mobile money the de facto financial system for millions of Kenyans, many of whom remain unbanked but digitally connected through their phones.

Recognising this, Busha has strategically positioned itself to leverage this ecosystem by enabling direct deposits and withdrawals via M-Pesa. This integration removes one of the most significant barriers to crypto adoption – the difficulty of converting between fiat and digital assets by allowing users to move funds seamlessly between Kenyan shillings (KES) and crypto wallets. Through this model, users can instantly buy or sell stablecoins such as USDT and USDC, settle remittances, and engage in small-scale trading without needing a bank account. The feature aligns with Busha's broader objective of embedding itself in existing consumer financial habits rather than requiring behavioral shifts, a critical success factor in emerging markets.

Beyond Busha, other players operating in the region (e.g., Yellowcard, Bybit, Binance) have also begun linking crypto liquidity to mobile money systems, signaling a trend toward interoperability. However, Kenya remains a step ahead due to the dominance of Safaricom's M-Pesa, which commands over 96% of the mobile money market share. M-Pesa's robust API network and existing partnerships with fintech firms make it uniquely positioned to support regulated digital asset transactions, especially as the Virtual Asset Service Providers (VASP) Bill, 2025 begins implementation. The bill explicitly recognizes digital assets as a means of payment, which opens the door for regulated crypto-mobile integrations under the oversight of the Central Bank of Kenya (CBK) ([2024](#)) and Capital Markets Authority (CMA).

In contrast, Tanzania and Uganda are at earlier stages of this convergence. Tanzania's T-Pesa and Airtel Money have achieved high penetration of over 63 million mobile money accounts nationwide, but lack direct crypto integration due to regulatory uncertainty. Most Tanzanian users still rely on informal peer-to-peer conversions or offshore exchanges that do not yet offer native shilling support. Similarly, Uganda's mobile money sector, led by MTN Mobile Money, has a strong user base of over 32 million accounts, yet faces limited crypto-linked financial products. In both countries, the absence of formal licensing frameworks for virtual asset service providers inhibits large-scale fintech-crypto partnerships.

Kenya's case, therefore, represents a working model of crypto-mobile money interoperability in Africa. By combining stablecoin functionality, mobile money liquidity, and localized regulation, platforms like Busha, Yellowcard are transforming digital assets from speculative instruments into everyday financial tools. The M-Pesa integration allows for efficient remittance settlements, micro-savings, and local business payments functions that mirror and enhance existing use cases in fiat mobile ecosystems. As regulatory clarity deepens in 2025, this hybrid model may become the blueprint for regional crypto-fintech convergence, bridging the gap between Decentralized Finance (DeFi) and mainstream financial systems across East Africa.

5.4.3. Regulatory Challenges and Opportunities

The regulatory landscape for digital assets in East Africa, and particularly in Kenya has undergone a remarkable transformation between 2023 and 2025. Kenya's proactive approach, culminating in the Virtual Asset Service Providers (VASP) Bill, 2025, positions it as one of the most forward-looking jurisdictions in Africa regarding digital-asset governance. This Bill, alongside the National Policy on Virtual Assets and Virtual Asset Service Providers ([2024](#)), seeks to establish a comprehensive framework for licensing, compliance, consumer protection, and cross-border collaboration. Its passage has been widely interpreted as a turning point in legitimizing digital asset use, particularly stablecoins and crypto-based remittances, which have become increasingly central to Kenya's fintech ecosystem.

Despite this progress, regulatory ambiguity and tax burdens remain key challenges. Kenya's 3% Digital Asset Tax, suggested in 2023, remains contentious among industry stakeholders. The levy, charged on every transaction rather than on realized gains, has raised concerns over double taxation and compliance complexity. While the Supreme Court upheld the tax in 2024, ongoing consultations between the Kenya Revenue Authority

(KRA) and crypto platforms aim to refine its implementation under the 2025 Finance Act. These regulatory frictions highlight the balancing act between innovation and oversight, as policymakers strive to expand fiscal capacity without stifling private-sector participation or cross-border investment.

Regionally, Kenya's progress contrasts with the more cautious approaches of Uganda and Tanzania. Tanzania, for instance, announced plans for a 3% tax on digital asset transactions in its 2024/25 budget but has yet to finalize enabling legislation. The country's central bank has signaled openness to a CBDC framework, viewing blockchain as an enabler of financial inclusion but continuing to limit crypto trading activities. Uganda, meanwhile, remains largely unregulated in the crypto space, with the Financial Institutions Act not yet expanded to cover virtual assets or exchanges. The absence of legal clarity has discouraged formal market entry by global crypto firms, although informal peer-to-peer trading continues to thrive.

For Kenya, these regional dynamics present both competitive and cooperative opportunities. On one hand, clear regulation enhances Kenya's attractiveness as a hub for fintech and blockchain innovation in East Africa, particularly for exchanges like Busha, Yellow Card, and Binance, which now operate with greater legal certainty. On the other, the lack of harmonized standards across East Africa poses challenges for cross-border compliance, AML monitoring, and transaction reporting, potentially complicating integration with regional payment networks such as EAPS (East African Payment System).

Looking forward, regulatory convergence across East Africa is both a necessity and an opportunity. The East African Community (EAC) could play a pivotal role in coordinating crypto policy frameworks, enabling interoperability between mobile money and blockchain systems. If Kenya's model proves successful, it may set the precedent for regional harmonization, a move that would accelerate both financial inclusion and cross-border digital trade. In that sense, while Kenya's new laws impose short-term adjustment costs, they ultimately position the country as a policy innovator and regulatory leader in Africa's emerging crypto economy.

5.4.4 Trust and Education Levels

Trust and financial literacy represent some of the most significant determinants of cryptocurrency adoption across Africa, and this is particularly evident in Kenya's evolving digital asset landscape. Despite being one of Africa's most technologically progressive societies boasting high mobile penetration and strong fintech adoption, crypto literacy levels remain uneven. Many new users approach digital assets through the lens of informal investment advice, social media influence, or peer-to-peer networks, rather than institutional education. This has led to both accelerated adoption and vulnerability to misinformation, scams, and volatility-driven panic.

According to Busha's public insights and the Busha Crypto Report 2024, while a growing number of Kenyans engage in crypto-related activities, a large proportion of users still perceive digital assets primarily as speculative tools, rather than as instruments for savings, payments, or remittances. This perception gap underscores the importance of user education in building sustainable trust. Busha has taken a proactive stance in this area through initiatives such as Busha Learn, social campaigns, and collaborations with local fintech communities, aiming to demystify core concepts such as stablecoins, wallets, private keys, and transaction security. These programs have shown measurable impact, with steady user growth in Kenya even amid broader market uncertainty.

The trust deficit also stems from regulatory ambiguity and historical caution. For over a decade, the Central Bank of Kenya (CBK) and Capital Markets Authority (CMA) issued repeated warnings against the use of digital currencies, branding them as high-risk and unregulated. This institutional skepticism, though easing under the 2025 Virtual Asset Service Providers (VASP) Bill, has contributed to public confusion about the legality and safety of crypto trading. The new regulatory framework presents an opportunity to reverse this trend by formally recognizing virtual assets as legitimate financial instruments. Over time, this recognition is expected to normalize crypto participation, especially once consumer protection mechanisms and licensing standards are enforced.

When compared to Tanzania and Uganda, Kenya maintains a clear advantage in digital literacy and public openness to financial innovation. Surveys conducted by Yellow Card and Chainalysis (2024) indicate

that Kenyan respondents show higher awareness of stablecoins and greater trust in licensed platforms than their East African peers. In contrast, Tanzanian and Ugandan markets remain dominated by informal peer-to-peer trading, where trust is essentially interpersonal rather than institutional. This reliance on personal networks, combined with limited public education, slows institutional adoption and leaves users more exposed to fraud.

Nevertheless, even in Kenya, crypto education remains reactive rather than proactive. Most users gain knowledge only after engaging with crypto assets, not before. This presents a structural challenge for both regulators and service providers, who must invest in continuous financial education to ensure sustainable growth. Busha's integration with M-Pesa and mobile money services is particularly valuable in this regard: it introduces digital assets within a familiar and trusted financial environment, leveraging existing trust in Safaricom's ecosystem to facilitate smoother user onboarding.

Looking forward, the convergence of regulation, consumer protection, and education will determine the long-term trajectory of Kenya's crypto ecosystem. With institutional frameworks now formalized under the 2025 Bill and an expanding pool of credible VASPs, Kenya is positioned to transition from a speculative crypto culture to one rooted in trust, literacy, and responsible innovation. Sustained investment in user education and transparency, paired with visible regulatory enforcement, could make Kenya a continental leader in crypto consumer confidence; a benchmark for other East African economies seeking to formalize their digital asset sectors.

6. Discussion

6.1. Key Insights: Synthesis of Findings

Across the datasets and narrative evidence compiled in this report, three core patterns recur: (1) stablecoins have become the pragmatic rail for day-to-day dollar access, remittances and small-value commerce in Africa; (2) adoption is predominantly retail and utility-driven rather than purely speculative; and (3) local infrastructure and regulation materially shape how, how fast, and by whom crypto products are used.

Empirical signals are clear. Busha's user base expanded rapidly from ~100,000 in January 2022 to over 700,000 by December 2024, signaling strong retail demand for regulated, local on-ramps. On the trading side, stablecoins occupy a central place in activity: across Busha's platform, accounting for over 35% of transactions. Regionally, Chainalysis placed Nigeria 2nd globally in 2024 (and still top-10 in 2025, at 6th), the lone African country in the global top ten—a marker of scale and density in on-chain flows. Kenya, while lower in the worldwide index (28th in 2024), demonstrates rapid growth and high mobile-money integration, with the USDT/KES pair representing ~36.7% of Busha trading in Kenya and BTC/KES trailing at ~22%.

Together, these points show a transition from early speculative engagement toward functional adoption: users are leveraging stablecoins as digital dollars for savings, remittances, merchant settlement and intra-regional trade. The data also reveal heterogeneity: market maturity (Nigeria), platform scale (Busha, local exchanges), and payment-rail integration (notably M-Pesa in Kenya) create distinct national trajectories within a broader continental pattern.

6.2. What the Data Reveals about African Stablecoin Adoption

1. **Stablecoins as Operational Dollars:** Across case studies, stablecoins (primarily USDT and USDC) operate as the practical surrogate for scarce or expensive physical dollars. In contexts of FX rationing or rapid local-currency depreciation, stablecoins deliver immediate liquidity, near-instant settlement and lower fees relative to legacy remittance corridors. Busha's volumes and the on-chain evidence for Nigeria (stablecoin inflows concentrated in sub-\$1M transfers, ~\$3bn in Q1 2024) underscore the extent to which stablecoins are used for everyday value transfer, not just speculation.
2. **Retail and P2P Dominance – DeFi Complementarity:** Adoption patterns are heavily retail-weighted. Small and medium-sized transfers, remittances, merchant payments, and micro-savings account for a large share of volume. That said, DeFi activity is also noteworthy in some markets (e.g., Nigeria's substantial DeFi

value received), indicating both retail and protocol-level engagement: users move between custodial on-ramps, P2P exchanges and DeFi services to access credit, yield and cross-border rails.

3. **Network Effects and Liquidity Concentration:** Two global stablecoins dominate volumes and on-ramps. Platforms and users prefer the most liquid, widely-accepted tokens; this creates strong network effects that accelerate adoption of incumbents (USDT in particular), especially where local KES or NGN pairs are present. Market cap and liquidity thus reinforce regional usage patterns, but local congruence (ease of converting to mobile money or bank fiat) amplifies uptake.
4. **Infrastructure Matters–Mobile Money × Crypto is Catalytic:** The single biggest enabler of mass adoption in East Africa is the marriage of mobile money rails with crypto exchanges. In Kenya, direct M-Pesa integration lowers conversion friction and trust barriers. Where mobile money is robust (Kenya, to a lesser extent Tanzania and Uganda), on-ramping is simpler, costs are lower, and user growth accelerates.
5. **Demographic and Social Constraints:** Adoption is uneven demographically. Platform data reveal a pronounced gender gap (among declared respondents, males far outnumber women). The majority of users also lack formal crypto literacy prior to engagement, meaning adoption is often experiential and social-network driven rather than institutionally informed.

6.3. How Kenya and Nigeria Exemplify Broader Regional Trends

Nigeria and Kenya together illustrate the twin faces of African crypto dynamics.

- **Nigeria – Scale, Retail Depth, Dollar-Substitution:** Nigeria’s very high ranking (2nd in 2024) reflects massive retail demand, strong stablecoin inflows for sub-\$1M transfers, and active DeFi participation. The Naira’s depreciation and recurrent Dollar scarcity produced a large, persistent incentive to migrate savings and transfers onto dollar-pegged crypto rails. Nigeria thus exemplifies how macroeconomic instability can accelerate stablecoin-led adoption and create a robust domestic ecosystem around exchanges and DeFi services.
- **Kenya – Interoperability, Mobile-First Adoption, and Institutionalization:** Kenya shows how strong a payments infrastructure (M-Pesa) can be an effective on-ramp to crypto. Busha’s ability to accept deposits and withdrawals through mobile money and the prominence of the USDT/KES pair demonstrate that where mobile rails are integrated with exchanges, adoption moves from niche to everyday use. Kenya’s regulatory path (VASP Bill, digital assets tax debates) further demonstrates a transition toward formalization and potential mainstreaming, provided taxation and licensing do not unduly raise barriers.

Taken together, the two countries demonstrate a regional pattern: macro drivers (inflation, FX shortages) push demand, while payments infrastructure and regulatory clarity shape adoption pathways and institutional participation. Neighboring East African states (Uganda, Tanzania) share the mobile-money foundation but lag in either market depth or regulatory certainty conditions that can both limit and, paradoxically, speed informal crypto adoption.

6.4. Implications for the Stablecoin Ecosystem

1. **Product Design and Distribution:** Exchanges and stablecoin issuers should prioritize local-currency rails and mobile-money integrations. Products that allow instant fiat–stablecoin conversion via M-Pesa/Airtel/T-Pesa will capture the bulk of retail flows.
2. **Regulatory Dialogue and Tax Design:** Tax and licensing regimes must balance revenue objectives with market viability. Transaction-based taxes (e.g., a flat 3% per trade) can materially raise costs for micropayments and P2P flows; regulators and industry should co-design mechanisms (thresholds, exemptions for remittances, staged implementation) to avoid pushing activity underground.
3. **Trust-Building via Consumer Protection and Education:** Platform-led literacy programmes, transparent fee structures, and clear dispute/escrow mechanisms are essential to broaden participation (especially among under-represented groups such as women). Regulatory licence frameworks should prioritize consumer protection to raise institutional trust without creating excessive entry costs.

4. **Interoperability, AML/CFT and Monitoring:** Policymakers must reconcile legitimate uses of stablecoins for remittances and savings with AML/CFT objectives. Technical solutions (regulated on-ramp KYC, transaction monitoring, collaboration between mobile money operators and VASPs) can preserve the benefits of rapid settlement while mitigating illicit-flow risks.
5. **Regional Harmonization:** East Africa would benefit from harmonized rules on licensing, taxation and cross-border payments to minimize regulatory arbitrage and enable secure inter-jurisdictional flows. Kenya's emerging VASP framework can serve as a template, but alignment with neighbors will be critical for the development of scalable remittance corridors.
6. **Research and Monitoring Priorities:** Ongoing measurement is vital. Key indicators to track are monthly stablecoin inflows by corridor, retail vs institutional share, user demographics, and incidence of fraud/disputes. These metrics will inform whether stablecoins are deepening financial inclusion or simply reallocating FX exposure.

7. Conclusion

7.1. Summary of Findings

This study examined the dynamics of stablecoin adoption across East and West Africa, with particular focus on Kenya and Nigeria as representative case studies. The comparative analysis revealed that while both countries share similar macroeconomic pressures, currency depreciation, Dollar scarcity, and inefficiencies in the remittance system, their adoption trajectories differ due to variations in infrastructure, regulation, and consumer behavior.

In Nigeria, the data indicates a mature and rapidly scaling market for stablecoins, reflecting the country's long-standing status as Africa's crypto epicenter. The Chainalysis (2024) Global Crypto Adoption Index ranked Nigeria second globally, a position driven primarily by high-volume retail activity, stablecoin remittance use, and DeFi engagement. Stablecoins like USDT dominate small-to-medium-sized transfers under \$1 million, collectively accounting for billions in transaction value. The findings show that Nigerians primarily use stablecoins to hedge against inflation, preserve dollar value, and facilitate remittances within an increasingly cash-strapped FX environment.

In Kenya, by contrast, stablecoin adoption is more recent but strategically embedded within the country's mobile-money infrastructure. With over 91% mobile penetration and near-universal access to M-Pesa, the integration of crypto exchanges such as Busha into mobile-payment systems has accelerated accessibility and trust. The USDT/KES pair, representing 36.7% of total platform trades, underscores how mobile interoperability drives stablecoin use for everyday transactions, micro-savings, and peer-to-peer settlements. The Virtual Asset Service Providers (VASP) Bill, 2025, along with Kenya's digital asset tax reforms, marks an institutional shift toward the formal recognition and regulation of digital assets.

Comparatively, the study highlights that West Africa's adoption is liquidity-led, rooted in macroeconomic necessity and remittance demand, while East Africa's adoption is infrastructure-led, built upon fintech integration and mobile-money ecosystems. Despite contextual differences, both regions demonstrate a convergence toward stablecoin normalization where digital dollars increasingly serve as functional units of exchange, savings, and trade. Moreover, both Kenya and Nigeria remain the only two African countries to feature consistently in Chainalysis' top 10 adoption index between 2024 and 2025, illustrating continental leadership and sustained user engagement.

7.2. Contribution to Literature

This research makes several key contributions to the growing body of literature on digital finance and stablecoin adoption in Africa. First, it addresses a critical empirical gap by offering comparative, data-driven insights on East and West African markets—two sub-regions often studied in isolation. While existing works have tended to focus on the macroeconomic implications of cryptocurrency or the speculative use of digital assets, this study foregrounds stablecoins as functional financial instruments used for remittances, savings, and local trade rather than speculation.

Second, the study advances understanding of infrastructure–adoption linkages by demonstrating how mobile money systems, particularly Kenya’s M-Pesa, serve as natural on-ramps for digital currencies. By analyzing Busha’s data and integration models, the research highlights how stablecoin adoption is enhanced when exchanges align with familiar, regulated payment networks, thus bridging traditional and decentralized finance. This insight enriches existing fintech literature, which has often treated mobile money and crypto ecosystems as distinct rather than convergent domains.

Third, by incorporating both regulatory and behavioral dimensions, the study situates stablecoin adoption within a broader socio-economic and policy framework. Kenya’s VASP Bill (2025) and Nigeria’s foreign exchange and remittance policies illustrate how government actions shape both trust and formalization in digital markets. The study contributes conceptually by linking regulatory clarity with consumer confidence, demonstrating that stablecoin adoption deepens not merely through technological diffusion but also through institutional legitimation.

Finally, this research contributes to the literature on financial inclusion and digital sovereignty by evidencing how African users leverage stablecoins to navigate local financial constraints, access Dollar liquidity, and participate in the global digital economy. In doing so, it reframes stablecoins not as speculative innovations but as tools of everyday financial resilience, a narrative underexplored in global crypto-economic discourse.

Collectively, these contributions bridge empirical, theoretical, and policy gaps, offering a continental framework for understanding stablecoin adoption grounded in local infrastructures, user motivations, and emerging regulation. The findings suggest that as African states continue to experiment with digital-asset legislation and mobile-money integration, the region could play a normative and developmental role in shaping the global future of stablecoin regulation and utility.

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