

OVERVIEW

GENERAL

The SADC Payment System Project has been managed successfully and progressed well since its inception. There are still challenges of capacity building in ensuring that modernisation initiatives are supported and are sustainable. The commitment of the member countries to the Project remains an important element in maintaining the good relationship that the countries have enjoyed among themselves.

REASONS FOR THE PROJECT

In support of the SADC's main objective that of having free trade within the region, the SADC Committee of Central Bank Governors (CCBG) plays an important role to support the efforts of the Project including the activities of other projects, which are also under the auspices of the SADC CCBG. These projects are, namely,

- Development of a monetary and financial statistical database;
- Development of an information bank on the policies and structures of SADC Central Banks;
- Repatriation of banknotes and coin among SADC countries;
- The impact of exchange controls on the cross-border flow of goods, services and capital;
- Co-ordination of training of central bank officials in SADC; and
- Analysis of the legal and operational frameworks of SADC central banks

In so doing, the SADC CCBG expects member countries to reap the benefits that could arise from improved payments, clearing and settlement systems. The benefits include

- Promotion of economic activity, benefiting both domestic, regional and international commerce and trade,
- Improved control of monetary aggregates resulting from reducing float levels and minimising delays,
- A more productive use of resources by minimising transaction costs,
- Improving the management of both credit and systemic risk as a result of value transfers being completed efficiently and timeously,
- Facilitation of financial sector development by the introduction of new financial instruments, products, institutions and markets,
- Improved trust in the security and reliability of payment instruments, and
- An internationally accepted and respected National Payment System in each SADC country.

FUNDING

A major source of funding has been the World Bank IDF Grant.

The South African Reserve Bank (SARB) bears costs towards the funding of the Project by providing the resources that support the Project, such as the staff who manage and co-ordinate the activities of the Project.

Some other costs are covered by SADC member countries in meeting certain expenses when hosting or sending their personnel to various workshops and training courses in respect of the Project.