

Feedback from member countries on the status of developments regarding their respective national payment systems

Member countries provided feedback on the status of development of their national payment systems. Five areas under which to provide feedback included the state of real time gross settlement (RTGS) systems, the automated clearing house (ACH) developments, the oversight function and training requirements. The summary of the feedback is tabulated below:

Country	Real-time gross settlement system (RTGS)	Automated house clearing house (ACH) developments	Oversight development issues	Training and other issues
Angola	The RTGS systems went live in November 2005. It is operated by the Central Bank of Angola (BNA). The participating banks have online information on the status of the submitted information. In 2006 amounts totalling the equivalent of USD 42.5 billion with 45 000 transactions were processed.	Clearing is still manual and includes such instruments as cheques, credit documents and transfer orders. These are achieved on a multilateral net basis. In 2006 values to the value of USD7.20 billion and 344 000 in volumes were processed. It is expected that in April 2008 the clearing would be automated.	The organisational structure within the BNA has been set up to include the oversight function. The BNA has sought the assistance of the IMF in the form of training and other technical issues involving oversight to be fully functional. It is expected that the implementation of the oversight function will be in June 2007.	To improve the payment-system related knowledge base, the BNA has selected three companies to do training. <i>Other issues:</i> After the introduction of the RTGS, there are efforts to have the state employees salaries paid directly paid into their bank accounts. Efforts are also underway to have credit cards implemented in the country, as well as the linkage between the payment systems and the Angola Stock Exchange.

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Botswana	RTGS was introduced and went live in November 2006. Currently, the input is on a manual basis. It is expected that straight-through processing will be achieved in September 2007.	Electronic clearing house (ECH) is fully operational and is run under the auspices of the Bank of Botswana (BOB). The ECH rules, regulations and procedures are in place and are being enforced.	The NPS legal legislation and framework was promulgated in 2005. In addition the RTGS and ECH rules have been enforced. The structures supporting the oversight have been arranged. BOB is in the process of drafting the oversight framework and implementation is expected.	Activities in progress: The implementation of the Centralised Securities Depository (CSD) is at an advanced stage. Additionally capacity building in areas such as legal NPS support, risk management and securities settlements is underway.
Lesotho	RTGS in Lesotho was introduced in August 2006 and is referred to as <i>Lesotho Wire</i> . It is operated by the Central Bank of Lesotho (CBL). Its growth over the months has been noted and it is hoped that it will add much value to the Lesotho financial system.	Clearing is still conducted manually in Lesotho. Plans are underway to implement the automated clearing house. With all other things having been attended to, such as the funding, it is expected that	The oversight division has just been launched and infrastructural issues and staffing are still being addressed.	Lesotho has identified a number of training needs including training on oversight, and general payment system requirements. The need is due to the fact that they intend building capacity in staffing the new oversight division.

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		the ACH should be achieved by the first quarter of 2008.		
Malawi	RTGS was introduced in March 2002 and is run in a proprietary networks referred to as the MALSWITCH. Efforts are underway to have a fully interoperability introduced. Much of the volume through the settlement system is single settlement instructions of large values (79 per cent) followed by cheque (20 per cent) and smart card transactions, forming about 6 per cent of volumes.	The Electronic Clearing House is operational and Malawi has introduced cheque truncation. It is expected that this will reduce the cheque clearing cycle.	The payment system related legislation has not been enacted in Malawi. Recourse is achieved contractually where applicable. There is recognition that this poses legal risk. The oversight framework is at a draft stage and the drafting of terms of reference is under way through the assistance of the IMF and the Central Bank of Norway.	<u>Training requirements</u> in Malawi include the need for exposure in oversight especially in the application of oversight monitoring tools. There is self reliance in RTGS, however, to relate the information to monetary policy requires attention and thereafter training in this area is one of the requirements.
Mauritius	The RTGS has been operational since December 2000. It was designed for large value	The automated clearing house uses code line clearing principles and	In the present legal environment, adequate precaution has been taken	<u>Developments:</u> Banks in Mauritius are increasingly engaging in cross-border banking transactions, the Bank of

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	<p>transactions. Efforts are underway to review the systems from time to time.</p>	<p>settlement is effected directly through the MACSS.</p>	<p>in the formal rules pertaining to the operation of the payment system on a contractual basis, as agreed upon by all payment system participants, to address the matter of finality and irrevocability of transactions and to circumvent any adverse effect of the operation of the “zero hour rule”. Action will be taken to explicitly reinforce this principle by a suitable reference to the matter with the forthcoming revision of the Insolvency Act.</p> <p>The oversight function is carried out by the Bank of Mauritius. It comprises the</p>	<p>Mauritius initiated action with a view to adopting an international bank account number (IBAN) format for Mauritius. The IBAN comprising thirty alpha numeric characters has been implemented by banks since 1 April 2006.</p> <p>A committee comprising representatives of the Bank of Mauritius, commercial banks and the Mauritius Bankers Association Ltd, is pursuing work in view of implementing a project of cheque truncation.</p>

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			collection of information from daily reports on the movement of liquidity among participants of the MACSS and data from other sources, the analysis of the information and the initiation of action as appropriate.	
Mozambique	The RTGS is in the process of being implemented and is being tested. The supporting regulations and rules are in process.	The automated clearing house has been in operation since November 2003. Further developments in the type of instruments such as EFTs and direct debits are underway.	The setting up of oversight in the central bank of Mozambique has been completed with two officials performing this function. Cooperative oversight with banking supervision is also underway.	<u>Issues and training requirements:</u> It is noted that there is a need for more staff to man risk management measures. This has resulted in the identification of training requirements under risk management issues, oversight and in general retail payment systems.
Namibia	The RTGS known as NISS was introduced in Namibia in 2002	The automated clearing house was introduced in	The NPS Management Act has been	<u>Issues:</u> There has been a falling volume through the NISS, which has affected

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	<p>with same-day settlement achieved only in September 2003. The system is said to have high availability and in this manner is seen to be robust and reliable.</p>	<p>2004. The EFTs and cheques are processed through the ACH. Further improvements are underway with a view to introduce risk reduction measures.</p>	<p>promulgated and is seen as the legal basis for having a fully fledged oversight framework. The issues around implementation of oversight are expected to be finalised by 2007.</p>	<p>the pricing policy.</p> <p><u>Training requirements:</u> The training requirements have been identified in the payment system oversight and legal aspects affecting payment systems. Additionally the ongoing building of capacity in the national payment system has necessitated that basic and introductory courses in payment systems be introduced.</p>
South Africa	<p>The real time gross settlement system was introduced in 1998. The periodic review of the system is largely guided by a vision and strategy, which has been revised to 2010. This addresses among other things, the legal framework, securities settlements, retail payments and foreign-exchange settlements.</p>	<p>The automated clearing has been in place for a number of years and a review of the systems is also addressed through the vision and strategy document. The current items that have been addressed include a revision of clearing rules and PCH agreements, item</p>	<p>The oversight function is fully operational with its framework that primarily looks into a number of issues categorised under the objective of oversight, scope of oversight and necessary actions that need to be performed. The oversight function also looks at the macro level</p>	<p><u>Issues:</u> The current issues involve the oversight of non-banks in the financial system, the issues of competition as investigated by the Competition Commission as well as issues around low-value collections.</p>

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		limits and settlement on the day of value.	and micro levels. The macro level addresses the policy issues and best international practice, while the micro level looks at behaviour individual participants in the settlement system.	
Tanzania	The RTGS was introduced in 2004. The utilisation is high and volumes and values are growing. The settlement of securities on DVP basis was introduced in 2006.	The retail and ACH environment is operational and was launched in 2002. Retail payments are supported by well established ATMs and EFTPOSs. This has not reached full capacity, however, it is gaining acceptance by the end users.	The oversight function is fully operational. It is manned by staff with different skills. It is currently mainly involved in the collection, analysis, and forcing of change. The Bank of Tanzania is empowered in terms of the statues to perform this function.	<p><u>Challenges and issues</u> noted is the reluctance of participants to comply with risk mitigation proposals, such as item value limits. Other challenges are regulatory such as the introduction of anti-money laundering and various amendments to existing legislation to accommodate electronic payment developments.</p> <p><u>Training requirements:</u> Technical training on RTGS interfaces, the retail payments in areas of policy and electronic payments development as</p>

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				well as issues of oversight developments.
Zambia	The RTGS known as ZIPSS was introduced in June 2004 and has been operating successfully since then. A 7 per cent increase in its usage is noted. Following the implementation of ZIPSS, the Bank of Zambia (BOZ) has been concentrating on the straight through process (STP), item value limits and securities settlement systems.	The automated clearing house was introduced in 1999. It covers a number of payment streams, such as the direct debits, physical clearing of paper instruments such as cheques as well as some information that still requires manual clearing.	The oversight function is in the process of being put into operation. The supporting legal framework is also being attended to. Some statistical information has been collected as an initial step of execution.	<p><u>Issues:</u> The finalisation of the legislation governing the national payment system has been going on for some time. There are challenges related to the retail payments, especially electronic payments.</p> <p><u>Capacity building and training:</u> It has been established that there is an unending need to provide on-going training in various aspects on payment, clearing and settlement systems.</p>
Zimbabwe	The RTGS, known as Zimbabwe Electronic Transfer and Settlement System (ZETSS) was introduced in 2002 and is fully operational. Various upgrades that have been attended to include the inclusion of the	Although cheques are processed through a highly automated environment, cheque clearing is still manual. The settlement of clearing obligations is settled through the ZETSS.	The oversight function became fully operational in May 2004. This is done off-site and on-site. The oversight framework has been finalised. Ongoing improvements are also	<p><u>Projects underway:</u> A number of projects are in process and these include mandatory SWIFT Phase 2, automated clearing house and straight through processing. There are also discussions with the Zimbabwe Stock Exchange on the modernisation of the</p>

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	Central Securities Depository (CSD). There has been an increased utilisation of the system. In 2006 there was a marked 86 per cent utilisation of the ZETSS.		effected.	equities market.

The Democratic Republic of the Congo and Madagascar provided feedback on the general overview of their national payment systems, the development plan to achieve full modernisation, achievements to date and their training requirements. This is due to that they did not start together with other countries, hence their progress have been somewhat lagging behind.

Country	General overview of NPS	Development plan for the NPS	Achievements to date	Training requirements
Madagascar	Madagascar is characterised by an informal economy (80 per cent), with high use of cash. Banks and related networks are concentrated in large cities and towns. The central bank has 13 clearing houses which are operated	The development/modernisation project was launched in October 2006 and has been divided into three phases. The initial aim is to develop confidence in the national payment system and focus on risk-	A decentralised settlement system has been launched due to the large size of the country. Each clearing centre where there are two or more banks will be able to settle. It is hoped that the clearing cycle will be reduced to at	The Central Bank of Madagascar will determine training requirements once it has reached the implementation phase of its modernisation programme.

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	<p>manually. There are few payment instruments, with cheque being the most common.</p>	<p>management issues in NPS. The second phase, which has commenced, is dedicated to the preparation of the development framework. This will also include the legal framework. It is envisaged that the issues around launching a real time gross settlement system will be attended to in 2008.</p>	<p>least five days. The project commenced in January 2007.</p>	
<p>The Democratic Republic of Congo (DRC)</p>	<p>There is an extensive use of cash in the country. A very small percentage of people have bank accounts. This has been a major problem for the country since the war.</p>	<p>In March 2005 the modernisation programme was launched in Kinshasa. In February 2006 the supporting structures were set up with the NPS Steering Committee facilitating the process under the auspices of the DRC central bank. The Steering Committee has helped in drafting the current state of the NPS in the DRC. The</p>	<p>The implementation of a telecommunications private network using an encrypted satellite connection to the central bank, the provincial directorates and autonomous agencies has been achieved. There are about 37 points of communication. This is an already operational network. It allows management to access real-time information from 11</p>	<p>The Bank of France and the Belgian National Bank agreed to help with the setting up of a modern payment system. This is aimed at improving skills of individuals who are involved in the modernisation project. From March 2007 a workshop will be conducted in Kinshasa by the Belgium National Bank, which will focus on the concerns and challenges of the payment modernisation</p>

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		document is still incomplete due to lack of funding. It is expected that the consultants will be appointed to look into the modernisation programme, which is expected to commence in 2008.	provincial agencies.	programme. The Banque de France agreed to provide to the National Payment System Steering Committee its technical assistance and to be part of international expert panellists.