



**Southern African Development Community
Committee of Central Bank Governors
Payment System Project**

***PROGRESS REPORT
FOR PERIOD OCTOBER 2006 TO 4 APRIL 2007***

1. Introduction

Since our last reporting in October 2006, the project team has been planning further activities to be undertaken in the development of payment systems in the region. These issues were discussed in detail at the 2007 Annual Regional Conference which took place in Zambia from 2 to 4 April 2007. A highlight over the past period was the introduction of RTGS systems in Lesotho and Botswana bringing the total number of RTGS applications in the region to ten.

2. The Plan for the Way Forward

2.1 Focus areas going forward

Having focussed on the development of RTGS systems, automated clearing and oversight over the past several years and, having achieved significant progress in this regard, the project focus will now move to areas such as remittances, retail payment system risk reduction, an evaluation of securities settlement systems (as catalyst) and oversight (See 2.4).

These issues were discussed in detail at the Annual Regional Conference. It should also be noted that the World Bank has indicated an interest in providing funding assistance for the areas indicated, particularly remittances and retail payments. These discussions are in progress.

2.2 Assistance to Madagascar

Madagascar has reported that it has definitive plans to develop its National Payment System and has recruited the assistance of consultants in this regard. SADC and BIS guidelines are being applied. During the conference in Zambia, the Madagascar delegates advised that they would keep the project team updated on progress and the project team will assess where it can be of assistance to Madagascar in the planned process. Developments will be advised in due course.

2.3 Assistance to the DRC

During the conference in Zambia the project team discussed with the DRC representative the completion of the stock taking document since the Sensitisation Workshop in 2005 and the assistance required towards the formulation and documentation of a vision and strategy for the DRC in the development of their national payment system. The representative informed the project leader of an initiative to hold a high level seminar on a vision and strategy to which several international speakers will be invited. Attempts are being made to arrange for French speaking presenters. The project team will assist where possible.

Details will be available in the next reporting cycle.

2.4 The 2007 Annual Regional Conference

The conference was held in Livingstone, Zambia from the 2nd April to the 4th April 2007. The project team and delegates were honoured that the Governor of the Bank of Zambia, Dr Caleb Fundanga, opened the conference and are grateful to the Bank of Zambia for their organisation and presentation of the conference.. The focus of the conference was on the status of developments in the NPS of each of the SADC countries, remittances, retail payment system risk reduction, an evaluation of securities settlement systems (as catalyst) and oversight. Other

than presentations by each of the Country Leaders, several speakers participated, including the BIS.

A Country Leaders meeting was held on the 4th April during which the issues raised during the conference were discussed. The following progress and future actions are highlighted:

- 2.4.1 The SADC Payment System project report , "REPORT ON THE ACHIEVEMENTS AND HIGHLIGHTS DURING THE PERIOD OF THE WORLD BANK IDF GRANT FUNDING (1996 – 2006) was presented at the WorldBank Global Payment System Week in Sydney, Australia in October 2006. A copy of the report, including the results of the FSAP self assessment exercise was handed to the WorldBank. Both the presentation and document were well recieved.
- 2.4.2 Good progress has been made in NPS development with 10 countries having implemented RTGS settlement systems and at least one automated clearing process. Two more countries are involved in the implementation of RTGS systems.
- 2.4.3 Further discussion on the development of financial markets in SADC (at Central Bank level) should be encouraged as this could influence development of payment systems in the future, including a regional system. The Payment System project can only play a catalyst role in this regard and, as such, the project leader would have further discussion with Mr Daniel Mminele of the South African Reserve Bank, who presented on this subject, on a possible way forward.
- 2.4.4 A discussion with banks and service providers on remittance systems and the cost thereof should be initiated by the Central Banks in each country. This data should be collated for a regional report and further discussion.
- 2.4.5 There is a need to hold a workshop on issues relating to, and practical means of reducing risk in retail payment systems. This should include a discussion relating to so-called e-money and mobile payments in the region. Several countries are reporting the development of such initiatives and the possibility of using mobile means for remittance payments has been raised by study groups.

2.4.6 The need for the following training was identified – Payment System Oversight, Legal aspects related to payment systems and the development of a basic introductory course on payment systems.

2.4.7 Other operational issues discussed include BIS online training being developed for access via the Internet, FATF requirements in certain SWIFT message fields and a standard for bank account numbers in the region (IBAN). The Bank of Mauritius has undertaken to provide more information on IBAN.

3. On-going supporting projects

The Country Leaders have decided that, even though the International Development Fund (IDF) Grant came to an end, the video project, *Vulindlela* newsletter and use of the sadcbankers.org website should be continued, as appropriate.

4. Interaction with other international institutions and bodies

The SADC Payment System Project Team continues to maintain good working relationship with international bodies, such as the World Bank, the Bank for International Settlements (BIS) and other international organisations and institutions.

5. Project resources

5.1 Project team members

There has been no change in the Project Team members. The team includes the Project Leader, Project Manager and an analyst. Additional members of the National Payment System Department in the South African Reserve Bank are co-opted on specific tasks to help facilitate the activities of the project on certain occasions.

Member countries are assisting frequently with presentations and research projects required for workshops and conferences.

6. Country-specific progress reports

The country-specific progress reports are attached hereto and are combined as a single report indicated as “*Annexure A*”

7. Conclusion

The SADC Payment System Project Team is grateful for the co-operative working relationship with the payment systems project country leaders and the support of the CCBG and its Secretariat. This has made facilitation efforts possible and easier.