SADC Payment System integration project

Adv. Magedi-Titus Thokwane

- Senior Manager, Regional Settlement Services, NPSD, South African Reserve Bank
- SADC Payment System Subcommittee Project Manager
Developments in the regional payments

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Adv. Magedi-Titus Thokwane
South African Reserve Bank
Topics to be covered

1. The Southern Development Community (SADC)
2. SADC Institutional Arrangements
3. SADC Payment System Subcommittee
4. SADC Payment System Project: Modernisation
5. SADC Payment System Project: Member states stocktake
6. SADC-RTGS: Strategic initiatives, legal framework, governance arrangements and business model
7. SADC Payment System Initiatives: Fintech, Intracontinental and future
8. SADC-RTGS in numbers
1. Southern African Development Community

16 member countries, including Comoros which recently joined

Co-operate on matters pertaining to finance and investments within the region.
2. SADC Institutional Arrangements

Sub-Committees includes:
- SADC Summit (Head of States)
- SADC Council of Ministers
- SADC Committee of Ministers responsible for Finance and Investment
- Committee of Central Bank Governors (CCBG)

CCBG Secretariat

Sub-Committees includes:
- Banking Supervision
- Financial Markets
- Payment System
- SADC Banking Association
3. SADC Payment System Subcommittee

- Sub-committee of the CCBG
  - Mandate is drawn from SADC Protocol on Finance and Investment (FIP)
- Oversees the implementation of the Annexure 6 of the FIP
  - Co-operation on Payment Systems, Clearing and Settlement Systems
- Annexure 6 of the FIP aims at:
  - Implementation of safe and efficient payment system in each Member State
  - Development of cross border payment strategy for the region
- Each Member State Central Bank appoints one person to serve on the Sub-committee
4. SADC Payment System Project: Modernisation of Payment Systems
5. Modernisation : Member State Stocktake

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<tr>
<th>Develop Domestic Vision and Strategy documents</th>
<th>Promulgate of National Payment System acts</th>
<th>Establish of National payment system departments or divisions within the respective SADC central banks</th>
<th>Developed and implemented of domestic (RTGS)</th>
<th>Developed domestic oversight functions and frameworks</th>
<th>Domestic RTGS interlinked with Central Securities depositories to achieve delivery versus payment (DvP)</th>
<th>Implemented of domestic Retail Payment infrastructures for different payment streams/schemes</th>
<th>Introduced and enhanced mobile payment and mobile banking initiatives to support financial inclusion</th>
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**Modernisation: RTGS Implementation**

- Modernised: 14
- Plans to modernise: 1
- Alternative settlement arrangements

Comoros excluded.
6. SADC Payment System Integration: Strategic Objectives

Strategic objective 1: Enhance (harmonise) the regional legal and regulatory frameworks to facilitate regional clearing and settlement arrangements

Strategic objective 2: Implement an integrated regional cross-border payment settlement infrastructure (business, technical and system)

Strategic objective 3: Implement an integrated regional cross-border payment and post-trade clearing infrastructure

Strategic objective 4: Establish a co-operative oversight arrangement based on the harmonised regulatory framework for regional cross-border payment and settlement among participating member countries
6. SADC-RTGS Legal Framework: Contractual arrangements

- **SADC Central Banks**
- **SAR**
  (SADC-RTGS System Operator)
- **SADC-RTGS Participants**
- **Appointment of the SARB as SADC-RTGS System Operator Stakeholders Agreement**
- **SADC-RTGS Participant Settlement Agreement**
- **SADC-RTGS Service Agreement**
6. SADC-RTGS Governance Arrangements

- Ensure compliance with CPMI IOSCO standards e.g. PFMIs
- Oversee SADC-RTGS & RCSO and functions as:
  - Access Criteria
  - Disputes
  - Finality

IMMS
LVT
Payment Scheme Rule Book

SADC PSOC

Payment Scheme

SADC-RTGS
RCSO
DVP
SLA's & other operating agreements
6. SADC Payment System Integration Business Model

South Africa

Namibia

SADC RTGS

FNB

ABSA

NFNB

Bank W/hoek

ACH

NACH

Regional Clearing Operator
The purpose of the WG is to collectively develop SADC central banks’ policy positions on financial technology (fintech) developments including crypto-assets as they relate to their respective mandates:

Responsibilities of the WG includes:

- (a) Advise the CCBG on fintech developments including crypto-assets as they relate to central bank mandates;
- (b) Recommend on prioritised programmes / projects, programme / project objectives, scope of work etc.;
- (c) Implement programmes / projects as approved by the CCBG;
- (d) Liaise with external service providers and relevant stakeholders; and
- (e) Perform any other related or relevant activities as shall be necessary to achieve the objectives and purpose of the Workgroup.
7. Strategic initiative: Intracontinental Payment Systems integration

• **Action:**
  – Facilitate public-private sector engagements on payment system regional integration issues.

• **Progress:**
  – Under the auspices on the Association of African Central Banks executing the integration on the mobile payments and regional payment systems in the African continent
  – Engage SADC Banking Association, African Mobile Network operators (MNOs), Non-banks, FMIs, and Central Banks as regulators to execute the project.
Summary of SADC Payment system integration initiatives

• Completed
  – Settlement infrastructure – SADC-RTGS
  – Business models – SADCBA Beige Book
  – Regional clearing and settlement operator – appointed
  – High value payment scheme – operational
  – Oversight functions established
  – RTGS modernisation (first generation) or settlement arrangements
  – NPS Departments/Units/Division established

• In progress
  – SADC Transactions clearing on immediate basis (TCIB) incl. participation of non-banks (faster payments scheme)
  – CMA low value cross border electronic debit (batched transactions scheme)
  – Fintech workgroup
  – Policy and supervision
  – NPS system incl. RTGS modernisation (ZA Project Future, RTGS Replacement)

• Future planned
  – Card scheme
  – DVP
  – SADC EFT scheme
8. SADC-RTGS indicators infographic

Participation

- **83** Total SADC-RTGS Participants
- **14** Participating countries

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<th>Number of participating banks per country</th>
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<td>3</td>
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<tr>
<td>5</td>
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Totals since inception And Peaks

- **1 528 540** Total Volume
- **ZAR 6.13 Trillion** (USD 402bn/EUR 364bn) Total Value

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<th>2 780</th>
<th>30 April 2018</th>
<th>Peak Daily Volume</th>
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<td>11.4 billion</td>
<td>28 December 2018</td>
<td>Peak Daily Value</td>
</tr>
<tr>
<td>32 059</td>
<td>October 2018</td>
<td>Peak Monthly volume</td>
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<tr>
<td>119.53 billion</td>
<td>August 2017</td>
<td>Peak Monthly Value</td>
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Volume/Value distribution by instruction type

- **70%** Customer payments
- **18%** Interbank payments
- **12%** System generated

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<th>ZAR 620 bn</th>
<th>Customer Payments</th>
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<tr>
<td>ZAR 5.59 tn</td>
<td>Interbank Payments</td>
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8. Main Indicators (Sept18-Aug19)

Number of instructions
343 307
(Last: 343 805)

Value of Instructions
ZAR(TN)
1,246
(Last: 1,269)

Average Value (Interbank)
ZAR (ml)
18,147

Average Value (Interbank)
ZAR (ml)
625,413.74

Growth in volumes

Processing per hour

Country distribution customer payments (Value)

Country distribution customer payments (Volume)

Processing per hour

Current
THE END