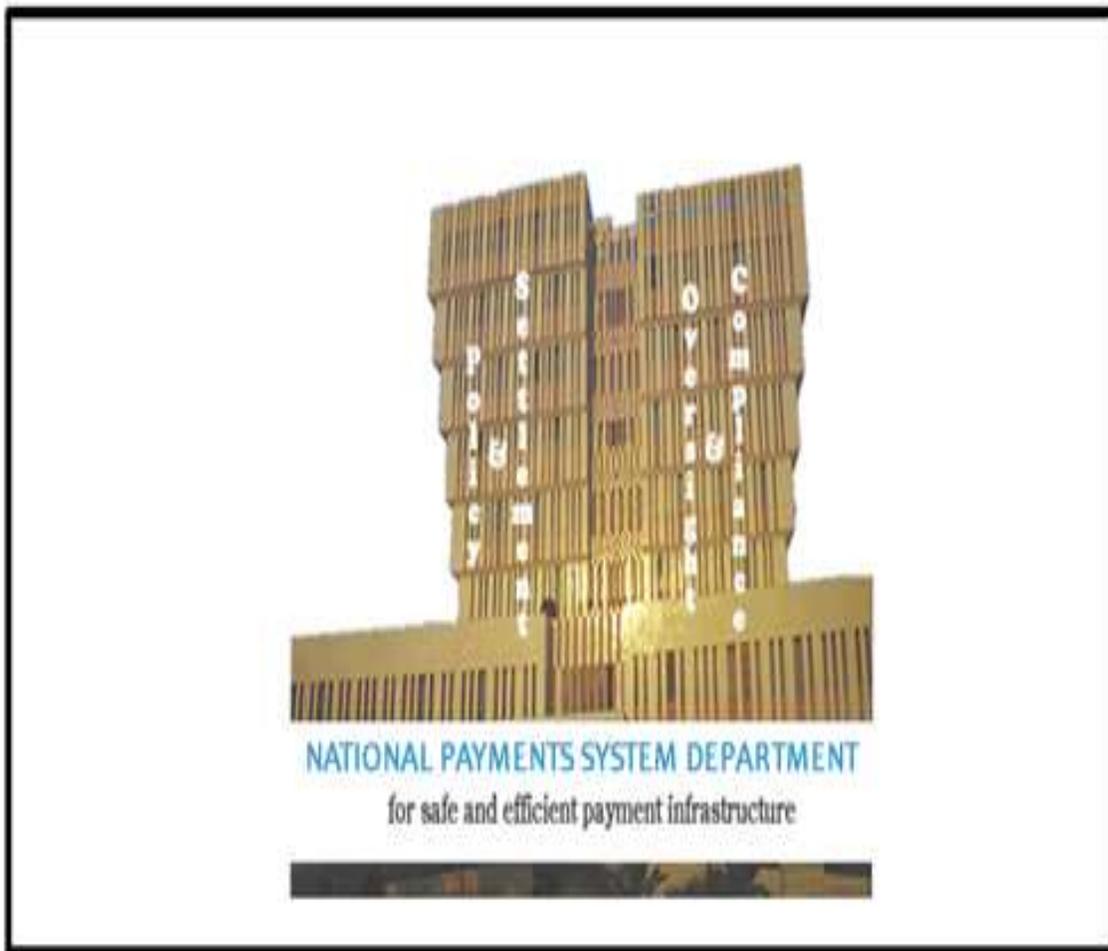




# National Payments System Annual Report 2012



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## **1.0 INTRODUCTION**

The Reserve Bank of Malawi (RBM) continues to strengthen and maintain the safety and efficiency of the national payments system (NPS) infrastructure as one of its strategic objectives. Safety and efficiency in the NPS requires that payments are carried out timely, securely and at an affordable cost.

To ensure safety of the national payments system infrastructure, the RBM operates the Malawi Interbank Transfer and Settlement System (MITASS). This is a real time gross settlement (RTGS) system used for settlement of large funds transfers between commercial banks in the country. Together with the RBM, banks constitute the core of the payments system in Malawi. MITASS is based on credit push principle in order to mitigate systemic risk. Banks are therefore required to prefund their settlement accounts before sending transactions to counterparties. Thus, the design of MITASS has significant implications on the financial stability in the country.

In 2012, a number of reform activities were carried out with the aim of improving efficiency in the NPS

infrastructure. Such reform activities are based on the 2009 – 2013 NPS Vision and Strategy Framework, which is the road map for payments system development in the country. During the period under review, the RBM coordinated the implementation of two (2) major reform projects. These are the National Switch and the Automated Transfer System (ATS) and Central Securities Depository (CSD) projects which are being carried out in collaboration with other key stakeholders such as the National Payments Council (NPC), the Bankers Association of Malawi (BAM), the World Bank, and the Government of Malawi.

Other notable activities undertaken during the review period include commissioning of the Malawi National Net Settlement Service (MANNSS) for VISA card transactions, facilitation of workshops for the Malawi Interbank Transfers and Settlement System (MITASS) users and NPS oversight activities.

Unless otherwise stated, the report highlights NPS developments that took place during the period January to December 2012.

## 2.0 DESIGNATION OF THE PAYMENTS, CLEARING AND SETTLEMENT SYSTEM IN MALAWI

The Bank for International Settlement (BIS) has guidelines for distinguishing between systemically important payments systems (SIPS) and those that are not. A system is designated SIPS if disruptions in its operations can trigger further disruptions amongst its participants. In the extreme this might lead to financial instability in a country. SIPS are also referred to as large value or wholesale payment systems. This is because such systems usually process large- value and time critical (high priority) transactions among its participants.

In Malawi, both MITASS and the Electronic Cheque Clearing House (ECCH) are designated as SIPS. Ideally, systems such as the ECCH are designated as non SIPS or retail payment

systems. This is because their transactions are usually of low value, high volume and not requiring immediate settlement. However the absence of a cheque limits in the ECCH makes it possible for high value transactions to be processed through the system. It is on this basis that the ECCH is considered systemically important in Malawi. In principle, disruptions in retail systems only affect the efficiency of the NPS. This is because they are widely used by the general public. A typical example of retail payment system in Malawi is the smartcard payment clearing house (PCH).

The key differences between large value and retail payment systems in Malawi are summarised in *Table1* below.

*Table 1: Designation of Payment Systems in Malawi*

System	Designation	Operator	Year of commissioning	Nature of transactions	Number of Participants
MITASS	SIPS	RBM	2002	Large value Low volume Time critical	14
ECCH	SIPS	BAM	2005	Low value Large volume Low priority	12
Smartcards	Non SIPS	MALSWITCH	2001	Low value Large volume Low priority	4
VISA	Non SIPS	VISA International	2012	Low value Large volume Low priority	4

Source: National Payments System Dept - RBM

### 3.0 DEVELOPMENTS IN LARGE VALUE PAYMENT SYSTEMS

#### 3.1 The Malawi Interbank Transfer and Settlement System (MITASS)

MITASS was launched in March 2002. Since its inception, the system has processed an average of 119, 824 transactions with a value of K2, 689.7 billion per annum.

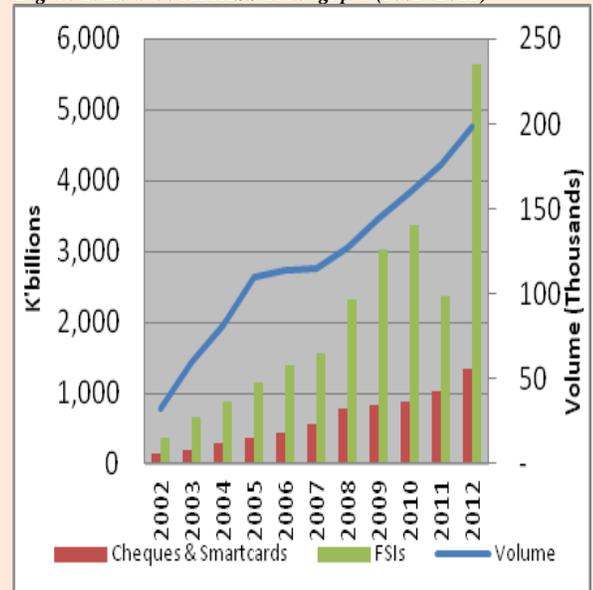
##### 3.1.2 Total Throughput (Volume)

As shown by *Figure 1*, the volume of transactions processed in MITASS in 2012 increased by 12.4% to 198, 344 from 176,465 recorded in 2011. This trend is also in line with the observed increase in the value of funds settlement instructions (FSIs) as a share of total throughput (see 3.1.4 below).

##### 3.1.3 Total Throughput (Value)

Similarly, in terms of value, *Figure 1* shows that in 2012 the system's total throughput was K6, 966.7 billion, up by 104% on the K3, 414.7 billion recorded in 2011. The increase in MITASS throughput emanated from a general rise in interbank money market activity and discount window transactions following the liquidity challenges faced by banks soon after the 49% devaluation of the Kwacha in May 2012. *Figure 2* shows that on average, daily throughput in 2012 increased by 40.4% to K19.1 billion from K13.6 billion recorded in 2011.

Figure 1: Relative MITASS Throughput (2002 -2012)



Source: National Payments System Dept - RBM

### 3.1.4 System Utilisation

MITASS utilisation refers to the share (in percentage terms) of gross or single funds settlement instructions (FSIs) in the total throughput.

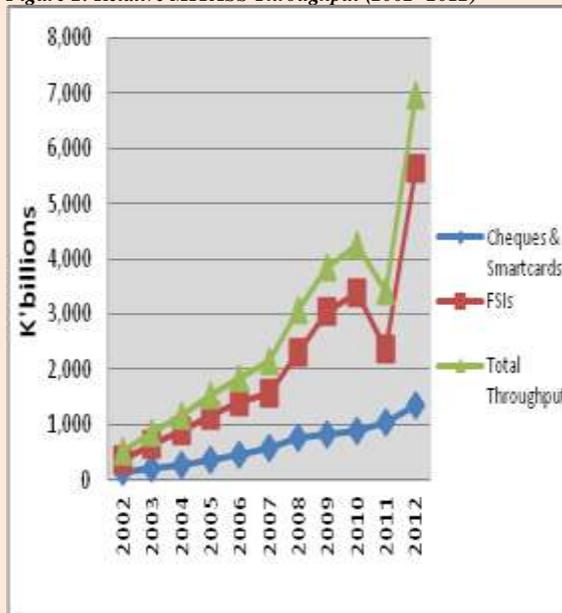
A large share indicates a high degree of system utilisation by participants compared to bulk transactions<sup>1</sup>.

Figure 2 shows that in 2012 the share of FSIs in total throughput was 80.8%, up from 69.4% recorded in 2011. In absolute terms, FSI value increased by 136.5% from K2, 380.4 billion registered in 2011 to K5, 630.7 billion in 2012. This increase is attributable to the same developments as provided in section 3.1.3 above.

Conversely, the proportion of settled cheque and smartcard transactions declined from 30.3% in 2011 to 19.2% in 2012. In absolute terms, the total value of bulk transactions amounted to K1, 332.8 billion in 2012, up from K1, 043.2 billion in 2011.

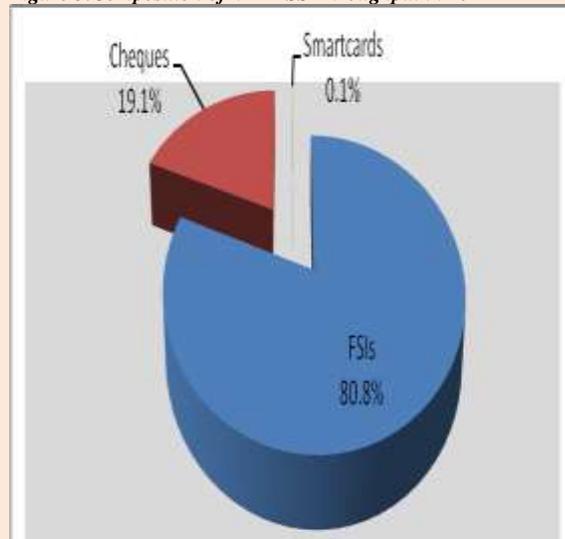
However, as illustrated by Figure 3 smartcard transactions alone accounted for 0.24% and 0.1% of bulk transactions and total throughput, respectively in 2012. In 2011, Smartcard transactions accounted for 1.95% and 0.6% of bulk transactions and total throughput, respectively.

Figure 2: Relative MITASS Throughput (2002 -2012)



Source: National Payments System Dept - RBM

Figure 3: Composition of MITASS Throughput in 2012



Source: National Payments System Dept - RBM

<sup>1</sup> Bulk transactions refer to a group of payment transactions settled as one instruction i.e. Bulk =  $\sum(\text{cheque} + \text{smartcard})$  transactions.

### 3.1.5 MITASS Values per Window

The MITASS settlement schedule is split into 4 processing windows<sup>2</sup>. Being a high value real time settlement system, MITASS requires participants to settle their interbank obligations as early as possible. This practice ensures availability of sufficient liquidity in the system to support settlement of interbank transactions. To encourage good settlement practice (i.e. early settlement of high value transactions) amongst participants, RBM offers a 50% discount on cost of processing of transactions in window 1. Window 2 attracts a normal transaction charge of K100. Beyond window 2, transactions attract a 50% surcharge.

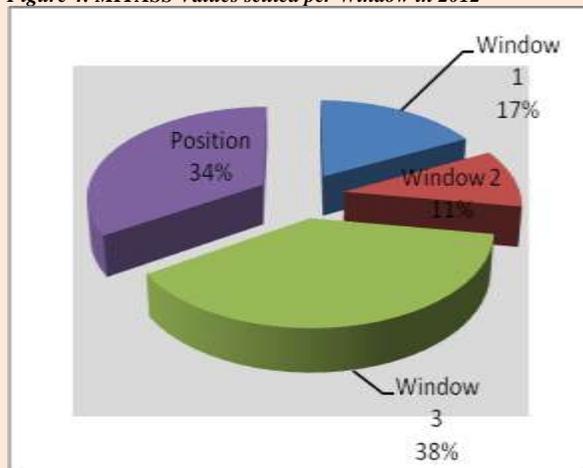
Figure 4 shows the value of MITASS throughput per processing window. It shows that 72 percent of the total throughput was processed in window 3 and the position window. Efforts are however being made to have most of high value transactions processed in windows 1 and 2.

### 3.1.6 MITASS and Financial Stability

Operational disruptions in MITASS compromise the efficient settlement of high value and time sensitive transactions. In the extreme, the unavailability of MITASS may lead to widespread inability of commercial banks to honour their interbank obligations. To mitigate this systemic risk, RBM strives to enforce the appropriate rules and procedures as well as service level agreements pertaining to the system.

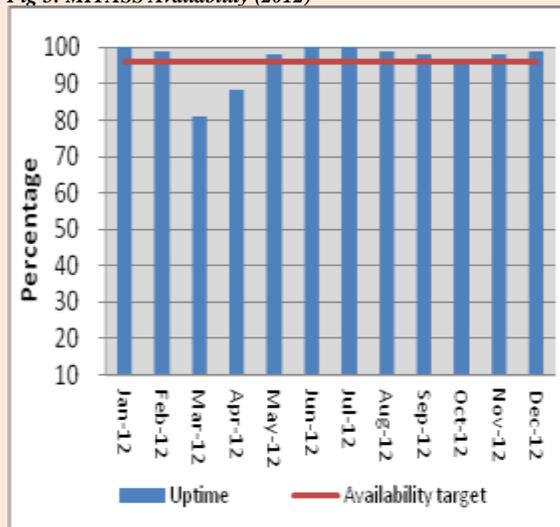
<sup>2</sup> Refer to Appendix 1 below for a detailed settlement schedule

Figure 4: MITASS Values settled per Window in 2012



Source: National Payments System Dept - RBM

Fig 5: MITASS Availability (2012)



Source: National Payments System Dept - RBM

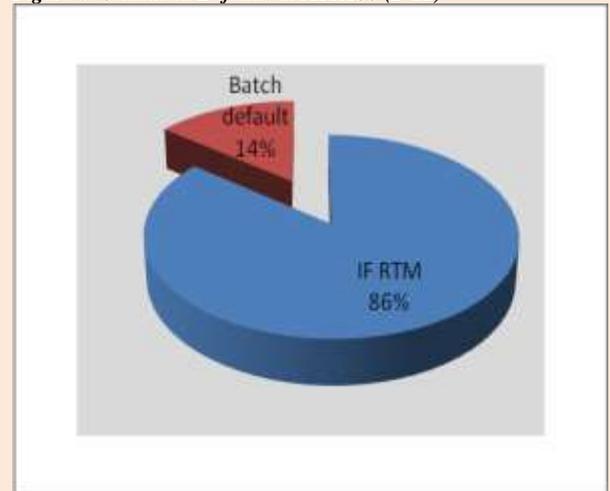
The RBM ensures that the system is available to participants throughout the processing day. The targeted system availability for MITASS is 96%. *Figure 5* illustrates MITASS availability for 2012. It shows that overall, the system uptime was 96%, down from the 97% recorded in 2011. In absolute terms, system down time increased from 65.8 hours in 2011 to 78.9 hours in 2012. This implies that the average daily down-time for the system in 2012 increased to 18.9 minutes from 16.5 minutes in 2011. The downward trend in system availability especially in March and April 2012 was largely due to technical problems at MALSWITCH (technical managers of MITASS). However, both RBM and MALSWITCH are working towards reduction of these system downtimes.

### 3.2 Financial Risks in MITASS: Settlement Defaults

As discussed above, settlement in MITASS is based on credit push principle<sup>3</sup>. Consequently, settlement defaults in MITASS are mostly due to temporary liquidity shortfalls on the part of participants.

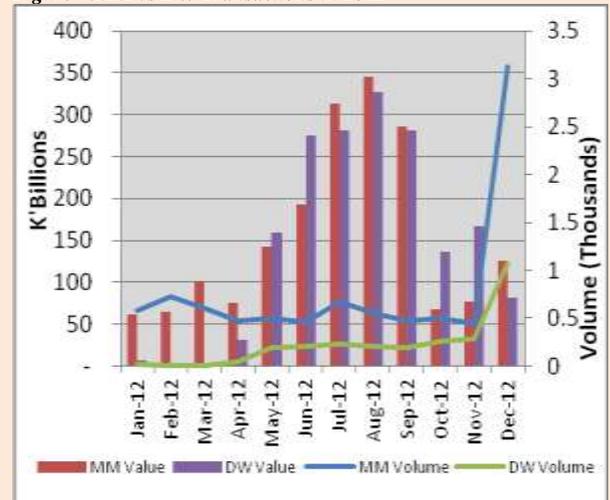
The frequency of settlement defaults in 2012 increased by 16.3% to 50 cases as opposed to 43 incidences in 2011. *Figure 6* shows that 86% of the incidences were due to insufficient funds to cover for individual/single settlement instructions. The remaining 14% was due to insufficient liquidity to cover for cheque and

*Figure 6: Settlement Defaults in MITASS (2012)*



Source: National Payments System Dept - RBM

*Figure 7: MM vs DW Transactions in 2012*



Source: National Payments System Dept - RBM

<sup>3</sup> Credit push principle implies prefunding of settlement accounts by system participants before transactions are pushed for actual settlement.

smart card transactions. The occurrence of defaults increased between June and September 2012 as a result of the effects of the devaluation, leading to banks facing liquidity challenges in MITASS. As lender of last resort, RBM intervened by introducing a non collateralised discount window facility.

Figure 7 shows increased activity in MITASS operations related to money market and discount window activities following the May 2012 devaluation of the Kwacha.

#### 4.0 DEVELOPMENTS IN RETAIL PAYMENT SYSTEMS

##### 4.1 Malawi National Net Settlement System

The Malawi National Net Settlement System (MANNSS) is a system through which domestic VISA card transactions are processed and settled in Malawi Kwacha via MITASS. The system became operational in November 2012 involving the four Visa member banks namely National Bank of Malawi, Standard Bank, NBS Bank and First Merchant Bank.

Since settlement is done through MITASS, it is hoped that MANNSS will eventually benefit customers through reduced transaction charges. This will be the case since settlement of interbank obligations arising from local visa transactions among the four banks was, hitherto, effected outside Malawi in foreign currency.

Daily operations of the MANNSS are guided by the Settlement Operating Procedures that define the scope, procedures and responsibilities of MANNSS participants.

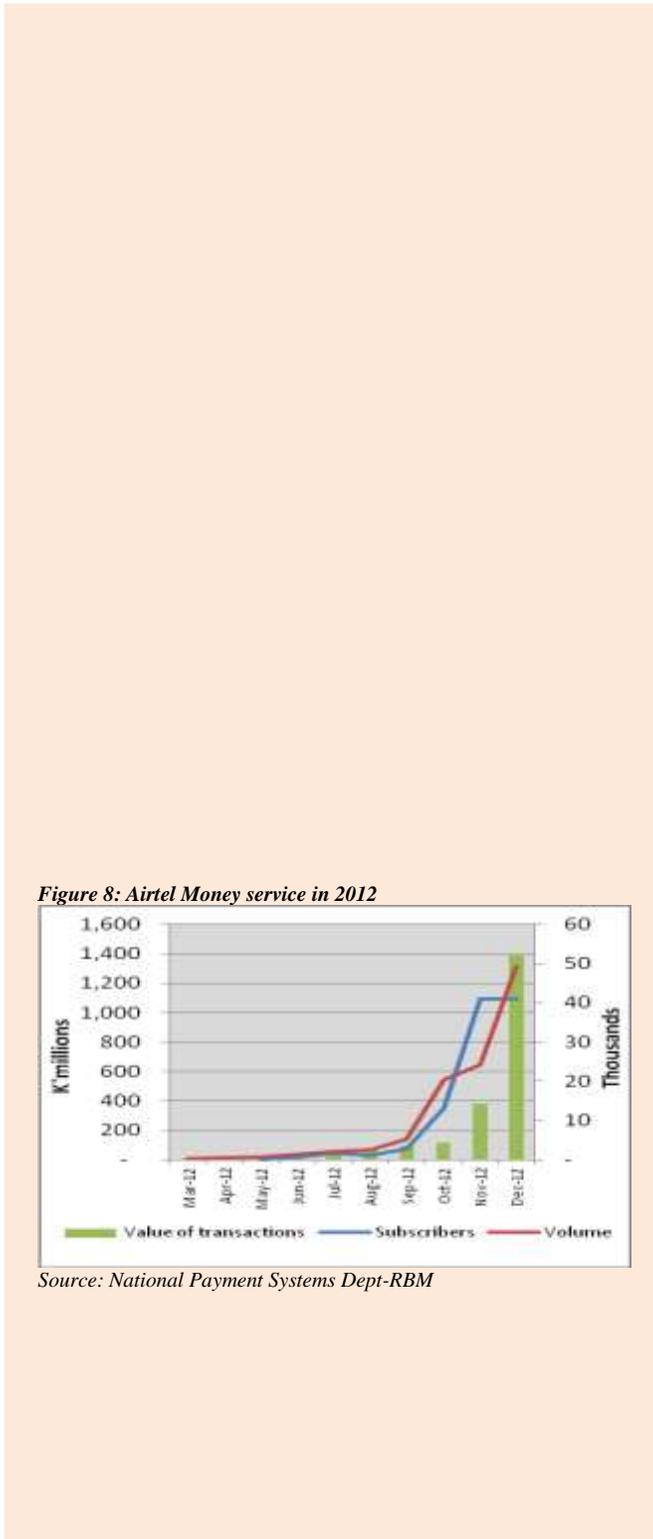


Figure 8: Airtel Money service in 2012

Source: National Payment Systems Dept-RBM

## 4.2 MOBILE PAYMENT SCHEMES

### 4.2.1 Non – Bank Led Mobile Payment Services

During the period under review, there was only one non-bank led mobile payment scheme, Airtel Money. The product was launched in February 2012 by Airtel (Malawi) Limited. The company has partnered with two local banks to support the operation of the product.

*Figure 8* shows that the value of Airtel Money transactions has been growing at an average of 160% per month since its inception.

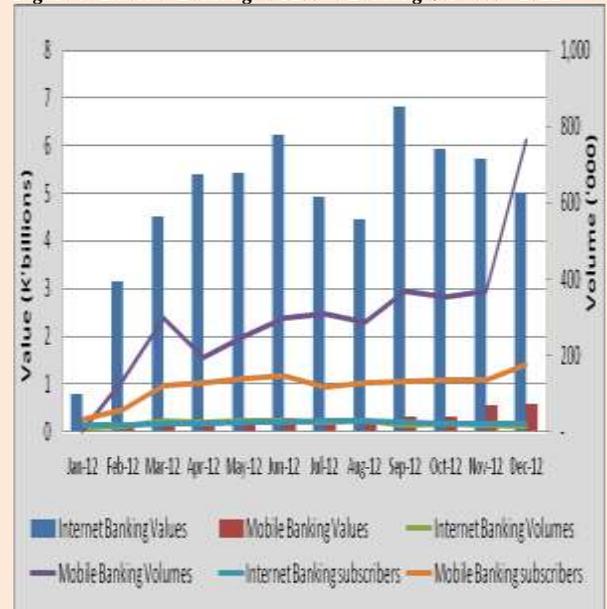
### 4.2.2 Internet and other Bank-Led Mobile Payment Services

Currently, six banks in the country offer internet banking services while four offer mobile banking facilities.

*Figure 9* shows that by the end of December 2012, mobile banking services had registered a 429% growth in number of subscribers to 176,907 from 33,412 recorded in January 2012. On the other hand the number of internet banking subscribers registered a 20% increase from 17,229 in January 2012 to 20,647 in December 2012.

However, in terms of value, internet banking services registered a 538% rise from K0.8 billion in January 2012 to K5.0 billion in December 2012 while mobile banking services registered a 1,299% rise in values to K0.6 billion in December 2012 from K0.04 billion in January 2012.

*Figure 9: Internet Banking vs Mobile Banking Services - 2012*



Source: National Payment Systems Dept-RBM

For further comparison in the performance of internet and mobile banking services refer to *Appendix 2* below.

## **5.0 NATIONAL PAYMENTS SYSTEM AND THE FINANCIAL INCLUSION AGENDA**

### **5.1 Background to the Financial Inclusion Initiative**

RBM recognizes that the promotion of innovative financial services is one of the key ways through which Malawi can extend affordable, safe and convenient access to financial services to the unbanked and financially excluded population. To this end, both Government and RBM continued to develop and implement policies and activities to promote usage of a broad range of quality payment products and services in 2012.

Some of the activities and policies were being implemented both under the National Strategy for Financial Inclusion (2010-14) which is a long-term plan of action designed to facilitate financial inclusion in Malawi and various donor-sponsored programs. Based on the National Strategy, RBM's short to medium term goal is to increase the adult bankable population from the current 19% (according to the 2008 Finscope Study) to 40% by 2014.

### **5.2 Challenges to the Financial Inclusion Agenda**

There are a number of challenges that are hindering the full achievement of financial inclusion in the country. These challenges include:

- i. low penetration of cell phones among the unbanked population

- ii. low penetration of mobile money agents in rural areas
- iii. low financial literacy and awareness among the populace
- iv. lack of interconnectivity or integrated national switch through

which mobile network operators (MNOs) can integrate with commercial banks' payment systems, and

- v. the high relative cost of financial services.

To address these challenges, RBM started to implement broader approaches, spanning across different policy areas, to enhance financial inclusion through the promotion of retail payments services delivery, consumer education and data measurement just to mention a few. Most of the approaches are best summarized under the Maya Declaration<sup>4</sup> through which the RBM committed to take specific actions to enhance financial inclusion in Malawi. Some of the activities being carried out by the country in relation to the Maya Declaration include:

*i. Collection of financial inclusion data*

In 2012, RBM finalized the development of a template for collecting basic supply-side data on financial inclusion, which is based on Alliance for Financial Inclusion (AFI's) core financial inclusion indicators. The template has since been shared with all banks for their comments before the RBM formally

starts collecting the supply-side core indicators on financial inclusion from all banks.

*ii. Development of a transparent pricing strategy*

The Directive on Disclosures has been issued to banks that require them to publish their charges and tariffs on various products and services, for the general public to make informed decisions. The RBM has also embedded provisions for transparency, disclosure and truth-in-lending in the directive published in June 2012 for non-deposit taking microfinance institutions. RBM's Bank Supervision Department is the lead department in this policy area.

*iii. National financial literacy and consumer education strategy*

RBM completed a pilot survey of national financial literacy and consumer education in February 2012 and the Bank was also undertaking a baseline survey and desk review for financial capability. Development of the Financial Literacy and Consumer Education Strategy which is expected to be launched by end of June, 2013 also started in 2012.

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<sup>4</sup> Maya Declaration was adopted at the 2011 AFI Global Policy Forum (GPF) in Maya, Mexico during which AFI member institutions declared measurable set of commitments to unlock the economic and social potential of the 2.5 billion poorest people through greater financial inclusion.

### **5.3 Alliance for Financial Inclusion (AFI) Activities**

AFI Working Groups are the main platforms through which central banks are involved in AFI peer learning activities on various topics of financial inclusion. In 2012, just like other central banks, the RBM participated in the following AFI Working Group meetings:

- i. Financial Inclusion Data Working Group (FIDWG)
- ii. Mobile Financial Services Working Group (MFSWG)
- iii. Financial Integrity Working Group (FINTWG), and
- iv. Consumer Empowerment & Market Conduct (CEMC) Working Group.

Apart from the Working Group meetings, RBM also attended the 2012 Global Policy Forum, an annual event that helps to advance two of AFI's key goals; provision of platform for peers to connect with one another and sharing of experiences by policymakers in the implementation of new solutions for financial inclusion. The 2012 GPF was held in Cape Town, South Africa.

### **5.4 Other activities to scale-up financial inclusion activities**

Other initiatives undertaken in 2012 to promote the financial inclusion agenda include the finalization of the Payment Systems Bill which is expected to be enacted in 2013 and implementation of various activities being coordinated by the Mobile Money Coordination Group (MMCG). The MMCG was formed in 2011 to promote adoption of mobile money in the country. Membership of the MMCG is drawn from the Government (i.e., Ministry of Finance),

RBM, Malawi Communications Regulatory Authority (MACRA), MNOs, USAID Malawi and the World Bank (Malawi Office).

## **6.0 OVERSIGHT OF THE NATIONAL PAYMENTS SYSTEM INFRASTRUCTURE**

### **6.1 Objectives of Oversight**

The main objective of RBM's payments system oversight activities are to ensure that the payment system as a whole operates in an orderly manner to promote safer and more stable financial environment. As such in 2012 RBM carried out oversight activities and submitted Payment System Bill to Government. The Bill is part of the financial sector regulatory reforms to provide an enabling legal framework for payment systems in the country.

### **6.2 Onsite & Offsite Oversight Activities**

During the year under review, RBM carried out a number of activities in fulfilment of its oversight mandate as enshrined in the Reserve Bank of Malawi (Amendment) Act of 2010. It also continued to develop the legal framework in order to improve the payment systems regulatory environment.

The RBM carried out on-site oversight activities involving all MITASS participants in October 2012 during which the participants' performance for the first half of 2012 was assessed and discussed. The discussions during the meetings centred on ways of mitigating operational and settlement risks as well as promoting efficiency in MITASS. RBM also continued to collect data on ATMs, POS machines, internet and mobile banking transactions from commercial banks and MNOs for analysis after which appropriate policy interventions, if required, could be designed and implemented.

### **6.3 Payments System Regulatory Reforms**

Drafting of the Payment System Bill was completed during the period under review. The Bill underwent a consultation process with key domestic as well as international stakeholders such as the IMF, World Bank, AFI and AfDB. The draft Bill has since been submitted to Government for the appropriate drafting procedures. After this, the Bill will be submitted to parliament for possible enactment by

December 2013. The Bill is expected to address the current regulatory gap on electronic payments, among others.

### **6.4 Challenges and Way Forward**

RBM is currently carrying out its oversight of payment systems with powers derived from the RBM (Amendment) Act of 2010. As explained above however, the provisions in this Act do not cover the oversight of modern electronic payments systems, representing a potential legal risk to the entire national payments system.

In the meantime, RBM and participants in payment systems continue to rely on bilateral, multilateral, as well as service level agreements (SLA's). The SLAs outline the roles and responsibilities of each participant in terms of management and administration of risk. In addition, RBM has an Oversight Policy on national payment systems which guided some of its oversight activities in 2012. RBM was guided by Guidelines for Mobile Payments Systems in its oversight of mobile payment services in 2012.

## **7.0 NPS REFORM PROJECTS: DOMESTIC INITIATIVES**

### **7.1 Automated Transfer System (ATS) and Central Securities Depository (CSD) Project**

A study by the World Bank conducted in Assistance Project (FSTAP). FSTAP has 2008 on the country's financial sector five components, one of which relates to revealed several weaknesses in the NPS NPS reforms i.e. implementation of an infrastructure. The study was carried out Automated Transfer System (ATS), Central under the Financial Sector Assessment Securities Depository (CSD) and the Programme (FSAP). To address the National Switch. observed weaknesses, the study made several recommendations that culminated Both the ATS and CSD will be supplied by into the Financial Sector Technical Montran Corporation, a US based firm.

The ATS will comprise of a real time gross settlement (RTGS) system and automated clearing house (ACH) modules. It will therefore be capable of clearing and settling all interbank electronic payments irrespective of value or level of urgency.

*i. Real Time Gross Settlement (RTGS)*

This module will be used for real time settlement of large value and time critical interbank transactions. It will replace the current RTGS system supplied by Perago.

*ii. Automated Clearing House (ACH)*

Besides supporting automated clearing and truncation of cheques, this module will provide netting facilities for a range of other low value (retail) electronic fund transfers such as direct debits and credits. It will also be capable of processing bulk payments such as salaries. In this regard, the ACH component of the ATS has more capabilities than the current Electronic Cheque Clearing House (ECCH) solution.

The RTGS and ACH modules of the ATS will run on the same platform.

*iii. Central Securities Depository*

The CSD will be a new component to the NPS infrastructure. It will have an integrated primary trading (auction) module that will be linked with the RTGS component of the ATS. This will facilitate the electronic settlement of primary issues of Government Securities, RBM's Open Market Operations and inter-bank money market operations. The integration of the CSD to the ATS will therefore allow for the attainment of straight through processing (STP) and delivery versus payment (DvP). It is expected that the attainment of STP and DvP coupled with increased capabilities of the ACH will reduce transaction processing costs incurred by banks.

Currently, the project is in the design phase with full implementation commencing in the third quarter of 2013. The solution is expected to be commissioned in 2014.

## **7.2 The National Switch Project**

As is the case with the ATS, the National Switch Project is being implemented with resources from the World Bank under the FSTAP. It is expected that the switch will be rolled out in 2014.

Once implemented, the national switch will enable the interoperability of auto-teller machines (ATMs) and point of sale (POS) devices owned and /or operated by various financial institutions in the country. It will also support internet banking, mobile banking and at a later stage accommodate a processing hub for microfinance institutions. Ultimately, the national switch will be interfaced with the ATS for settlement of interbank obligations arising from its operations. Implementation of the national switch

project requires increased stakeholder cooperation and adoption of common standards. These aspects will in the long run ensure reduced interchange, and hence, transactional charges. In addition, the switch will provide infrastructure that will support a proliferated network of financial services access points in the country. This is in line with Malawi's financial inclusion agenda.

The national switch will be owned and operated by the commercial banks under the umbrella of BAM. Nevertheless, as overseer of the payments infrastructure, RBM will continue to provide policy and regulatory guidance on the national switch.

## **8.0 NPS REFORM PROJECTS: CROSS BOARDER INITIATIVES**

### **8.1 SADC INTEGRATED REGIONAL ELECTRONIC SETTLEMENT SYSTEM**

The SADC Integrated Regional Electronic Settlement System (SIRESS) is one of the many projects being developed

in terms of the SADC Finance & Investment Protocol. The project is being implemented by a Payments System

Project Team directly reporting to the committee of central bank governors (CCBG) within SADC member states. SIRESS is basically a regional RTGS system being implemented to settle the following transactions, among others;

- i. Real time credit transfers
- ii. Interbank loans and foreign exchange deals
- iii. SADC Direct Debits
- iv. SADC Card and ATMs
- v. SADC Securities.

The SADC Banking Association (BA) was mandated to represent the interests of the commercial banks in the project and to develop the required regional payment instruments. The South African Reserve Bank (SARB) was appointed as agent by all stakeholders to provide and operate

SIRESS. To this effect, stakeholder agreements are being developed to be co-signed by the SADC Central Bank Governors participating in SIRESS (as co-owners of SIRESS). Stakeholders have also agreed to initially settle transactions using the South African Rand (ZAR) pending further review on the same.

The project is expected to roll out gradually with the first phase planned for July 2013. The first phase will involve SIRESS participants from the common monetary area (CMA) comprising of South Africa, Namibia, Swaziland and Lesotho. *Table 2* summarises scheduled activities and high level dates in preparation for the roll out of the SIRESS.

*Table 2: SIRESS Project Plan – Revised High Level Dates*

Activity	Start date	End date
<b>Legal Agreements</b>	Ongoing	End February 2013
<b>Co-operative Oversight</b>	Ongoing	End April 2013
<b>Implement Operational Model</b>	Ongoing	22 March 2013
<b>Technical Solution</b>	Ongoing	01 March 2013
<b>SWIFT FIN Copy Service</b>	Completed	13 October 2012
<b>User Acceptance Testing</b>	04 March 2013	26 April 2013
<b>Market Testing (SADC BA)</b>	06 May 2013	13 July 2013
<b>Go Live Preparation</b>	08 July 2013	19 July 2013
<b>Implementation</b>	20 July 2013	21 July 2013
<b>Go Live</b>	22 July 2013	

Source: SADC Payments Project Team

## 8.2 COMESA REGIONAL PAYMENT AND SETTLEMENT SYSTEM (REPSS)

The Regional Payment and Settlement System (REPSS) has been developed and

implemented to support increased intra regional trade and hence economic

growth within COMESA member states. The system's clearing house is located in Zimbabwe. However, stakeholders appointed the Central Bank of Mauritius as the settlement agent. Local banks within participating member countries access the system through their domestic central banks. REPSS payments are effected through clearing, thus it is not a real time gross settlement system. However, settlement accounts of participants need to be prefunded before actual settlement which is done either in US dollars or Euro.

REPSS vision is to reduce foreign correspondent banking charges and hence

cost of intra regional trade within the COMESA region.

Currently two central banks within COMESA have gone live in REPSS (effective 3<sup>rd</sup> October 2012); the Central Bank of Mauritius and the National Bank of Rwanda. In Malawi, stakeholders are currently reviewing participants' agreements with the COMESA Clearing House. In addition, a stakeholder sensitization workshop was scheduled for early 2013 while final test runs are earmarked for June 2013. Malawi is expected to go live in REPSS by end August 2013.

## **9.0 CONCLUSION**

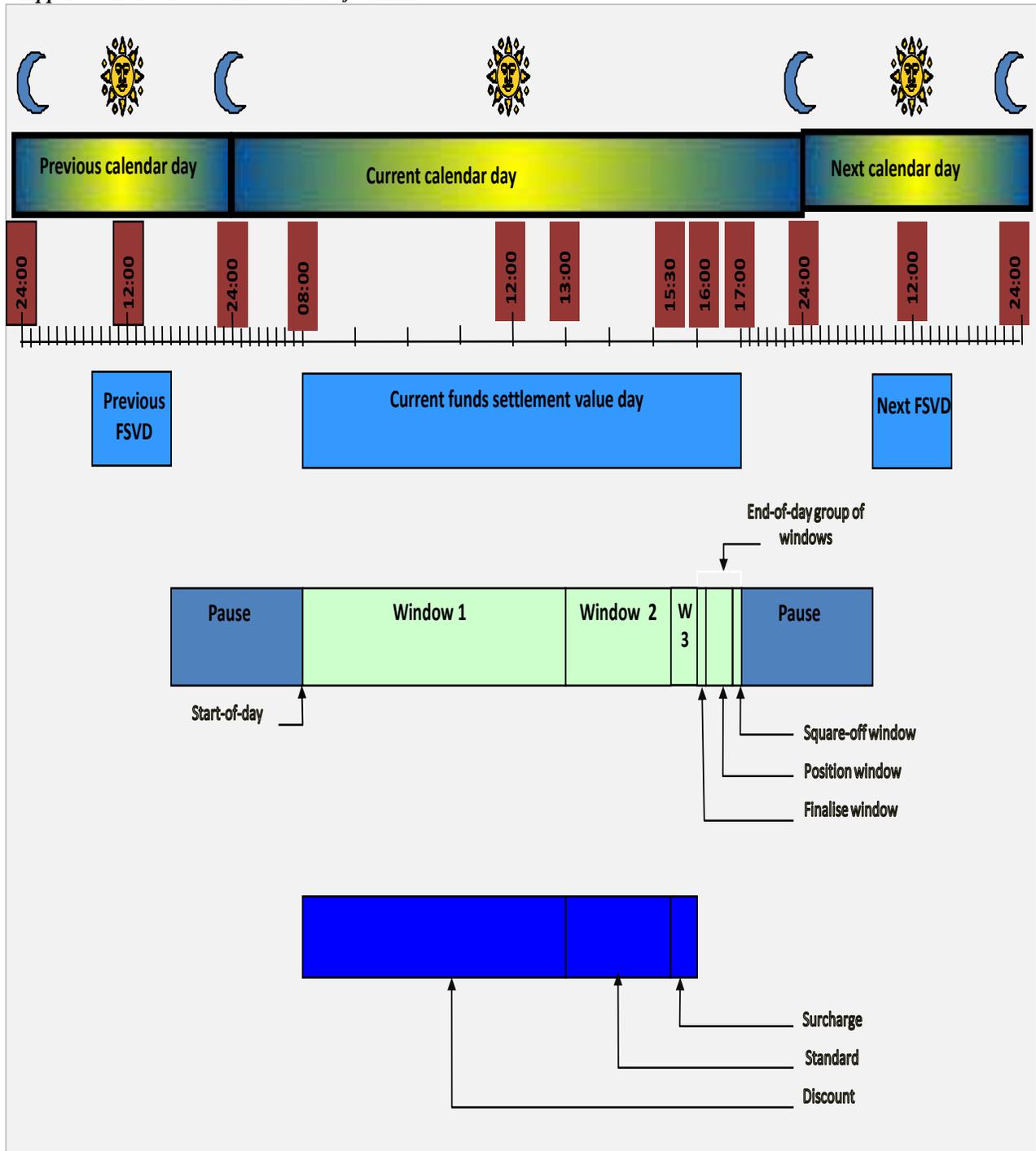
Realising the importance of a safe and efficient national payments infrastructure, NPS stakeholders under the leadership of the Reserve Bank increased their collaboration during the year 2012 in order to achieve progress in various payments system reform activities. Several activities have been undertaken to further strengthen and improve the NPS infrastructure. Significant progress has been made in

both the ATS and National Switch Projects. At the same time, Malawi started settling domestically all local VISA card transactions.

The Payment Systems Act which is expected to be enacted before the end of 2013 will strengthen the legal and regulatory environment of the National Payment System.

# APPENDICES

*Appendix 1: Normal Settlement Schedule for MITASS*



Source: National Payment Systems Dept-RBM

**Appendix 2: Comparison of Internet and Mobile Banking Services - 2012**

	Values		Volume		Subscribers	
Month	<u>Internet</u>	<u>Mobile</u>	<u>Internet</u>	<u>Mobile</u>	<u>Internet</u>	<u>Mobile</u>
Jan 12	785,645,883	41,668,425	10,127	3,888	17,229	33,412
Feb 12	3,166,614,384	69,089,464	11,790	136,632	16,824	58,402
Mar 12	4,513,361,957	154,379,873	26,902	298,856	19,119	119,475
Apr 12	5,398,215,830	163,779,768	26,357	192,894	19,605	128,932
May 12	5,428,208,116	223,294,850	28,607	249,156	25,220	138,083
Jun 12	6,234,050,385	290,200,039	26,802	297,914	25,876	147,758
Jul 12	4,915,531,040	273,550,748	25,863	308,625	26,599	115,775
Aug 12	4,450,008,447	266,024,343	26,771	287,846	26,997	127,533
Sep 12	6,816,736,717	311,141,272	17,251	369,607	23,849	132,338
Oct 12	5,945,077,323	319,670,499	20,506	354,589	22,333	134,368
Nov 12	5,734,981,952	540,093,539	16,387	369,624	20,502	137,272
Dec 12	5,013,458,663	583,090,861	15,378	763,853	20,647	176,907
<b>Total</b>	<b>58,401,890,697.52</b>	<b>3,235,983,681.19</b>	<b>252,741.00</b>	<b>3,633,484.00</b>	<b>17,229</b>	<b>33,412</b>