



SADC Payment System – World Bank Report

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South African Reserve Bank

Southern African Development Community (SADC)



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The project was launched in 1996 to :

- Assist individual SADC countries to define a domestic payment strategy and a development plan; and
- Define a co-ordinated regional approach to cross-border payment, taking into consideration the implications for trade, central bank policy, foreign exchange positions and control.



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Project Vision

- Each SADC country has :
 - An efficient and effective payment system
 - Internationally acceptable
 - Interlinked within the region
 - Supporting the SADC aims of :
 - Free trade



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Reason for the report

- Report to the SADC Committee of Central Bank Governors (CCBG) on the full status of the project since its inception.
- Highlight the impact of World Bank assistance in the development of the regional payment systems.
- Highlight challenges and opportunities for further development of payment systems in the region.



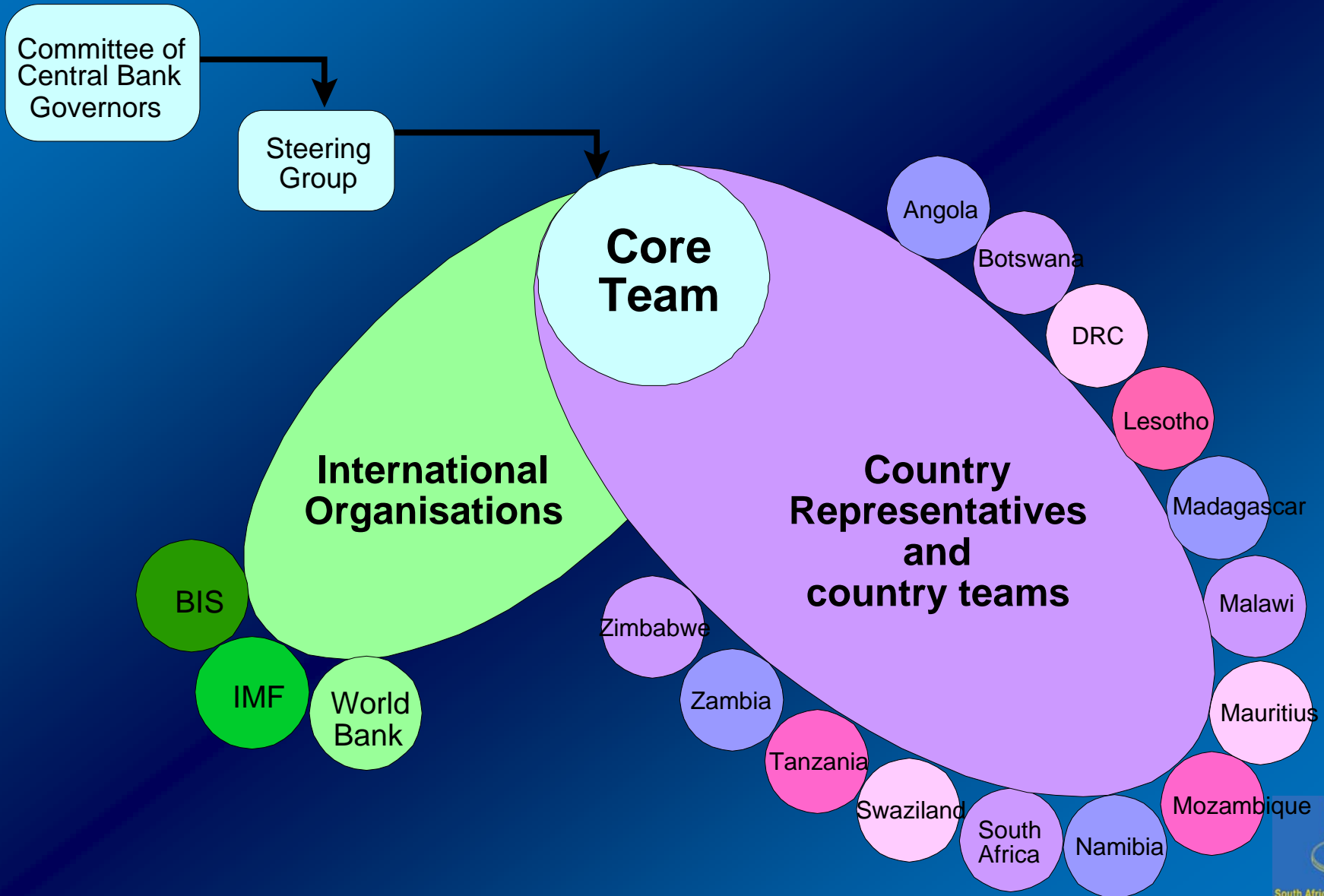
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Structure of the report

- Historical background of the SADC Payment System Project.
- The strategic process of modernisation of regional payment systems.
- Projects (within the project) undertaken since 1996.
- Peer review or self-assessment using the FSAP Guidance Note.
- Capacity building issues that have been identified and that need attention.



The Payment System Project Structure



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- Different approaches to Modernisation
 - Pure strategic approach
 - Model-based approach
 - Operational approach



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- Strategic Process
 - Project launch
 - Sensitisation
 - Information gathering and stocktaking
 - Vision and strategy formulation
 - Conceptual design
 - Business process specification
 - Technical specification
 - Procurement
 - Development
 - Implementation



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- Project Launch
 - Involve all key stake-holders
 - Appoint the champion – project leader
 - Analyse budgetary requirements
 - Ensure top management support – governor level

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- Sensitisation / Orientation
 - Raise awareness about payment system issues
 - Common understanding and terminology
 - Identify challenges and opportunities
 - Achieve buy-in by key stakeholders



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- Information Gathering / Stocktaking
 - Objective
 - Analyse the current NPS
 - Prepare a report detailing the current situation
 - Identify issues and user needs, strengths and weaknesses
 - Make preliminary suggestion on the way forward



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Vision and Strategy Formulation

- Vision
 - Desired long term characteristics of the new NPS
- Fundamental principles
 - Principles guiding the development, deployment and management of NPS
- Critical success factors
 - Yardstick against which success will be measured
- Strategies
 - Aligning the current system with the desired NPS

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- Conceptual Design
 - High level design of business processes and support mechanism
 - The payment process
 - The clearing process
 - The settlement process
 - Roles and responsibilities of various players



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- Technical Specification
 - Hardware and software requirements
 - Instrument and message standards
 - System availability
 - Security features

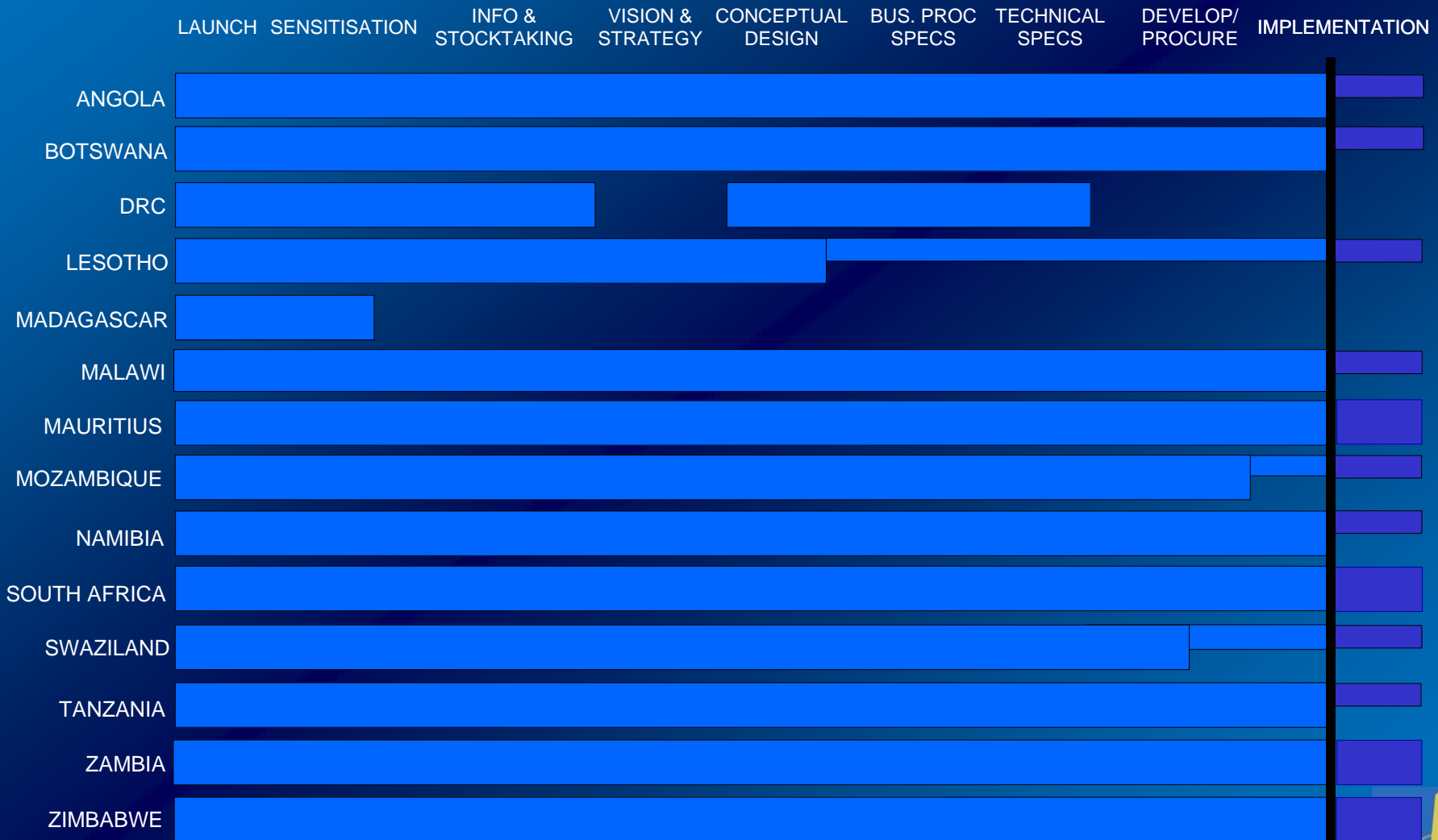


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- Procurement, Development & Implementation
 - RFP and bidding
 - Analysis and selection of bidders
 - Time, cost and strategic requirements
 - Implementation



SADC Modernisation



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- Projects undertaken under the funding of the first World Bank IDF Grant
 - The Green Book
 - Sensitisation workshops and annual regional conferences
 - Focus groups



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- Projects undertaken under the funding of the first World Bank IDF Grant (cont.)
 - Training workshops and courses
 - Clearing
 - Payment System Principles
 - Strategic Management
 - Business Analysis

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- Projects undertaken under the funding of the first World Bank IDF Grant (cont.)
 - Profiling initiative (psychometric analysis)
 - Video project
 - Newsletter
 - The SADC Central Bankers Website
 - SADC Guide to Developing a Strategic Framework for Payment System Modernisation (The Guide)



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- Self-funding – The SADC-suitable RTGS Project
 - 2000 – Vision and Strategy completion
 - RTGS the common thread
 - Project launched to determine common business and systems requirements
 - Economies of scale, capacity building and negotiating power
 - 2 vendors recommended to CCBG
 - Cost US\$42 857,00



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- Projects under the funding of the Second World Bank IDF Grant
 - SADC Cross-border settlement model initiatives
 - Annual Regional Conferences
 - FSAP Self Assessment



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- International contributions
 - BIS CPSIPS
 - General Guidance for National Payment System Development



Systemically Important Payment Systems (SIPS)

<u>Country</u>	<u>RTGS</u>	<u>ECH / Cheques</u>
Angola	X	
Botswana		X
DRC	-	-
Lesotho		X
Madagascar	-	-
Malawi	X	
Mauritius	X	
Mozambique		X
Namibia	X	
South Africa	X	
Swaziland		X
Tanzania	X	
Zambia	X	
Zimbabwe	X	

Core Principles for SIPS

Core Principle	Observed	Broadly Observed	Partly Observed	Non Observed	Not Applicable
CP 1	6	3	3	0	2
CP 2	8	3	1	0	2
CP 3	7	5	0	0	2
CP 4	8	3	1	0	2
CP 5	2	2	2	0	6
CP 6	12	0	0	0	2
CP 7	5	7	0	0	2
CP 8	7	4	1	0	2
CP 9	6	5	1	0	2
CP 10	9	3	0	0	2



Central Bank Responsibilities

Central Bank Responsibilities	Observed	Broadly Observed	Partly Observed	Non Observed	Not Applicable
CBR A	11	1	0	0	2
CBR B	4	7	1	0	2
CBR C	4	4	2	0	4
CBR D	12	0	0	0	2



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- The Way Forward and issues outstanding in the SADC Region
 - Regional
 - Oversight
 - Remittances
 - Securities systems
 - Capacity building
 - Updated statistics



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- The Way Forward and issues outstanding in the SADC Region (cont.)
 - Individual projects
 - Capacity building and assistance to DRC and Madagascar
 - Funding
 - Funding from external sources
 - Self funding



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Acknowledgements



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