

**Committee of
Central Bank
Governors**



SADC Payment System Oversight Committee Report

April 2019 – September 2021



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This is the third issue of the SADC PSOC Report, and it highlights activities of the SADC PSOC from April 2019 to September 2021. Data may include own calculations made for the purposes of this publication.

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The SADC-RTGS system in numbers

SADC Payment System Oversight Committee central bank members



SADC regional payment system



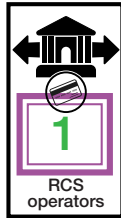
SADC regional clearing and settlement system operator



The SADC-RTGS system in numbers

85

Total SADC-RTGS participants



15

Participating countries

Totals since inception



2 262 853
Total volume



R8.77 trillion
Total value

Peak indicators

2 780

30 April 2018

Peak daily volume



33 079

March 2021

Peak monthly volume

R11.4 billion

28 December 2018

Peak daily value

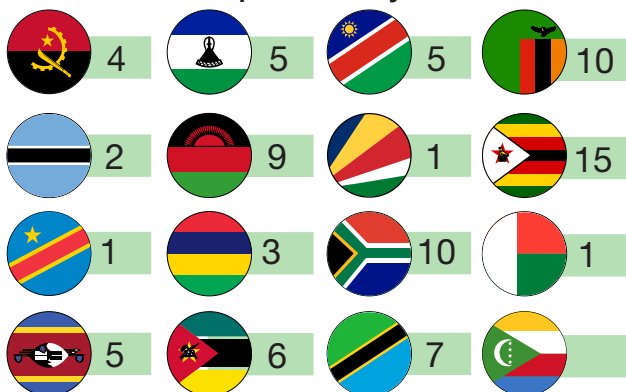


R132.07 billion

March 2021

Peak monthly value

Number of participating banks per country



Values and volumes distribution by instruction type



Customer payments

R1.00 trillion
Customer payments



Interbank payments

R7.65 trillion
Interbank payments



Interest and charges



Foreword by the SADC PSOC Chairperson

The journey to integrate the cross-border payments in the Southern African Development Community (SADC) region has had its successes and challenges. To this end, in the SADC region, 15 of the 16 member states have financial institutions drawn from their jurisdictions participate in the SADC Real-Time Gross Settlement (SADC-RTGS) system which is essential for the integration of the regional payment systems.

The SADC-RTGS system, which was implemented in July 2013 to settle interbank obligations within the region, has proven to be a huge success. The SADC-RTGS system is owned by SADC and operated by the South African Reserve Bank (SARB). The system is overseen through a cooperative oversight arrangement also led by South Africa as a jurisdiction where the core infrastructure is located. To ensure that the SADC-RTGS system remains relevant, the SADC-RTGS Operator launched the SADC-RTGS Renewal Project. This project will extend the lifespan of the current system until a replacement infrastructure is implemented and will cater for the ISO 2002 messaging standard that will facilitate interoperability and accessibility to the various payment service providers. This is a multi-year project that is expected to be concluded and closed by the end of 2025.

There has further been focus on the development of a retail payment scheme which will allow the region an interoperable retail payment system that will break the barriers entrenched by the existing silo systems. The retail payment scheme, known as the Transactions Cleared on Immediate Basis (TCIB), was launched in a controlled live environment on 30 July 2021.

It should, however, be noted that initiatives to address cross-border payment services within the SADC region face the same challenges as those identified by the Financial Stability Board (FSB) and the Bank for International Settlements (BIS) Committee on Payments and Market Infrastructures (CPMI) in their report titled *Enhancing cross-border payments: building blocks of a global roadmap*, July 2020. The identified challenges are high cost, low speed, limited access, and limited transparency. These challenges render the cross-border payments inefficient and ineffective to the detriment of consumers. Thus, it is imperative that all stakeholders, including the regulators and system operators, collaborate to enhance cross-border payments by addressing these challenges. Guidance will also be drawn from the FSB which has developed a road map and is finalising the targets to address these challenges.

Some of the Committee of Central Bank Governors (CCBG) identified strategic focus areas (SFAs) relate to the enhancement of financial inclusion that would address, among other things, inclusion of non-bank financial institutions as participants in the implemented payment infrastructures. The other SFA is focusing

on fostering financial integrity, which advocates for the effective implementation of internationally accepted standards like the Financial Action Task Force (FATF) standards to combat money laundering and the financing of terrorism. Other initiatives explore leveraging financial technology innovation and investigating how these developments may be embraced and leveraged to embed digital payments and services in the region.

The Covid-19 pandemic has brought uncertainty to all aspects of life and we recognise that the payment industry was no different. However, the resilience of the financial system, central banks and the operations staff through the adaptation to the new ways of work has been phenomenal. In our context, the SADC-RTGS system as a financial market infrastructure (FMI) managed to continue to provide settlement services without disruptions. As the new ways of work are highly susceptible to cyber-attacks due to high reliance on digital connectivity, the central banks and financial institutions have beefed up the security arrangements on their systems to address identified risks. It is also important to note that subjecting our FMIs to the Principles for Financial Market Infrastructures (PFMIs) somewhat prepared these infrastructures for the disruptions brought by the pandemic and hence the resilience experienced during this period.

The achievement of the many of the milestones is attributed to the collaboration of the central banks and regulators in SADC, including the SADC Banking Association, SADC Payment Scheme Management Body (PSMB) and our support partners including FinMark Trust, the World Bank as well as the Bill and Melinda Gates Foundation. We also acknowledge the cooperation of the commercial banks and non-bank financial institutions as stakeholders. The SADC PSOC will continue to foster this collaboration with the various stakeholders as it carries its mandate to foster the safety and efficiency of the regional payments within SADC.

Tim Masela
Chairperson,
SADC Payment System Oversight Committee
12 November 2021



1. Introduction

The purpose of this report is to reflect on the initiatives that relate to regional payment integration activities of the Southern African Development Community (SADC) Payment System Oversight Committee (PSOC) for the period April 2019 to September 2021.

2. The SADC PSOC and its mandate

The SADC PSOC was established to provide a cooperative oversight arrangement to manage and possibly eliminate cross-border settlement and systemic risks within the SADC region. The cooperative oversight arrangements are outlined in the SADC PSOC Memorandum of Understanding (MoU) which was signed by the participating member states. The mandate of the SADC PSOC extends from the SADC Real-Time Gross Settlement (SADC-RTGS) system and includes other regional payment system initiatives and activities.

The mandate to integrate the SADC payment systems is drawn from Article 3(b) of Annexure 6 of the SADC Protocol on Finance and Investment (FIP) which advocates for the cooperation and coordination between central banks and the private sector to define and implement a cross-border payment strategy for the SADC region. The initiative is led by the SADC Committee of Central Bank Governors (CCBG) and executed by the SADC Payment System Subcommittee while overseen by the SADC PSOC.

The success of the SADC payment system initiatives requires close collaboration with the private sector and other regulators. To date, collaboration has been pursued with the SADC Banking Association, financial regulatory bodies, support partners as well as banks and non-banks.

3. The journey of the SADC-RTGS system thus far

The SADC-RTGS system is a regional cross-border settlement system used to facilitate cross-border payments among financial institutions¹ within the SADC region. The SADC-RTGS system has been designated as a financial market infrastructure (FMI) in terms of the Principles for Financial Market Infrastructures (PFMIs) and its objectives include the following:

- Achieve safety and efficiency of cross-border payments by managing payment system related risks.
- Contribute to financial stability in the SADC region as it relates to cross-border payments in a safe and secure environment. This should contribute to enhancement of trade within the region.
- Provide a reliable large-value payment service to support the SADC financial services integration.

The above objectives are a guide for the SADC-RTGS Operator to ensure that the services provided are of appropriate international standards and are continuously improved to achieve safety, efficiency and effectiveness of the regional payment system.

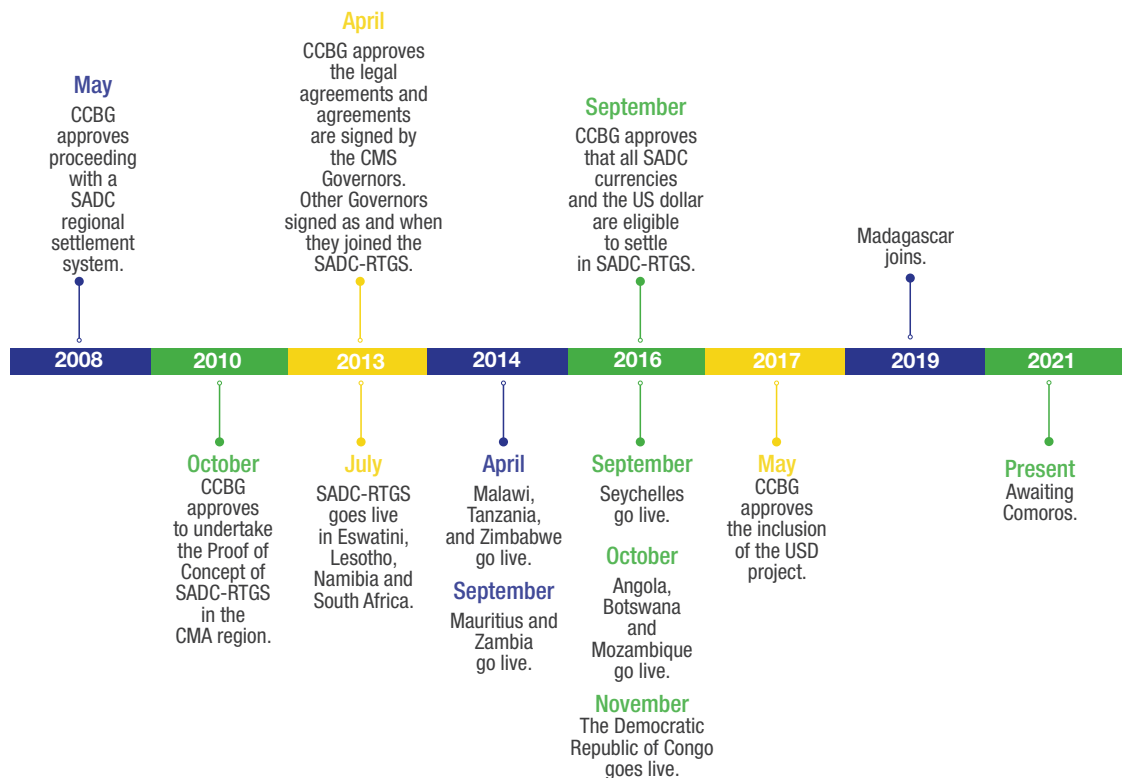
The reform journey, including the development of the SADC-RTGS, is depicted in Figure 1, starting from May 2009 when the CCBG approved the development and implementation of the SADC-RTGS system. After consultation and collaboration with the SADC payments industry stakeholders, the system was built and first implemented in the Common Monetary Area (CMA) countries in July 2013. SADC-RTGS settlement was further extended to participants in Malawi, Tanzania and Zimbabwe in April 2014. The participation gained momentum and at the time of this report, participants drawn from 15 of the 16 SADC member states have been onboarded.² The detailed milestone map of the SADC-RTGS system journey is captured in Annexure A of this report.

1 Currently, only commercial banks and central banks are SADC-RTGS system participants, but provision has been made t.o. allow non-banks to become settlement participants subject to the set participation criteria.

2 These are member states that have commercial banks and/or central banks participating in the SADC-RTGS system.



Figure 1: The journey of the SADC-RTGS system



While the South African rand (ZAR) is currently the only currency of settlement on the system, provision for the on-boarding of other SADC currencies and other currencies such as the United States dollar (USD) has been made in the technical infrastructure. While the member states need to guide on when their currencies would be on-boarded on the system. The SADC Project Team is in the process of exploring the inclusion of the USD as a settlement currency.

With the dawn of the COVID-19 pandemic which has affected the ways of work, the Lead Overseer was concerned about, among other things, the interruption of the provision of cross-border payment settlement services. In this regard, the SADC-RTGS Operator was requested to be vigilant to potential risks arising from the pandemic and was required to provide regular reports regarding alternative arrangements made to ensure the continuity of the settlement service in the region.

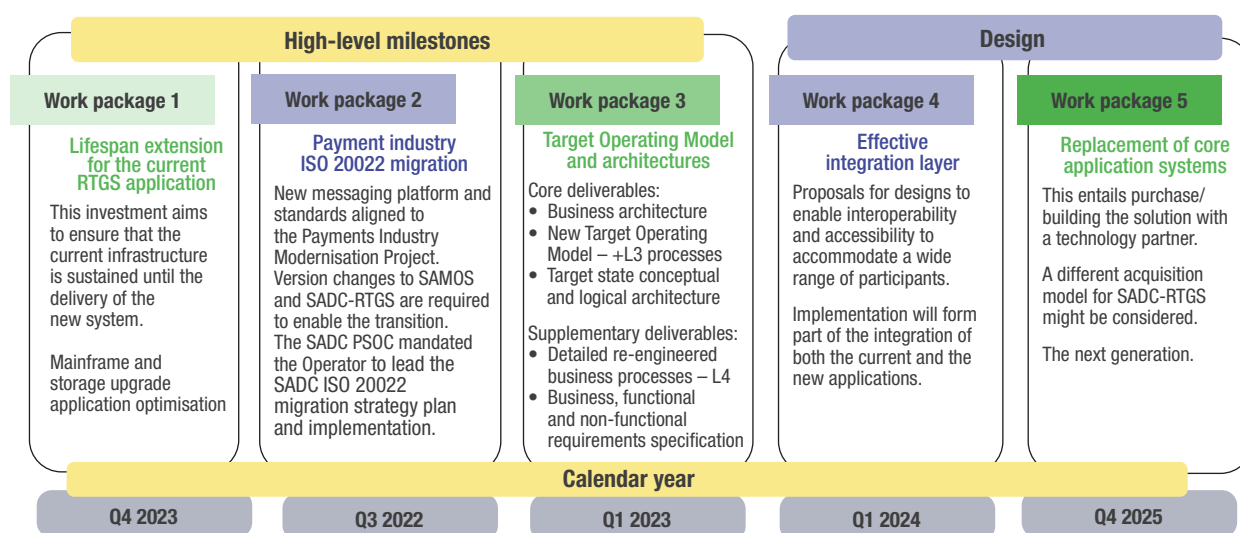
To ensure the continuity of the service, the staff of the SADC-RTGS Operator was spread between the SARB Head Office, the alternate site and working-from-home arrangements during the initial period of the national lockdown. These measures were reviewed and adjusted appropriately based on the prevailing circumstances. Critical staff were provided with the necessary equipment such as an uninterrupted power supply to ensure constant connectivity to the network. In addition, security enhancements were implemented to address the risks related to remote connectivity by staff to the SADC-RTGS Operator network.

Based on reports and ongoing monitoring, the SADC-RTGS Operator managed to adapt its business continuity arrangements to minimise the risk of exposing staff to the COVID-19 virus and continues to provide a seamless service. There were no incidents related to the disruption of the service and no attempted cyber-attacks were reported. In addition, from the SADC-RTGS system participants' perspective, no incidents were reported since the dawn of the pandemic. The Lead Overseer is being provided with regular updates on working arrangements until the situation returns to normality.

4. The renewal of the SADC-RTGS system

As technology evolves and given the dynamics and complexity of the payments environment, it was deemed necessary for the SADC-RTGS system infrastructure to be enhanced as it is based on old technology. In terms of the PFMLs, the SADC-RTGS Operator has a duty to manage risks in the broader infrastructure, including but not limited to operational and settlement risks. In this regard, the SADC-RTGS Renewal Project, as part of the broader SARB RTGS Renewal Programme, has been launched. The SADC PSOC is observing the execution of this project. The broader programme is divided into five work packages, as depicted in Figure 2 below.

Figure 2: The RTGS Renewal Programme: work packages



The work packages are outlined below:

4.1 Work package 1: Lifespan extension for the current RTGS application

This first work package focuses on ensuring the extended lifespan of the current RTGS application and its related infrastructure. Furthermore, it entails the introduction of a multicurrency functionality and capability where on-boarding of SADC currencies will be prioritised, and the possible onboarding USD enabled, has been concluded.

4.2 Work package 2: Payment industry ISO 20022 migration

The second work package focuses on the migration of the payment settlement echo system from the old, limited message format to the new flexible ISO 20022 messaging standard. This aspect includes the enablement of the SADC-RTGS to integrate with the system already using ISO 20022 messages for cross-border payments and cash-reporting businesses starting from November 2022.

4.3 Work package 3: Target Operating Model and architectures

Work package 3 focuses on the delivery of a revised Target Operating Model (TOM). The TOM is required for the transformational changes within the RTGS settlement services environment affecting technology, people, processes, data and locations. This will be aligned to the business, conceptual and logical architectures of the new system.

4.4 Work package 4: Effective integration layer

Consideration for proposals for the designs to enable interoperability and accessibility to accommodate a wide range of participants that could need to integrate to the system as well as relevant ancillary systems. The implementation of adopted integration mechanisms will form part of the integration of both the current and the new applications.

4.5 Work package 5: RTGS Replacement

This package entails either procuring or building the core RTGS solution with a technology partner. It should, however, be noted that work packages 4 and 5 will commence once clear and relevant outputs for work package 3 have been completed. Therefore, the approach that has been adopted will ensure that the current SADC-RTGS system can support the industry whilst the RTGS renewal efforts progress until the broad RTGS replacement project has been completed.

The SADC-RTGS Renewal Project approach was well received by the SADC PSOC as it presents the SADC-RTGS Operator with an executable plan to meet the set objectives for the FMI. Furthermore, it will ensure that SADC trade is supported by an efficient and effective infrastructure.

5. SADC retail payments

As part of the broader SADC payments integration road map, the SADC Banking Association, in collaboration with BankservAfrica (Pty) Limited (BankservAfrica), developed a low-value cross-border payment solution for the SADC region. This system is known as a SADC instant payment solution known as the TCIB payment scheme. TCIB is based on the ISO 20022 messaging standard to enable the regulatory reporting requirements and other relevant payment information. The TCIB service is designed to be available on a 24/7/365 basis.

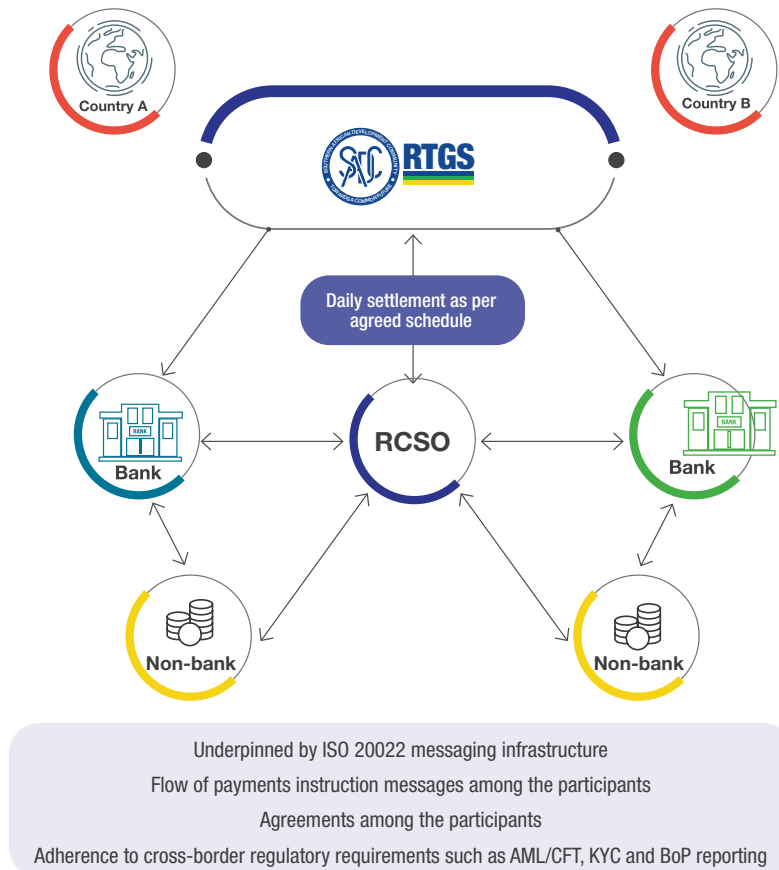
Banks and non-banks are allowed to participate in the TCIB payment scheme provided that they meet the set TCIB access criteria. Participants in the scheme are required to obtain a letter of authority from their in-country central bank and other relevant cross-border payment regulators before they are considered to participate in the TCIB. The participants are further required to adhere to the anti-money laundering (AML) and combating the financing of terrorism (CFT), Know-Your-Customer (KYC) and balance of payments (BoP) reporting requirements as may be directed by their home regulator.

In the scheme, transactions may be initiated via multiple channels such as through the mobile phone or through an agent used for cash-in and cash-out services. The authorised bank or non-bank would facilitate the transfer of funds by sending payment instructions, in any of the SADC currencies, to the SADC Regional Clearing and Settlement System Operator (RCSO) for processing as depicted in Figure 3 below. The obligations arising from the TCIB scheme are settled daily through the SADC-RTGS system or via correspondent banking arrangements where the settlement currency is not yet onboarded on the SADC-RTGS.

In terms of the governance arrangements, the TCIB payment scheme is the SADC payments integration initiative which falls under the SADC CCBG. The SADC Payment System Subcommittee, with the assistance of the SADC Banking Association, was responsible for the initiation and development of the TCIB payment scheme. The SADC PSOC provides oversight over the implemented payment schemes. In this regard, BankservAfrica has been authorised as the SADC RCSO to provide clearing services for SADC retail payments which will include the TCIB payment scheme. Furthermore, the SADC PSOC has appointed BankservAfrica as the TICB Scheme Manager, which role shall be executed in terms of the mandate agreed and signed between the SADC PSOC and BankservAfrica.

The TCIB payment scheme was launched in a controlled live environment in July 2021 with two countries, namely, Namibia and Zimbabwe. ZAR-denominated transactions between a non-bank in Namibia and a bank in Zimbabwe were successfully processed and settlement has been effected in the SADC-RTGS system since 30 July 2021. This is a proof-of-concept for the open-loop retail payment system within the SADC region where interoperability between a bank and a non-bank was also tested.

Figure 3: TCIB cleared on the RCSO and settled on the SADC-RTGS system



The full implementation of the TCIB payment scheme will occur during the fourth quarter of 2021. More information in this regard may be obtained on the BankservAfrica website³ which also has information on the application for participation and onboarding process.

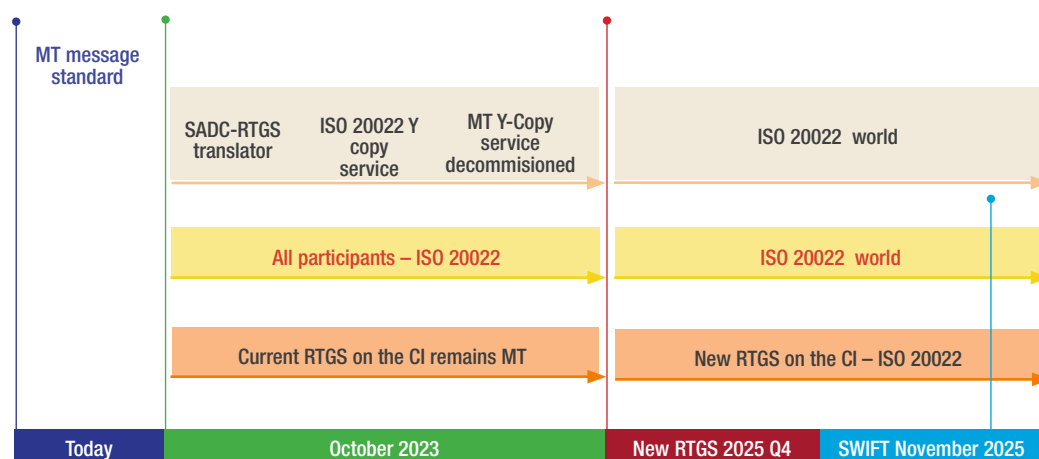
6. The ISO 20022 migration journey

Principle 22 of the PFMI advocates for an FMI to use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement and recording. It is in the spirit of this principle that the SADC PSOC mandated the SADC-RTGS Operator to coordinate the migration process for SADC-RTGS system participants to the ISO 20022 messaging standards. Failure by these participants to meet the Society for Worldwide Interbank Financial Telecommunication (SWIFT) deadline would jeopardise the provision of settlement services within the region and thereby threaten the safety and stability of the regional payment system.

In this process, the SADC-RTGS Operator is collaborating with the SADC Banking Association to assist the participants with the migration. Following engagements with the relevant stakeholders, a 'Big Bang' approach to ISO 20022 messaging standards migration was adopted. To accommodate the agreed approach, the SADC-RTGS Operator developed plans for the system to be migrated as per Figure 7 below. This migration approach is accommodated in work package 2 of the SADC-RTGS Renewal Project.

³ Please see <https://www.bankservafrika.com/website/services/transactions-cleared-on-an-immediate-basis>.

Figure 4: The ISO 20022 migration timelines for the SADC-RTGS system



Based on the proposal, the ISO 20022 messaging standards would be implemented from October 2023. Participants will from this date be expected to be able to both send and receive messages in the ISO 20022 format. The current SADC-RTGS system will, however, remain on the current message type (MT) message standard and as such the SADC-RTGS Operator will use a message translation service to convert messages to/from the appropriate format. It is estimated that the new SADC-RTGS core application will be implemented by the fourth quarter of 2025 and will be based on the ISO 20022 messaging standards. All participants are expected to have fully migrated to ISO 20022 messaging standards to meet the SWIFT deadline of November 2025.

The SADC-RTGS Operator is keeping the SADC PSOC updated on progress that is being achieved in this phase of the renewal programme.

7. Assessment of the SADC-RTGS system against Principles for financial market infrastructures

The SARB, as the designated SADC-RTGS Operator and Lead Overseer of the SADC-RTGS system, has embraced and adopted the PFMI issued by the BIS CPMI and the International Organization of Securities Commissions (IOSCO) in a publication titled *Principles for financial market infrastructures* published in April 2012.

In terms of the SADC PSOC MoU, the SADC-RTGS Operator is required to conduct a self-assessment against the PFMI at least every two years or when there is a material change to the infrastructure. The SADC-RTGS system as an FMI has since conducted three self-assessments, with the latest one being in December 2020. The relevant reports in this regard are published on the SARB and CCBG websites.

Given the nature of the SADC-RTGS system activities, 9 of the 24 PFMI are not applicable to the SADC-RTGS system as an FMI. The self-assessments are thus based only on the remaining 15 PFMI. Based on the latest self-assessment, the SADC-RTGS system observes 13 PFMI and broadly observes 2 PFMI, as depicted in Figure 5 on the next page.

In the current assessment, there have been improvements in the level of observance of the PFMI since the previous report was published in 2018. Principles 18 and 23, which were both previously rated as broadly observed, are now rated as observed. Principle 17 was, however, degraded from being observed to broadly observed, while Principle 21 remained rated as broadly observed over the years.

Figure 5: The level of observance of the PFMI

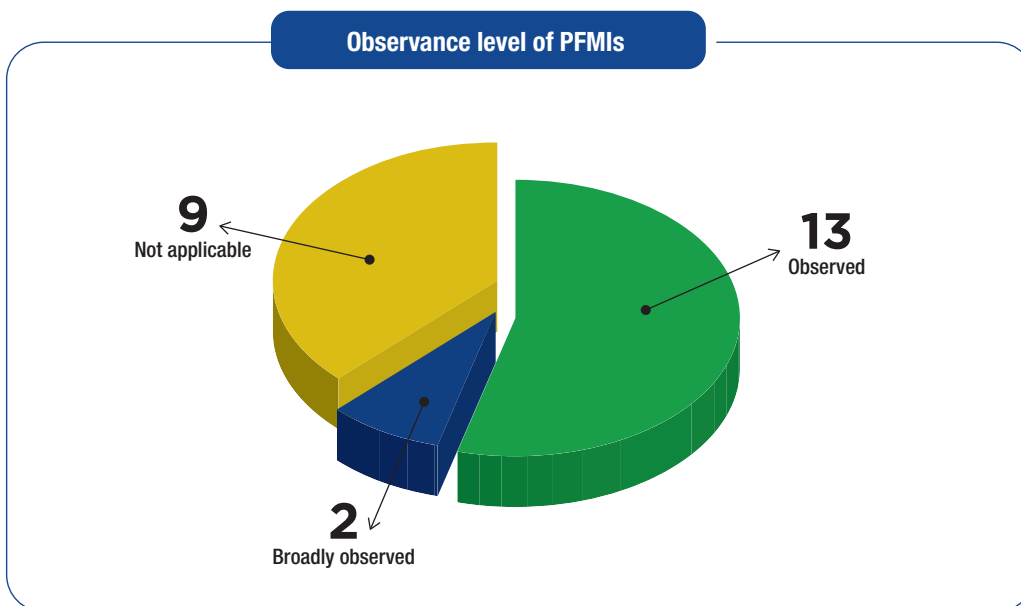


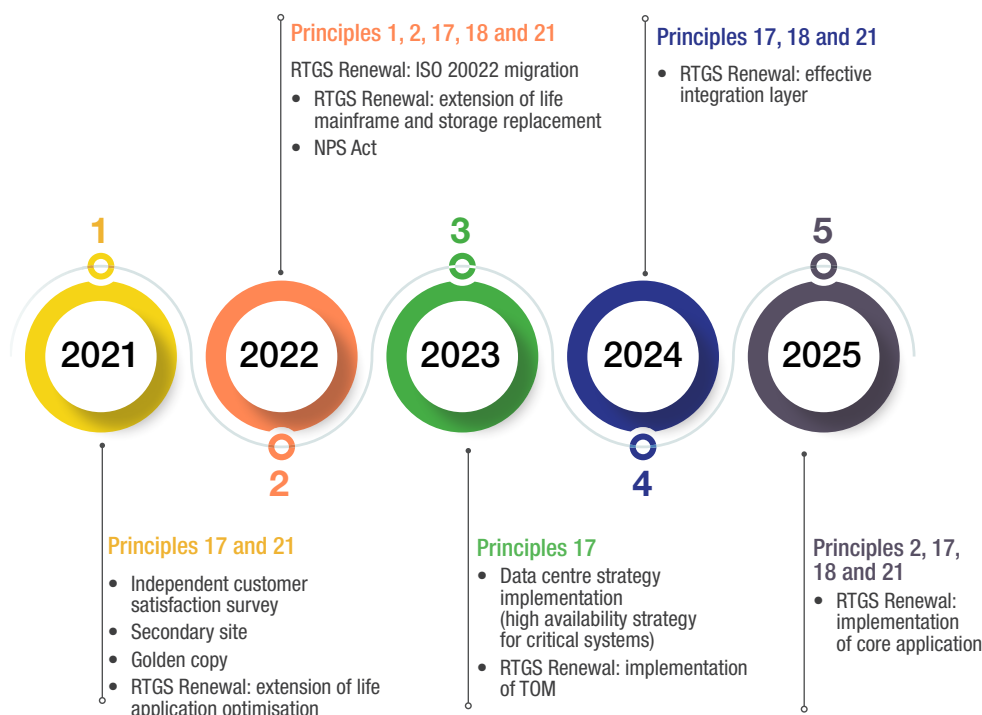
Table 1 below outlines the identified gaps and remedial actions taken to improve the level of observance for the broadly observed-rated PFMI.

Table 1: The level of observance of the PFMI

Operational risk	<p>The identified gap relates mainly to the need to enhance the SADC-RTGS system to align with the evolving technology to cater for the future of the settlement system.</p> <p>Thus the SADC-RTGS system operator has embarked on projects to:</p> <ul style="list-style-type: none"> • implement an application that will store, recover and replay data to the SADC-RTGS database in cases of database contamination; • replace the mainframe to prolong the lifespan of the current SADC-RTGS system; • implement an effective integration layer; • procure architecture advisory services to assist with TOM and architectures; and • ultimately replace the current SADC-RTGS system to ensure operational efficiency and to address any potential risks.
Efficiency and effectiveness	<p>The identified gap relates mainly to the new messaging standards; it was thus imperative for the SADC-RTGS system to cater for these standards. In addition, the SADC-RTGS system has not yet conducted an independent user satisfaction survey.</p> <p>To mitigate these, the SADC-RTGS system operator has implemented the following:</p> <ul style="list-style-type: none"> • The SADC-RTGS system ISO migration supports the participants' requirement to migrate to ISO 20022. The SADC-RTGS Renewal Programme will provide SADC-RTGS system services that increase resilience, provide wider access, increase interoperability and improve user functionality. • The SADC-RTGS system operator plans to appoint an independent firm to conduct an anonymous user satisfaction survey in 2021.

Figure 6 on the next page shows the strategic initiatives identified by the SADC-RTGS system operator to improve the level of observance of the PFMI and to enhance the SADC-RTGS system.

Figure 6: The migration timelines for the SADC-RTGS system



The above initiatives are linked to the relevant PFMI with specific timelines aligned to the SADC-RTGS renewal discussed in detail in section 4 above.

8. AML/CFT arrangements within SADC payments

Fraud risk and abuse of the payment infrastructure is always top of mind and it is thus imperative to safeguard the payment systems against criminal acts. It is therefore important to, among other things, actively support the implementation of the FATF standards to combat money laundering and promote the integrity of the SADC payment system. In this regard, the CCBG has an SFA relating to financial integrity of transactions that addresses the implementation of FATF standards against money-laundering.

The SADC PSOC has formulated the AML/CFT Oversight and Supervisory Arrangements document, which was issued in September 2018. The expectations thereof are that each participating member state should have legal and institutional arrangements in place to handle AML/CFT matters. Based on the survey undertaken in 2020, it was established that most of the member states have embraced the FATF Recommendations, belonged to bodies such as the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), and had already formulated legal frameworks relating to financial intelligence. Furthermore, member states have established dedicated institutions at a national level such as financial intelligence centres, and central banks have AML/CFT units which are, in the main, housed in banking supervision departments. These member states are further subjecting themselves to mutual evaluations conducted by the FATF and the ESAAMLG bodies.

At the CCBG level, the Banking Supervision Subcommittee has been conducting regular compliance status assessments of member states against the FATF Recommendations. In this regard, there is collaborative effort between the Banking Supervision Subcommittee and the SADC PSOC to ensure that the CCBG SFA relating to the implementation of FATF standards is realised.

The SADC PSOC conducted a quick assessment to understand the cross-border payments regulatory requirements for low-value payments within the SADC region. The main purpose of this assessment was to establish how the regulatory requirements could be applied to the TCIB payment scheme. From the responses received, the member states indicated that they have limits set in place

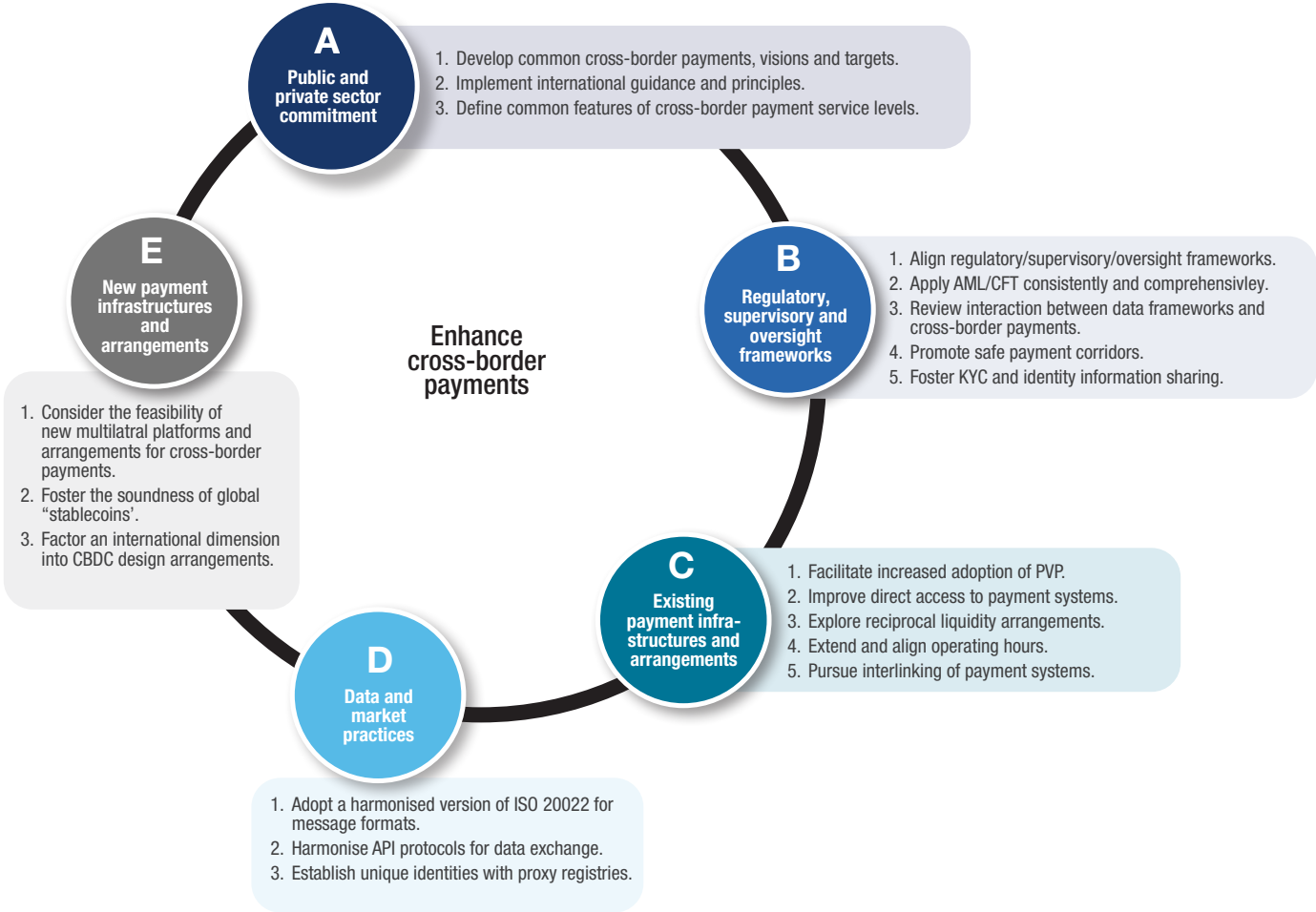
for transactions on the different product types. However, some countries mentioned that they do not have general limits, but these are set according to the customer profile by the commercial institutions where they hold their accounts.

It is recognised that the challenge is that cross-border regulatory requirements differ from one authority to the other and they also differ from country to country. This results in complexities in meeting the compliance requirements of AML/CFT. This challenge is also well captured in the BIS CPMI paper on *Enhancing cross-border payments: building blocks of a global roadmap* published in July 2020. As these are global challenges, the FSB and CPMI developed building blocks to address the identified challenges for cross-border payments. The formulated solutions may probably assist in easing these challenges across different regulatory requirements.

9. Challenges with the current cross-border payments

The CPMI of the BIS and the FSB identified high costs, low speed, limited access and limited transparency as the four challenges facing cross-border payments. These challenges are no different in the SADC region. To address these challenges, the Group of 20 (G20) has endorsed the road map developed by the FSB in coordination with the CPMI and other relevant organisations to implement building blocks to enhance cross-border payments. Furthermore, the FSB has developed targets to implement the cross-border payments road map. The road map consists of five focus areas and 19 building blocks, as depicted in Figure 7 below.

Figure 7: Overview of the focus areas and associated building blocks



Source: CPMI

In the SADC region, the high-cost aspect is attributed mainly to the regulatory costs of compliance and the maintenance of correspondent banking relationships. There are also concerns regarding misalignment among the member states on cross-border regulatory requirements such as AML/CFT and capital controls, hence the need for harmonisation in these areas. The issues observed within the SADC region, are aligned to the four challenges. It is thus imperative that the member states keep abreast with the work undertaken by the FSB and CPMI as their efforts contribute to the resolution of the identified cross-border payment challenges.

10. The Continental Payments Integration Project

The Association of African Central Banks (AACB) has initiated the Continental Payments Integration Project to interlink the regional payment systems within the African continent. As the initiative is driven by AACB Governors, all the regions and member central banks are expected to align their strategies to the AACB initiative. Two working groups of the AACB task force have been established and are mandated with the development of an interregional payment system integration framework and an integrated mobile/retail payment strategy for the continent. The working groups are expected to drive the implementation of both initiatives.

Since the SADC region is one of the regions of continent, it is in the interest of the SADC PSOC to stay abreast of such developments and to contribute to this work.

11. Capacity-building workshops

Annexure 6 of the SADC FIP advocates that central banks must cooperate through policy coordination, capacity building and system development, which in turn will contribute to reform the facilitation of cross-border payments and support for monetary policy objectives.

During the period under review, the SADC Project Office facilitated a capacity-building session with the World Bank. The delegates drawn from across the SADC central banks participated in the following workshops during the months of February, March and May 2021:

- an assessment of FMIs against the PFMI; and
- the development of an oversight framework for retail payments using the PFMI.

Furthermore, ISO 20022 migration sensitisation sessions were arranged and held with individual central banks since February 2021. These sessions were run by the SADC-RTGS Operator in collaboration with the SADC Banking Association. It is expected that these sessions will assist the countries with the formulation of their respective ISO 20022 migration plans for the implementation of these new messaging standards.

The CPMI and the World Bank published a report titled *Payment aspects of financial inclusion (PAFI): application tools* in September 2020. At the time of this report, the SADC Project Office was in a process of facilitating sessions with the World Bank aimed at assisting delegates in unpacking the PAFI application tools and guiding them on how to implement them in order to achieve the objectives outlined in the PAFI guidance report issued in 2016 by the CPMI.

12. Statistical information

The SADC-RTGS system participation spans 15 SADC member states. The system has 84 participants: 76 commercial banks and 8 central banks. Table 2 on the next page shows the number of participating banks and central banks per country.

Table 2: SADC-RTGS system participation as at September 2021

Country	Banks	Central bank	Total
Angola	4	-	4
Botswana	2	-	2
Democratic Republic of Congo	1	-	1
Eswatini	4	1	5
Lesotho	4	1	5
Madagascar	-	1	1
Malawi	8	1	9
Mauritius	3	-	3
Mozambique	6	-	6
Namibia	4	1	5
Seychelles	-	1	1
South Africa	9	1	10
Tanzania	7	-	7
Zambia	9	1	10
Zimbabwe	15	-	15
Total: 15 countries	76	8	84

Figure 8 below depicts the various main indicators of the SADC-RTGS system as at September 2021. In September 2021, the SADC-RTGS system turned eight years old. Since its inception, it has processed 2.2 million transactions to the value of R8.56 trillion. The average daily volume is 1 504 and the average daily value processed is R6 billion. In March 2021, the system settled a peak monthly volume of 33 079 transactions with a peak monthly value of R133 billion.

Figure 8: SADC-RTGS: key indicators and figures as at September 2021

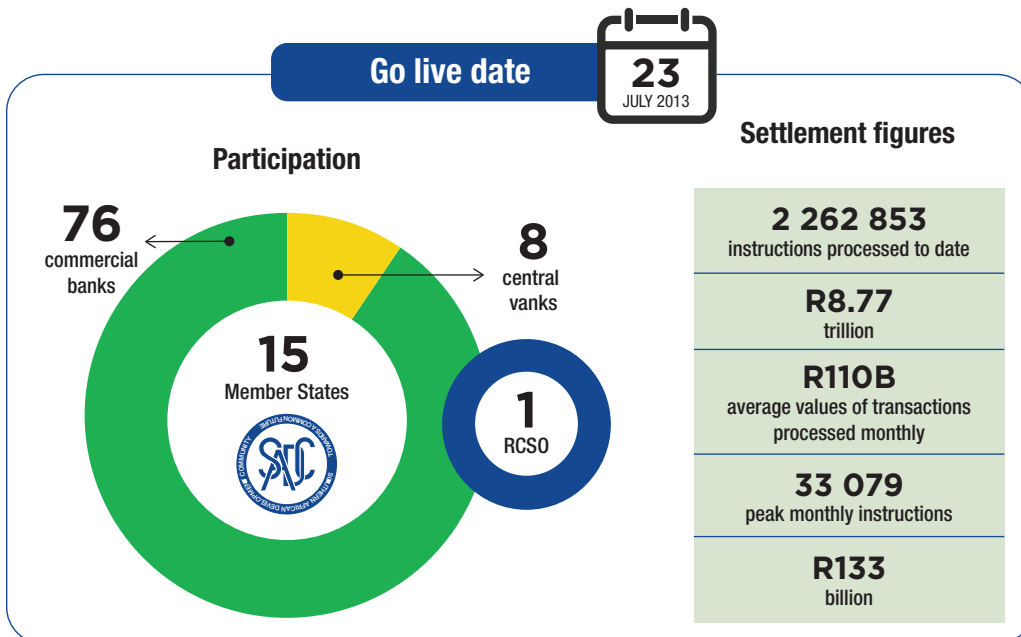


Figure 9 below outlines the trend of transactions on the SADC-RTGS system since its inception. An exponential increase was observed from 2013 to 2015. A more moderate increase in volumes was observed from 2015 to 2018 and maturity in system usage up to 2020.

Figure 9: SADC-RTGS: volumes since inception

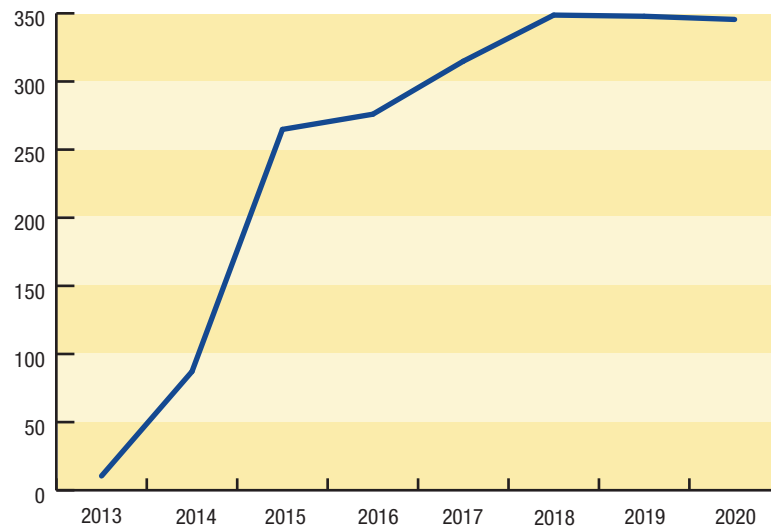


Figure 10 below depicts the transaction value on the SADC-RTGS system since its inception. An exponential increase was observed from 2013 to 2015. A moderate increase in values was observed between 2015 and 2017 and maturity in system usage up to 2020.

Figure 10: SADC-RTGS: values since inception

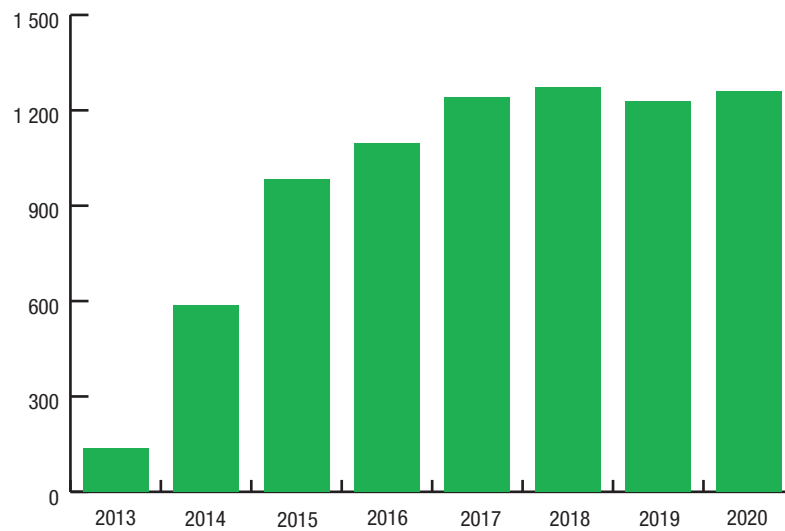
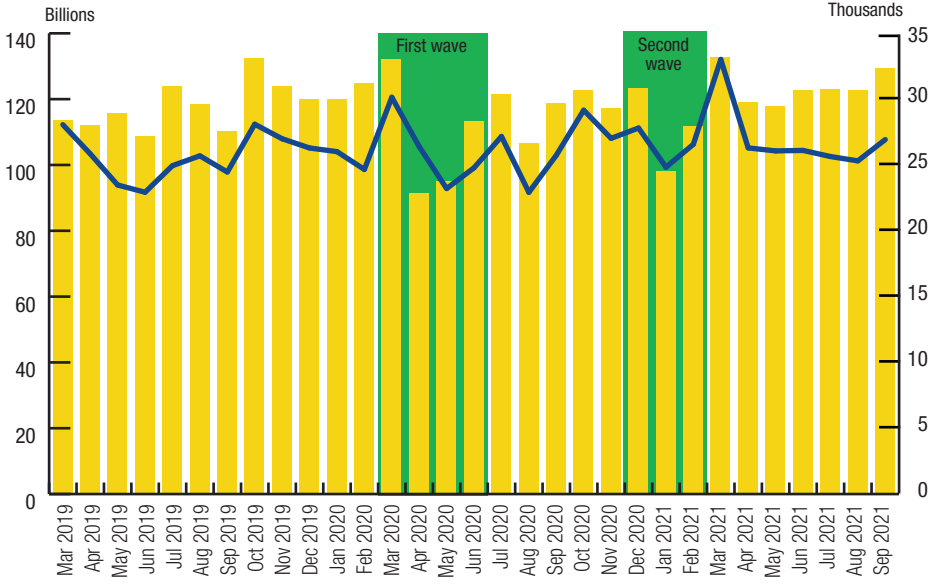


Figure 11 below depicts the SADC-RTGS system volumes and values for the period March 2019 to September 2021. The two green blocks show the first and second waves⁴ of high COVID-19 infections. During the first wave the impact of the pandemic was observed in the decline of both volumes and values. The second wave also had an impact on volumes and values. It was, however, less disruptive when compared to the first wave.

Figure 11: SADC-RTGS: volumes (right-hand scale) versus values March 2019–September 2021



Following the annual review of the cost recovery policy, the SADC-RTGS Operator reduced the SADC-RTGS system processing fees for settlement instructions processed on Real Time Line (RTL) and the Continuous Processing Line (CPL) from R16.69 to R11.00 as indicated in Table 3 below. This decision was made to support and further encourage usage of the SADC-RTGS system among participants against the backdrop of the impact on the SADC-RTGS system transacting because of COVID-19. The decision was endorsed by the SADC PSOC and would still result in the recovery of all the operational costs of providing the settlement service.

Table 3: SADC-RTGS processing charges

Category	Charge type	Current charge excluding VAT	Proposed decrease	New charge excluding VAT
Settlement instructions (Si)	Si processed from scheduled list	R3.00	R0.00	R3.00
	Si processed on CPL	R16.69	R-5.69	R11.00
	Si processed on RTL	R16.69	R-5.69	R11.00
Administration instructions	Ai processing	R3.00	R0.00	R3.00
Reports and Enquiries	Enquiry and report processing	R5.00	R0.00	R5.00
Manage SI	Remove or resubmit Si	R5.00	R0.00	R5.00
Intra-account transfer instruction	Scheduled intra-account transfer instruction	R3.00	R0.00	R3.00
	Intra account transfer instruction	R5.00	R0.00	R5.00

4 The COVID-19 pandemic waves relate specifically to the South African waves

Table 3 continued: exception charges as approved by the SADC PSOC

Category	Charge type	Current charge excluding VAT	Proposed increase (0%)	New Charge excluding VAT
Invalid instructions	Si processing	R180.00	R0.00	R180.00
	Ai processing	R180.00	R0.00	R180.00
	Mi processing	R.00	R0.00	R180.00
	Intra account transfer instruction	R.00	R0.00	R180.00
Exceptions	Insufficient funds for RTL settlement - single Si	Currently suspended		
	Insufficient funds for CPL settlement at EOD (single Si)	Currently suspended		

Manual processing charges

Category	Charge type	Current charge excluding VAT	Proposed increase (0%)	New Charge excluding VAT
Invalid messages	Content of message tags not validated in SADC-RTGS	R180.00	R0.00	R180.00
Uncertified messages	Messages incorrectly formatted and not in compliance to the SADC-RTGS Functional Specifications	R180.00	R0.00	R180.00
SADC-RTGS window extension	Window extension requests received from participants	R5 250.00	R0.00	R5 250.00

Account management fees

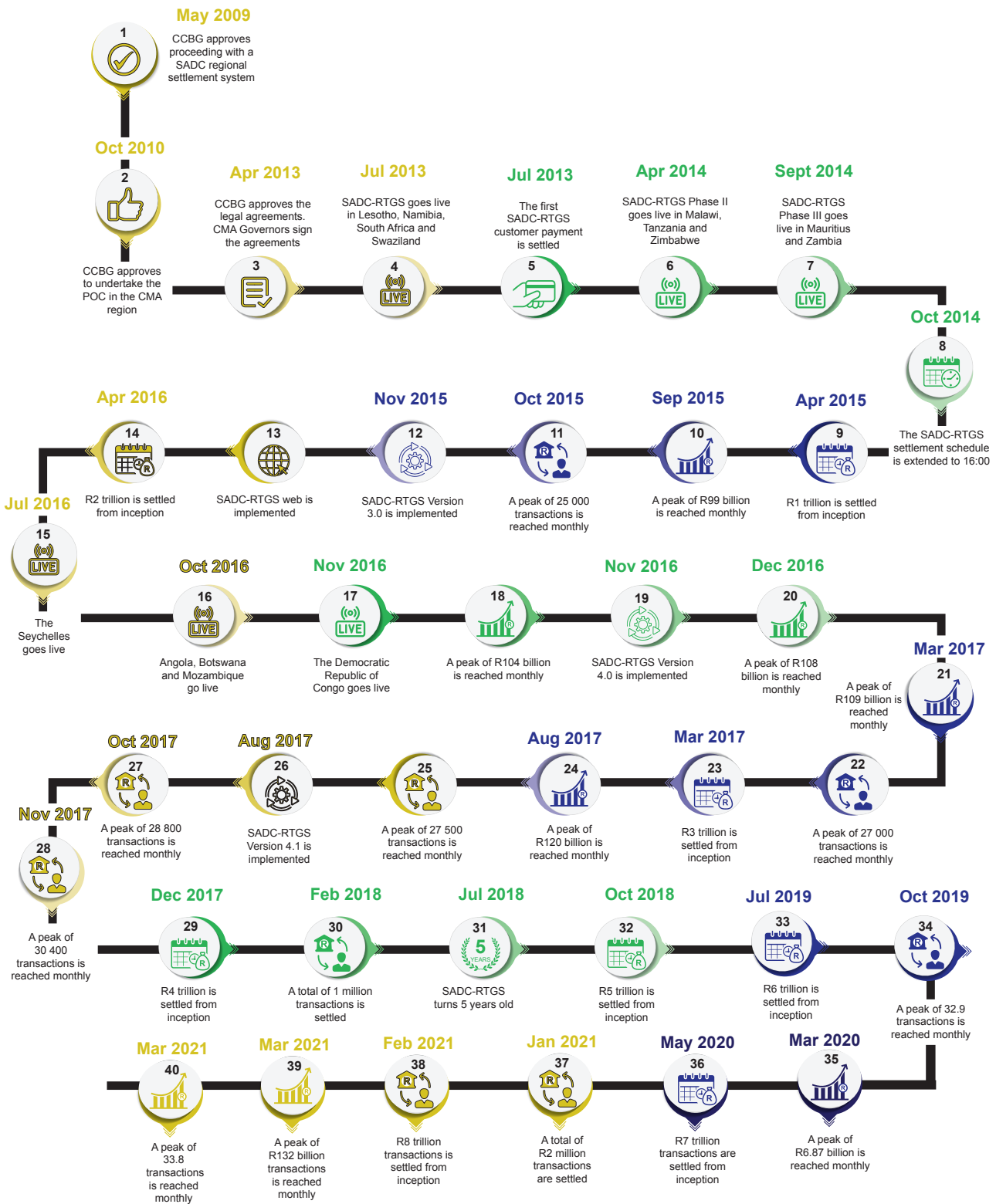
Category	Charge type	Charge excluding VAT
Grid 1	From 1 to 200 messages volumes	R5.22 per message
Grid 2	From 201 to 450 messages volumes	R1 043.00, plus R4.17 per message over the threshold
Grid 3	From 451 to 950 messages volumes	R2 086.00, plus R2.09 per message over the threshold
Grid 4	From 951 to 2950 messages volumes	R3 129.00, plus R0.52 per message over the threshold
Grid 5	From 2 951 messages volumes onwards	R4 172.00, no further charge per message over threshold

13. Conclusion

The activities relating to the SADC payment system have shown some tremendous progress towards the integration of the payment systems within the region. The SADC PSOC would endeavour to oversee the regional payment system arrangements and provide the necessary guidance and support where required.

14. Annexures

Annexure A: SADC-RTGS notable events



Annexure B: Participation in the SADC-RTGS system as at September 2021



Angola

1. Banco Angolano de Investimentos SA
2. Banco de Negocios Internacional Angola
3. Banco Prestigio SA
4. CREDISUL Banco de Credito do Sul



Botswana

1. First National Bank of Botswana Pty Ltd
2. Stanbic Bank Botswana Limited



Democratic Republic of Congo

1. Raw Bank Limited



Eswatini

1. Central Bank of Eswatini
2. Eswatini Development and Savings Bank
3. First National Bank of Eswatini
4. Nedbank Eswatini Limited
5. Standard Bank Eswatini Ltd



Lesotho

1. Central Bank of Lesotho
2. First National Bank of Lesotho Limited
3. Lesotho Post Bank
4. Nedbank Lesotho Limited
5. Standard Lesotho Bank



Madagascar

1. Banky-Foiben'I Madagasikara



Mauritius

1. Absa Bank Mauritius Limited
2. Standard Bank Mauritius Limited
3. The Mauritius Commercial Bank Limited



Malawi

- CDH Investment Bank Limited
- Ecobank Malawi Limited
- FDH Financial Holdings
- First Capital Bank Limited
- MyBucks Banking Corporation
- NBS Bank Limited
- National Bank of Malawi
- Opportunity Bank of Malawi
- Reserve Bank of Malawi
- Standard Bank Limited



Mozambique

1. Absa Bank Mozambique
2. Banco_MAIS Mocambicano
3. FNB MOCAMBIQUE SA
4. NedBank Limited
5. MOZABANCO
6. Standard Bank Mozambique SA



Namibia

1. Bank Windhoek Limited
2. Bank of Namibia
3. First National Bank of Namibia Ltd



Tanzania

1. Absa Bank Tanzania Limited
2. Ecobank Tanzania Limited
3. Equity Bank Tanzania
4. First National Bank Tanzania Limited
National Bank of Commerce Limited
5. STANBIC Bank Tanzania Limited
6. Standard Chartered Bank Tanzania Ltd



Seychelles

1. Central Bank of Seychelles



South-Africa

1. ABSA Bank Limited
2. BankservAfrica
3. Bidvest Bank Limited
4. Citibank South Africa
5. FirstRand Bank Limited
6. HSBC Bank Plc – Johannesburg Branch]
7. Investec Bank Limited Nedbank Ltd
8. Nedbank Limited
9. South African Reserve Bank
10. Standard Bank of South Africa Limited
11. Standard Chartered Bank – Johannesburg Branch



Zambia

1. Absa Bank Zambia Plc
2. Access Bank
3. Bank of Zambia
4. Ecobank Zambia Limited
5. Finance Bank Zambia Limited
6. First National Bank Zambia Limited
7. Stanbic Bank Zambia Limited
8. Standard Chartered Bank Zambia Plc
9. Zambia Industrial Commercial Bank
10. Zambia National Commercial Bank Plc



Zimbabwe

1. African Banking Corporation of Zimbabwe Limited
2. Agricultural Bank of Zimbabwe Limited
3. CBZ Bank Limited
4. Central Africa Building Society
5. Ecobank Zimbabwe Limited
6. FBC Bank Limited
7. FirstCapital Bank
8. METBANK Limited Zimbabwe
9. NMB Bank Limited
10. Nedbank Zimbabwe Limited
11. Peoples Own Savings Bank
12. STANBIC Bank
13. Standard Chartered Bank Zimbabwe Ltd
14. Steward Bank Limited
15. ZB Bank

15. Abbreviations

AACB	Association of African Central Banks
AI	Administration Instruction
AML	anti-money laundering
API	Application programming interfaces
ACH	automated clearing house
BA	Banking Association
BankservAfrica	South African Bankers Services Company (Pty) Limited
BoP	balance of payments
BIS	Bank for International Settlement
CCBG	Committee of Central Bank Governors
CFT	combating the financing of terrorism
CMA	Common Monetary Area
CPMI	Committee on Payments and Market Infrastructures
CSP	Customer Security Programme
CPL	Continuous Processing Line
IOSCO	International Organization of Securities Commissions
DRC	Democratic Republic of Congo
EFT	electronic funds transfer
EOD	End of Day
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FATF	Financial Action Task Force
FIP	Protocol on Finance and Investment
FMI	financial market infrastructure
FSB	Financial Stability Board
G20	Group of Twenty
ISO	International Organization for Standardization
KYC	Know-Your-Customer
MI	Message Instruction
MoU	Memorandum of Understanding
MT	message type
NPS Act	National Payment System Act 78 of 1998
PAFI	Payment Aspects of Financial Inclusion
PFMIs	Principles for Financial Market Infrastructures
POC	proof of concept
PSMB	Payment System Management Body
PSOC	Payment System Oversight Committee
PVP	payment versus payment
RCISO	Regional Clearing and Settlement System Operator
RTL	Real Time Line
RTGS	real-time gross settlement
SADC	Southern African Development Community
SARB	South African Reserve Bank
SAMOS	South African Multiple Option Settlement system
SFAs	strategic focus areas
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TCIB	Transactions Cleared on Immediate Basis
TOM	Target Operating Model
USD	United States dollar



