

INTRODUCING THE SADC

TCIB

TRANSACTIONS CLEARED ON AN IMMEDIATE BASIS >>>

TCIB

PAYMENT SCHEME

01 TCIB

02 Intro

03 FIP Protocol

04 Benefits of Integration

05 RCSO Model

06 Entities & Roles

07 Intellectual Property

08 M2M Timeline

09 Training

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PAYMENT SCHEME

The SADC Treaty aims to promote regional integration; sustainable economic growth and social development; and the eradication of poverty and improvements in the quality of life of the people of the region. The treaty sets out several areas of co-operation between member states, including:

- Fostering regional development and integration on the basis of balance, equity and mutual benefit;
- Co-ordinating, rationalising and harmonising macroeconomic policies, strategies, programmes and projects; and
- Co-operating in trade, industry, finance, investment and mining.



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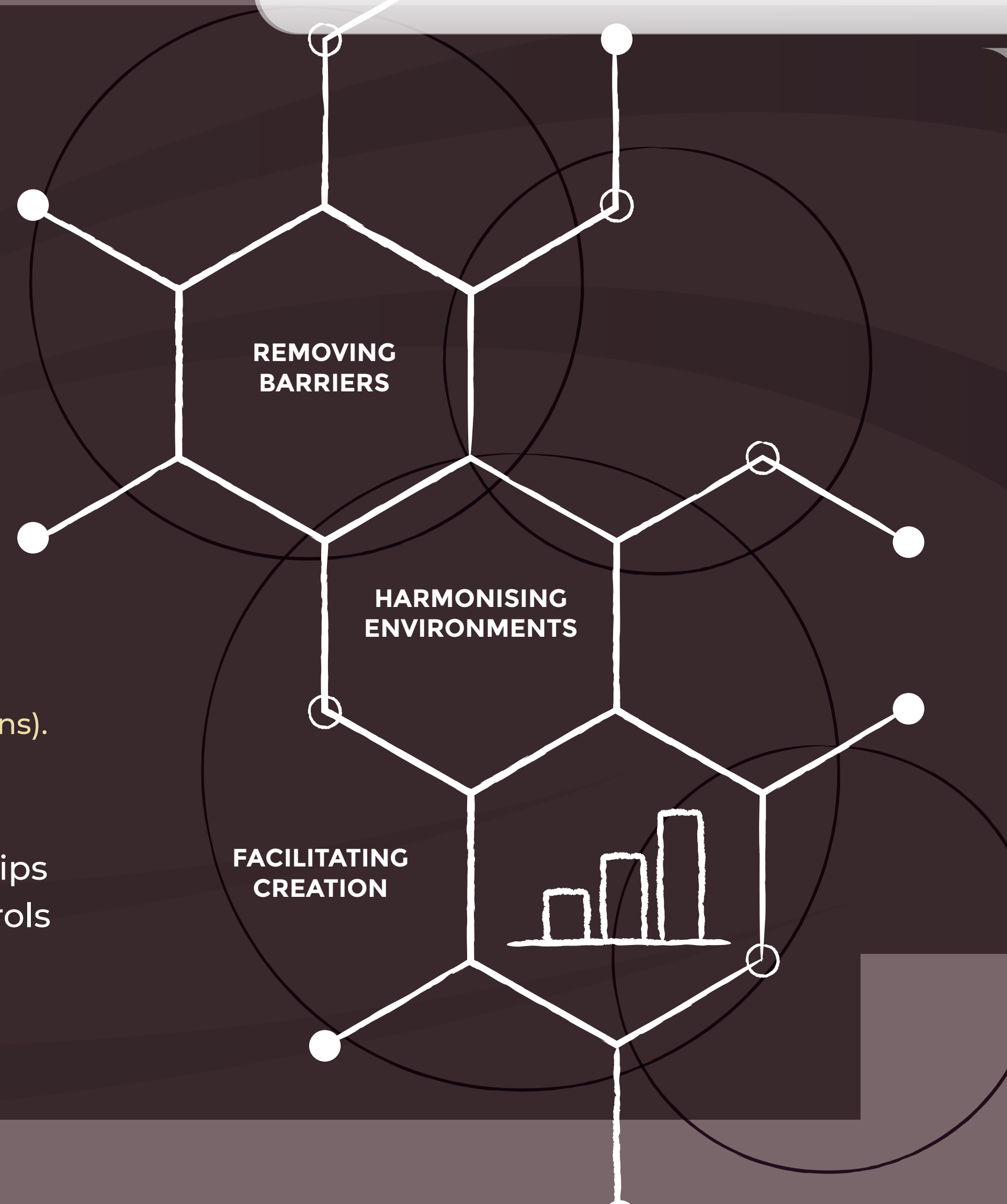
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PAYMENT SCHEME

On August 18, 2006, Heads of State of SADC signed the Finance and Investment protocol (FIP) in Maseru, Lesotho. The FIP, which has been ratified by member states, is the legal basis for regional cooperation and harmonisation in the areas of finance, investment and macroeconomic policy. (<https://www.sadc.int/documents-publications>).

Regional economic integration includes:

- Removing barriers that prevent or restrict economic relationships between countries, like trade barriers, exchange controls, controls on cross-border investment and labour movement;
- Harmonising the regulatory and legal environments across member states; and
- Facilitating the creation of a single economic market.



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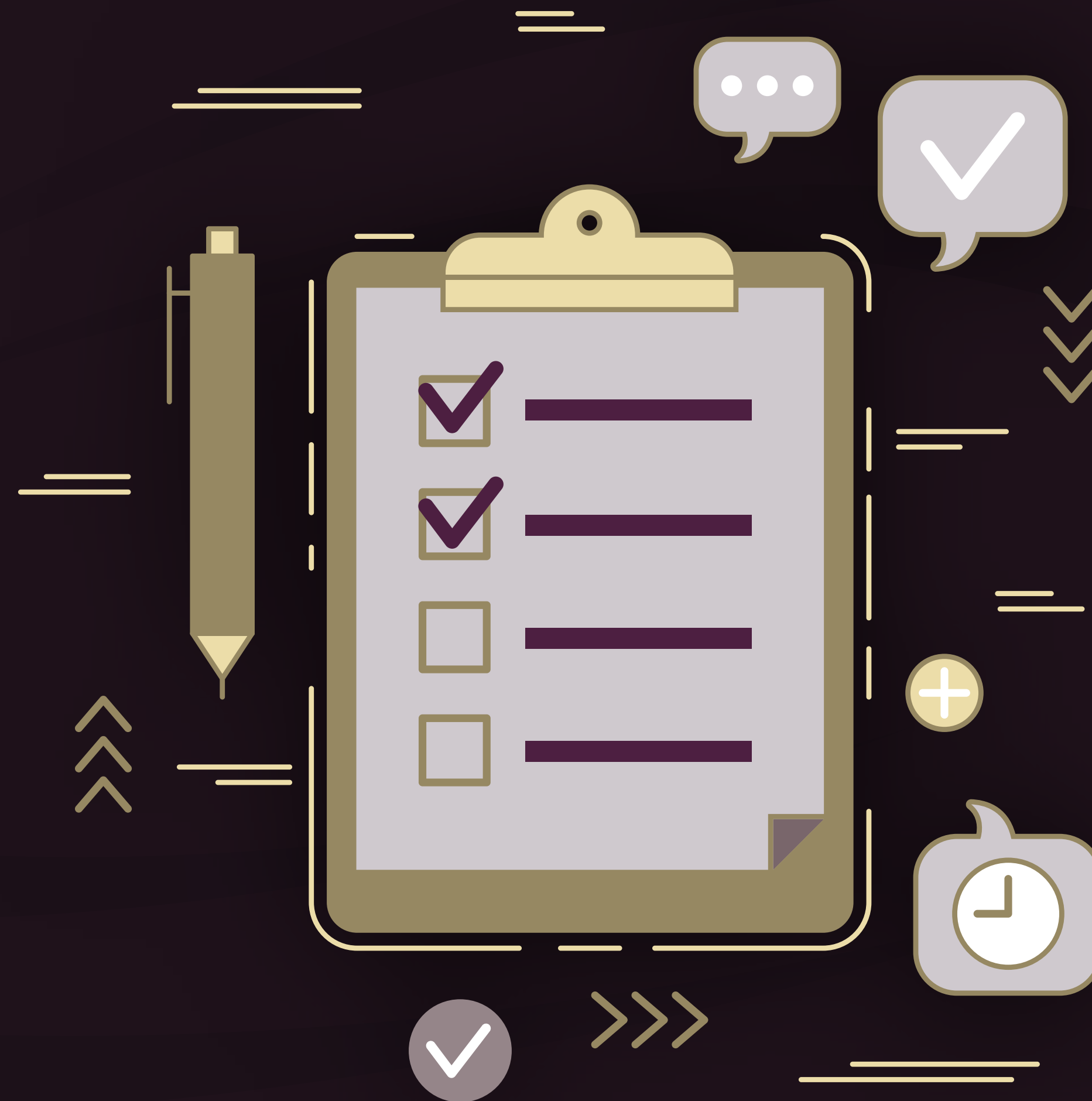
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The *BENEFITS* of regional integration include:

- A large and efficient market;
- Increased trade as a result of specialisation of production and more efficient use of resources; and
- Greater investment flows due to more market opportunities.



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The SADC region has launched a cross-border, low-value Transactions Cleared on an Immediate Basis (TCIB) payment scheme. The transfers are cleared immediately and intra-participant settlement obligations are settled daily.

SADC Integrated Regional Electronic Settlement System (SADC-RTGS) is designed to enhance financial market infrastructure to better support inter- and intra-regional trade. Since the system went live in April 2013, cross border payments have been efficient and cost effective.

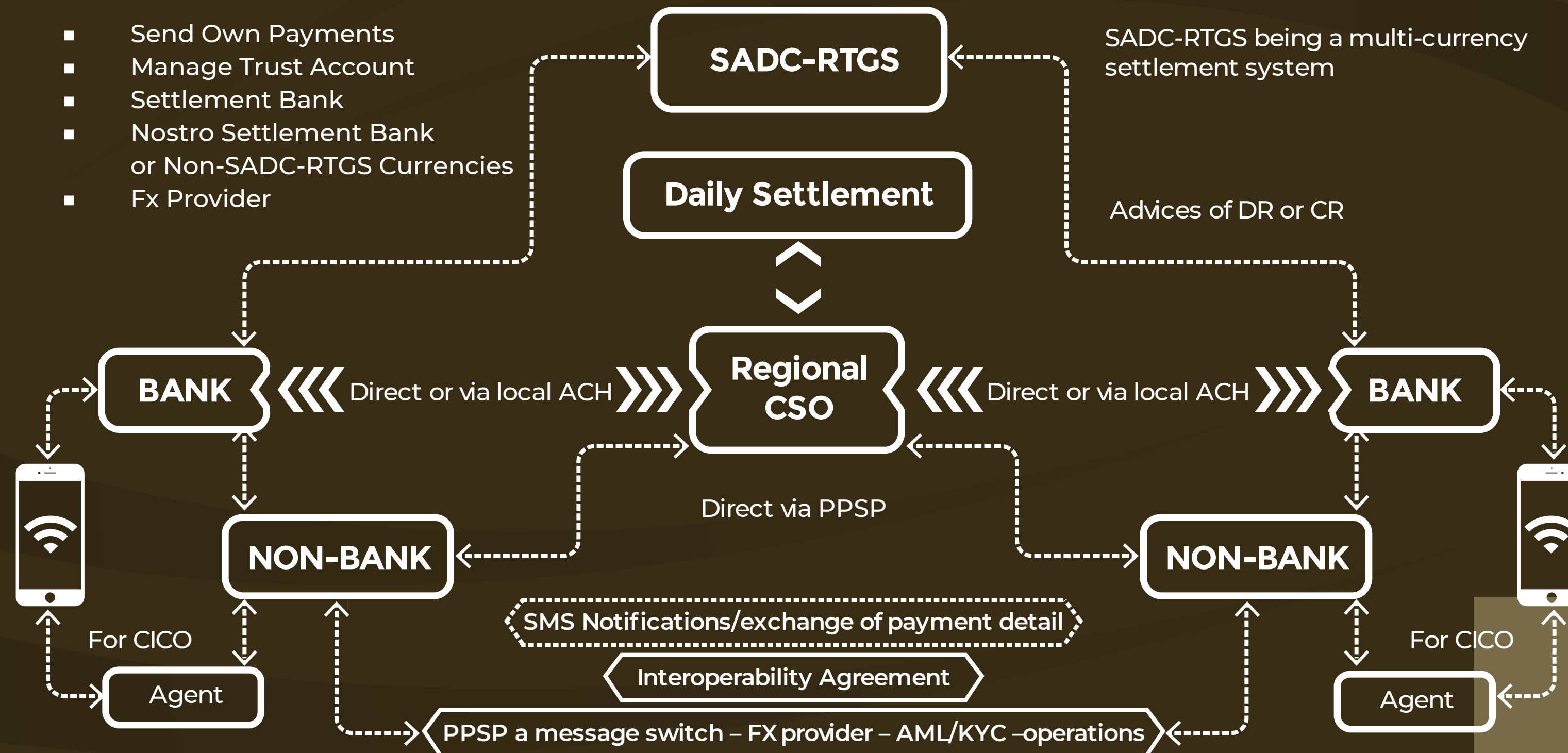
By the end of January 2019, the SADC-RTGS had settled 1 329 130 transactions to the value of R5.43 trillion (USD 407.19 billion/ EUR353.94 billion). At present, 14 countries and 81 banks, - including seven central banks and 74 commercial banks - are part of the SADC-RTGS. Banks in the region continue to join the system.

For now, the TCIB scheme only has four participants - two banks and two non-banks - an approved SADC RCSO, and the SADC-RTGS. It is undertaking a small number of live transactions in a very controlled manner. The payment scheme is depicted in the diagram:

SADC LOW VALUE CREDIT TRANSFERS CLEARED ON AN IMMEDIATE BASIS VIA RCSO OPERATING MODEL

Bank can have various roles:

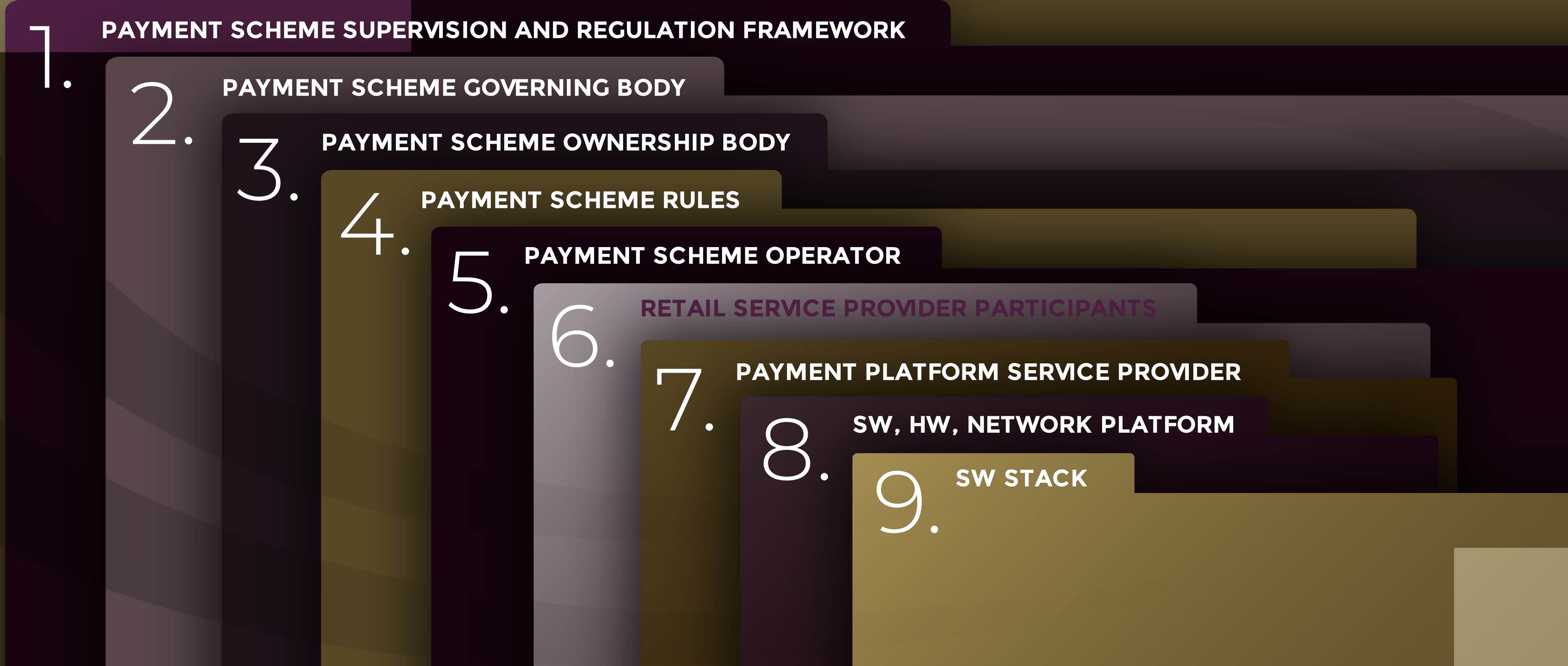
- Send Own Payments
- Manage Trust Account
- Settlement Bank
- Nostro Settlement Bank or Non-SADC-RTGS Currencies
- Fx Provider



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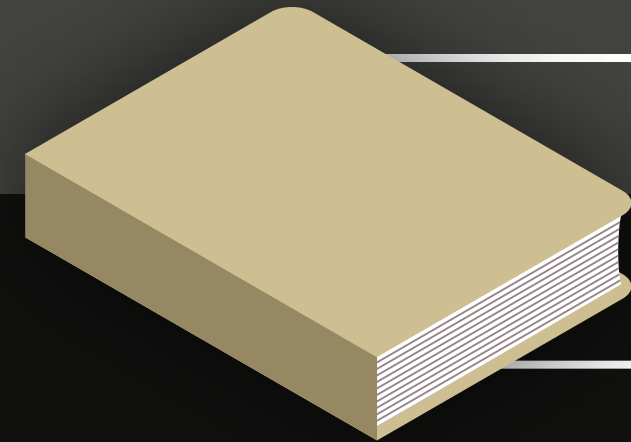
Banks and authorised non-banks may clear transfers with each other through a regional clearing and settlement operator at any time. Non-bank obligations will be settled through their appointed settlement banks. The following diagram sets out the different levels of participation:

PAYMENT SCHEME ENTITIES AND ROLES



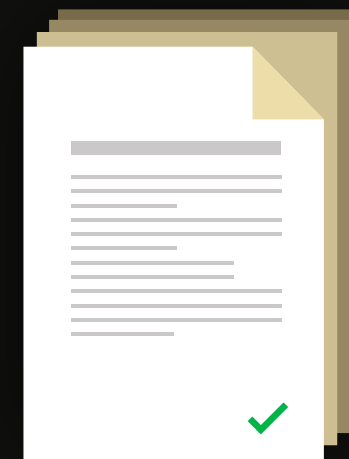
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The intellectual property of the scheme was developed by banks, non-banks, operators and regulators, over three years. It covers regulatory oversight, operating rules and agreements, and service level agreements, among others. The intellectual property artefacts, and associated documents, can be found in the SADC Beige Book, SWIFT.com/MyStandards.



Beige Book

operating models, rule books, other information and background



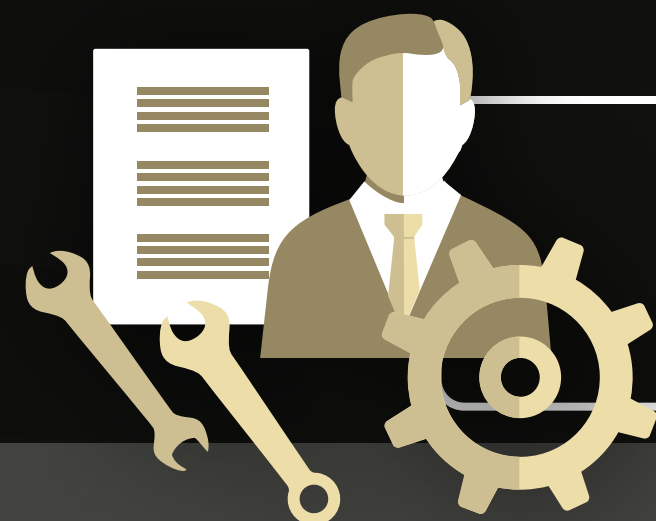
Linked Associated Documents

covering specific agreements, procedures etc.



Message Schemes & Rules

as well as specific examples



Operator Documents & Agreements

covering its services

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»»» M2M Implementation Timeline

Stage	Rails	Money	User Experience Considerations?	Timeline
Proof of Concept 1	Email	Fake	No	February - April 2017
Proof of Concept 2	SADC Rails	Fake	No	June - August 2017
Proof of Concept 3	SADC Rails	Fake	Yes	February - October 2018
Soft Launch	SADC Rails	Real	Yes	January - June 2019
Live implementation	SADC Rails	Real	Yes	August - October 2019
Open implementation to others now ready	SADC Rails	Real	Yes	October - November 2019
Start take on program to connect all countries	SADC Rails	Other SADC currencies	Yes	January - April 2020

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SIGNIFICANCE

According to FinMark Trust, it is estimated that only 36% of the SADC population is considered banked, 18% have access to other formal (non-bank) financial services, and 12% use informal financial services. (<http://www.finmark.org.za/finscope/finscope-consumer>) As a result, many people do not have access to formal mechanisms to send low value cross-border remittances. The informal financial services they use are often costly, slow and risky. The SADC Payment Scheme supports the Bank of International Settlements PAFI recommendations and the World Bank Group's UFA2020 initiative, which are aimed at greater financial inclusion.

The development of the payment scheme was benchmarked against the Bill and Melinda Gates Foundation Level 1 framework, suitably adjusted for cross-border payments. Deep and wide interoperability between all authorised payment service providers in the SADC should make cost effective, low value payments - directly into bank accounts or electronic wallets- much easier.

TRAINING SESSIONS BEGIN IN MARCH

Date	Country	Description	Duration	Cost	Venue
28 & 29 March 2019	South Africa	SADC BA TCIB Training	2 Full Days	R4000.00	Banking Association South Africa, Boardroom 6, 2nd Floor, Building D, Sunnyside Office Park, 32 Princess of Wales Terrace, Parktown, Johannesburg, 2193, Rep. of South Africa.

1. Early bird discount of 10% extended to those that register and pay before 11 March 2019
2. Institutions that register 3 or more candidates qualify for an additional 10% discount if paid in full prior to the course

We have a limited number of seats so register now to get yourself on our delegate list. Registration closes 22 March 2019. **Kindly contact Pat Adams at training@sadcbanking.org for further information.**

UP-COMING TRAINING

Date	Country	Description	Duration	Cost	Venue
15 & 16 May 2019	Zambia	SADC BA TCIB Training	2 Full Days	R4000.00	To be confirmed
12 & 13 June 2019	Zimbabwe	SADC BA TCIB Training	2 Full Days	R4000.00	To be confirmed

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