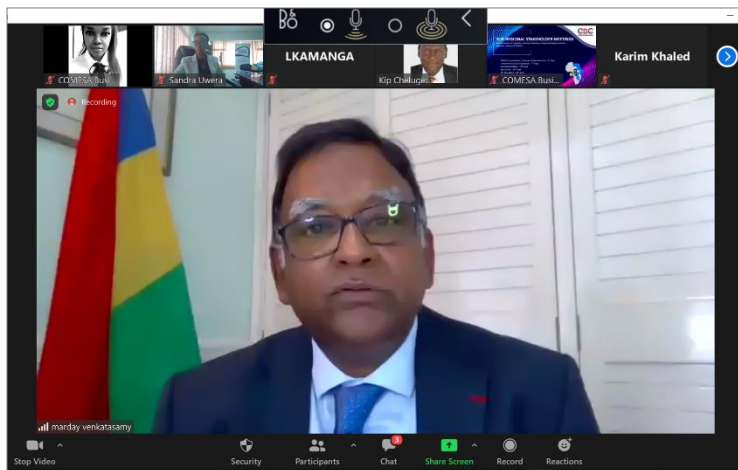


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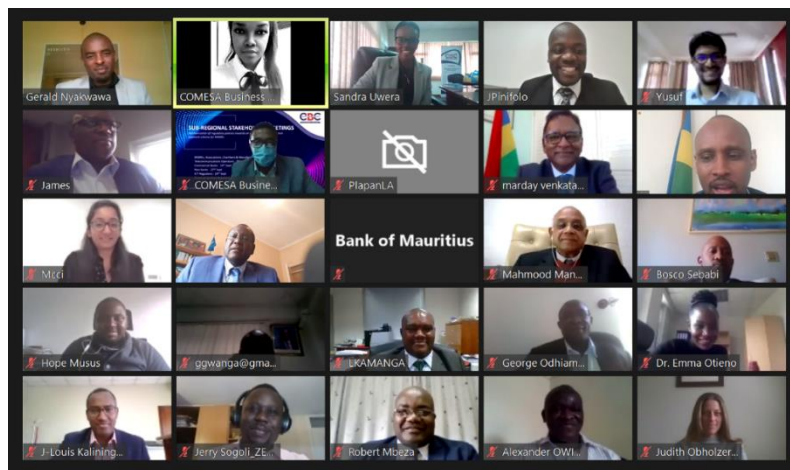
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14<sup>th</sup> October 2020

### Outcome of the Meeting on CBC's Engagement with Regional Financial Services Regulators, Towards Harmonization of Policies for an Integrated Digital Common Payment Scheme for MSMEs



Mr. Marday Venkatasamy, Chairman, CBC



Financial Services Regulators Sub-regional Stakeholders' Meeting

**Wednesday, 14<sup>th</sup> October 2020, Lusaka** – *“Digital payment systems are a focus area on course to improving the efficiency and performance of SMEs in the region. This is therefore a very important forum which provides Government to Business, Business to Business and Business to Consumer, key policy aspects that needs to be addressed in order to promote intra-COMESA trade which is currently low.”* This was said by Mr. Marday Venkatasamy, Chairman of the [COMESA Business Council](#) (CBC), in his opening statement during the Financial Services Regulators Sub-regional Stakeholders Meeting which took place on 13<sup>th</sup> October 2020.

The COMESA Business Council convened the Financial Services Regulators Sub-regional Stakeholder Meeting, bringing together 73 stakeholders comprising of Central Banks, Ministries of Finance, and revenue authorities, ICT regulators, mobile network operators, MSMEs, Fintechs, and microfinance institutions. The countries present were Zambia, Mauritius, Egypt, Ethiopia, Uganda, Rwanda, Malawi, Kenya, and Tanzania. The meeting was a public private engagement towards collaborative and coordinated approaches in establishing a regional digital common payments policy for MSMEs which would inform the proposed COMESA digital integrated retail payment scheme for SMEs.

The meeting was the last in the series of six sub-regional sectoral meetings which have been convened over the last month, that have brought together stakeholders comprising of MSMEs, mobile network operators, ICT regulators, commercial banks and micro finance institutions, Fintechs and non-bank operators, under the theme *“Harmonisation of Regulatory Policies Towards an Integrated Digital Common Payment Policy Framework for MSMEs.”*

*“Making up 80% of the African economy and employing 70% of the total population in the region, MSMEs play a central role in regional value chains and we have witnessed this particularly during this period of the COVID-19 pandemic. Strengthening their participation in formal markets reinforces production pathways, and contributes to sustainable economic development,”* said Ms. Sandra Uwera, the Chief Executive Officer

of CBC in her opening remarks. She gave a brief background on the Digital Financial Inclusion Program, highlighting that the program's objective was to support the design, development and deployment of an integrated digital financial services infrastructure that is low-cost, interoperable and fraud resistant, that serves micro small and medium-sized enterprises, with a focus on women and youth at the bottom of the financial pyramid. Expounding on this, Mr. Lazarous Kamanga, Director of Banking, Currency & Payment Systems at the Bank of Zambia, and the meeting's chairperson, noted the regional digital common payment policy for MSMEs to be a comprehensive framework that will provide oversight and strategic guidance to all stakeholders within the region, ensuring that financial sector programmes, national strategies and initiatives have broad levels of consistency and synergy. *"The policy framework will safeguard the needs of all individuals, micro to large enterprises, and be instrumental in attracting a diversified, sustainable and expanding pattern of external capital flows,"* he went on to add.

*"The proposed digital common payment policy will leverage on the existing financial rules effectively implemented at a national level, in adherence to international laws,"* said Amb. Kipyego Cheluget, COMESA's Assistant Secretary General-Programmes, in alignment. He further explained that the purpose of the multi-sectoral stakeholder engagements was to harmonise existing policy platform at a regional level, to allow for the development of a low value regional digital payment scheme for SMEs.

The deliberations attached great importance to the need to promote SMEs' competitiveness across the region. *"This will require concerted efforts from both the public and the private sectors, with the public sector ensuring a business-friendly environment and legislation for the promotion of private sector development and investment,"* said Mr. Mahmood Mansoor, Executive Secretary of the COMESA Clearing House, and an Advisory Committee member of the CBC Digital Financial Inclusion Program.

Reviewed in the meeting were national policies that have been agreed upon by five sectoral stakeholder workgroups, which will be harmonized at regional level forming the basis upon which a digital integrated regional common payment scheme for MSMEs will be developed. The meeting agreed upon eight policy areas for harmonization in the region namely, Anti-Money Laundering (AML)/Combating Financing of Terrorism (CFT), electronic transactions, interoperability, cybersecurity, consumer protection for digital financial services, settlement system operating rules, mobile money guidelines, and national financial inclusion framework.

Additional recommendations put forward included the need to have (i) a common regulatory framework for cross border mobile payments; (ii) a data protection and privacy law which is in harmony with the General Data Protection Regulation (GDPR) of EU; (iii) initiatives for migrating MSMEs from informal onto the formal sector through interventions such as digital IDs; (iv) affordable pricing so that MSMEs can easily participate in cross-border trade; (v) more innovations that will drive the cost of cross-border transactions down; (vi) balance between government revenue requirements and MSMEs' requirements for the sustainability of their businesses; (vii) multi-stakeholder involvement which will also play a role in reducing the cost of cross-border transactions; (viii) Value Added Services (VAS) such as eGov Payment Services for example for taxes; (ix) provision for an entity to handle disputes; (x) proper mechanisms in place to mitigate foreign exchange risks; (xi) consideration of different authentication options such as digital signatures, biometrics and Artificial Intelligence; (xii) harmonization of digital payment systems in terms of interoperability to avoid reinventing the wheel; (xiii) and, a Universal ICT Access Policy for ICT regulators to ensure seamless digital connectivity for facilitation of transactions.

CBC will be furthering these advocacy efforts at the COMESA Central Banks Governors' Meeting and the Ministers of Finance Meeting.

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## ABOUT CBC

COMESA Business Council is a Business Member Organisation, and the recognised private sector institution of COMESA. We represent the interests of the private sector at a regional level. The services we offer go beyond advocacy to actively promote business participation in regional integration, investment and global trade. This is done by facilitating the growth of strong business synergies, the development of business opportunities, and also through legislative and strategic advocacy. Our services are custom tailored and driven by both industry, and enterprise interests.

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