



Dear Readers,

We've made great strides in the CBC Digital Financial Inclusion for MSMEs Programme, which as you're aware, aims to support the design, development and deployment of an integrated digital financial services infrastructure that is low-cost, interoperable and fraud resistant, that serves MSMEs, at the bottom of the financial pyramid.

This Digital Financial Services (DFS) inclusion drive is expected to lead to increased intra-regional trade while reducing transaction costs. Financial inclusion also plays a significant role in alleviating poverty by allowing for inclusive economic growth. Furthermore, it is one of the key priorities of the UN's Sustainable Development Goals (SDGs), as a pathway to increasing resilience of households by way of enabling informal economies to capture economic opportunities. Digital financial inclusion has the potential to increase industry productive capacity; facilitate access to secure savings; lower cost of remittances; and create more affordable insurance options, while opening up appropriate forms of credit.

In this issue we're delighted to share with you recent developments from the first quarter, and invite you along on the exciting next chapter of this journey.

Sandra Uwera, CEO, CBC

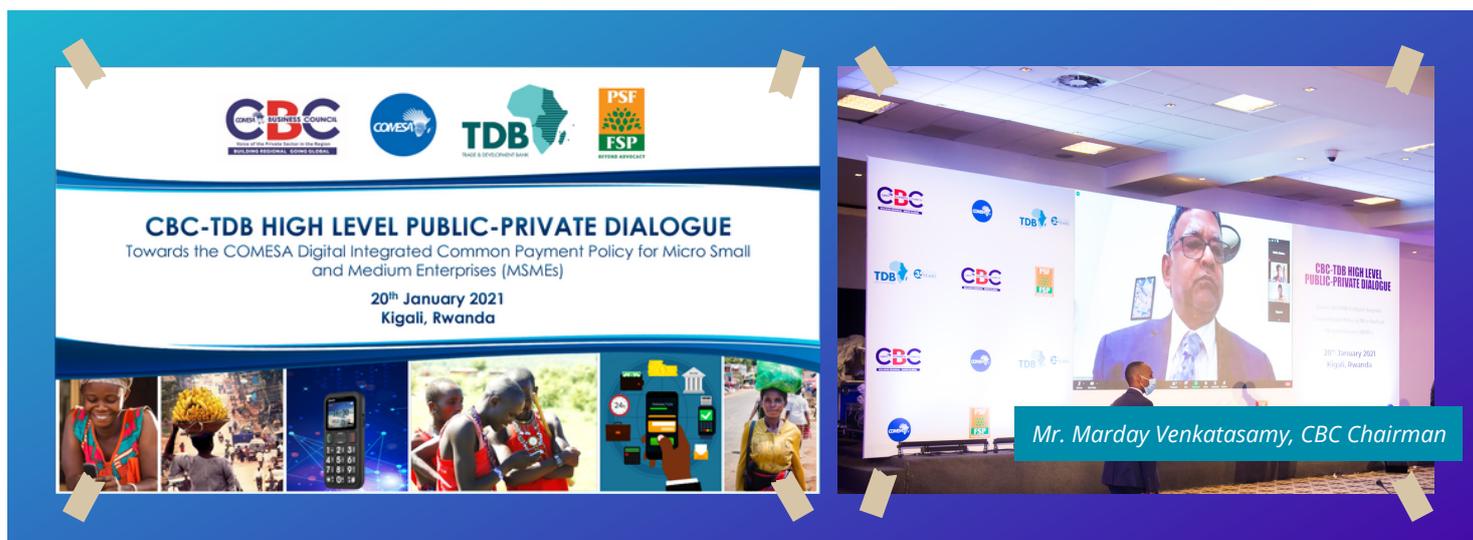
DIGITAL FINANCIAL INCLUSION FOR MSMEs

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THE CBC-TDB HIGH-LEVEL PUBLIC-PRIVATE DIALOGUE



The COMESA Business Council (CBC) in partnership with the Eastern and Southern Africa Trade and Development Bank (TDB), convened a Public-Private Dialogue (PPD) in Kigali, Rwanda, on 20th January 2021 under the theme, “Towards the COMESA Digital Integrated Common Payment Policy for Micro Small and Medium sized Enterprises (MSMEs)”.

The one-day meeting validated a draft digital Common Payment Policy for Micro, Small and Medium-sized Enterprises (MSMEs). Going forward, the policy will inform the modelling process of a low cost, instant, digitally inclusive payments platform for MSMEs in the region.



The hybrid event brought together over 280 participants from central banks, ministries of finance, ICT regulators, manufacturers, mobile network operators, commercial banks, and SMEs, from across the nine pilot-study countries of the CBC Digital Financial Inclusion Program (Egypt, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Tanzania, Uganda and Zambia).

From the deliberations, there was consensus that interoperability and agnosticism, which should allow for payments and transactions anytime, anywhere, of any value, on any device and through any channel, were fundamental to the scaling of digital financial inclusion for MSMEs across COMESA.

With regard to the design principles for a harmonised MSME digital payment scheme, the meeting agreed that the below considerations should be categorically factored in the system's development:

- (a) Real-time payment (RTP) because MSMEs, unlike for big businesses, it would be a dis-incentive to MSMEs to have their funds locked up in a payment process;
- (b) Where there is need for settlement, this to happen on the same day, though minimisation of the involvement of correspondent banks;
- (c) Inter-operability that involves integration of all players within the MSMEs' transaction ecosystem, especially across borders, including banks, non-banks, fintechs, Mobile Network Operators (MNOs), etc;
- (d) Irrevocability where sender cannot reverse transaction without consent of receiver as a key pillar for building trust in the system;
- (e) Cost-recovery basis with low-cost payments weighing the need for low-value transactions on one hand with the consideration that Digital Financial Services Providers (DFSPs) would also need to have viable businesses;

THE CBC-TDB HIGH-LEVEL PUBLIC PRIVATE DIALOGUE cont.

(f) Other principles included: pro-MSME friendly governance; COMESA member countries support; fraud protection; end-user experience; use of appropriate technology; low-cost but high volumes and capacity building.

Harmonisation Areas for COMESA Regional Payment Policy and Regulations

The discussions validated eight policy harmonisation areas, which are directly correlated to the payment system's design principles, noting the following:

- (a) Settlement system operating rules and irrevocability of transactions – there's need to harmonise irrevocability regulations so that transactions are not treated different in different member states;
- (b) National financial inclusion framework – there's need for a harmonised model for a regional digital financial inclusion framework that delivers all the foundational principles of DFS empowerment of MSMEs as indicated above;



(c) Anti-money laundering and combating the financing of terrorism – there's need to harmonise AML/CFT regulations so that the treatment of these in different member states does not pose a constraint on region-wide and cross-border financial transactions;

(d) Consumer protection on Digital Financial Services – there's need for a harmonised model for consumer protection guidelines to ensure that data and money are protected.



(e) Inter-operability policy – there's need for a harmonised inter-operable integrated digital payment infrastructure and policy framework;

(f) Cybersecurity for regional common digital payments scheme – there's need for a harmonised cybersecurity policy framework for digital financial services, including choice of appropriate technology for cybersecurity;

(g) Mobile-money guidelines – there's need for harmonised mobile money guidelines with regard to issues such as costs and withdrawal limits per day across MS;

(h) Electronic Transactions Act – there's need for Member States to put in place harmonised Electronic Transactions Act to enable consistent verification and authentication of legitimate users of the scheme.



THE CBC-TDB HIGH-LEVEL PUBLIC PRIVATE DIALOGUE cont.

The Way Forward

- (a) A model policy for the COMESA Digital Integrated Common Payment Policy is under development from the adopted harmonisation areas;
- (b) each pilot country is to domesticate the policy model, with the view of appreciating the respective issues and challenges that may be faced in implementing the COMESA-wide digital payment system.

VODACOM'S MOBILE MONEY POLICY FORUM

Vodacom South Africa recently brought together leading industry thought leaders from the across the region for their annual Mobile Money Policy Forum workshop. The aim of the workshop was to look into trends and developments shaping the mobile money industry across Africa, particularly within the context of a COVID-19 global economy.

Key note speakers included the Chief Legal and Regulatory Officer, Vodacom Group, Nkateko Nyoka; CBC's Digital Financial Inclusion Advisory Committee member, and Managing Executive Public Policy and Regulatory Affairs, Vodacom Group, Judith Obholzer; Managing Director M-Pesa Africa, Sitoyo Lopokoiyit; and Deputy Governor of the Central Bank of Kenya, Sheila M'Mbijjew.



She further asserted that new partnership models and investment certainty are critical to address the existing infrastructure investment and digital financial skills gaps. Successful private public partnerships need to be supported by progressive and flexible policy frameworks.

Dr. Jonathan Pinifolo, CBC's Digital Financial Inclusion Program Manager, also led a panel discussion in the workshop, which explored the various approaches to building the resilience of regional economies by removing barriers to cross-border money transfers.



Ms. Obholzer noted that governments and civil societies were beginning to re-examine our collective post-pandemic future, with mobile financial service providers playing a pivotal role in supporting the “Great Reset” by investing in new technologies and service innovations that will support economic recovery and growth in countries that have been hardest hit by Covid-19.



Within the scope of these discussions, it was noted that policy is the foundation for an infrastructure that

VODACOM's MOBILE MONEY POLICY FORUM cont.

supports African SMEs to grow into prosperous businesses over the coming years. In this regard, the implementation of the COMESA Digital Common Payments Policy could leverage existing financial rules implemented at national levels aligned with international standards, while harmonising at regional level.

In exploring what is needed to create such an enabling environment, the Vodacom Group's second Public Policy Series report "A Great Reset after Covid? – How mobile money can help shape resilient societies across Africa" takes an in-depth look at the following themes through the contributions of leading subject matter experts:

- (a) How to increase economic and societal resilience through enabling mobile money policies and regulations on the continent.
- (b) How to accelerate inclusive and sustainable recovery through innovation.

The Public Policy Series report is available for download [here](#).

UPCOMING EVENTS

1) The **Final Public Private Dialogue** will be held on 24th June 2021 as a hybrid event, bringing together nine pilot-study countries' Central Bank Governors; Ministries of Finance; ICT Regulators; the private sector (manufacturers); Mobile Network Operators; commercial banks; and SMEs, to consider and adopt the Draft Model Policy and Rules Book for the *COMESA Digital Integrated Common Payment Policy for MSMEs*.



The outcomes of the meeting will underpin the development of a business model and infrastructure for a low-cost/retail digital payment scheme. The meeting will be officially opened by the Central Bank Governor of Zambia.

The key output documents to be presented during the high level PPD are the following;

- (a) The draft model policy and regulation for a digital integrated regional common payments scheme for MSMEs
- (b) Draft guidelines/rulebook on the on the operation of the payments scheme

As background information, it should be noted that CBC engaged a consulting firm, Legis Policy Associates to develop the model policy framework on the digital integrated regional common payment scheme for Micro Small and Medium Enterprises (MSMEs) in COMESA region. This should inform the establishment of the regional digital common payments scheme for MSMEs thereby improving digital financial access and inclusiveness of informal traders into formal markets.



II) Financial inclusion improves access to finance for businesses, can empower women and makes vulnerable adults more resilient to economic shocks.

The 2021 FIGI Symposium, running from 18th May - 24th June virtually, provides a forum for dialogue amongst telecom and financial sector authorities, financial service providers, and related stakeholders from around the world to share experiences and perspectives on the main challenges to be addressed for the scaling up digital financial services and globally.

The Symposium's programme will comprise discussion topics such as Fintech for inclusion, consumer protection, cybersecurity and trust, digital ID, gender equity, electronic payment acceptance, and experiences reaching underserved and vulnerable populations during the pandemic. [Click here](#) to register.

III) On 16th and 17th June, IFAD will host the **Global Forum on Remittances, Investment and Development (GFRID)**, an event recognized by the United Nations General Assembly as being key to addressing opportunities related to both remittances and diaspora investment.

This year's two-day virtual Summit (will focus on the role of remittances and diaspora engagement towards the recovery of the remittance market, and to improve the resilience of remittance families and their communities. In particular, the Summit will seek to share and analyze practical mechanisms and strategies related to digitalization and financial inclusion of migrants and their families.



The GFRID Summit 2021 will also explore how innovation and technology in the market can lower remittance transfer cost and promote greater financial inclusion, towards implementation of Objective 20 of the Global Compact for Safe, Orderly and Regular Migration and, more broadly, achievement of the Sustainable Development Goals by 2030. [Click here](#) for more information.

INDUSTRY NEWS HIGHLIGHTS FROM THE REGION

The 5th East Africa Fintech Summit; What To Look Out For

On 20 and 21 May, CIO East Africa will yet again host the East Africa Fintech Summit. Now on its 5th Edition, the event is a must-attend activity for anyone in the Financial Services Industry, attracting both technology experts and FSI professionals. More than 300 delegates attended the last event and this time, the event goes fully virtual and live from CIO Studios. Watch Stacy Wanjeri and Vanessa Obura, joined in studio by Michael Michie, Chief Information Officer at TripleOKLaw, to learn more about the upcoming Summit:

<https://bit.ly/33GpAlr>

**Catapult: Inclusion Africa 2021 reveals selected startups**

The Catapult: Inclusion Africa programme aims to promote financial inclusion and support businesses achieve their goals. The 2021 edition has announced the 14 fintech startups that will take part in the bi-annual programme.

The selected startups offer services across a variety of fields such as cryptocurrency, digital payments, and financing. They will take part in an eight-day boot camp, 19th to 28th May, during which they will train and network with industry stakeholders. In addition to the startups, also featured will be investors from several financial

outlets. The outlets include Bamboo Partners, ZedCrest Capital, AfricInvest, and Sherpa Africa Partners. The programme is sponsored by the Luxembourg Ministry of Foreign & European Affairs. Read the full article here:

<https://bit.ly/3brPSf4>

Digitalization spearheads Egypt's Financial inclusion drive

Egypt's plans to put digitalization at the heart of its efforts to drive post-pandemic growth in the financial services sector and boost inclusion are explored in a new Covid Response Report (CRR), produced by Oxford Business Group (OBG) in partnership with the Financial Regulatory Authority (FRA).

The report provides in-depth analysis of Egypt's response to the pandemic, covering the efforts under way from both the private and public sectors to encourage e-commerce growth and accelerate the transition to digital payments, building on higher, pandemic-induced demand from citizens for remote transactions amidst a desire to avoid handling cash. Read the full article here: <https://bit.ly/3fiSI79>.



ABOUT CBC:

CBC is a Business Member Organisation, and a 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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For further information, contact Marianne Nzioki, Marketing and External Relations Officer
E-mail: mnzioki@comesabusinesscouncil.org

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COMESA Business Council
Ben Bella Road, P.O. Box 30051, Lusaka, Zambia
Email: info@comesabusinesscouncil.org
Tel: +260 211 229725/32

