COMESA BUSINESS COUNCIL
Voice of the Private Sector in the Region
BUILDING REGIONAL GOING GLOBAL

THE DFI INSIDER

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Welcome to the launch of our bi-monthly bulletin!

We are delighted to bring to you this series, filled with the latest developments in digital and financial services across the region, along with key information on upcoming events, market intelligence, and policy and regulatory issues affecting the industry.

Thank you for being part of this exciting journey; the best is yet to come!

Sandra Uwera, CEO, COMESA Business Council

The banking and financial services industry across the region is rife with intense competition and technological disruption. Fintech is a dominant force behind the big financial inclusion advances we've witnessed in recent years. The dynamic nature of emerging markets opens up opportunities for accelerated innovation, which sees fintech solve problems unique to Africa in creative ways.

Marday Venkatasamy, Chairman, COMESA Business Council

WHAT IS DIGITAL FINANCIAL INCLUSION?

Digital financial inclusion is the deployment of cost-saving digital means to reach currently financially excluded and underserved populations, with a range of formal financial services suited to their needs, and that are responsibly delivered at a cost affordable to them, whilst remaining sustainable for providers.

DIGITAL FINANCIAL INCLUSION FOR MSMEs

In 2017, COMESA Business Council, through the the Financial Services and Digital Services Workgroups convened the **COMESA Connect Industry Dialogue**, with a focus on digital and smart technologies to improve industry competitiveness. The objective was to establish a means through which technology could be leveraged to develop solutions and platforms that propel competitiveness in agriculture, manufacturing, the service industry and SMEs.

Digital financial inclusion was a focal point in the discussions; a fundamental pillar upon which businesses in the region conduct their transactions. Some of the key recommendations focused on the need to put

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in place a policy framework for a cost-effective regional payment system for MSMEs operating nationally and trading across-borders. These recommendations were presented to, and adopted by the **COMESA Council of Ministers in July 2018**, giving way to the launch of the CBC "Digital Financial Inclusion for MSMEs" Project.

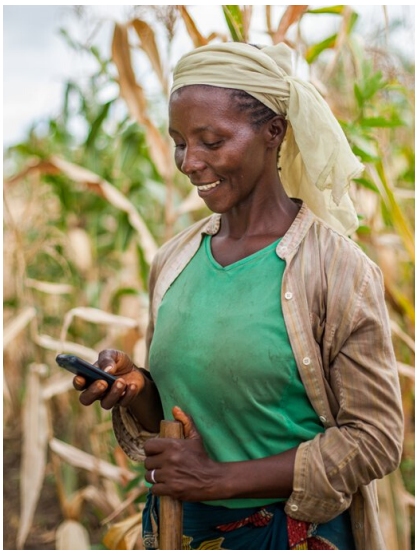


Photo credit: Frederic Courbet

A BRIEF SUMMARY ON THE PROJECT

The goal of this project is 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 **(MSMEs)** and the customers they transact with at the bottom of the financial pyramid, thereby enhancing **national** and **cross-border trade**. CBC is therefore working towards the implementation of the COMESA SME Digital Payment policy.

The project will be implemented over the next two years in two phases:

- The development of a business case for a regional payment policy and framework that supports a practical solution that will digitalise MSMEs through financial services;
- The development of the business model, governance and operational aspects of a payment scheme, and the documentation of the requirements of a payment scheme that fulfills those requirements.

The pilot countries include: Egypt, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Tanzania, Uganda and Zambia.

OUR ACTIVITIES SO FAR:

Developing close links with key industry stakeholders comprising but not limited to private sector associations, Mobile Network Operators, ICT regulators, and government agencies has been key. The primary objective has been to explore areas of strategic partnership within the scope of digital and financial services. To this end, we have convened meetings with the following stakeholders:

- International Telecommunication Union (ITU) - virtually, Lusaka/Geneva
- Vodacom - virtually, Lusaka/South Africa
- Uganda Communications Commission (UCC) - Kampala
- World Bank - Lusaka
- COMESA Clearing House - Harare
- ECOCASH (Econet Wireless-Liquid Telecom) - Harare
- Zambia Information & Communications Technology Authority (ZICTA) - Lusaka
- Uganda Ministry of Trade, Industry and Cooperatives - Nairobi, Source 21 High-Level Business Summit
- Kenya Commercial Bank (KCB) Rwanda - Nairobi, Source 21 High-Level Business Summit
- Trade Development Bank (TDB) - Nairobi, Source 21 High-Level Business Summit
- Centre for Research on Financial Markets and Policy - Nairobi, Source 21 High-Level Business Summit
- Techno Brain Group - Nairobi, Source 21 High-Level Business Summit
- SADC Bankers Association - Nairobi, Source 21 High-Level Business Summit

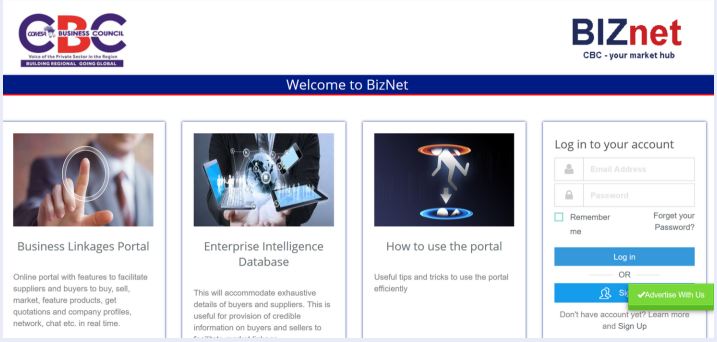
TECHNICAL CAPACITY BUILDING

Basic digital skills training within the Local Sourcing for Partnerships Project - Uganda and Zimbabwe

A training session with SMEs in Uganda and Zimbabwe was facilitated by Dr. Jonathan Pinifolo, DFI Project Manager, leveraging parallel partnership resources. The training focused on the benefits to be derived from the Digital Financial Inclusion Project, particularly for MSMEs looking to securely and efficiently conduct cross-border trade; it was also a unique opportunity to identify challenges that might inhibit the uptake of digital financial services such as numeracy, literacy, mobile phone ownership, education, ability to text, and "know your customer" (KYC) requirements.

BizNet - online market intelligence and business linkages platform

The DFI Digital Services Manager, Yoseph Wondimu, has been upgrading the BIZNET portal on the CBC website. This will aid in creation of business linkages between suppliers and buyers across the region. The main CBC website is also undergoing redesign, with consideration of DFI to optimally serve as a business hub catering for various market segments, including MSMEs in the region. For more information, please click on the following link http://biznet.comesabusinesscouncil.org/



INDUSTRY NEWS

High-level regional policy discussion on building an enabling environment for inclusive digital transformation in Africa during the Forum on Internet Freedom in Africa (FIFAfrica) 2019.

As the scope of digital innovation expands around the globe, so must national and regional policies and regulations to facilitate greater competitiveness and inclusiveness while respecting online freedom and digital rights of consumers.

CBC attended the Forum on Internet Freedom in Africa that was organized by the Center for International Private Enterprises (CIPE). The meeting was held in Addis Ababa on 24th and 25th September 2019.

Its objective was to promote policy discussion between government, business, and civil society regarding regional opportunities on digital policy topics key for economic and entrepreneurial development. Discussion topics included data flows and data privacy, eCommerce, cybersecurity, and opportunities for democratizing digitally driven growth in the region.

Ethiopia Airlines expands digital payment methods

Ethiopian Airlines announced that it plans to expand its payment method offerings by partnering with digital commerce and payment solutions platform; CellPoint Digital to introduce WeChat Pay and KNET. In 2018, the Airline first integrated CellPoint's 'Velocity' payment platform – a mobile-first payment strategy – in its mobile app and it hopes by introducing WeChat Pay and KNET it will reach the international travel market.

Photo credit: Henok Tizazu

Click here to read the full story https://bit.ly/2merN4L

Technology and partnerships to drive next wave of financial inclusion in Africa

Despite positive advances in financial inclusion on the continent, 95% of all consumer payments in Africa are still made in cash. Why is this such a bad thing? For the people and micro-entrepreneurs who are trapped in cash-only systems, it is much harder to grow a business, much less safe to save, and more difficult to forge a path into the middle class.

Cash is fueling what's called the invisible economy, limiting productivity and growth of vibrant sectors such as small and micro-enterprises, and making it infinitely more difficult to include these economic activities in any form of official statistics, oversight, taxation and regulation.

The informal economy in sub-Saharan Africa makes up nearly 86% of all employment, according to the International Labour Organisation. The issue is compounded by Africa's demographic dividend, with the informal sector projected to absorb many of the continent's young employment seekers.

Click here to read the full story https://bit.ly/2mtdpph

Experts, policymakers call for redefining Africa's digital age narrative

African experts and policymakers on Thursday called on African countries and pan African institutions to redefine Africa's narrative in the digital age in line with the continent's major development aspirations. They made the call during an ongoing African Union (AU) Specialized Committee meeting on communication and information technology that ended on Thursday, as they called on all AU member countries and the AU to establish a continental cyber-security guard.

They also called for building consensus on integrated connectivity roadmap and elaborate efficient communication strategies to bring the African Union closer to the African people.

Click here to read the full story https://bit.ly/343Gvfy

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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