Dear Readers,

Welcome to the fourth edition of the DFI Insider. In this fourth quarter of the year, we've had the distinct pleasure of engaging various stakeholder groups from across the nine pilot countries of the Digital Financial Inclusion for MSMEs Program, with the objective of validating the Business Case Report and identifying key policy areas for consideration and harmonisation in the development of the policy framework, to support the digital integrated regional common payment scheme for MSMEs in COMESA region.

In this issue, we're pleased to share with you the outcomes of these meetings, and the path we're forging in the program's next phase.

Sandra Uwera, CEO, CBC

The Digital Financial Inclusion for MSMEs Program, currently in its first phase, has developed a Business Case Report which has in recent months undergone country validation, and further sub-regional sectoral validation, with participating stakeholder groups comprising of MSMEs, financial services regulators, Mobile Network Operators, ICT regulators, Fintechs, microfinance institutions and manufacturers.

The outcomes of these meetings are on course to feed into the formulation of a draft model policy and regulation guidelines, which is the basis for the establishment of the business model, governance and operational aspects of a regional digital integrated common payment scheme for MSMEs.

From the six sub-regional stakeholder meetings, the following recommendations were put forward:

ICT Regulators Sub-regional Stakeholders Meeting

Chaired by Mr. Innocent Bagamba Muhizi, CEO of the Rwanda Information Society Authority (RISA), the ICT Regulators workgroup put forward the following recommendations on policy areas for harmonisation:

- Data protection and harmonisation to ensure that integrity of data is maintained and seamless message communication.
- Administrative Incentive Spectrum Pricing Policy to encourage network operators to roll out services in the rural areas.
- Interoperability of various digital financial services providers to allow all Banks and non-banks operators to be integrated.

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Universal ICT Access Policy to ensure seamless network coverage.

Quality of Service guidelines. A need to define minimum technology standards like 3G and 4G so that there is provision of high data speeds in rural areas.

Electronic Transactions Act (Include aspects like KYC-Digital IDs, Electronic signatures).

Cybersecurity to ensure that the digital platforms for payments are well protected from any cyber attacks.

Consumer protection guidelines for digital financial services. Network failures in terms of Base Transceiver Stations which can hinder mobile money transactions.

Infrastructure sharing guidelines. Postnet/offices infrastructure network needs to be leveraged on as part of DFI initiatives to penetrate in the rural areas.

Mobile Money guidelines within COMESA regions.

Anti-Money laundering and Combating the financing of Terrorism. Issues of transparency and accountability within the region on financial flows.

From the Commercial Banks Workgroup, chaired by Mr. George Odhiambo, Managing Director of KCB Bank Rwanda Plc, the following recommendations on policy areas for harmonisation were put forward:

• National Digital Financial Inclusion framework to ensure that MSMEs are able to access and use Digital Financial Services.

• Anti-Money laundering and combating the financing of terrorism to ensure that issues of transparency and accountability within the region on financial flows.

• Interoperability of various digital financial services providers with different platforms. I.e. Banks and Non-Bank operators.

• Cybersecurity to ensure that the digital platforms for payments are well protected from any cyber attacks to guarantee reliable customer transactions.

• Consumer protection guidelines for digital financial services. It will be important to align to the GDPR as we develop the data protection principles.

• Inter-bank settlement system operating rules such as clearing and settlement rules.

• Quality of Service guidelines in respect to Settlement and clearing time of the transactions is critical to consider.
Telecommunications Operators Sub-regional Stakeholders Meeting

The Telecommunications Operators Workgroup, chaired by Mr. James Chona, Airtel Money Director, Airtel Zambia, recommended seven policy areas for harmonisation as follows:

- Harmonised Cybersecurity model guidelines to ensure that the digital platforms for payments are well protected from any cyber attacks.
- Initiatives to reduce deployment costs through i.e. Policies and infrastructure sharing guidelines.
- Universal ICT Access Policy to ensure seamless network coverage to facilitate digital financial transactions. Fit-for purpose ICT access funds.
- Mobile Money guidelines within COMESA regions that can assist cross-border transactions to be equal to or less than domestic transactions.
- Anti-Money laundering and combating the financing of terrorism to assist mobile money customers to easily send and receive money without violating the domestic laws.
- Interoperability in respect to cross-border transactions as well as ecosystem (Including Banks/MNOs)
- A regional and harmonised approach on consumer protection/cybersecurity should be adopted. GSMA code of conduct for Mobile Money providers is the best practice example.

MSMEs, Manufacturers & Agro-Industry Sub-regional Stakeholders Meeting

The MSMEs, Manufacturers & Agro-Industry Workgroup, chaired by Ms. Diana Apio-Kasyate, Government Relations Manager-East and Central Africa Franchise at Coca-Cola Africa Pty, recommended the following areas of policy harmonisation:

- Interoperability of various digital financial services providers and payment schemes in the region.

- Consumer protection guidelines for digital financial services. ESCROW accounts are critical to consider so that there is trust.
- Data protection principles to ensure that data and money is well secured. Protect the integrity of the payment scheme by facilitating access to KYC procedures and legal due diligence.
- Harmonised Cybersecurity guidelines to ensure that the digital platforms for payments are well protected from any cyber-attacks.
The Non-banks Workgroup, comprising of Fintechs and microfinance institutions is co-chaired by Natalie P. Jabangwe, the Chief Executive Officer of ECOCASH, and Srinadh Kotturu, the General Manager for Digital Business at Techno Brain. The following are the recommendations of policy areas for harmonisation from the workgroup:

- National Digital Financial Inclusion framework to ensure that MSMEs are able to access and use Digital Financial Services.
- Anti-Money laundering and combating the financing of terrorism. KYC aspects need to be critically taken into consideration.
- Interoperability of various digital financial services providers with different platforms i.e. Banks and Non-Bank operators such as Fintechs and Micro Finance Institutions.
- Cybersecurity to ensure that the digital platforms for payments are well protected from any cyber attacks to guarantee reliable cross-border transactions.
- Consumer protection guidelines for digital financial services to ensure that cross border transactions are secured.
- Non-banks and banks settlement system operating rules; specific actions on irrevocability and reversals. A need for payment refunds to be facilitated upon authentication by the receiver.
- Quality of Service guidelines in respect to proximity of access points and network coverage of digital financial service providers.
- Infrastructure sharing Policy to minimise the cost of doing business.
- Mobile money guidelines.

The meeting of the Financial Services Regulators was the last in the series of sub-regional stakeholder meetings; presented therein were the policy considerations put forward in preceding sub-regional meetings with the aforementioned stakeholder groups within the digital financial services ecosystem across the nine countries. Chaired by Mr. Lazarous Kamanga, the Director of Banking, Currency and Payment Systems at Bank of Zambia, the Financial Services Workgroup adopted the following eight policy areas for harmonisation:

- Anti-Money laundering and combating the financing of terrorism (AML/CFT).
- Electronic Transactions Regulation (i.e. KYC-Digital IDs, Electronic signatures etc).
- Interoperability of various digital financial services providers and digital platforms within the region.
- Cybersecurity to ensure that the digital platforms for payments are well protected from any cyber attacks.
- Consumer protection guidelines for digital financial services.
- Settlement system operating rules (Include other players like Non-banks and Banks).
- Electronic Money guidelines (i.e. Including Mobile and Digital Money).
On 24th November 2020, the webinar themed *Reshaping the Future of Industry and SMEs Through Digital Financial Inclusion* was convened, bringing together key industry players to deliberate on opportunities, risks and challenges within the digital cross-border payments ecosystem for SMEs in COMESA, and to propose practical solutions to the highlighted impediments. The recommendations were as follows:

i) **On policy and regulatory frameworks**

Member States are urged to:

- Develop data protection and privacy laws which are harmonised across the region.
- Ensure that there is systems integration to facilitate payments across different payment platforms through implementing international Standards (ISO 20022) which promotes movement of funds across different platforms.
- Push for policies and regulations which support real-time payments; harmonisation of Mobile Network Operators’ (MNOs’) transaction limits of cross-border transactions; increased wallet sizes to enable MSMEs to transact more readily and efficiently; and address liquidity challenges experienced by agents in cashing out, particularly in remote areas.

ii) **On public-private engagement**

- The private sector is urged to strengthen dialogue and partnerships with the public sector towards collaboration, raising awareness and advocating for regulations and policies aligned to developing the best platform which address consumer needs.

iii) **On public awareness and capacity building**

- Develop mechanisms which facilitate dissemination of information, sensitizing and training MSMEs on available digital financial services.
- Develop programmes for capacity building of Women and MSMEs on how to use digital financial services i.e. the platforms to consider language which MSMEs will be comfortable with to build trust.
- Establish programmes and platforms which increase awareness on the effects of illicit trade on economies, society, consumer health, and environment of Member States across the region.
- Develop information sharing platforms among MSMEs, women and other various stakeholders.

iv) **On political will**

Proactive leadership; political will; and integration and coordination across national, inter-governmental and intra-governmental authorities are needed to address the range of issues relevant to harnessing digital financial technology.
v) On Know Your Customer considerations
- National governments need to prioritize availability of robust and easily verifiable digital IDs, whether biometric or other types of data-based forms, which can be used to facilitate secure access to digital financial services.

vi) On infrastructure development
- Member States are called to develop good infrastructure that drive digital financial inclusion which includes cooperation between MNOs, Banks and other non-banks. Financial infrastructure improvements reduce the information asymmetry that constrains access to credit and raises the costs and risk of financial intermediation.

vii) On design principles
- The digital integrated common payment scheme should have translation features for commonly used local languages. There is a need to consider use of the most common languages within each country and a possible translation feature so that MSMEs are incentivised to access digital financial services more.

Upcoming Events

CBC-TDB High Level Public Private Dialogue
On 20th and 21st January 2021, COMESA Business Council in partnership with the Eastern and Southern Africa Trade and Development Bank (TDB), will host a high-level public-private dialogue in Kigali, Rwanda, on the development of the low value retail common digital payment policy for COMESA.

Bringing together central bank governors, ministers of finance, ICT regulators, manufacturers, mobile network operators, commercial banks, Fintechs, microfinance institutions, and MSMEs, the meeting will consider and adopt the COMESA digital integrated common payment policy and framework for MSMEs. The outcomes of this meeting will underpin the development of a business model and infrastructure for a low-cost retail digital payment scheme for MSMEs within the COMESA region.
Industry News Highlights from the Region

Central Banker of the Year 2021
Setting the country on the path to a cashless economy has been one of Mr. John Rwangombwa’s, governor of the National Bank of Rwanda (NBR), priorities; the central bank launched a multi-year awareness campaign, which has driven financial inclusion (now at 77%) and also proved vital during the Covid-19 pandemic. In March, the central bank announced that mobile money transfers and contactless payments would be free for three months to boost encourage digital payments. Read the full article here: [https://bit.ly/3b4GPRU](https://bit.ly/3b4GPRU)

CBC charting an integrated digital common payment policy for MSMEs within COMESA
As part of the larger Continental Free Trade Area, COMESA has a prosperous market that can effectively lead in agricultural trade, manufacturing and professional services. The region’s trade facilitation mechanisms however still require strengthening to ensure sustainable value chains and supply chains. According to Mr. Marday Venkatasamy, Chairman of CBC, the technology already exists to support the seamless transmission of cross-border payments. What needs to be addressed is harmonisation of policy and regulatory frameworks that enable SMEs to carry out regional retail cross-border transactions with ease and confidence, that real time payments and affordability have been factored in as per their customer requirements. Read the full article here: [https://bit.ly/38h9XU6](https://bit.ly/38h9XU6)

DIAA FULL LIST: Winners of the 2020 Digital Impact Awards Africa
The 2020 Digital Impact Awards Africa (DIAA) were held in Kampala, Uganda, recognizing, celebrating and appreciating different individuals and organizations that spearhead the use of digital mediums to better serve their communities. The award gala attracted C-Level Executives and Senior Digital, Finance and IT executives. It’s a platform as well that promotes digital inclusion, financial inclusion, and cyber security. Read the full article here: [https://bit.ly/3b4Kjns](https://bit.ly/3b4Kjns)
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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