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Dear Readers,

As you can attest, the COVID-19 pandemic has created a major health and economic crisis, severely disrupting intra-COMESA and international trade. Conversely, the current situation has also provided us with key lessons and opportunities which we can grasp to continue to drive industry competitiveness and private sector-led growth within the COMESA region; notably, the importance of digitalization. It has become imperative that we embrace the digital age and increasingly adopt digital technologies for both manufacturing and services sector. Digitalization has been the missing gap that could fast track the development of our industries and economies.

Various leading reports have highlighted that digitalization can help catapult Africa into the future at par with the leading global players. This was underscored at the recently convened 21st COMESA Heads of State and Government Summit which was held under the theme, "Building Resilience through Strategic Digital Economic Integration," during which CBC received political support for the Digital Financial Inclusion for MSMEs initiative.

As we wind down the year, we are delighted to share with you some of the strategic highlights of the DFI for MSMEs Plan; what we have planned for 2022; as well as some exciting industry highlights from the digital financial services space across the region.

- Sandra Uwera, CEO, CBC

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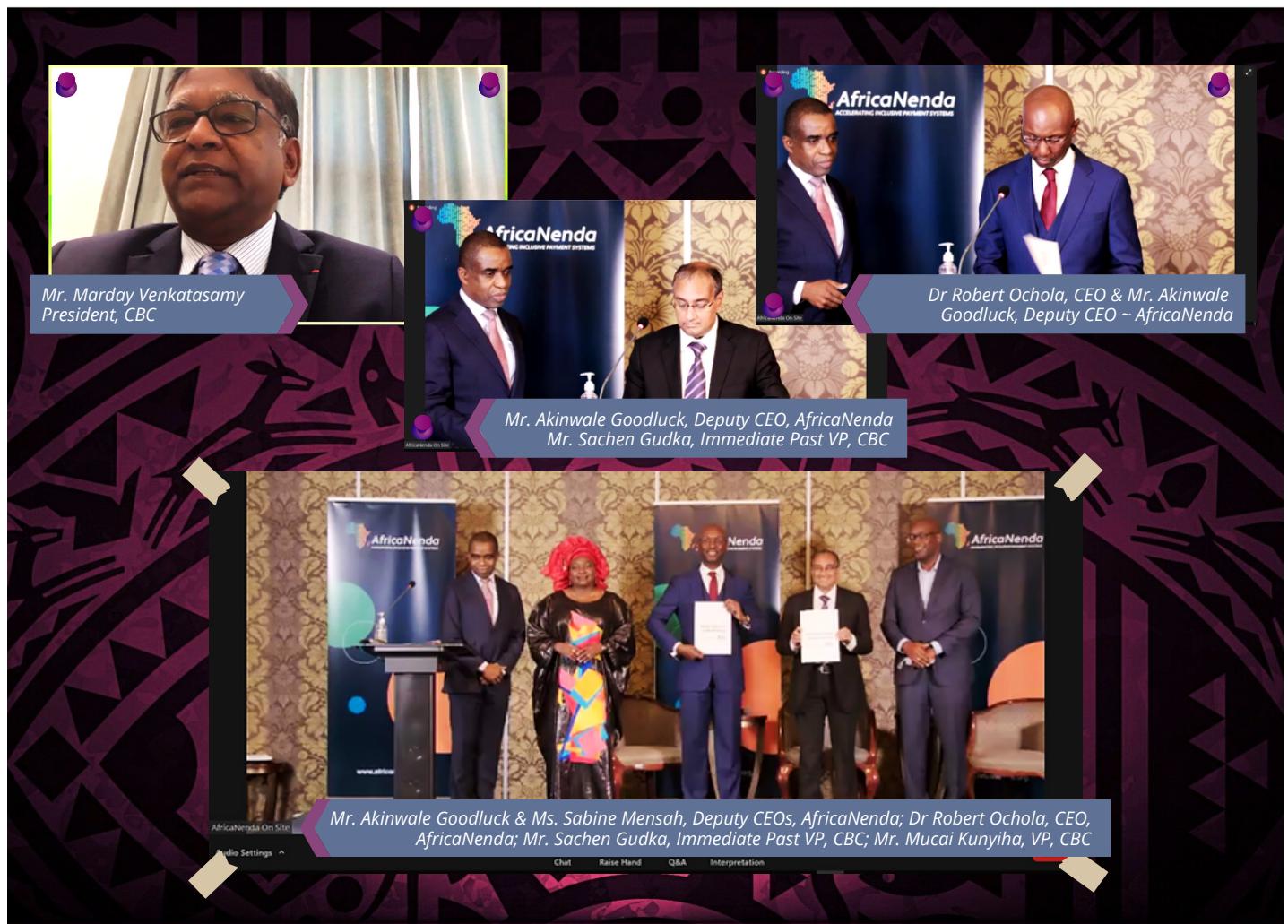
## CBC AND AFRICANENDA FORMALISE PARTNERSHIP WITH AN MOU

CBC and AfricaNenda signed a Memorandum of Understanding formalising their partnership towards promotion of digital financial inclusion for MSMEs in the COMESA region. The ceremony took place on the margins of the official launch of AfricaNenda, which drew the participation of regional and international digital financial services stakeholders.

"People at the bottom of the financial pyramid are often the owners of micro, small and medium-sized enterprises, largely marginalised by the digital economy. Inclusive payment systems can play a pivotal role in creating universal access to financial services for this financially excluded demographic, and are critical to achieving universal financial inclusion in Africa by 2030," said Mr. Marday Venkatasamy, President of CBC during the ceremony.

Dr Robert Ochola, CEO of AfricaNenda introduced the organisation's vision and mission, and charted out the pivotal role that AfricaNenda will play in accelerating the growth of instant and inclusive payment systems (IIPS), in support of universal financial inclusion in Africa by 2030.

Mr. Sachen Gudka, CBC's immediate past Vice President, and Dr Robert Ochola, CEO of AfricaNenda, each signed their respective MOUs on behalf of their organisations. With this partnership, the parties are expected to establish a general framework of cooperation and collaboration in matters of mutual interest and promote digital financial inclusion in the COMESA region. For more on this story, [click here](#).



## DIGITAL FINANCIAL INCLUSION FOR MSMEs PROGRAM

### Phase II: The Business Model for a Regional Digital Retail Payments Platform for MSMEs

COMESA Business Council commissioned a study to facilitate the design of a Business Model on the operation and implementation of regional digital retail payment platform for MSMEs in COMESA. Key considerations in the model design was inclusion of payment systems; the role of operators; the platform; legal and administrative support; institutional arrangement; among others.

The objectives of the study were to:

- (a) Determine the technical, legal/administrative, and institutional arrangement requirements for the business model on operation and implementation of regional digital retail payment scheme for the MSMEs.
- (b) Design business model on operation and implementation of regional digital retail payment scheme for the MSMEs.
- (c) Develop training materials targeting key stakeholders such as regulators, operators, digital financial services providers, and users.
- (d) Design modalities for piloting. (e) Develop mechanism for implementation of business model.
- (f) Customize the Rulebook to reflect the findings on the ground that are supporting the design of the Business model
- (g) Estimate the cost of piloting and running the scheme on regional digital retail payment platform for the MSMEs.

CBC, in partnership with our development partner, AfricaNenda, carried out field missions across Kenya, Malawi, Tanzania, Uganda, and Zambia to collect data, through consultative processes, from key stakeholder groups, namely: of central banks, industry associations representing MSMEs, commercial banks, FinTechs, and ICT regulators. Below are some photo highlights:



More stakeholder consultations, featuring:



Coca-Cola East and Central Africa Franchise



KCB Bank Rwanda Plc



Kenya Bankers Association



Kenya Association of Manufacturers



VISA



Malawi Communications Regulatory Authority



Equity Bank Uganda



SamPay Limited



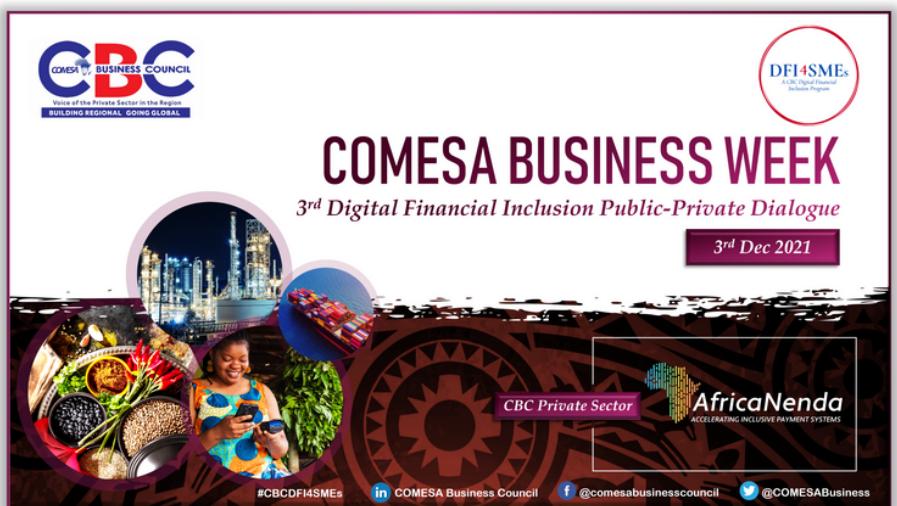
Communications Authority of Kenya

## 3RD COMESA DIGITAL FINANCIAL INCLUSION PUBLIC-PRIVATE DIALOGUE

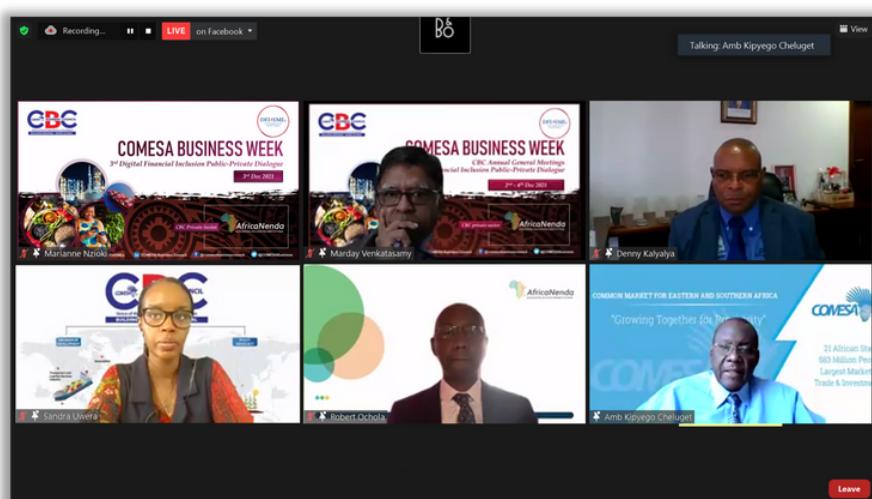
The 1st COMESA Digital Financial Inclusion Public-Private Dialogue was held in partnership with the Eastern And Southern African Trade and Development Bank (TDB) in Kigali, Rwanda, on 20th January 2021 to agree on the building blocks for a model policy, the COMESA Digital Integrated Common Payment Policy for Micro, Small and Medium-sized Enterprises (MSMEs). The event brought together delegates from the nine pilot study countries who had participated in the development of the Business Case Report, and the drafting of the Common Payment Policy guidelines towards a COMESA digital retail payment platform for MSMEs.

The 2nd COMESA Digital Financial Inclusion Public-Private Dialogue was held in partnership with AfricaNenda and the Bankers Association of Zambia, on 27th July 2021 in Lusaka, Zambia. Its objective was to consider and adopt the draft Model Policy for the Regional Digital Payment Platform and Rulebook for MSMEs in COMESA.

The 3rd COMESA Digital Financial Inclusion Public-Private Dialogue was held virtually on 3rd December 2021, under the theme “*Towards Digital Payments Platforms for MSMEs in the COMESA Region*”. The objective of the Dialogue will be to validate the Business Model Report that will inform the design, governance and implementation of the proposed regional digital retail payment platform for MSMEs in the COMESA region.



CBC's CEO, Ms. Sandra Uwera, setting the tone for the event highlighted that, “development of MSMEs is crucial to the achievement of broader development goals. The sector is a key player in COMESA Member States' economies, contributing an estimated 50%-70% of the region's GDP and an estimated 70% of the region's employment.” In alignment Dr Robert Ochola, CEO of AfricaNenda noted, “Africa boasts upwards of 44 million MSMEs; in order to support their growth towards enhancing COMESA's and the continent's economic development at large, we must address various constraints - notably the lack of adequate and affordable cross-border payments.”



Speaking on the importance of agility and operational efficiency in the region's digital financial services, Mr. Marday Venkatasamy, President of CBC stated, “we'd like to see a cross pollination of brick-and-mortar, and digital financial services in COMESA, leveraging interoperability, affordability and transparency to reach vast untapped economic opportunities for women and youth MSMEs.”

### 3RD COMESA DIGITAL FINANCIAL INCLUSION PUBLIC-PRIVATE DIALOGUE cont.

The COMESA Assistant Secretary General-Programs, Amb. Dr Kipyego Cheluget commended CBC for the progress made on the Digital Financial Inclusion for MSMEs initiative; “it resonates well with the theme of the recently held 21st COMESA Heads of State and Government Summit, Building Resilience through Strategic Digital Economic Integration,” he said.

Dr Denny H. Kalyalya, Governor of the Bank of Zambia, and the event’s Guest of Honour, underscored this, highlighting that while financial inclusion in COMESA had grown significantly from 23% in 2011 to 48% in 2017, “implementation of the COMESA digital retail payments platform for MSMEs will particularly greatly enhance inclusion of those at the bottom of the financial pyramid.”



Dr Kalyalya also launched the CBC DFI Awards, which aim to celebrate the exceptional commitment and contributions made towards the implementation of the Digital Financial Inclusion Plan for Micro, Small and Medium Enterprises in COMESA. Due to the current uncertainty brought about by emergence of the Omicron Corona virus variant, the Awards will be conferred to the recipients in our next Public-Private Dialogue in Q1 of 2022.

### Business Model on Operation and Implementation of the Regional Digital Retail Payments Platform - Presentation of Proposals Derived from the Study's Findings

The Dialogue presented the following business model options from the five-country stakeholder consultations of the study:

**Option 1:** Leverage on existing COMESA Clearing House ownership structure and introduce a retail payments scheme as a new service e.g. REPSS2 that will operate independently from the current REPSS system.

**Option 2:** Create a new legal entity as Special Purpose Vehicle that incorporates CBC and participant associations at shareholder level to own and operate the scheme on a cost recovery entity, legally accepted in the COMESA region.

**Model 3:** Leveraging on any of the existing regional payment systems (SADC, PAPSS) other than the COMESA Clearing house that can operate and manage a switching platform meets the functional requirements and specifications of the COMESA Switch for MSME's. requirements and specifications of the COMESA Switch for MSME's.

The meeting recommended that the consultants should further drill down on the options of leveraging on the existing payments infrastructure, or developing a new digital retail payments platform for MSMEs in COMESA.

## The Way Forward:

### KEY ACTIVITIES COMING UP IN Q1 OF 2022:

Fourth Digital Financial Inclusion Public-Private Dialogue

Industry Recognition Awards on Digital Financial Inclusion

MSMEs' Technical Capacity Building

Publication of Model Policy Framework and Business Model Report

Digital Financial Inclusion Advisory Committee Meeting

### BANKERS' ASSOCIATION OF ZAMBIA JOINS CBC's DFI ADVISORY COMMITTEE

CBC is pleased to welcome the Bankers' Association of Zambia (BAZ), represented by the CEO, Mr. Leonard Mwanza, to the Digital Financial Inclusion Advisory Committee. A visionary and thought leader, Leonard has over 25 years' experience in the Zambian Financial services sector beginning with Standard Chartered Bank, where he worked in front line and back-office operations in branch customer service and credit appraisal as well as Head Office financial control.

He sits on the SADC Bankers Association Board and is the current Chair of the Audit Committee, the Zambia Institute of Banking and Financial services Council and on several working groups and committees.

Leonard is a Chartered Accountant, Fellow member of both the Association of Chartered Certified Accountants (ACCA)-United Kingdom, and the Zambia Institute of Chartered Accountants (ZICA). He joins 11 other members charged with the role of driving the Digital Financial Inclusion for MSMEs plan's advocacy interests, and lending technical expertise in key project development areas, the members represent the mobile industry, the banking sector, financial and ICT regulatory bodies, manufacturing industry and the SME sector.



## INDUSTRY NEWS HIGHLIGHTS FROM THE REGION

### MUKURU LOOKS BEYOND REMITTANCES AS IT PLOTS FINTECH EXPANSION ACROSS AFRICA



The formal banking system is largely inaccessible for migrants, many of whom have difficulty providing formal proof of earnings, an address or even acceptable identity documents. It's also very expensive.

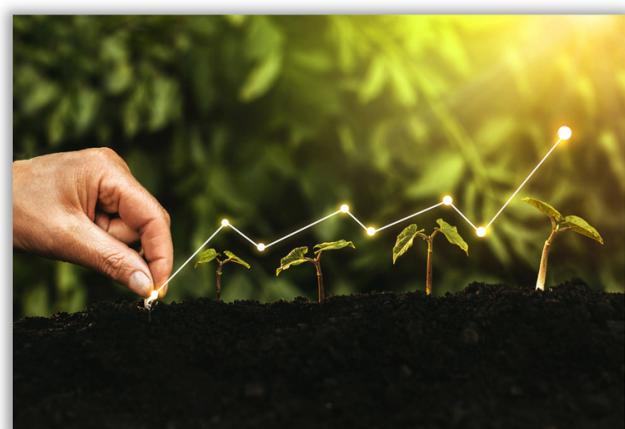
In 2004, Mukuru's founders couldn't find an affordable, easy and secure way of sending money and goods to their families in Zimbabwe. "In many instances, people had to rely on informal means to remit money to family back home," says Mukuru's Chief Information Officer Sandy Rheeder. The founders identified a niche in millions of people who did not have a basic bank account but needed to do an international banking transaction involving foreign currency.

To address this gap, Mukuru built mobile and web-based technologies to enable migrants and immigrants working in the UK and EU countries, as well as SADC countries, to send money to family in their home country across Africa. Capturing the intra-African cross-border flows and adding products such as groceries, airtime, DSTv and electricity purchases has seen Mukuru develop into a fintech company.

It is now looking to expand into East and West Africa, and expand flows between Africa and Asia. The company's growth activities, including strategic global partnerships with leaders in their respective fields, are all aimed at providing an ecosystem of relevant solutions for customers. To read the full article, [click here.](#)

### RWANDA GEARING TOWARDS ESTABLISHMENT AS A SUSTAINABLE FINANCE HUB FOR AFRICA

The Kigali International Finance Centre (KIFC) moves to become a "reference for sustainable finance and fintech," says Ntoudi Mouyelo, KIFC chief investment officer. The aim is to turn Rwanda into "the Luxembourg of Africa for green finance." The KIFC in November agreed with GDFA to develop and trial a digital tool to assess the green credentials of small and medium-size enterprises (SMEs). The GDFA, founded by Jack Ma's Ant Group and the UN Environment Programme (UNEP), uses digital technology to improve sustainable development finance.



Rather than simply excluding sectors of investment, the tool aims to incentivise companies to become greener and more sustainable, Mouyelo says. The tool will measure where companies stand now, and enable investors to assess the extent to which they are making progress. "We want to understand the existing ecosystem," says Mouyelo, a former executive director at Banque Internationale à Luxembourg. "Investors need a clear view on sustainability." To read the full article, [click here.](#)

## AFRICA RETAIL TO BE CHANGED BY MOBILE DEVICE PENETRATION, DIGITAL PAYMENTS AND SHOPPING NETWORKS GROWTH



Africa's retail landscape is set to change, driven by demand from young, urban and digitally savvy consumers, increasing mobile phone penetration, the creation of digital payment and shopping networks, favourable governmental regulations and spending initiatives, and significant investment by both foreign and domestic companies, the latest Global Retail Development Index by management consulting firm Kearney shows.

Retailers and central banks in various countries are working toward developing and facilitating digital ecosystems by reducing transaction costs on electronic payments. However, gaps in e-payment infrastructure supply, logistical inefficiencies and trust issues are slowing down existing and future growth opportunities, with Africa accounting for about 50% in mobile money transactions globally, says Kearney partner Prashaen Reddy.

The global population is expected to increase by two-billion by 2050 and Africa will be home to the majority of these new lives. The population of sub-Saharan Africa alone is expected to double by 2050. "This is one of the reasons we will see the growth in Asia begin to slow and Africa emerge as the next big retail hotspot. It is also predicted sub-Saharan Africa will enjoy the highest rate of disposable income growth on earth, achieving about 9% compound annual growth rate," he says. For the full article, [click here](#).

## THE OUTLOOK FOR CRYPTO AND BLOCKCHAIN IN AFRICA

Bitcoin's extreme volatility is often cited as a reason not to invest, but this is a nascent ascent class, and as such, its volatility is understandable. However, with speculative alternative investments such as these you probably shouldn't be playing with the house money anyway – you should only invest with what you can afford to lose.

The potential for bitcoin in Africa is particularly good, with 60% of the world's mobile money already passing through the continent.

The next frontier for crypto is central bank digital currencies. Sovereigns are already positioning to create digital fiat in the form of central bank digital currencies (CBDCs) as crypto begins to challenge bank issued currency.

In fact, crypto does particularly well in those countries with macro headwinds. This is the point really, in economics there has long been the concept of "money illusion". [Click here](#) for the full article.



## ABOUT CBC:

The COMESA Business Council (CBC) is a business member organization bringing together a diverse group of businesses and associations in the region from 34 sectors in 21 countries of COMESA. CBC is the recognized regional apex body of the private sector in the region. CBC as the key advocacy driver for business, provides a link between the private sector and organs of the Common market. We seek to improve the competitiveness and deepen the participation of the private sector in regional and global trade, through advocacy, business facilitation and enterprise development. This includes prioritizing and taking specific advocacy strategies to address key business impediments and measures that affect our industries and have a direct bearing on the participation of our businesses in trading in the COMESA region.

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### *Disclaimer:*

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A CBC Digital Financial Inclusion Program