



**MEFMI**  
Macroeconomic and Financial Management  
Institute of Eastern and Southern Africa

**CAIM** | CROWN AGENTS  
INVESTMENT  
MANAGEMENT



## HIGHLIGHTS OF THE 2024 MEFMI FORUM FOR DEPUTY PRINCIPAL / PERMANENT SECRETARIES IN THE MINISTRIES OF FINANCE / ECONOMIC PLANNING AND DEPUTY GOVERNORS OF CENTRAL BANKS IN THE MEFMI REGION

**Theme:** Regional Payments Systems  
**Date:** Wednesday, 15 May 2024

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## FOREWORD

# FOREWORD

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The MEFMI Forum for Deputy Permanent/Principal Secretaries in the Ministries of Finance/Economic Planning and Deputy Governors in Central Banks serves as a platform for researchers and policymakers to convene and reach a consensus on fundamental economic issues impacting the region. The Forum was held virtually on 15 May 2024.

MEFMI extends sincere thanks to Crown Agents Investments Management (CAIM), the South African Reserve Bank (SARB), and AfricaNenda for their invaluable financial and technical support. CAIM has been a financial supporter of this event since 2017, playing a crucial role in fostering policy dialogue among member country representatives on key topical issues. Gratitude is also extended to the speakers and delegates who took part in the 2024 Forum.

MEFMI appreciates the ongoing support from the representatives of its member countries who participated in the event. The Forum provides a platform for delegates to engage in discussions and exchange experiences on relevant issues that influence the macroeconomic and financial management landscape in the MEFMI region. MEFMI is thankful for the continued prioritisation of the Forum by member countries. The 2024 Forum focused on the theme “Regional Payments Systems”, leading to discussions on various issues, including the potential of an efficient cross-border payment system to uplift the population of the MEFMI region.

The Institute looks forward to the sustained support of all stakeholders in future Executive Fora.

**Louis Kasekende (PhD)**  
**MEFMI Executive Director**

## EXECUTIVE SUMMARY

This report summarises the deliberations and discussions during the 2024 MEFMI Region Forum for Deputy Principal / Permanent Secretaries in the Ministries of Finance / Planning, and Deputy Governors in Central Banks. The 2024 Forum focused on the regional payments systems.

Cross-border payment systems play a crucial role in facilitating international trade, commerce, and financial transactions. In today's globalised world, businesses and individuals frequently engage in cross-border transactions, requiring efficient and secure payment mechanisms to transfer funds across the different countries and currencies. These payment systems enable seamless and timely transfer of money, contributing to economic growth, financial inclusion, and international cooperation. One of the key challenges in cross-border payments is the complexity and inefficiency of traditional banking systems. Traditional methods of transferring money across borders often involve multiple intermediaries, high fees, long processing times, and currency conversion costs. These inefficiencies can lead to delays, high transaction costs, and lack of transparency in the payment process, hindering the smooth flow of funds between countries.

The above challenges resonate with the key issues that emerged from the 2024 Forum presentations and discussions regarding the challenges associated with cross-border payments. Considering these challenges, the Forum stressed the need for low-cost and efficient payments systems in the region. The Forum emphasised the importance of financial inclusion in reducing poverty and the need for instant and inclusive payment systems in Africa. The challenges associated with money laundering and financing terrorism were also discussed, with particular focus on developing efficient and safe payment systems aligned with Anti-Money Laundering/ Combating Financing Terrorism (AML/CFT) regulations.

Overall, the sessions underscored the importance of addressing key challenges in payment systems to promote financial inclusion, reduce costs, and enhance efficiency in cross-border transactions. Advancing Africa's payment infrastructure and connecting it to global payment rails for low-value transactions at a lower cost was highlighted as critical to ensuring financial inclusion and lifting the African population out of poverty.





A row of empty wooden chairs in a dimly lit room, with a text overlay. The chairs are arranged in a line, and the lighting is warm and focused on the foreground chair. The background is blurred, showing more chairs and a window with light coming through. The text "WELCOME AND OPENING SESSION" is centered in a white box with a green border.

**WELCOME AND OPENING SESSION**

# WELCOME AND OPENING SESSION

## 1. WELCOME REMARKS

The welcome remarks were delivered by Dr. Louis Kasekende, the MEFMI Executive Director. He welcomed the delegates and speakers to the 2024 MEFMI Region Forum for Deputy Principals, Permanent Secretaries in the Ministries of Finance/ Planning, and Deputy Governors in Central Banks. Dr. Kasekende extended special gratitude to MEFMI partners for the Forum, Crown Agents Investments Management (CAIM), the South African Reserve Bank (SARB), and AfricaNenda, for their invaluable financial and technical support. Dr. Kasekende further highlighted the importance of the MEFMI Deputy Permanent Secretaries and Deputy Central Bank Governors Forum indicating that it is a unique platform for deputy governors from central banks and deputy principal and permanent secretaries from across the region to engage in high-level discussions, exchange invaluable insights, and foster collaboration on critical topical economic issues. He emphasised that given the rapidly evolving financial landscape, the theme of the 2024 forum “**Regional Payments System**” was topical and significant in strengthening the foundations of the financial ecosystem and paving the way for sustainable development and prosperity within the region. He also posited that a robust payments infrastructure facilitates the smooth flow of transactions, underpins financial stability, enhances economic growth, and fosters regional integration.

Dr. Kasekende noted that despite the notable shift towards digital payments, driven by the expansion of mobile money services, the proliferation of fintech solutions, and the increasing acceptance of electronic payments by businesses and consumers, cash payments remained pervasive in many member countries, posing challenges to payment systems in terms of efficiency, transparency, and inclusivity. In the same vein, he stated that while globally, the payments landscape was undergoing a profound transformation, cross-border transactions within the MEFMI region were often burdened with inefficiencies, high costs, and regulatory complexities, hindering the seamless flow of funds, and impeding regional economic integration. He further stated that the paradigm shift witnessed by the global payments industry was characterised by exploring central bank digital currencies, integrating blockchain and distributed ledger technologies, as well as pursuing real-time payment capabilities.

In this regard, Dr. Kasekende implored the Forum to emphasise the pivotal role of collaboration and cooperation among central banks, financial regulators, and market participants while reflecting on the challenges and opportunities inherent in regional payment systems, as this was critical in addressing the complexities associated with cross-border payments, enhancing financial sector stability, and promoting the seamless flow of funds within the region.

Dr. Kasekende further remarked that the Forum proceedings and the vast knowledge and information drawn from the Forum were anticipated to eventually result in tangible outcomes that would shape the future of payment systems and financial infrastructure in the MEFMI region that are more resilient, and inclusive.

## 2. BRIEF BY CAIM

In his introductory remarks, Mr. Robert Grava, the CEO of CAIM, expressed gratitude for the opportunity to collaborate with MEFMI over the years in ensuring that the Forum was a success, and briefly reflected on the capital markets and reserves management with the following key highlights:

- a. The post-global financial crisis era has been characterised by very low yields and consequently very low returns on the investments of reserves assets. At the end of 2021, throughout 2022, and into early 2023, monetary policymakers in developed countries eased monetary policy, impacting the holders of reserve assets.
- b. However, despite returns being very unfavourable, traditional reserves portfolios in central bank reserves markets have gained potential not seen since the global financial crisis. For instance, in 2024 the US treasury yields stood at 4.83%, an indication of a positive outlook of the reserves markets. This unwound the losses reserves assets owners suffered in the last 3-4 years.
- c. As a result, the whole world seems optimistic about central banks reserves, going forward.
- d. The strategies to consider in making reserves investments more efficient in 2024 and beyond include increasing the duration, unlocking SDR allocations, considering the Chinese assets for central bank assets, as well the ZAR assets due to proximity of most of the MEFMI countries to South Africa.

## 3. FORUM PRESENTATIONS AND DISCUSSIONS

**Session 1:** Low-Cost, Interoperable National Payment Systems and Requisite Capacity-Building Requirements, and Technology Options to Accelerate Africa's Digital Transformation Agenda

**Presenter:** Dr. Robert Ochola, Chief Executive Officer, AfricaNenda

**Discussant:** Ms. Felicia Dlamini-Kunene, Deputy Governor, Central Bank of Eswatini

**Moderator:** Mr. Lehlomla Mohapi, First Deputy Governor, Central Bank of Lesotho

In his introductory remarks, Mr Mohapi noted that before the era of financial inclusion, the world was promoting access to credit, including group lending as it was recognised that the best way of getting people out of poverty was enhancing access to finance, and access to credit or micro loans. This, however, has changed

with time due to the realisation that there were more factors than just access to micro loans that could potentially drive people out of poverty, which is financial inclusion. Some of the tools that are deemed useful in ensuring financial inclusion include financial markets infrastructure and innovations in financial technology also known as fintech. Mr. Mohapi further introduced the presenter, Dr. Robert Ochola. Dr. Ochola introduced the presentation by expressing gratitude for the opportunity accorded to him to present at the Forum. He further gave a synopsis of the presentation by stating that over 400 million of the African population, of which 60% are women, continue to exist without any bank account or financial wallet, and transact using cash, despite the advancement in technology. This implies that in the absence of efforts to get these people on any form of financial inclusion, the cycle of poverty will continue to prevail. Against this background, Dr. Ochola hinted that given the current rate of progress regarding financial inclusion, the universal financial inclusion may not be reached until after 2050 as about 380 million and 270 million adults will still be excluded by 2030 and 2050, respectively. This calls for a significant change in the approach which includes rolling out instant and inclusive payment systems on the African continent. Lessons drawn from elsewhere suggest that this has great potential of enhancing financial inclusion. Dr. Ochola cited examples of Brazil where inclusive payment systems have integrated 70 million people that were previously financially excluded and India where they yielded 90% financial inclusion. Conversely, the African continent continues to be the highest in terms of cost of sending money which ranges from 12% to 24% depending on the regional economic community. This is extremely high considering that the global average stands at about 6%, whereas the SDG target stands at 3% in terms of the cost of cross border trade. This, therefore, calls for the development of a three tier payment systems at regional, national and payment services provider levels.

## **Key Points and Takeaways from the Presentation and Discussions**

The following key points arose from the presentation and discussions after the presentations in this session:

- a. Despite the significant potential of financial inclusion in reducing poverty, a considerable proportion of the African population still lacks access to bank accounts or financial wallets, relying heavily on cash transactions.
- b. Countries in Africa are at varying stages of financial inclusion.
- c. It is essential to not only develop instant and inclusive payment systems in Africa but also ensure they prioritize safety, efficiency, and cost-effectiveness, while aligning with AML/CFT regulations.
- d. A significant portion of the African population struggles to access financial services due to high costs, with cross-border remittances being particularly expensive, ranging from 12% to 24%, compared to the global average of around 6%.
- e. Central banks need to go beyond supervising payment systems to supporting market outcomes and regulatory evolution for financial inclusion and cross-border payments.

- f. Addressing the cost of cross-border payments also requires exploring the public good aspect and finding ways to fund the implementation of payment systems.
- g. Therefore, efforts should be made to reduce the costs associated with financial services for consumers.
- h. There is a need to devise policies that drive development with a particular focus on growing the middle class.
- i. Supporting the development of public digital infrastructure is crucial.
- j. Promoting tradability of local currencies within the region is necessary to address liquidity challenges.
- k. The ongoing collaboration between the African Union and AfricaNenda in the development of a pan-African payment settlement system presents an opportunity for MEFMI to work with AfricaNenda to address identified challenges effectively.
- l. Post the 2024 Forum, MEFMI should engage the Forum membership to identify gaps and support collaborative efforts to bridge these gaps.

## **Session 2:** Challenges Facing Cross-Border Payments and Building Blocks to Address the Challenges

**Presenters:** Mr. Tim Masela, Head of the National Payment System Department at the SARB and Chair of the SADC Payment Systems Committee

**Discussant:** Mrs. Maria Juliana Pereira, Deputy Governor, Bank of Angola

**Moderator:** Mr Domingos Lambo, Permanent Secretary, Ministry of Economy and Finance, Mozambique

Mr Lambo, the Permanent Secretary, Ministry of Economy and Finance, Mozambique, in his role as moderator of the session introduced the presenter, Mr. Masela. He further highlighted challenges faced by regional organisations like MEFMI in cross border payments. He also referred to some of the cross-border payments related challenges alluded to in the previous session such as high costs and limited access, including the money laundering and financing terrorism as the major impediments to cross border payments. Additionally, he highlighted the novelty of payment systems, emphasising the need for a suitable ecosystem in the realm of cross-border payments to ensure the requisite efficiency and effectiveness.

Mr. Masela began his presentation by thanking MEFMI for the opportunity to speak at the Forum for Deputy Principal/Permanent Secretaries in the Ministries of Finance/Economic Planning and Deputy Governors in central banks. His presentation focused on payment systems, particularly the challenges of cross-border payments and the essential building blocks needed to address these issues. Mr. Masela provided an overview of the presentation, taking into account the context relating to cross border payments and the four challenges associated with cross- border payments, which include high costs, low speed, limited access, and insufficient transparency. He further discussed the targets for the cross-border payments derived from the G20 roadmap and implications for the countries and

regions including the MEFMI region and its member countries. Mr. Masela also discussed the IMF technical assistance approach on payment systems highlighting the ten focus areas, which include access to payment systems, extending and aligning operating hours, interlinking payment systems, the harmonised ISO 20022 for cross-border payments, central banks digital currency, crypto assets, application of Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT), access to payment systems (non-banks), adoption of ISO 20022 (enhancing FATF rules on wire transfers), and safe payment corridors. Mr. Masela further stated that in an integrated financial system, payment systems are key to economic development as they support trade and investment. However, high costs, as alluded to earlier, are a great challenge, especially in the Sub-Saharan Africa (SSA) region largely because of using a third currency for conversion. Supporting this argument, Mr. Masela posited that sending money from Eswatini to Lesotho is treated the same as sending money from Eswatini to Japan in terms of transaction costs. Besides the high costs associated with cross-border remittances, low speed is a great challenge. For instance, in the SSA region it takes three (3) business days to conclude a cross-border transaction. Ideally, the target is to have 75% of payment volumes concluded within one hour, while the remainder are concluded within one business day.

## **Key Points and Takeaways from the Presentation and Discussions**

The following key points arose from the presentation and discussions in this session:

- a. Money laundering and financing terrorism is a matter of great concern when it comes to cross-border payments. Therefore, there is a need to ensure that transactions within the region have integrity. This could be achieved by acquiring technology (laying down the requisite technical infrastructure) that would facilitate checking money laundering and financing terrorism. The same applies for checking for security concerns associated with capital flows.
- b. Additionally, there is a need for close collaboration to ensure that there is no weak link and that payment systems are robust, safe, efficient, and well aligned to the Financial Action Task Force (FATF) rules.
- c. Regarding the safety and integrity concerns of digital currencies, given that the future is digital, this cannot be avoided. Therefore, there is a need to draw lessons from the Arab region on how they are faring in terms of the systems they developed for crypto currencies.
- d. It is also important to note that the issue of digital currency is quite new in the region and still in its infancy stages. This requires developing the requisite legal frameworks at country level to guide the adoption and use of digital currencies as legal tender, taking into account the security concerns.

### **Session 3: Connecting Africa's Payment Infrastructure to Global ACH Payment Rails for Low-value Payments at a Lower Cost**

**Presenter:** Mr. Nkosi Moyo, Head of Global Payments, Crown Agents

**Moderator:** Dr. Patrick Mutimba, MEFMI Director, Financial Sector Management Programme

Dr. Patrick Mutimba, the MEFMI Director for the Financial Sector Management Programme in his role as moderator of the session introduced the presenter, Mr. Moyo of Crown Agents, who heads the global payments division. Mr. Moyo introduced the presentation by expressing gratitude for the opportunity accorded to him to present at the Forum. Mr Moyo proceeded to give a business perspective of Crown Agents which among others, included what Crown Agents is about and its core business. Mr. Moyo highlighted that as a UK regulated bank, Crown Agents' business includes the provision of cost-effective cross-border payment services including low value payments. Its clientele, among others, include fintechs (in both developed and emerging markets), financial institutions (in Europe, North America, and emerging markets), payment services providers (including global payments services providers), governments, United Nations agencies, International Non-Governmental Organisations (INGOs) and central banks (covering about 27 central banks). In facilitating cross-border payments, Crown Agents takes local currency and processes payment in foreign currency. It also procures local currency in exchange for foreign currency. Further, Crown Agents facilitates the payment of sovereign debt to creditors on behalf of governments. In summary, Crown Agents provides the requisite connectivity to its payments gateway with over 100 currencies and over 700 currency pairs capabilities, including the provision of pension solutions to its clientele.

In terms of cross-border payments impediments, Mr. Moyo highlighted regulatory compliance, exchange rate volatility, high fees, slow processing times, and lack of transparency as the major challenges faced.

#### **Key Points and Takeaways from the Presentation and Discussions**

The following key points arose from the presentation and discussions in this session:

- a. The major challenges that are faced by cross-border payments include high fees, regulatory compliance, exchange rate volatility, slow processing times, and lack of transparency.
- b. In addition to the above challenges, the unexpected changes in the rules at country level, have also been identified as a major challenge.
- c. Due to varying tax laws in different countries, the funds received by beneficiaries can vary from the transmitted amount.
- d. Crown Agents Investment Management positions itself as a provider of effective cross-border payments solutions in terms of cost and time with pricing options and considerable speed. This provides an opportunity for collaboration in enhancing cross-border payments in the MEFMI region and beyond.

## 4. WRAP-UP AND VOTE OF THANKS

The wrap-up of proceedings of the day and the vote of thanks were presented by Dr. Innocent Matshe, Deputy Governor of the Reserve Bank of Zimbabwe. Delivering his remarks, Dr. Matshe first recognised the presence of the Forum members and expressed gratitude for the opportunity to deliver the vote of thanks. Further, Dr. Matshe expressed gratitude to the partners for their invaluable support, specifically, Crown Agents Investment Management, the South African Reserve Bank, and AfricaNenda, without whom the event would not have been successful. He paid tribute to the speakers who included Mr. Robert Ochola, Mr Tim Masela, and Mr. Nkosi Moyo, for their thought-provoking presentations, and the moderators: Messrs. Lehlomela Mohapi, Domingos Lambo, and Dr. Patrick Mutimba for ensuring that the event was conducted effectively. Dr. Matshe also expressed gratitude to Mrs. Maria Juliana Pereira and Ms. Felicia Dlamini-Kunene, for their active participation which enriched the discussions, broadened the participants' perspectives, and understanding of the opportunities and challenges associated with the regional payments systems.

In addition, he extended his deepest appreciation to the MEFMI Secretariat, especially the MEFMI Executive Director, Dr. Kasekende, and the Executive Fora Committee members, for their tireless efforts in ensuring the seamless organisation and execution of this Forum, commending above all, their professionalism, attention to detail, and unwavering commitment to excellence.

Dr. Matshe also expressed gratitude to the participants for their active engagement, thought-provoking questions, and insightful contributions throughout the forum. In conclusion, given the knowledge shared, ideas exchanged, and connections forged during this forum, Dr. Matshe expressed optimism and inspiration for the region's future in terms of payment systems. He commended the Secretariat for providing simultaneous interpretation from English to Portuguese (and vice versa) and the interpreters for efficiently discharging their duties.



## 5. FORUM PROGRAMME

TIME	TOPIC	PRESENTER	MODERATOR
09:00 – 09:10	Welcome and Introductions	Dr. Louis Kasekende, MEFMI Executive Director	Ms. Zinhle Mkhari MEFMI Public Relations Manager
09:10 – 09:20	Remarks by CAIM	Mr. Robert Grava CAIM Chief Executive Officer	Dr. Louis Kasekende, MEFMI Executive Director
<b>SESSION 1</b>			
09:20 – 09:50	Low-Cost, Interoperable National Payment Systems & Requisite Capacity- Building Requirements, And Technology Options To Accelerate Africa’s Digital Transformation Agenda Dr. Robert Ochola, Chief Executive Officer AfricaNenda	Dr. Robert Ochola, Chief Executive Officer AfricaNenda	Mr. Lehlomela Mohapi First Deputy Governor, Central Bank of Lesotho
09:50 – 10:00	Discussant	Ms. Felicia Dlamini- Kunene Deputy Governor, Central Bank of Eswatini	
10:00 – 10:30	Floor Discussions	All	
10:30 – 10:45	Health Break	All	
<b>SESSION 2</b>			
10:45 – 11:15	Challenges That Face Cross-Border Payments And Building Blocks To Address The Challenges	Mr Tim Masela Head of the National Payment System Department at the SARB and Chair of the SADC Payment Systems Committee	Mr. Domingos Lambo Permanent Secretary, Min. of Economy & Finance, Mozambique
11:15 – 11:30	Discussant	Mrs. Maria Juliana Pereira Deputy Governor, Bank of Angola	
11:30 – 12:00	Floor Discussions	All	
<b>SESSION 3</b>			
12:00 – 12:30	Connecting Africa’s payment infrastructure to Global ACH payment rails for low value payments at a lower cost	Mr. Nkosi Moyo Head of Global Payments, Crown Agents Bank	Dr. Patrick Mutimba MEFMI Director Financial Sector Management Programme
12:30 – 13:00	Floor Discussion	All	
13:00 – 13:05	Forum Evaluation	All	Ms. Zinhle Mkhari MEFMI Public Relations Manager
13:05 – 13:15	Vote of Thanks	Dr. Innocent Matshe, Deputy Governor, Reserve Bank of Zimbabwe	Mr. Jacob Mukamba MEFMI Director Finance & Administration

