

Reflecting on Achievements and Anticipating : 2012 ► 2013



TESTING AND GOING LIVE

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SADCBA bids Farewell to the Out-Going Chair of the CCBG Payments Systems Sub-Committee



On behalf of the Board of the SADCBA, Mr Cas Coovadia hosted Mr Dave Mitchell at dinner to bid him farewell. Mr Mitchell is retiring from the South African Reserve Bank where he headed up the National Payments Systems Department as well as chaired the SADC Payments Sub-Committee. Mr Coovadia thanked him for his visionary efforts to include the SADCBA in the SADC Payments Project and for involving and effectively engaging the commercial banks as partners in the process. Mr Mitchell will be remembered for always being easily accessible to provide strategic guidance and direction to the SADCBA. The SADCBA wishes him success and good health in his retirement. The SADCBA looks forward to working with Mr Tim Masela who has taken over from Mr Mitchell.



Mr. Leina Gabaraane
Chairperson of the SADC Banking Association
And Chief Executive
Stanbic Bank Botswana

Note from the Chairman: Transitioning into 2013

The year is nearing that time when most business activities come grinding to a halt and many of us head off for a well-deserved rest. Before that happens the SADC Banking Association teams wants to take this opportunity to provide a general update on all our payment streams, while at the same time thank all the work group members for their efforts and contributions, to what can generally be regarded as a successful year of development. Next year is a very if not most significant year in the life of this initiative. The centre focus will be collaborating to ensure successful testing and live implementation of the first payment stream. The leadership of the SADCBA will keenly monitor progress on this initiative and we wish all participants success in the next chapter of the project.



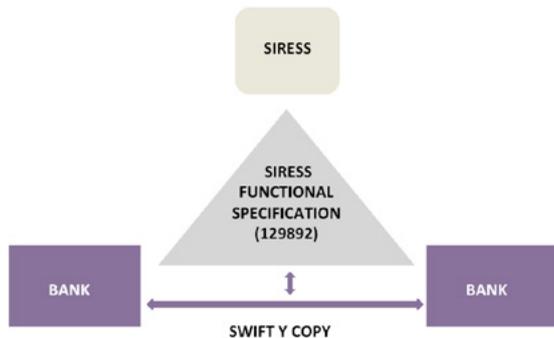
CITI joins the SADC Payments Project

CITI has formally joined the SADCBA project. The SADCBA welcomes them and looks forward to their contributions. Contact point for Citi on this initiative is: **Fatunla Oluwafunso**
Email: oluwafunso.fatunla@citi.com

Progress in 2012: WORKSTREAM UPDATES

1 Credit Transfers Requiring Immediate Settlement

HIGH LEVEL DIAGRAM :
CREDIT TRANSFERS REQUIRING IMMEDIATE SETTLEMENT



BUSINESS MODEL (130403) – RULE BOOK (130018) – MESSAGE STP GUIDE (130020) – EXAMPLES- (130011) – COMPENSATION MODEL – (129726)
(NEED FAILED BANK PROCESS DOCUMENT TO BE DEVELOPED)

Considerable progress has been made on this payment stream. Not only has the business model been finalised but the associated supporting documents have also been completed or are very near to completion. These include things like; rule book, compensation model, message STP rules, message examples etc.

Testing of transactions will commence in March next year and will continue through to end of May when any decision to proceed to the production environment will be made. This testing will include CMA banks as well as non-CMA banks. Test packs and test plan have been drafted and will be sent out in good time.

MASTER PROJECT PLAN: HIGH LEVEL DATES

Activity	Start Date	End Date
Legal Agreements	Ongoing	February 2013
Co-operative oversight	Ongoing	TBD
Implement Operational Model	Ongoing	22 March 2013
Technical Solution	Ongoing	01 March 2013
SWIFT FINCopy Service	Completed	13 October 2012
User Acceptance Testing	04 March 2013	26 April 2013
Pilot Testing (SADC BA)	06 May 2013	13 July 2013
Go Live Preparation	08 July 2013	19 July 2013
Implementation	20 July 2013	21 July 2013
Go Live	Monday 22 July 2013	

Implementation
Sat 20 and Sun 21 July 2013

Go Live
Monday 22 July 2013

NB: Conditional. Subject to change.

2 Inter-bank settlement

Many aspects of ensuring inter-bank settlement of intra-SADC payment transactions have or are about to be completed. The CCBG sub-Committee responsible for the overall SADC Payments Project has completed the functional requirements specification for SIRESS and all banks in SADC now have a clear understanding of the technical aspects needing attention in order that transactions can be settled through SIRESS.

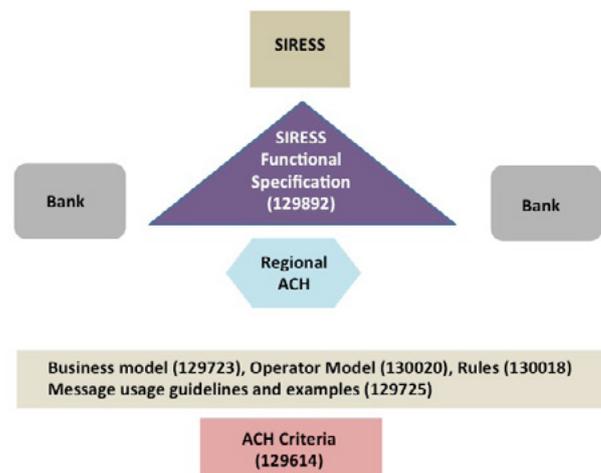
Associated legal and related documents are being drafted and other agreements are under consideration.

3 Low-value credit transfers cleared via a regional ACH (EFT'S)

Here too considerable progress has been made and not only has the business model been finalised, the associated rule book been drafted, message guidelines completed and message examples been drafted, but the operating model for a regional ACH has also been drafted.

Once all documents have been finalised a program of work will start to get member banks prepared for testing and then go live.

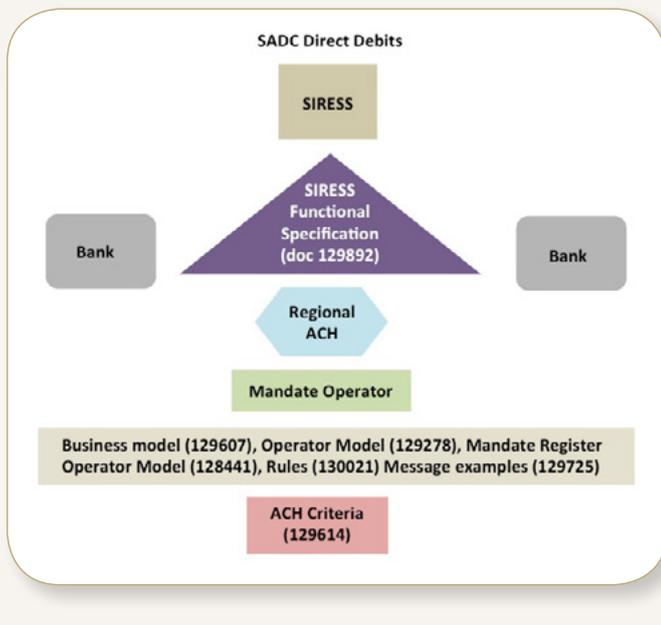
SADC EFT Credit Transfers



4 Direct Debits (collections)

Given the fact that the model developed needs to address certain risks not always evident in domestic payment systems, additional processing procedures have been added to this payment stream. One of these procedures requires that all mandates established between debtors and creditors be lodged in a centralised mandate register before the collection can take place.

Notwithstanding the additional business/risk mitigating requirements even this payment stream has made vast strides. This stream has also completed most of its documents and should see sign-off on most fronts early next year which means testing and implementation can logically follow not long after the introduction of the low value credit transfers.

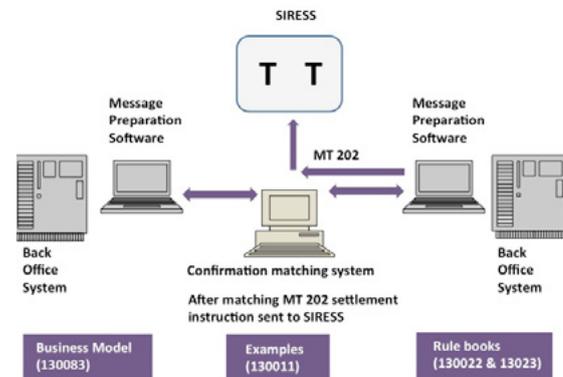


5 Inter-bank loans and Inter-bank Foreign Exchange transactions required for SIRESS account funding

The preferred business/operating models have been completed and associated rule books have been drafted. Message examples have been created which include sample confirmations and related settlement instructions.

Testing of the business processes and settlements via SIRESS will take place at the same time as the testing of credit transfers requiring immediate settlement.

Inter-bank loan and Forex pre-settlement process



6 Payment leg of the Delivery vs Payment process in securities transactions

The Committee of SADC Stock Exchanges (COSSE) has commenced developing a proposed business model for the DVP of intra-SADC stock market trades. SADCBA will work closely with COSSE to ensure that the P leg method required will operate as per business requirements.

Given the fact that central banks in SADC normally provide custody and settlement services for government debt instruments, SADCBA is aiming to develop a DVP model for these instruments jointly with the CCBG sub-Committee responsible for financial market developments in SADC.

7 Bulk bank note settlements

The business/operating models for the two business processes, i.e. the processing of CMA bulk note transactions and non-CMA bulk note transactions have been completed. The message examples required for settlement through SIRESS have been drafted and testing of these settlements will take place at the same time other credit transfers requiring immediate settlement take place next year.

8 Credit/Debit Card based payments

Card schemes have been made aware of the SADC payments project and discussions have taken place with regard to the creation of a regional settlement method for intra-CMA card transactions. The SADC payment stream group are also considering the feasibility of a regional card switch and associated rules and supporting processes.

9 Person-to-person transfers

While no separate new payment instrument has been identified for these payments the SADC group involved in this payment stream has nevertheless focussed on a number of regulatory issues that affect these payments. Overcoming these issues will continue to be the focus for this group next year.

10 Cross-border cheques

Agreement has been reached on phasing out the use of cheques for settlement of cross-border payment obligations. This will mainly affect the Common Monetary Area (CMA) countries rather than non-CMA countries. If all goes according to plan this practice should stop by the end of July 2013.

11 Payments concerning intra-SADC trade

Trade transactions are normally transacted on one of the following means; open account trade, collections of proceeds of bills of exchange or shipments supported by documentary letters of credit.

Open account transactions will be settled via credit transfers requiring immediate settlement and the end settlement instruction in respect of bills sent for collection will go via the same means. Banks will in future (after SIRESS goes live) have to alter reimbursement instructions under documentary letters of credit to reflect that settlement of ZAR based credits needs to be made over settlement accounts at SIRESS.



UPCOMING ACTIVITIES

Date	Activity	Venue
11 Dec 2012	SADC BA ATM/Card Rules Meeting	Banking Association's office - SA
11 – 13 Feb 2013	SADC BA Meetings in Seychelles	Seychelles
18 – 21 Feb 2013	SADC BA & PASA Notices – Re CMA Cross border cheques	CMA
22 Feb 2013	SADC BA CCBG SIRESS Joint Implementation Meetng	Banking Association's office - SA
1 March 2013	SADC BA IPL Meeting	Maputo - Mozambique
4 March 2013	SADC BA Sixth Round DVP Work stream	Banking Association's office - SA
13 – 17 March 2013	Pre Settlement Testing preparations -SADCBA	South Africa
18 – 29 March 2013	SADC BA to Prepare final SIRESS plans with CCBG	South Africa
13 March 2013	SADC BA Fourth Round Credit Transfers for Immediate Settlement Work stream Meeting	Banking Association's office - SA
14 March 2013	SADC BA Fourth Round Interbank Settlement Work stream Work	Banking Association's office - SA
15 March 2013	SADC BA Sixth Round Financial Markets Work stream	Banking Association's office - SA
16 March 2013	SADC BA Sixth Round Bank Notes Work stream	Banking Association's office - SA
20 May 2013	SADC BA AGM Meeting	Botswana
21 – 23 May 2013	SWIFT Africa Regional Conference	Botswana
25 March – 2 April 2013 (date to be finalised)	SADC BA Fourth Round ATM/Card Work stream	Banking Association's office - SA
25 July 2013	SADC BA Sixth Round EFT Credit Work stream	Banking Association's office - SA
25 July 2013	SADC BA Sixth Round EFT Debit Work stream	Banking Association's office - SA



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Securities DVP

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