

Bank of Tanzania

PAYMENT SYSTEMS IN THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY - TANZANIA CHAPTER

TABLE OF CONTENTS

1	INSTITUTIONAL ASPECTS	3
1.1	<i>General Legal Aspects</i>	3
1.2	<i>The Role of Financial Intermediaries that Provide Payment Services</i>	4
1.3	THE ROLE OF THE BANK OF TANZANIA (BOT) IN INTER-BANK SETTLEMENT SYSTEMS	5
1.3.1	The role of the Central Bank.....	5
1.3.2	General Responsibilities	5
1.3.3	Provision of Settlement Facilities	5
1.3.4	Relationship between monetary policy and payment systems.....	6
1.4	<i>The Role Of Other Private and Public Sector Bodies In Payment Systems</i>	6
1.4.1	The National Payment System Advisory Council (NAC).....	6
1.4.2	Tanzania Bankers Association (TBA)	6
1.4.3	Bankers Clearing Houses	6
1.4.4	Tanzania Institute of Bankers (TIOB)	7
1.4.5	The National Board of Accountants and Auditors (NBAA).....	7
1.4.6	The Tanzania Communication Commission (TCC)	7
1.4.7	Data Communications And Courier Service Providers	7
2	SUMMARY INFORMATION ON PAYMENT MEDIA USED BY NON-BANKS	7
2.1	<i>Cash Payments</i>	7
2.2	<i>Non-Cash Payments</i>	8
2.2.1	Paper based instruments.....	8
2.2.2	Card Payments	8
2.2.3	Electronic transfers	9
2.2.4	Tanzania SWIFT User Group	9
3	INTER-BANK EXCHANGE AND SETTLEMENT CIRCUITS	9
3.1	<i>General Overview</i>	9
3.2	<i>Structure, Operation and Administration of Large Value Systems</i>	9
3.2.1	Structure and Operation	9
3.2.2	Administration	10
3.2.3	Participants in the System	10
3.2.4	Pricing policies.....	10
3.2.5	Risk Management Policies.....	10
4	USE OF INTER-BANK TRANSFER SYSTEMS FOR INTERNATIONAL AND DOMESTIC FINANCIAL TRANSACTIONS	11
4.1	<i>General Overview</i>	11

4.2	<i>Retail Transactions</i>	11
4.3	<i>Large Value Transfers for International Transactions</i>	11
4.4	<i>Exchange and Settlement Systems for Securities Transactions</i>	11
4.4.1	Money Markets	11
4.4.2	The Foreign Exchange Market.....	12
4.4.3	Inter-bank Cash Market	12
4.4.4	The Capital Market	12
4.4.5	Settlement and Clearing Arrangement for Securities transactions .	13
5	RECENT DEVELOPMENTS IN THE NATIONAL PAYMENT	
	SYSTEMS	13
5.1	<i>Electronic Money Products and Schemes</i>	13
5.2	<i>Bank of Tanzania Electronic Clearing House (BOTECH)</i>	13
5.3	<i>The Tanzania Inter-bank Settlement System (TISS)</i>	13
5.4	<i>The Electronic Funds Transfer (EFT) System.</i>	13
5.5	<i>The NPS Legal framework.</i>	14
5.6	<i>The Regional Harmonization.</i>	14

OVERVIEW OF THE NATIONAL PAYMENT SYSTEMS

Significant reforms have been taking place in the national payment systems in Tanzania since the inauguration of the modernization project in August 1996. Implementation of the envisaged national payment systems is being guided by the Tanzania Payment System Vision and Strategic Framework, which was published in 2000.

In March 2002 the Electronic Clearing House (BOTECH) System that facilitates interbank electronic debit clearing went live. Inter-bank clearing is currently processed electronically at the Dar es Salaam Electronic Clearing House, which accounts for 80% in volume of the country's inter-bank clearings while the remaining 20% is processed manually in the up-country clearing centers. The Electronic Fund Transfer (EFT) System which will facilitate credit clearing of bulk transfer interbank payment is being tested and is expected to go live in mid 2004.

Apparently the country is now in the implementation process of the Tanzania Inter-bank settlement System (TISS). The system shall provide inter-bank funds transfer in real-time with finality and irrevocability of settlement by means of real time option or deferred option. The system is expected to go live in the second quarter of the year 2004.

On the other hand the financial industry is gradually utilizing electronic payment instrument, such as credit and debit cards, as well as the use of Automated Teller Machines (ATMs). ATM and, POS networks are increasingly being applied by commercial banks to the extent that there is currently a need to develop a national card switch, an issue that is being addressed nationally.

1 INSTITUTIONAL ASPECTS

1.1 General Legal Aspects

The Bank of Tanzania Act 1995 as amended in 2003 governs the national payment system in Tanzania. The effect of the amendment is to provide explicit statutory powers on the Bank of Tanzania for overseeing, regulating, supervising and conducting oversight functions on the national payment systems.

In terms of the amended Bank of Tanzania Act, the Bank is also empowered to issue regulations for the payment clearing and settlement systems. By and large, the common law and various relevant provisions contained in various pieces of legislation are applied in establishing, operating and regulating the payment system. However, when it comes to the banking sector the explicit area of legislations are; the Bank of Tanzania Act, 1995, the Banking and Financial Institutions Act, 1991, the Bills of Exchange Ordinance, Cap 215, the Cheques Act, 1969, and the Companies Ordinance, Cap 212.

1.2 The Role of Financial Intermediaries that Provide Payment Services

There are four main levels of financial intermediation that provide payment services to the Government, corporate bodies and individual customers. The levels are:

- I. Central bank
- II. Commercial banks
- III. Non- Bank financial institutions
 - Deposit taking
 - Non Deposit taking
- IV. Service Providers Institutions

The Bank of Tanzania is the central bank of the country and as such performs central bank functions described below in section 1.3. It is a banker to the government and, it handles payment transactions between the government and the general public. The Bank of Tanzania is also a settlement agent for commercial banks in Tanzania, and hence keeps settlement accounts of the said banks.

Commercial banks provide a wide range of banking services to the public. They are the only category of financial intermediaries that are allowed to participate in the interbank clearing and settlement processes.

Non-bank financial institutions are grouped into deposit and non-deposit taking financial institutions.

Deposit taking institutions mobilize deposits and incur liabilities other than demand deposits. These include time and saving deposits, and various customized deposit schemes. They also provide banking services and participate in money market operations. These institutions also include micro-finance institutions and Tanzania Postal Bank that has a wide network in rural areas.

Non-deposit taking institutions are those, which offer leasing and hire purchase services and development financing. These include pension funds, insurance companies. They provide services on micro levels.

Other institutions that provide payment services include Bureau de change institutions which provide a retail foreign exchange market. Others are savings and credit societies.

1.3 THE ROLE OF THE BANK OF TANZANIA (BOT) IN INTER-BANK SETTLEMENT SYSTEMS

1.3.1 The role of the Central Bank

The primary objective of the Central Bank is to formulate and implement monetary policy directed to the economic objective of maintaining price stability conducive to the balanced and sustainable economic growth of Tanzania. As a Central Bank, the Bank of Tanzania is the sole issuer of currency, the banker to the banks and Government, and advisor to the Government. Statutorily, also the Bank has been vested with the responsibility of supervising and regulating financial institutions so as to ensure safety and soundness of the financial system.

The Bank of Tanzania also co-ordinates the national payment systems modernization initiatives in the country. The Bank assumes such a responsibility as part of its statutory role of ensuring that there is a well functioning and effective efficient payment system and financial markets in the country. The Bank is also the settlement agent for interbank transactions.

1.3.2 General Responsibilities

The primary responsibility of the BOT is to formulate and implement monetary policy directed to the economic objective of maintaining price stability.

The BOT is the sole issuer of notes and coins, which purposely influences the amount of currency in circulation thereby providing non-inflationary liquidity in the economy. As the bankers' bank it accepts deposits of prudential reserves for the commercial banks, discounts commercial and government paper. BOT is the settlement agent and acts as a lender of last resort to the banks. It also involves the provision of central clearance facilities for interbank transactions.

The BOT is the banker and the fiscal agent for the Government and advises the Government on matters related to its functions. The BOT is also a guardian of the country's international reserves, which include gold and foreign currency reserves. It is also the supervisor of banks and financial institutions to ensure implementation of prudential controls in the financial system. Further the amended Bank of Tanzania Act 2003 gives the Bank specific statutory powers to oversee payment system in the country. Concerning modernization of the payment systems the BOT spear heads this by facilitation and developments of various payment, clearing and settlement systems.

1.3.3 Provision of Settlement Facilities

The BOT is the settlement bank for the commercial banks. It provides settlement through the clearing accounts of commercial banks maintained at the BOT. Commercial banks with settlement accounts in the BOT may use these accounts to settle their liabilities in the securities market, and the inter-bank foreign exchange market.

1.3.4 Relationship between monetary policy and payment systems

To ensure that the activities of banks continue smoothly, the central bank uses its refinancing and open market policy to accommodate banks to assist them to meet their interbank obligations. Within the framework of the refinancing policy, the BOT establishes conditions for refinancing commercial banks. The refinancing policy can be the discount policy or the Lombard policy.

Banks can take up intraday and overnight credit according to the value of the collateral deposited. This liquidity facility creates the possibility for absorbing daily fluctuations, stemming from a concurrence of circumstances in the payment systems.

However the volume of credit supplied by the BOT is subject to monetary policy considerations. Efficiency in the payment systems, is one of the important factors that catalysis attainment of monetary policy objectives.

1.4 The Role Of Other Private and Public Sector Bodies In Payment Systems

Other entities that play a role in the Tanzania payments system include those that provide payment services, setting national payment systems policies, accounting standard, establishing rules and regulations, and providing Payment System infrastructure services.

1.4.1 The National Payment System Advisory Council (NAC)

NAC is the supreme body involved in policy matters. It gives directions and oversees the developments of the payment systems throughout the country. Its key functions include sanctioning reports and recommendations submitted by its specialized committees

1.4.2 Tanzania Bankers Association (TBA)

This is an association whose members are all commercial banks. It's main objective is to safe guard matters of common interest to its members. TBA is key stakeholder in payment system, as its members are the only institutions that participate in inter-bank clearing and settlement operations.

1.4.3 Bankers Clearing Houses

There are five Bankers Clearing Houses situated in 5 major cities.

- BOTECH at DSM
- Connectivity of 4 clearing Houses (Arusha, Mwanza, Mbeya & Zanzibar)

Membership is limited to licensed commercial banks. Their main role is to facilitate the clearance of paper-based inter-bank instruments, principally cheques.

1.4.4 Tanzania Institute of Bankers (TIOB)

The TIOB is a professional body and acts as a regulatory and disciplinary body for banking skills and profession also conducts all bankers' research activities and runs professional examinations. Membership covers commercial banks, non-bank financial institutions and individual members from the banking sector.

1.4.5 The National Board of Accountants and Auditors (NBAA)

NBAA is the overseeing authority and regulatory body for both accounting and auditing standards. Accounting issues in payment systems are influenced by standards issued by this body.

1.4.6 The Tanzania Communication Commission (TCC)

TCC has been entrusted to oversee and regulate all communication activities in the country. It is the only body having responsibility for issuing licenses to all operators of communication services.

Communication and network infrastructure is therefore affected by TCC regulations.

1.4.7 Data Communications And Courier Service Providers

There are several companies, which provide communication and network infrastructure services for National Payment Systems operations. These include voice and data communications service providers and courier service providers. These service providers are licensed and regulated by TCC.

2 SUMMARY INFORMATION ON PAYMENT MEDIA USED BY NON-BANKS

2.1 Cash Payments

The BOT currently prints and issues notes in five denominations and mints and issues coins in eleven denominations as summarized by Table A below.

Table A: Notes and coins in circulation

Currency type	Denominations in Tanzanian Shilling (TZS)	Share of Currency in Percentage (in value) as at 31st December, 2002
Notes	500/=	6.92%
	1,000/=	12.51%

	5,000/=	20.58%
	10,000/=	56.52%
Coins	200/=, 100/=, 50/=, 25/=, 20/=, 10/=, 5/=and 1/=	0.73%, 1.39%, 0.41%, 0.00%, 0.17%, 0.14%, 0.03%, and 0.07%.
	5cts, 10cts, 20cts, 50cts,	0.00%, 0.00%, 0.01%, 0.01%,

Source: BOT Economic Bulletin December 31, 2002 Vol. XXXIII No. 4.

As at 31st December 2002 the notes in circulation were 98.2% while coins were 2.96%.

During the year ended December 2002, the recorded growth rate per annum of narrow money (M1 *i.e.* sum of currency in circulation) was 0.18%, while broad money (M2 *i.e.* sum of M1 and time and savings deposits) was 0.5% and the extended broad money (M3 *i.e.* being sum of M2 and foreign currency deposits) was 2.17%

Cash remained to be the dominant mode of payment in the country despite the growing trend of other non-cash modes of payments such as cheques and electronic payments instruments (debit and credit cards).

2.2 Non-Cash Payments

2.2.1 Paper based instruments

Cheques remain the most frequently used non-cash payment instrument in Tanzania. The major users of cheques are the Government departments, corporate bodies and individuals who deal with the government department and agencies. Generally, few individuals write cheques mainly because personal cheques are normally not accepted due, to, among other reasons, the absence of unique personal identification. Only the Central Bank and commercial banks are allowed to issue cheques

Payments made by cheques have increased significantly since the automation of the of Dar es salaam Electronic Clearing House (DECH) on 1st February 2002, total instruments processed through the clearing houses increased to 787,442 items by the end of December 2002 with a total value of Tzs 5,210,142 million. On daily basis items processes during the period were 4,144 valued at Tzs 27,421.8 million. The DECH processes about 80% of all cheques in the country.

2.2.2 Card Payments

Noted developments have been recorded in the card payment instruments in the country since 1996. The cards are predominantly used in Automated Teller Machines (ATMs) transactions. One bank has introduced a multi-purpose debit card used at Point of Sales as well as in ATMs.

On the other hand some organizations issue prepaid cards for payment of services such as bills or airtime for electricity and telephone services

respectively.

2.2.3 Electronic transfers

Telegraphic Transfers (TTs) are the main forms of credit transfer. TTs are mainly used for wholesale payments. However, banks also utilize intra-bank communication networks using VSAT, leased lines and dial-up telecommunication systems to transfer inter branch payments electronically.. Other electronic transfers include, money orders and GIRO, which are mainly for retail payments of high volume and small value payments.

2.2.4 Tanzania SWIFT User Group

There are nineteen member banks live connected to the SWIFT network, which form the Tanzania SWIFT User Group. The message traffic for year 2002 is as indicated in Table 11 and 12.

3 INTER-BANK EXCHANGE AND SETTLEMENT CIRCUITS

3.1 General Overview

Inter-bank payments are processed and settled primarily through the multilateral netting clearing mechanism and interbank credit transfers.

Cheques processing is affected through exchange of payment instruments at the clearing houses and by bilateral arrangements in areas where there are no clearing houses. Settlement is effected by passing entries by the accounts held by the country's Central Bank.

The interbank credit transfers are mainly used to transfer payment emanating from Inter-bank Foreign Exchange Market (IFEM), interbank lending and clearance of obligations between banks. The Bank of Tanzania processes the payment instructions received from the paying bank by debiting its account and crediting the beneficiary bank in the books of the central bank. SWIFT normally transmits interbank credit transfers, which are normally of high value and time sensitive.

3.2 Structure, Operation and Administration of Large Value Systems

3.2.1 Structure and Operation

Clearing Houses, provide a mechanism of exchanging bulk debit instruments (mostly cheques) among its members. There are five clearinghouses namely, Dar es salaam Electronic Clearing House (DECH), and the manual clearing houses in Arusha, Mwanza, Mbeya and Zanzibar. Each clearinghouse is governed by its own Clearing House Rules and Regulations. Most cheques are cleared through the DECH, which processes about 80% of all cheques in the country. The clearing houses hold two clearing sessions daily, one for Tanzanian Shilling (TZS) instruments and another for United States Dollar (USD) cheques.

Exchange of cheques takes place at 10.00 a.m on each working day at each clearing house. The net settlement obligations are then consolidated by the Bank of Tanzania and final obligation determined. End of day settlement takes place at 4.30p.m through the commercial banks accounts held with the Bank of Tanzania.

The clearing house regulations stipulate that Interbank clearing cycle takes two days in the clearing houses municipalities and seven days for upcountry. In remote areas it may take up to 14 days.

3.2.2 Administration

There is a Management Committee chaired by the Governor of the Bank of Tanzania whose members are all the Chief Executive Officers of commercial banks. This committee sets up Rules and Regulations of the Bankers Clearing House which all the members must adhere to. Changes to these Rules and Regulations may be made upon majority consent of the members during their general meetings, or may take place upon request, by any two members, the Tanzania Bankers Association or the Chairman.

3.2.3 Participants in the System

Clearing House membership is restricted to Commercial Banks only. Currently there are 20 clearing house members including the Bank of Tanzania. The Bank of Tanzania is both the host and settlement agent

Clearing is done once a day. The Tanzania shilling instruments clearing takes place 9.30-10.00a.m, while the USD instruments clearance session takes place at 11.30 a.m. Members meet at the clearing house to exchange instruments and present electronic journals with the details of instruments being presented for processing of the net settlement positions. Final settlement takes place at 4.30 p.m after consolidation of settlement position from the clearing houses.

3.2.4 Pricing policies

The Bank of Tanzania hosts all the five clearing houses located at its head office and zonal branches. The Bank meets the costs of operating these clearing houses, save to the maintenance costs of the Electronic Clearing system (DECH). Efforts are underway to transfer the ownership of the clearing houses to the TBA before year 2005.

3.2.5 Risk Management Policies

Banks are required to maintain credit balances in their settlement accounts maintained at the Central Bank. Central Bank may lend commercial banks upon pledging government securities of short-term maturities not exceeding three month to maturity as collateral.

The Tanzania Bankers Association issued paper instruments standards for instruments passing through the clearinghouses to minimize risks of forgeries, and to enhance efficiency of processing such instruments. The paper instrument standards incorporate minimum-security features, which

comply with minimum international standards.

In order to mitigate operational risks the Bank of Tanzania is implementing a Business Continuity and Disaster Recovery programme, which includes establishment of a recovery site outside its premises to ensure completion of daily clearing and settlement processes. Manual processing form part of BoT contingency plans.

4 USE OF INTER-BANK TRANSFER SYSTEMS FOR INTERNATIONAL AND DOMESTIC FINANCIAL TRANSACTIONS

4.1 General Overview

The international transfer of both small and large-value payments is effected through correspondent banking relationships based upon ownership links. Foreign banks utilize their headquarters and sister banks while local banks utilize banks abroad based on a commercial relationship.

Banks and financial institutions use S.W.I.F.T to transfer payment internationally.

4.2 Retail Transactions

Cross-border transactions are effected through international money orders, banker's drafts, travelers' cheques and the services offered by networks of *Western Union* as well as *Money link/ Moneygram*. Various banks apply the *VISA* and *Mastercard* international networks for credit card transactions. The main foreign currencies used in such cross border transactions include United States Dollar (USD), British Pound Sterling (GBP) and the Euro.

4.3 Large Value Transfers for International Transactions

Large value payments are those payments emanating from foreign exchange market dealing and settlement of foreign currency cheques clearing system. In the foreign exchange market, the Bank of Tanzania settles the Tanzanian shilling leg, while the foreign currency leg (in this case the dollar leg) is settled through correspondent banks abroad. Message transmission is usually effected through S.W.I.F.T.

4.4 Exchange and Settlement Systems for Securities Transactions

Financial Markets in Tanzania is divided into two categories namely the money market and the Stock market. The Bank of Tanzania operates the money market dealings, while Dar es Salaam Stock Exchange Market deals with the stock market.

4.4.1 Money Markets

At present, the main instruments in the money market comprise of treasury bills and repurchase agreements (repos). Occasionally other instruments are certificate of deposits and commercial papers. Market operations, so far, have been taking place exclusively with 91-day treasury bills, 182-day and 364-day treasury bills. The VERTICAL REPO between Bank of Tanzania

and Commercial banks (primary market) are operational. However, preparations for HORIZONTAL REPOS are well in progress, with the guidelines and the legal framework for the REPO market already having been written.

Treasury bills are sold in the primary market through auctions, to commercial banks, other financial institutions, official entities, businesses, and individuals. The treasury market is heavily dominated by commercial banks; at December 31, 2002 they held almost 75 percent of the outstanding issues. Pension funds held a further 15 percent, with other non-bank financial institutions and insurance companies accounting for most of the balance. Retail investors held a mere 0.1 percent, indicating that this market may be neither attractive nor accessible to them. Until August 2002, the longest marketable government security on issue was the 2-year Treasury bond.

4.4.2 The Foreign Exchange Market

The Bank of Tanzania gradually eased foreign exchange controls after the enactment of the Foreign Exchange Act of 1992, by allowing the establishment of foreign exchange bureaux in April 1992, introducing foreign exchange auctions in July 1993, and creating the Interbank Foreign Exchange Market (IFEM) in June 1994.

The foreign exchange market in Tanzania is composed of the wholesale and retail markets. The IFEM is the wholesale market, which plays an important role in the determination of the country's official exchange rate and the provision of funds for the accumulation of international reserves.

Tanzania's trade and exchange system is completely free of restrictions on making payments and transfers for current account transactions.

4.4.3 Inter-bank Cash Market

The Interbank Cash Market in Tanzania, currently provides a forum for the participants to lend and borrow money on different maturities and tenors. The market serves the purpose of equilibrating the short-term liquidity position of commercial banks and non-bank financial institutions. Participants use this market as a source of funds and as a market for placing surplus funds.

4.4.4 The Capital Market

The current status of capital markets in Tanzania can be described as an "emerging market". The number of securities listed at the Dar es Salaam Stock Exchange (DSE) is rather limited. The government securities are traded in the secondary market in DSE by primary dealers who act as either agents or market makers. The Capital Markets and Securities Authority (CMSA), is responsible for developing the necessary institutional and regulatory framework for capital markets.

4.4.5 Settlement and Clearing Arrangement for Securities transactions

In the primary market (Primary issuance), the settlement period for 35, 91, 182 and 364 days paper which are issued at discount is set at 'T+2' while settlement for 2, 5, 7 and 10-year maturities paper quoted on price basis is done at 'T+1'. All trades are settled for value date after the auctions.

Delivery versus payments (DVP) mechanism does exist for transactions channeled through Primary Dealers' (PD accounts) maintained at the BOT, the value is realized on settlement date since the funds are automatically transferred from the PD's account to government account on value date. However, currently DVP does not exist for the cheques payments made by direct participants in treasury auction since the cheques have to be cleared through normal banking clearing system.

Exchange for value settlement will be achieved once the existing electronic book entry system for Government securities is interfaced with BOT Accounting System and Tanzania Inter-bank Settlement System (TISS). This will entail payment and settlement to be done on the value date once the buyer and seller confirm the transactions.

5 RECENT DEVELOPMENTS IN THE NATIONAL PAYMENT SYSTEMS

5.1 Electronic Money Products and Schemes

In January 2000, the Bank of Tanzania issued Guidelines for introduction and operation of card based e-money products and schemes in Tanzania. The aim is to promote non-cash based instruments; mitigate systemic and other risks which may threaten the stability of, and the confidence in, the national payment system. The guidelines therefore serve as a safeguard measure to consumer interests as well as having standardization, for future system integration.

5.2 Bank of Tanzania Electronic Clearing House (BOTECH)

BOT Electronic Clearing House (BOTECH) system that facilitate the normal interbank electronic debit clearing went live at the Dar Es Salaam Clearing House on the 1st March 2002. Subsequently, the Bank continued to monitor its operations after adoption of the Clearing House Rules and Regulations to accommodate the Electronic Clearing House operations.

5.3 The Tanzania Inter-bank Settlement System (TISS).

Implementation of the Tanzania Inter-bank Settlement System commenced in April 2003. The system is expected to go live by April 2004. The system will have two separate settlement options, namely real time gross settlement (RTGS) and liquidity optimization settlement facility (LOSF) options.

5.4 The Electronic Funds Transfer (EFT) System.

Tanzania is in the process of implementing the Electronic Fund Transfer (EFT) System, which will facilitate credit clearing of bulk transfers interbank

payments. The system is being tested and is expected to operational in June 2004.

The next step will be to enhance the system so as to be able to process requests direct to the credit of the beneficiary's accounts (customer-bank-system-bank-customer).

5.5 The NPS Legal framework.

In the process of creating a robust regulatory framework for the national payment system which is capable of supporting and creating conducive environment for the operations and regulations of payment systems, the Bank of Tanzania Act, 1995 was amended in April 2003 by the Financial Laws (Miscellaneous Amendment) Act, 2003, for the purposes of empowering the Bank with explicit powers on the national payment system. These powers include *inter alia*, powers to oversee, supervise, establish and regulate the payment, clearing and settlement systems.

5.6 The Regional Harmonization.

The Bank is a member of various regional corporation bodies such as Southern Africa Development Corporation (SADC) and East Africa Community (EAC). In these bodies a number of harmonisable payment systems issues are agreed upon. The Bank has been keen in implementing such harmonization initiatives.