



National Payments System Annual Report 2013

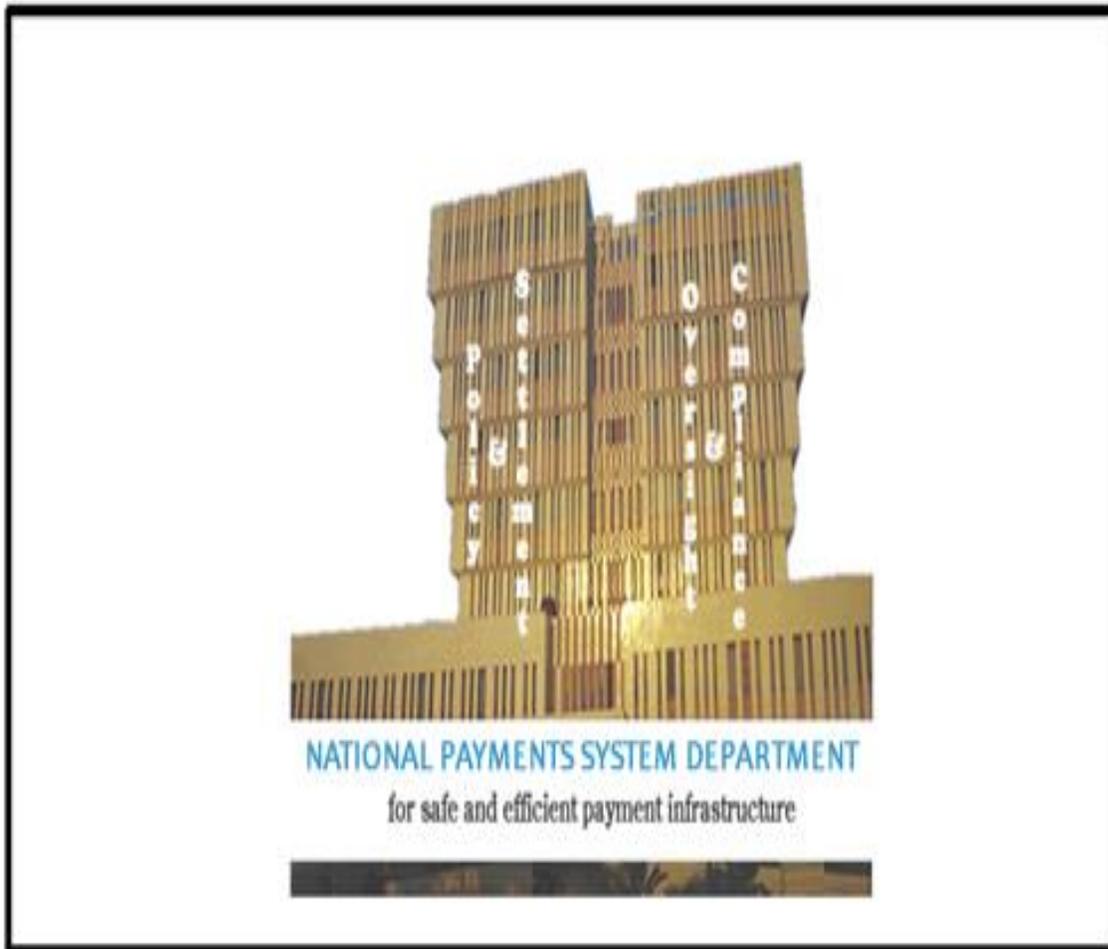


TABLE OF CONTENTS

1. INTRODUCTION	3
2. DEVELOPMENTS IN THE LARGE VALUE PAYMENT SYSTEM	4
2.1 The Malawi Interbank Transfer and Settlement System (MITASS)	4
3. DEVELOPMENTS IN RETAIL PAYMENT SYSTEMS.....	8
3.1 Malawi National Net Settlement System (MNNSS)	8
3.2 Mobile Payment Schemes.....	9
4. FINANCIAL INCLUSION INITIATIVES BY RBM.....	10
4.1 Promotion of Innovative Retail Payment Products and Associated Challenges	10
5. OVERSIGHT OF THE NATIONAL PAYMENTS SYSTEM INFRASTRUCTURE	13
5.1 Onsite and Offsite Oversight Activities	13
6 NPS REGULATORY & INFRASTRUCTURE REFORM PROJECTS.....	14
6.1 Domestic Infrastructure Modernisation.....	14
6.2 Integration with Cross-border Infrastructure	15
6.3 Progress on Payments System Regulatory Reforms.....	15
7. CONCLUSION	16

1. INTRODUCTION

In 2013, the Reserve Bank of Malawi (RBM) continued with efforts aimed at promoting the safety, efficiency and stability of the country's financial infrastructure. Key activities included implementation of a modernisation program for payments, clearing and settlement systems, promotion of innovative retail products and development of appropriate legal framework for oversight of payment systems.

In terms of infrastructure modernisation, RBM made some progress on a number of projects with funding from the World Bank under the Financial Sector Technical Assistance Project (FSTAP). The projects include the National Switch and Automated Transfer System (ATS) which has combined features of the Real Time Gross Settlement (RTGS) system and the Automated Clearing House (ACH). The ATS will be interfaced with the Central Securities Depository (CSD) to attain delivery versus payment (DVP). In this regard, the ATS will replace the existing RTGS and Electronic Cheque Clearing House (ECCH). The National Switch, on the other hand, will facilitate interoperability of the country's auto teller machines (ATM's) and point of sale (POS) devices. Both projects are expected to go live by the end of 2014.

The RBM also actively participated in regional/cross-border payments system

integration initiatives which are aimed at supporting trade and investment in COMESA and SADC. To this end, Malawi went live in the COMESA Regional Payments and Settlement System (REPSS) in November 2013. RBM also ensured active participation of commercial banks in the SADC Integrated Regional Settlement System (SIRESS) such that by December 2013, most banks had successfully carried out integration tests for SIRESS. Malawi is expected to go live in SIRESS during the first half of 2014.

With regard to promotion of innovative retail payments, RBM undertook several activities aimed at complementing government's efforts to enhance financial inclusion. Among others, a second mobile payments service provider was approved during the year to introduce non-bank based payment products in the country.

Progress was also made with respect to development of appropriate payments system regulatory framework as RBM finalised drafting of the Payments Systems Bill and the E-Money Regulations. Meanwhile, RBM continued to oversee various payments products and services in 2013 using the existing regulatory framework.

Apart from the on-going projects and activities stated above, this Report also contains an analysis of performance of the existing large value and various retail payment systems in 2013. Unless

otherwise stated, the report highlights transactions that took place during the period January to December 2013.

RBM acknowledges the continued support from external stakeholders such as the National Payments Council (NPC), the Bankers Association of Malawi (BAM), the World Bank and the Government of Malawi in payment systems modernisation initiatives.

2. DEVELOPMENTS IN THE LARGE VALUE PAYMENT SYSTEM

2.1 The Malawi Interbank Transfer and Settlement System (MITASS)

MITASS is Malawi’s RTGS and is the most critical payment system in the country. It was designated as a systemically important payment system (SIPS) in line with Bank for International Settlements (BIS) upon its implementation in March 2002¹. As such, RBM’s main concern is to ensure that all risks affecting the system are mitigated. This is achieved through close monitoring of three key aspects of MITASS namely (a) system availability, (b) the degree of utilisation and (c) system participants’ capability to settle their obligations. These three issues represent the main operational and financial risks that could adversely affect

¹ See appendix 1 for an illustration of the designation of various payment systems in Malawi

MITASS and potentially culminate into systemic crisis.

2.1.1 MITASS Availability

In order to ensure an uninterrupted settlement process, MITASS needs to be available to all participants during the entire business day. Frequent or prolonged system downtime is undesirable and is a key indicator of operational risk which may adversely affect commercial banks’ ability to honour their payment obligations timeously.

While the ultimate goal of RBM is to make the system 100 percent available to participants, MITASS availability in 2013 stood at 99.8 percent (Fig 1), up from 96 percent in 2012. This follows a significant decrease in system downtime from a total of 78.9 hours in 2012 to only 4.5 hours in 2013. This implies that the average daily downtime for the system in 2013 decreased to 1.03 minutes from 18.9 minutes in 2012.

Fig 1: MITASS Availability in 2013



Source: National Payments System Department, RBM

Thus, the system was fairly stable in 2013 when compared to 2012, following an improvement in technical support for the system by MALSWITCH.

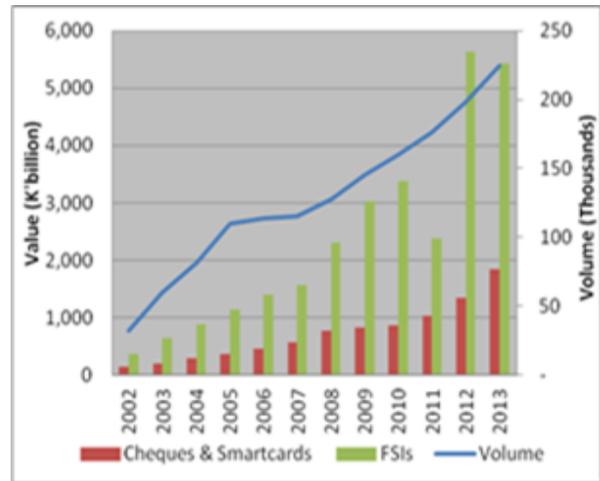
2.1.2 MITASS Utilisation

Optimal utilization of MITASS is normally measured in terms of the increase in the volume and value of transactions processed during a particular period. More specifically, an increase in the share of single funds settlement instructions (FSIs) in the total value of transactions processed is an indication of improvements or efficiency gains in MITASS utilization.

(a) Volume of MITASS Throughput

Since its inception in March 2002 up to December 2013, MITASS has processed an average annual transaction volume of 128,530. As illustrated in Fig 2, the volume of transactions processed in MITASS in 2013 increased to 224,301 from 198,344 recorded in 2012, representing an annual increase of 13.1 percent.

Fig.2: Relative MITASS Throughput (2002-2013)



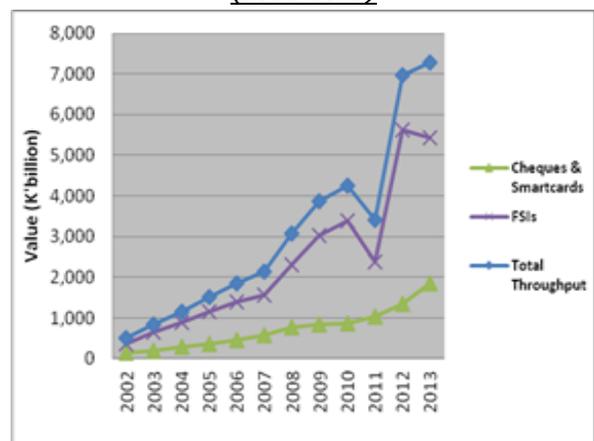
Source: National Payments System Department, RBM

(b) Value of MITASS Throughput

Similarly, 2013 saw the system’s total value of throughput increasing to K7,278.6 billion from K6, 966.7 billion in 2012, translating into an annual increase of 4.5 percent (Fig 3).

Furthermore, on average, daily throughput in 2013 increased by 4.2 percent to K19.9 billion from K19.1 billion recorded in 2012. The increase in MITASS throughput in 2013 may reflect an improvement in the country’s economic activity.

Fig.3: Relative Value of MITASS Throughput (2002-2013)



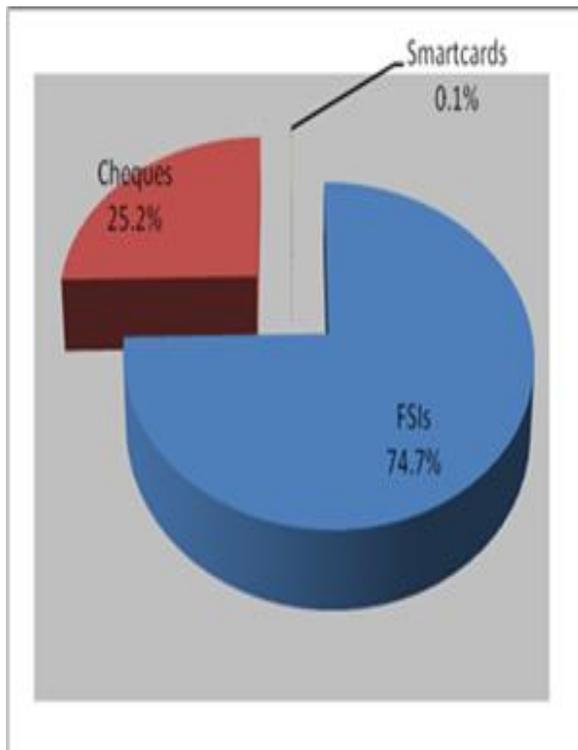
Source: National Payments System Department, RBM

(c) Ratio of Funds Settlement Instructions (FSIs) to Total Throughput

As indicated above, an increase in the ratio of FSIs to total value of transactions reflects efficient usage of MITASS.

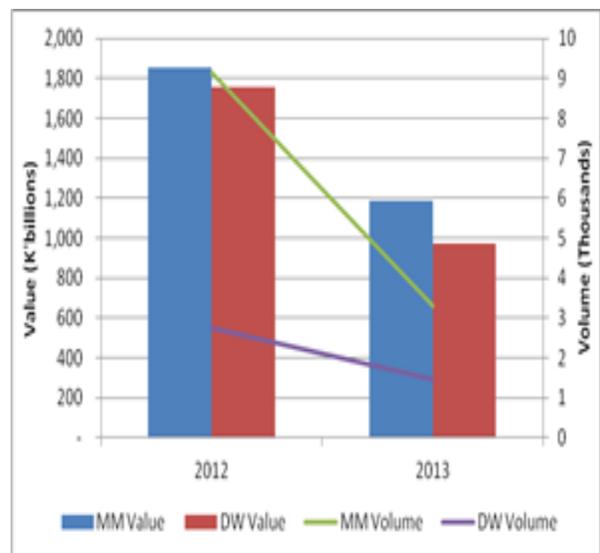
As illustrated by Fig 4 below, the share of FSIs in total throughput in 2013 was 74.7 percent, down from 80.8 percent recorded in 2012. This was slightly below the required target of 75 percent. FSI value decreased by 3.5 percent from K5,630.7 billion registered in 2012 to K5,436.7 billion in 2013. This suggests that more (high value) cheques were processed through the ECCH in 2013 as compared to 2012.

Fig.4: Percentage Composition of MITASS Throughput (2002-2013)



In addition, there was a slowdown in interbank money markets and discount window transactions due to liquidity improvement in the banking system during the period under review (Fig 5). Furthermore, the proportion of cheque and smartcard (bulk) transactions increased from 19.2 percent in 2012 to 25.3 percent in 2013. In absolute terms, the total value of bulk transactions amounted to K1, 841.9 billion in 2013, up from K1,336.0 billion in 2012. Smartcard transactions, on the other hand, accounted for only 0.2 percent of bulk transactions in both 2012 and 2013.

Fig.5: Interbank and Discount Window Transactions



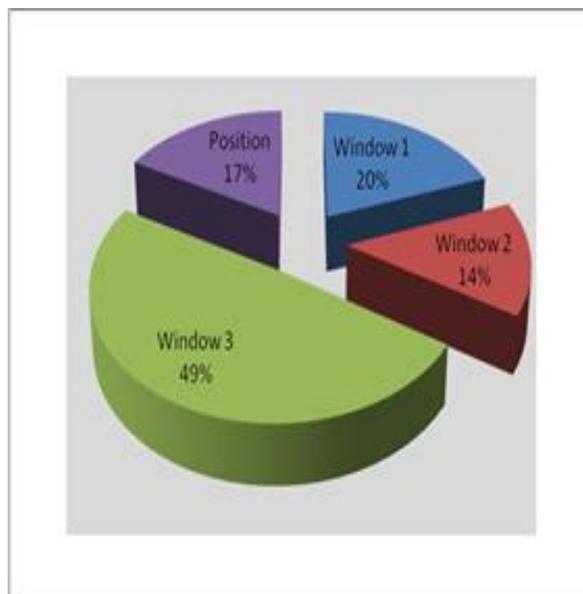
Source: National Payments System Department, RBM
MM= Money Market; DW=Discount Window

(d) MITASS Values per Settlement Window

The MITASS settlement schedule is split into four processing windows². Being a high value real time settlement system, MITASS participants are urged to settle their interbank obligations as early as possible. The normal charge to participant banks for MITASS transactions is K100 per instruction. However, to encourage early settlement of transactions by participants in the system, RBM offers a 50 percent discount on processing costs for Window 1 which is the first settlement window and levies a surcharge of 50 percent for all transactions settled in Window 3 and Position Window which are the late settlement windows.

Fig 6 below shows that MITASS participants processed more transaction value (66 percent) during late settlement windows in 2013, compared to 72 percent processed during the same windows in 2012.

Fig. 6: MITASS Values per Settlement Window



Source: National Payments System Department, RBM

2.1.3 MITASS Settlements

In view of the fact that settlement in MITASS is based on credit push principle³, any temporary liquidity shortfalls on the part of system participants may lead to payment defaults. This can have a negative impact on the entire settlement process and may cause widespread disruption within the financial system.

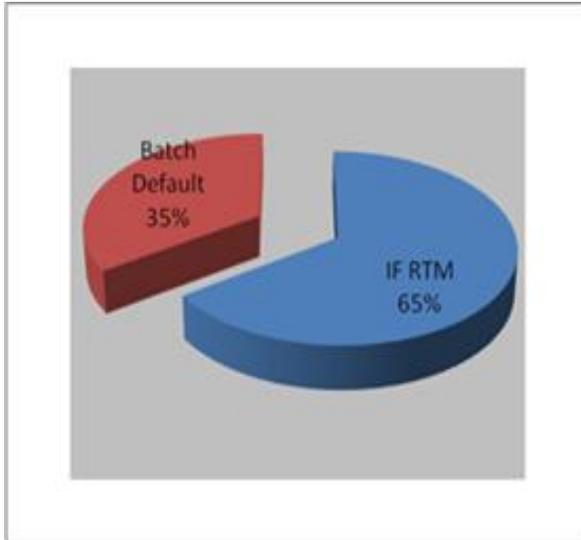
In order to contain liquidity or settlement risk in MITASS, the RBM provides discount window accommodation as a lender-of-last resort. Notwithstanding availability of this RBM facility, there were some settlement defaults in 2013 although at reduced frequency. The frequency of settlement defaults in 2013 decreased by 48 percent to 26 cases as

² Refer to Appendix 3 below for a detailed settlement schedule

³Credit push principle implies prefunding of settlement accounts by system participants before transactions are pushed for actual settlement.

opposed to 50 incidences in 2012. *Fig 7* shows that 65.4 percent of the incidences in 2013 were due to insufficient funds to cover for individual/single settlement instructions. The remaining 34.6 percent were due to insufficient liquidity to cover for cheque and smart card transactions.

Fig. 7: Frequency of defaults in MITASS



Source: National Payments System Department, RBM

The decrease in settlement defaults in MITASS reflects the improvement in banking system liquidity, which is further manifested by a reduction in borrowing from the discount window.

3. DEVELOPMENTS IN RETAIL PAYMENT SYSTEMS

One of the key areas in the NPC Vision and Strategy (2009-2013) is progression towards greater use of electronic retail payment facilities thereby minimising use of cash. In line with the Vision, RBM continued to implement various initiatives aimed at encouraging the

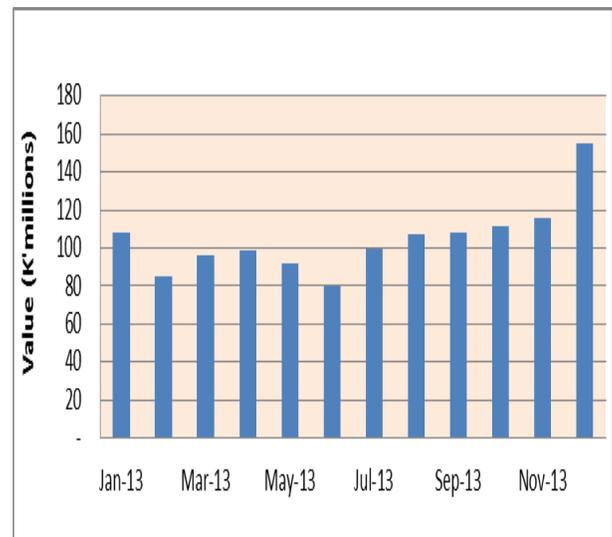
introduction or adoption of innovative retail payments in 2013.

3.1 Malawi National Net Settlement System (MNNSS)

As at December 2013, the MNNSS marked its second year of operations following an agreement between RBM and Visa International to start settling domestic visa card transactions in the local currency via MITASS.

Since its inception, the MNNSS has processed a total transaction value of K1.5 billion translating into a monthly average of K105.6 million. As at end December 2013, the value of transactions processed through the MNNSS amounted to K154.7 million (Fig 8), compared to K83.8 million processed during the same period in 2012.

Fig. 8: Visa Card Transactions



Source: National Payments System Department, RBM

The increase in the MNNSS transaction values can be attributed to a reduction in interchange fees on visa card transactions

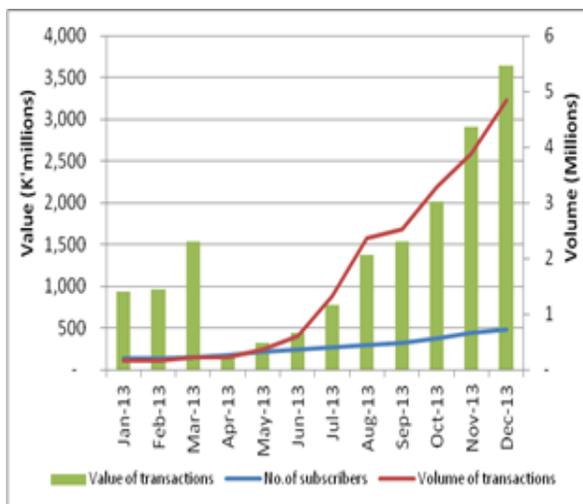
from K1,800 (the highest fee) to a maximum of K340 per ATM cash withdrawal effective June 2013.

3.2 Mobile Payment Schemes

(a) Non-bank Led Mobile Payment Services

During the period under review, a second mobile network operator (MNO) was granted a licence to introduce mobile payments services called TNM Mpamba, thus bringing the number of MNO-led mobile payment services to two, after Airtel Money which was launched in 2012. As a result, 2013 registered a notable increase in both value and volume of mobile money transactions. As depicted by Fig 9, the volume of transactions increased to 4.8 million as at end December 2013 from 188,928 in December 2012.

Fig.9: Non-bank led Mobile Money Transactions



Source: National Payments System Department, RBM

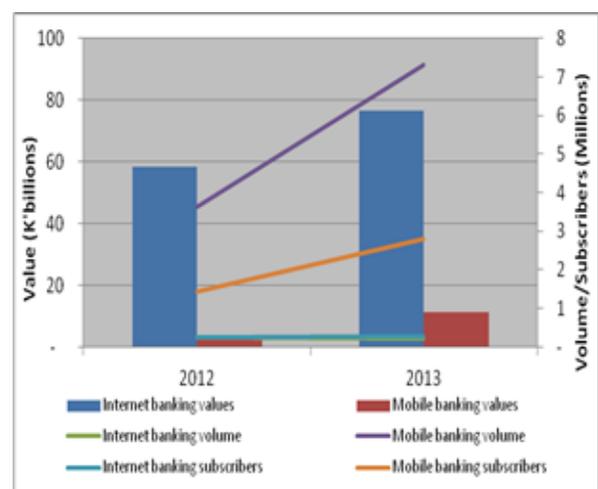
Similarly, the value of transactions increased to K3.6 billion from K761.0

million during the same period. In terms of subscriber uptake, the number of active subscribers (30 and 90 day) increased to 485,138 in December 2013 from 87,682 in December 2012. The average value per transaction for MNO-led mobile banking was around K750.00 in 2013, compared to K4,028 in 2012. This suggests that mainly lower income users were enlisted for MNO-led mobile banking in 2013 which is in line with the financial inclusion drive.

(b) Internet and Bank-led Mobile Payment Services

During the period under review, bank-led mobile banking registered significant growth in terms of volume and values of transactions processed. Total transaction value for 2013 amounted to K11.2 billion from K3.2 billion in 2012 (Fig 10).

Fig.10: Bank led Mobile Banking Transactions



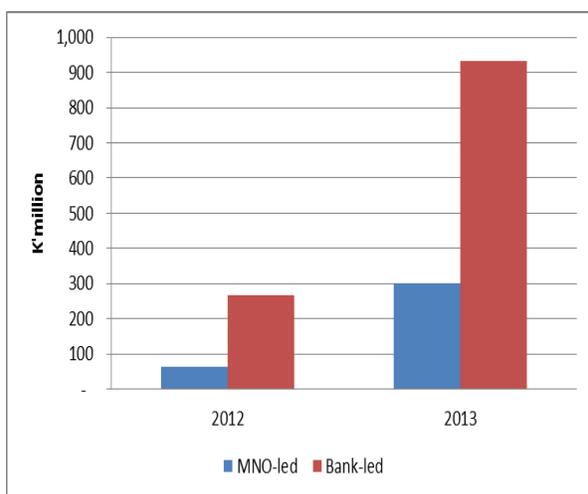
Source: National Payments System Department, RBM

Similarly, the total volume of transactions increased to 3.6 million compared to 1.8 million in 2012. The

number of subscribers increased from 176,739 in December 2012 to 280,457 in December 2013.

The increase in uptake of bank-led mobile banking services indicates that banks are introducing and promoting their mobile banking products and services to stay in competition with MNO-led mobile banking. As shown by Fig 11, average monthly transaction value for bank-led mobile banking increased to K933.3 million in 2013 from K267.7 million in 2012 compared with increase to K300.0 million from K63.4 million for MNO-led mobile banking during the same period. The average value per transaction for bank-led mobile banking was around K3,111.00 in 2013.

Fig. 11: Monthly Average Transaction Values for Mobile Payments Schemes



Source: National Payments System Department, RBM

Internet banking registered a 31.2 percent increase in transaction values to

K76.6 billion as at December 2013. However, the volume of internet banking transactions declined by 14.1 percent to 217,005 by December 2013 whereas the number of internet banking subscribers increased slightly by 3.6 percent during the same period. This suggests that internet banking might have been patronised by cooperate customers who normally process large value transactions through internet banking as opposed to individual customers during the period. The average value per transaction for internet banking was around K353,000 in 2013. For further comparison in the performance of internet and mobile banking services refer to *Appendix 2* below.

4. FINANCIAL INCLUSION INITIATIVES BY RBM

4.1 Promotion of Innovative Retail Payment Products and Associated Challenges

RBM continued to implement a number of initiatives to speed up uptake of affordable and quality innovative mobile financial services (MFS) which can be used to ease access to financial services for the unbanked, thereby providing greater opportunities for many Malawians to rise above their current standards of living.

(a) Engagements with MNOs to Address Challenges affecting Mobile Payments Uptake

One of the challenges for MNO-led mobile payments in Malawi has been the slow uptake of the product. This has mainly been due to the relative high transaction cost of the product when compared to similar products offered by banks and sparse agent network. RBM therefore engaged with MNOs in 2013 to explore ways of speeding up uptake of MNO-led payment services in the country.

Among other things, RBM encouraged MNOs to intensify their marketing activities and/or improve some of their marketing strategies regarding use of mobile money *vis-a-vis* purchase of airtime. The intensification and improvement in marketing activities and strategies by the MNOs has not only increased usage of mobile money by subscribers of the MNOs but has also helped to create awareness of the availability and convenience of the product.

However, agent network expansion especially in semi urban and rural areas of the country continued to pose challenges in increasing subscriber base to much higher levels during 2013. The main challenges to agent network expansion include frequent network outages and insufficient liquidity to meet cash-outs by customers from the agents.

As a way forward, RBM intends to continue engagement with the MNOs to discuss ways of developing a viable mobile money ecosystem, including agent network development to increase number of subscribers for MNO-led mobile banking services, especially in rural and semi urban areas.

(b) Engagements with Banks to Address Challenges on Agent Banking Uptake

Initiatives by RBM to encourage banks to offer services to rural areas through use of agents continued during 2013. However, uptake has so far been low with only two out of the 12 banks in the country fully adopting the agent banking model. The two banks which have introduced agent banking had a total of 38 agents as at end December 2013. RBM therefore engaged banks to identify areas in the Agent Banking and other Regulations requiring refinement to support agent banking. In addition, RBM was in the final stages of preparing E-Money Regulations during the year. The E-Money Regulations are expected to encourage banks to participate in the mobile money space on a level playing field with MNOs.

(c) Implementation of other Supportive Financial Inclusion Activities by RBM

In addition to the on-going work in strengthening the legal and regulatory framework as reported in the 2012 Payment System Annual Report, the Reserve Bank implemented or

participated in the following activities during the period under review:

(i) FinScope Consumer Survey 2013

The FinScope Survey is a survey of how individuals source their income and manage their financial lives and the attitudes and perceptions regarding financial products and services. The survey was developed by FinMark Trust and has so far been conducted in a number of counties in the region. It was first conducted in Malawi in 2008.

The Malawi Government, through the technical and financial assistance from FinMark Trust, conducted its second FinScope Survey in December 2013, the results of which were expected in early 2014. The main objectives of the survey are to measure the levels of financial inclusion (i.e. the proportion of the population using financial products and services, both formal and informal); to describe the landscape of access; and to identify the drivers and barriers to the usage of products and services, among others. The results of the survey are expected to lead to effective public and private sector interventions that will increase and deepen financial inclusion strategies.

RBM participated in the preparation of this survey through its representation in the Financial Inclusion Subsector Technical Working Group, which draws membership from a cross-section of key stakeholders in financial inclusion.

(ii) National Financial Literacy Week

RBM implemented various proactive programs on consumer financial literacy and education. Key among the events in 2013 was the National Financial Literacy Week (NFLW), which was held from 9 to 13 December 2013. The NFLW, which was organised in collaboration with the Ministry of Finance and other key stakeholders, aimed at promoting general public awareness of financial services and products, including related consumer's rights and responsibilities.

The NFLW is part of the remedies to the findings of the 2008 FinScope Study which revealed, amongst others, a general lack of awareness of financial products and services by the general public in Malawi. Lessons from the NFLW are expected to help RBM and Government bring into perspective several important elements that should be incorporated into the overall Financial Literacy Program.

(iii) Memorandum of Understanding between RBM and United Nations Capital Development Fund (UNCDF) on provision of Technical Assistance on Financial Inclusion

In another development, RBM and UNCDF signed an agreement in December 2013 on technical assistance to support capacity building on oversight of branchless banking and mobile financial services under the Mobile Money for the Poor Program (MM4P).

Under the agreement, RBM will implement a number of activities which are geared towards identifying regulatory strategies and policies to scale-up financial inclusion.

(iv) Alliance for Financial Inclusion (AFI) Activities

During 2013, RBM participated in AFI events including Work Group meetings and the annual Global Policy Forum (GPF) which are the main peer learning platforms for AFI member institutions on various topics of financial inclusion. During the year, RBM participated in the following AFI Working Group meetings:

- i. Financial Inclusion Data Working Group (FIDWG)
- ii. Mobile Financial Services Working Group (MFSWG)
- iii. Financial Integrity Working Group (FINTWG), and
- iv. Consumer Empowerment & Market Conduct (CEMC) Working Group.

5. OVERSIGHT OF THE NATIONAL PAYMENTS SYSTEM INFRASTRUCTURE

RBM's main objective for oversight of the national payments system infrastructure is to ensure that the national payments system as a whole functions in an orderly manner to promote safer and more stable financial environment. The Bank's mandate on

oversight of the payments system infrastructure is drawn from the Reserve Bank of Malawi Act.

5.1 Onsite and Offsite Oversight Activities

During the year, RBM carried out off and on-site oversight activities involving both large value and retail payment systems.

(a) Oversight of MITASS

In 2013, RBM monitored and assessed performance of participants in MITASS. Participants' performance in the system was monitored and assessed to gauge adherence to system rules and procedures. Each participant's performance profile was then discussed during bilateral meetings to agree on ways of mitigating operational and settlement risks as well as promoting efficiency in MITASS.

(b) Oversight of Mobile Payments

RBM also conducted on-site inspection of trust accounts for MNO-led mobile banking which are held with commercial banks. The inspections were aimed at assessing whether or not management of the trust accounts by the MNOs are in line with relevant clauses in the *Mobile Payments System Guidelines (2011)* which provide for protection of customer funds, among others. Based on the findings of the inspection, RBM has made some recommendations which MNOs are expected to implement by

June 2014 to improve administration of trust accounts.

6 NPS REGULATORY & INFRASTRUCTURE REFORM PROJECTS

6.1 Domestic Infrastructure Modernisation

(a) ATS and CSD Project

During the year, the banking community led by RBM made tangible progress in the implementation of the ATS and CSD Projects which are being funded by the World Bank under the Financial Sector Technical Assistance Program (FSTAP). The ATS will replace the current RTGS and ECCH systems. The CSD, which will be integrated with the ATS, will be the first automated securities clearing and settlement system in the country.

Apart from RBM and commercial banks, the ATS and CSD will also connect the Malawi Revenue Authority (MRA) and Ministry of Finance (MoF) as direct participants but with limited functionality. The National Switch will also be linked to the ATS for settlement of ATM and POS transactions.

In 2013, the ATS and CSD project successfully completed key milestones. These were the Initial Study, involving requirements gathering and Initial Report, paving way for the project to enter the design phase. Similarly, contract negotiations with Montran

Corporation, which is the selected supplier of the ATS and CSD, and project signing-off, were also completed. Actual implementation of the project is expected to commence early 2014. The ATS is expected to go live by December 2014.

(b) The National Switch Project

The National Switch Project is also one of the World Bank funded projects under FSTAP. The switch, which will be owned and operated by commercial banks, will be rolled out in phases. The first phase will involve attaining interoperability of auto-teller machines (ATMs) and point of sale (POS) devices currently owned and operated by different institutions in the country. The second phase of the project will involve rolling out of switching services to support internet and mobile banking, international payment cards (such as Visa and MasterCard) and microfinance transactions.

By December 2013, contract negotiations and design for the switch, which will be supplied by BPC in partnership with a local company, Business Computer Solutions (BCS), had been finalised. Procurement and installation of hardware had also been successfully completed. The National Switch is expected to be rolled out by December 2014.

6.2 Integration with Cross-border Infrastructure

(a) SADC Integrated Regional Electronic Settlement System (SIRESS)

The pilot phase of the SIRESS Project was carried out in 2013 and involved countries in the Common Monetary Area (CMA), these included South Africa, Namibia, Lesotho and Swaziland.

During the year, Malawi has been preparing for the implementation of the second phase of the SIRESS Project as most commercial banks in the country had successfully conducted integration tests in readiness for connectivity to SIRESS. As such, Malawi was among the three non-CMA countries in SADC (others being Tanzania and Zimbabwe) earmarked to join SIRESS during Phase II of implementation scheduled for the first quarter of 2014.

(b) COMESA Regional Payment and Settlement System (REPSS)

Malawi went live in the REPSS on 19th November 2013. This made Malawi the fourth country, after Mauritius, Rwanda and Swaziland, to get connected to REPSS. The system is expected to improve regional trade and investment for COMESA member states as more countries are expected to get connected to the system in 2014. This follows a decision made by the Council of Ministers during the 32nd COMESA meeting held in Kinshasa, DRC,

requiring all COMESA member states to settle all trade transactions in the region through REPSS.

6.3 Progress on Payments System Regulatory Reforms

(a) Payment Systems Bill and E-Money Regulations

During the year, RBM held a workshop with the Legal Affairs Committee of Parliament to sensitise its members on the draft Payments Systems Bill. Comments and observations from the Committee have since been incorporated in the Bill. The Bill was submitted to Government for presentation to Cabinet before consideration by Parliament. Once enacted, the Payment Systems Act is expected to provide clarity and transparency to oversight arrangements not only for electronic payments but more broadly for the country's payments system and payments providers, bringing Malawi in line with international best practice in the regulation of payment systems.

In addition, RBM took a leading role in the preparation of E-Money Regulations in consultation with key stakeholders including commercial banks, MNOs, MACRA and the Ministry of Finance. The E-Money Regulations will govern all e-money operations, including requirements for entities involved in the issuing and storing of funds and operating the payments systems for transferring e-money. The Regulations are expected to

replace the *Mobile Payment Systems Guidelines (2011)* and are scheduled for implementation in 2014.

(b) Memorandum of Understanding (MOU) on MFS Regulatory Cooperation between RBM and the Telecommunications Regulator

Innovations in MFS have introduced some regulatory challenges since MNOs are now able to leverage on their technological platforms to provide financial products such as mobile money services to their subscribers. This has led to overlapping regulatory responsibilities between the telecommunications regulator and the central bank as the two regulatory agencies are responsible for oversight of different aspects of MFS delivery, namely the telecommunication business being regulated by the telecommunications authority while oversight of MFS is being performed by the central bank.

To address this challenge RBM and the Malawi Communications Regulatory Authority (MACRA) signed an MOU in 2013 aimed at improving interagency cooperation between the central bank and the telecommunications regulator to enable timely interventions and stop any innovation which may bring unnecessary risks in the market. Development of the MOU included a rigorous consultation process involving all key stakeholders at MACRA and RBM.

7. CONCLUSION

In 2013, the payments infrastructure was largely stable allowing a smooth flow of funds for economic activity. RBM also continued to implement various infrastructural and regulatory reforms to improve the safety and efficiency of the national payments system. Among the key infrastructural reform activities were the on-going modernisation of the RTGS and interoperability of retail payments through implementation of the ATS and National Switch projects. Regulatory reform initiatives included finalisation of the Payments Systems Bill, E-money Regulations and signing of an MOU with MACRA on MFS regulatory cooperation.

In terms of regional integration initiatives, RBM also made remarkable progress by becoming the fourth country to connect to the COMESA REPS. Initial steps were also taken for the country to join the SADC SIRESS by June 2014.

In the area of retail payments, Malawi also registered further progress by introducing a second mobile money service which is expected to increase financial inclusion by reaching out to the unbanked population of the country.

The progress and achievements cited in this Report would not be possible without cooperation from RBM's key stakeholders, including Government of

Malawi, the banking community, donors and other cooperating partners.

Looking forward, RBM expects the payments environment in the country to be one of the best in the region in view of the infrastructure modernisation and regulatory reforms currently being implemented.

APPENDICES

Appendix 1: Designation of Payment Systems in Malawi

System	Designation	Operator	Year of commissioning	Nature of transactions	Number of Participants
MITASS	SIPS	RBM	2002	Large value Low volume Time critical	13
ECCH	SIPS	BAM	2005	Low value Large volume Low priority	11
Smartcards	Non SIPS	MALSWITCH	2001	Low value Large volume Low priority	1
VISA	Non SIPS	VISA International	2012	Low value Large volume Low priority	4

Source: National Payments System Dept - RBM

Appendix 2: Comparison of Internet and Mobile Banking Services – 2013

Month	Values		Volume of Transactions		Number of Subscribers	
	Internet	Mobile	Internet	Mobile	Internet	Mobile
Jan-13	4,215,751,959	588,877,598	14,915	582,135	20,351	147,352
Feb-13	4,985,500,728	675,019,042	15,042	591,674	21,112	200,754
Mar-13	5,259,896,373	763,097,939	17,181	808,852	18,354	212,373
Apr-13	5,538,463,461	971,543,504	18,207	435,736	22,255	222,020
May-13	5,365,352,619	983,099,105	17,183	468,857	20,516	230,056
Jun-13	7,546,510,255	1,042,508,805	17,222	501,860	20,464	237,050
Jul-13	8,143,865,731	1,017,564,768	18,894	842,537	24,025	240,512
Aug-13	6,015,975,724	1,214,917,056	17,506	843,937	22,508	250,384
Sep-13	8,730,616,325	1,016,046,594	20,397	512,868	26,445	255,185
Oct-13	8,269,169,154	1,098,848,558	21,094	528,478	26,451	264,513
Nov-13	3,213,431,785	1,094,216,570	14,011	569,801	25,992	271,195
Dec-13	9,324,847,960	703,573,533	25,353	617,870	25,871	280,457
Total	76,609,382,074	11,169,313,072	217,005	7,304,605	274,344	2,811,851

Source: National Payments System Dept - RBM

Appendix 3: Normal Settlement Schedule for MITASS

