The Malawi Internet Governance Forum

2022 MEETING
1. Scope
2. Objectives
3. Interoperability model
4. National switch functions
5. Current services
6. The impact
7. Drivers of digital payments
ALL-INCLUSIVE INSTANT PAYMENTS SWITCH

Scope

▪ All-inclusive national switch

▪ Integration of:
  • Commercial banks
  • Non-banks financial institutions

▪ Implementation of:
  • Instant electronic funds transfer
  • ePayments and social disbursement gateway
  • Cross boarder and International remittances gateway
  • Cards personalization centre
ALL-INCLUSIVE INSTANT PAYMENTS SWITCH

Objectives

• Create a common digital payments platform
• Implement a turnkey solution
• Promote financial inclusion
• Promote digital payments
The model provides for integration with any acquirer and/or issuer of electronic money

- FIs with a private switch and acquiring digital channels
- FIs without a switch but with acquiring channels;
- FIs without switches or acquiring channels but issuing cards;
- MFIs & SACCOS, Mobile Money Operators, TPP's, aggregators, etc.
NATIONAL SWITCH FUNCTION

The Switch allows:

- Interoperability of retail digital financial systems
- Authorization & routing;
- Terminal management;
- Instant Account2Account electronic funds transfers;
- Dispute/chargeback management;
- Clearing and settlement;
- Fraud and Risk Management;
- Remote monitoring, etc.
CURRENT SERVICES
(Instant and available 24 X 7 X 365 (6))

- Cash withdrawals
- Balance enquiry
- Reversals

- Purchase
- Pre-authorization
- Refund
- Reversal
- Cash in
- Cash out

- Wallet2Wallet
- Wallet2Account
- Account2Wallet
- Cardless ATM cash withdrawal
  (Tokenization)

- Instant EFT
- 24/7 Fraud monitoring
- Reporting & Recon
THE IMPACT

• The impact of the all-inclusive switch includes:
BRINGING TOGETHER TWO INDUSTRIES

FIs & Telcos

FINANCIAL INSTITUTIONS

- Regulations
- Directives
- Compliance

TELECOM OPERATORS

- Infrastructure
- Compliance
- Internet

MOBILE FINANCIAL SERVICES

- State/Ministry of Finance
- RBM
- Financial Institutions
- State/Ministry of Information
- MACRA
- Telecom Operators
Drivers of digital payments

1. Meeting the supply conditions
   - Robust digital infrastructure
   - Strong transactional infrastructure, ATM, POS, Internet Banking
   - Providing digital payments options
   - Faster, secure, affordable, pervasive Internet

2. Meeting demand conditions
   - Digital devices prevalent – mobile phones, computers
   - High availability of Internet and Mobile technologies
Drivers of digital payments ... cont’d

3. **Innovation**
   - Research & development e.g. sandboxing
   - Incubation programs – financing startups; innovative ideas

4. **Regulation**
   - That allows innovations but with risk, legal and consumer protection frameworks that are supportive of the new developments in digital payments
THANK YOU FOR YOUR ATTENTION