

Africa makes 'significant progress' in integrating cross-border payments

By [Linda Ensor](#)

8 May 2015

Regions in Africa have made significant progress in integrating their cross-border payment systems, says Reserve Bank governor Lesetja Kganyago.



© jean-luc cochonneau – [123RF.com](#)

Speaking at the Society for Worldwide Interbank Financial Telecommunication (Swift) African regional conference in Cape Town on Tuesday, 5 May, Kganyago said this trend might have contributed to the global decline in correspondent banking relationships and, if so, was a welcome development.

In the past, cross-border financial payments in Africa had mostly been facilitated through correspondent banking arrangements with banking partners mostly located in the US or Europe. These relationships were still in use today but were being found to be inadequate and inefficient, Kganyago said.

Across the continent regional arrangements had emerged in West, East and southern Africa to develop more efficient transaction mechanisms, which will hopefully lay a solid foundation for intra-African trade and investment.

"The advantage of these mechanisms is that the transacting parties have more control over their payments within the

region," the governor said.

Kganyago said the implementation of the integrated regional electronic settlement system by nine participating countries of the Southern African Development Community (SADC) in July 2013 had resulted in 43% of all SADC cross-border payments being settled by SADC banks on the system, rather than through cross-border correspondent banking systems.

The challenge for the future was to get these regional payment systems interfacing with each other, the governor said.

About 400 delegates from 40 countries were attending the three-day Swift conference to discuss developments in the securities markets on the continent, as well as how the technological innovations could be used to support the financial services sector and the growth of the continent.

Swift is a member-owned co-operative through which the financial world conducts its business operations.

The organisation's membership includes more than 10,800 banking organisations, securities institutions and corporate customers in more than 200 countries.

Source: BDpro

For more, visit: <https://www.bizcommunity.com>