

# White paper tackles cross-border payments headache in SADC

The Southern African Development Community (SADC), encompassing 16 countries and nearly 400 million people, offers tremendous trade potential. However, the challenge lies in facilitating regulated cross-border financial flows to fully harness its benefits.



Source: [Pexels](#)

A new white paper, “SADC Regional Payments Interoperability – exploring the value of mutual digital infrastructure to drive more formalised, accessible and inclusive payments in the region”, by BankservAfrica together with Cenfri, explores the region’s cross-border payments landscape.

Examining the different use cases, this paper also highlights the barriers to growth and elaborates on how a regional payment solution could work for the good of all.

“With exciting innovations and new product launches, payments is an exciting space in the region. However, these fall short of the one critical need: broad-based and all-to-all interoperability. The ability for money to flow from wallets to bank accounts inexpensively enhances inclusivity, reduces pain points and can encourage the move from cash and informal money send.

“Achieving this is key to solving the cross-border payments dilemma in the SADC,” explains Ruhling Herbst, executive

head: Africa Business Development at BankservAfrica.

The other chief concerns and opportunities centre around the current market and consumer dynamics: the considerable lower-value person-to-person (P2P), person-to-business (P2B) and business-to-business (B2B) flow into the region brings the opportunity for providers to scale their offerings and to tackle the challenges arising from the emergence of fintechs.

On a consumer level, the preference for cash remains high as most cross-border transactions take place informally. There's also the issue of commercial, regulatory, infrastructure and consumer barriers, ranging from agent costs to liquidity management, foreign-exchange costs and limited data availability, that will need addressing in the first, middle and last mile.

A key finding from the report is that service providers need to be empowered to offer low-cost, high-quality cross-border payment services.

## Introducing TCIB's cross-border solution

Since 2021, the Transactions Cleared on an Immediate Basis (TCIB) payment scheme, managed and operated by BankservAfrica, has been live. Owned and supported by regulators, central banks and established financial institutions in the region, TCIB has been developed as a solution for cross-border challenges.



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"From our research we find that reliable cross-border fast retail payments are critical to drive sustainable and inclusive local economies and communities.

Regional scale is vitally important if accessibility and affordability barriers are to be overcome. The cross-border terrain is very complex if we tackle it individually, but it is so much more achievable if we face it together as a regional scheme," say Barry Cooper, technical director at Cenfri.

## Digital payments: instant infrastructure

Having gained the support of key bank and non-bank participants across the region in the past 18 months, this valuable, instant digital-payments infrastructure is well-positioned to facilitate the movement of remittances inexpensively between authorised financial service providers in the region, and to activate the growing network of regulated payment service providers.

"Ensuring broad use of cross-border retail payments so that everyone can access these will depend on creating a network of different payment service providers. Through this, broad-based interoperability can be achieved, and collaboration between key cross-border payment providers will strengthen.

"As a solution for Africa, by Africa, we believe the TCIB payments scheme, as a centralised platform featuring cutting-edge technology and growing levels of support can make this happen," ends Herbst.