

The much anticipated cross border payment system in the African region, the Regional Payment and Settlement System (REPSS), started LIVE operations on 3rd October 2012 and registered its first transaction between Bramer Bank of Mauritius and Fina Bank of Rwanda, through their respective Central Banks. This is indeed a great milestone in COMESA's quest to achieve regional economic integration. The system, whose main participants are Central Banks, allows Member States to transfer funds within COMESA on the same day and at a lower cost. The system benefits exporters and importers in the region by allowing for a faster, safe and secure transfer of funds and eliminates the need for confirmed Letters of Credit and associated costs, with Central Banks guaranteeing payment through prefunding of commercial banks accounts held with the concerned Central Bank. The system also paves the way for trading on open account, the predominant method of payment within the EU and other parts of the world.

It is to be noted that whilst the cost of cross-border payment for COMESA's intra-regional trade of US\$17.4 billion in 2010 has been estimated at US\$600 million, channelling such payments through REPSS would have saved our region a huge proportion of that cost. The absence of a secure and reliable payment infrastructure within the COMESA region has also been hampering further development of the market.

Benefits of REPSS

Aimed at promoting and expanding trade within COMESA, REPSS offers benefits such as

- Payments are made through established and reliable systems.
- Payments originate and are received in the formats of the financial institutions' existing payment systems resulting in minimal system modifications.
- There is predictability in payment timing and reduced payment cycle time as compared to other international payment alternatives.
- The cost effectiveness of REPSS payments translate into savings for the Originator.
- It provides one easy process for making cross-border payments.
- The system is very secure as the funds reside at the Bank of Mauritius, the Settlement Bank of the system, which is also a member of COMESA.

How REPSS works

Importers and exporters deal with their local commercial banks for trade documentation. The commercial bank of the importer then makes a payment, for the benefit of the exporter, using the local payment infrastructure to the local Central Bank. The Central Bank of the country of the importer transfers the funds to the Central Bank of the exporter using REPSS. The Central

Bank of the exporter remits the funds to the beneficiary as a local payment.

REPSS operates on the basis of same day settlement in USD and EUR and beneficiaries receive money on the same day if the local payment infrastructures are automated. The whole process is fully backed by Central Banks and is therefore more secure.

REPSS also compliments other payment solutions already in use in the region and will help integrate payment platforms to achieve COMESA's vision of economic integration.

REPSS Ownership and operations

REPSS is the fruit of a participative collaboration of all COMESA Member States and is a homegrown solution to effect payments within Africa at low cost. The system, which received funding from the European Union under its Contribution Agreement with COMESA and to whom COMESA is very grateful, is run by the COMESA Clearing House (CCH) headquartered in Harare, Zimbabwe and hosted at the premises of the Bank of Mauritius which is also the Settlement Bank in the setup.

The COMESA Secretariat would like to thank all who have tirelessly participated in the success of our system and urge commercial banks and all stakeholders to promote the use of REPSS for the benefit of our region.

The Secretariat also wishes to congratulate Bramer Bank in Mauritius for making the first transaction on REPSS and Fina Bank in Rwanda for being the first recipient of these funds.