

An abstract graphic on the left side of the slide features several concentric, semi-circular arcs in a light purple color. Small circles and dots are scattered along these arcs, some connected by thin lines, creating a sense of movement or data flow.

Capacity building experience on open-source real time

payment systems in Tanzania

System integrator perspective

25 April 2022

Agenda



Unlocking Public and Private
Finance for the Poor

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- I. Introduction to UNCDF & our work
 - II. Project achievements & learnings
 - III. Panel discussion: System integrator perspective
 - IV. Presenting the industry position paper
 - V. Q & A

UNCDF Inclusive Digital Economies: Market Development Approach



Unlocking Public and Private
Finance for the Poor

Our vision is to promote digital economies that leave no one behind.

Our goal is to equip millions of people by 2024 to use innovative digital services in their daily lives that will empower them and contribute to achieving the Sustainable Development Goals.



WE PARTNER WITH
PRIVATE AND PUBLIC
STAKEHOLDERS...



...TO UNLOCK MARKET
CONSTRAINTS AND LEVERAGE
INNOVATION AND TECHNOLOGY...



...TO BUILD INCLUSIVE DIGITAL ECONOMIES
THAT SERVE THE SUSTAINABLE
DEVELOPMENT GOALS.



UNCDF Workstreams: Building Blocks for a Digital Economy



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Policy & Regulation



Working with governments to develop policies that support and provide an enabling environment for digital payments and services



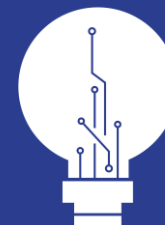
Open Digital Payment Ecosystem



Understanding the importance of digital payments as the basis for sustainable, economically impactful digital service



Inclusive Innovation



Supporting entrepreneurs and MSMEs to build inclusive digital services that improve local livelihoods



Skills



Helping users acquire the necessary skills (digital and financial) to adopt new digital services

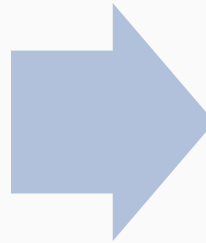


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Project achievements, learnings

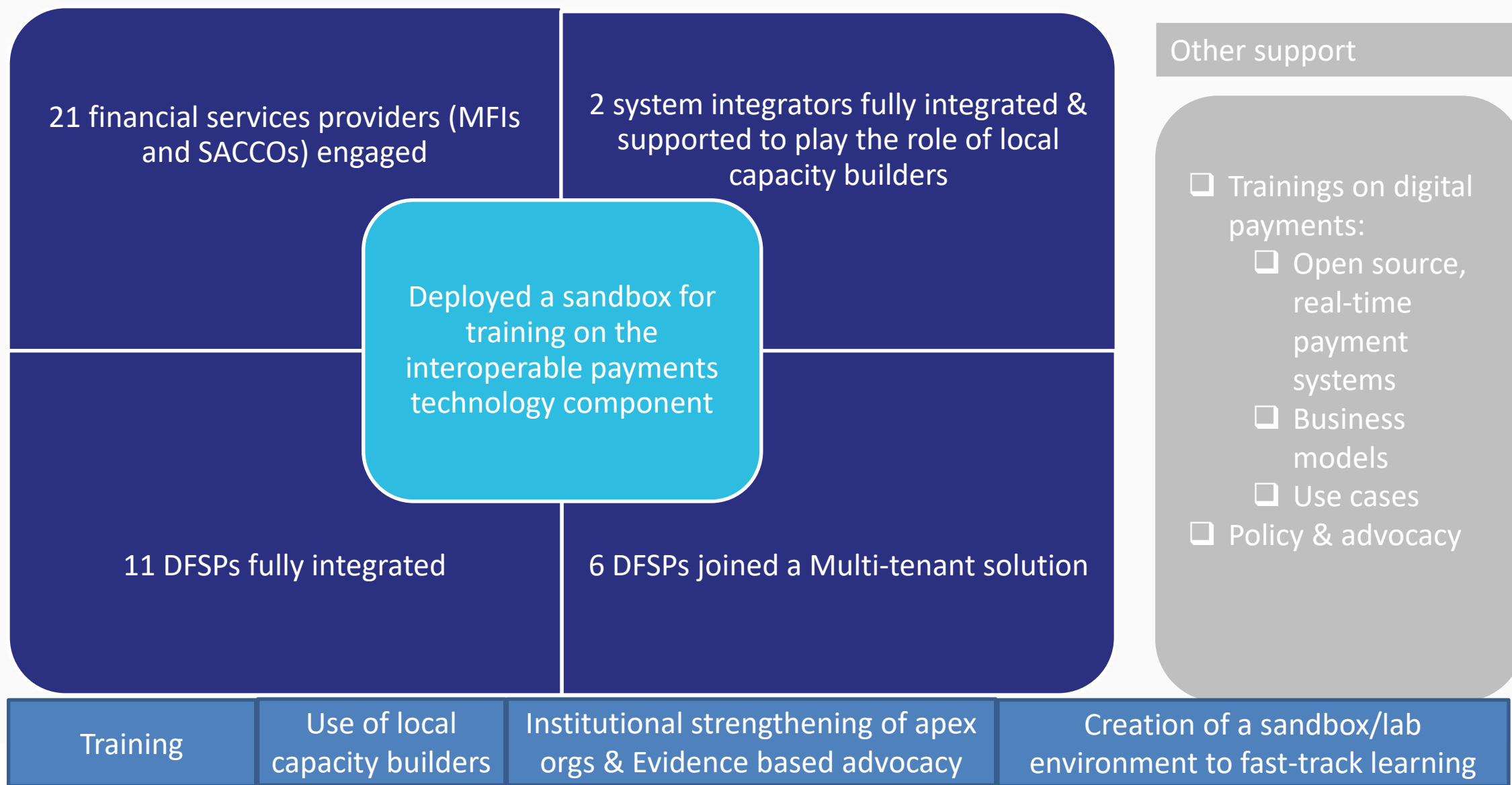
Why the project

A national OSS will drive;
**Cheaper & more diverse
digital products**
**Easier for payments to happen
across different DFSPs**



Smaller DFSPs more likely to
**roll out digital products in
rural areas & reaching more
women**

Project results



Project learnings

TECHNICAL

Changed the PM4ML to a single instance rather than for each DFSP level

BUSINESS

Customised support geared towards Tier II and III DFSPs

BUSINESS

Investments in and around digitization as a foundational element

Digitization makes both business & compliance sense (MFI Act 2018)

Challenges encountered

Project related challenges

Lack of stable internet negatively affected participation in online trainings

100% virtual delivery of technical backstopping (due to covid) delayed pace of project implementation

Inability or lack of prioritization of some participating DFSPs to cover vendor related costs around API integrations

Important issues to note

BoT priority currently focused on Tier I DFSPs. This would affect integration support for Tier II and III DFSPs.

Current limited options for the smaller DFSPs to Integrate to TIPS.

Smaller DFSPs face more foundational issues around acquiring core banking solutions.

Panel discussion with system integrators

• SI/DFSP's EXPERIENCES

Challenges

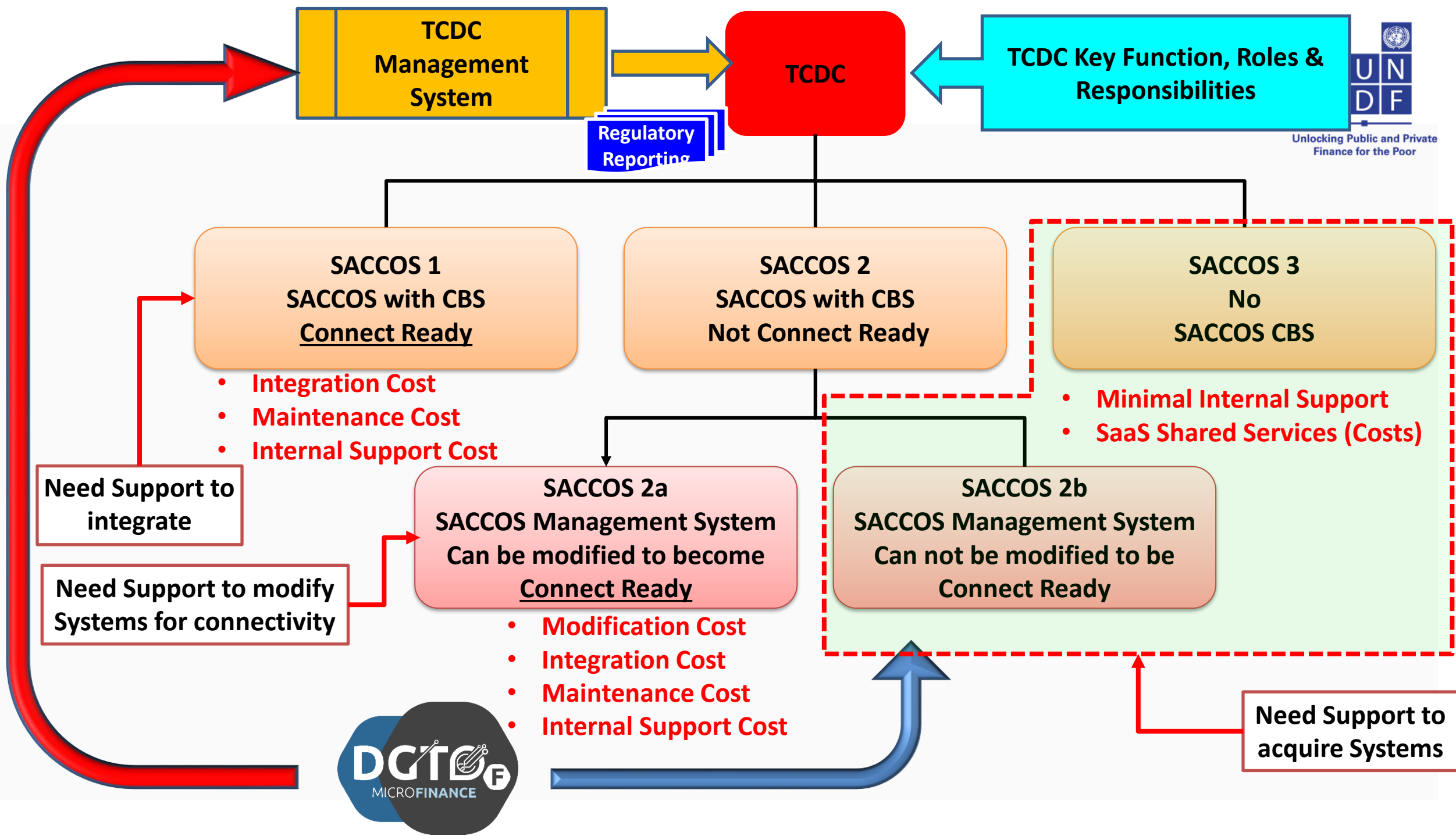
Convincing DFSPs to be part of the project; no interest, relevance
Manual operations
Limited or lacking access to digital technology
Little or no digital literacy
Limited financial resources
Not comfortable with online/self-learning training
Language barrier

Gains

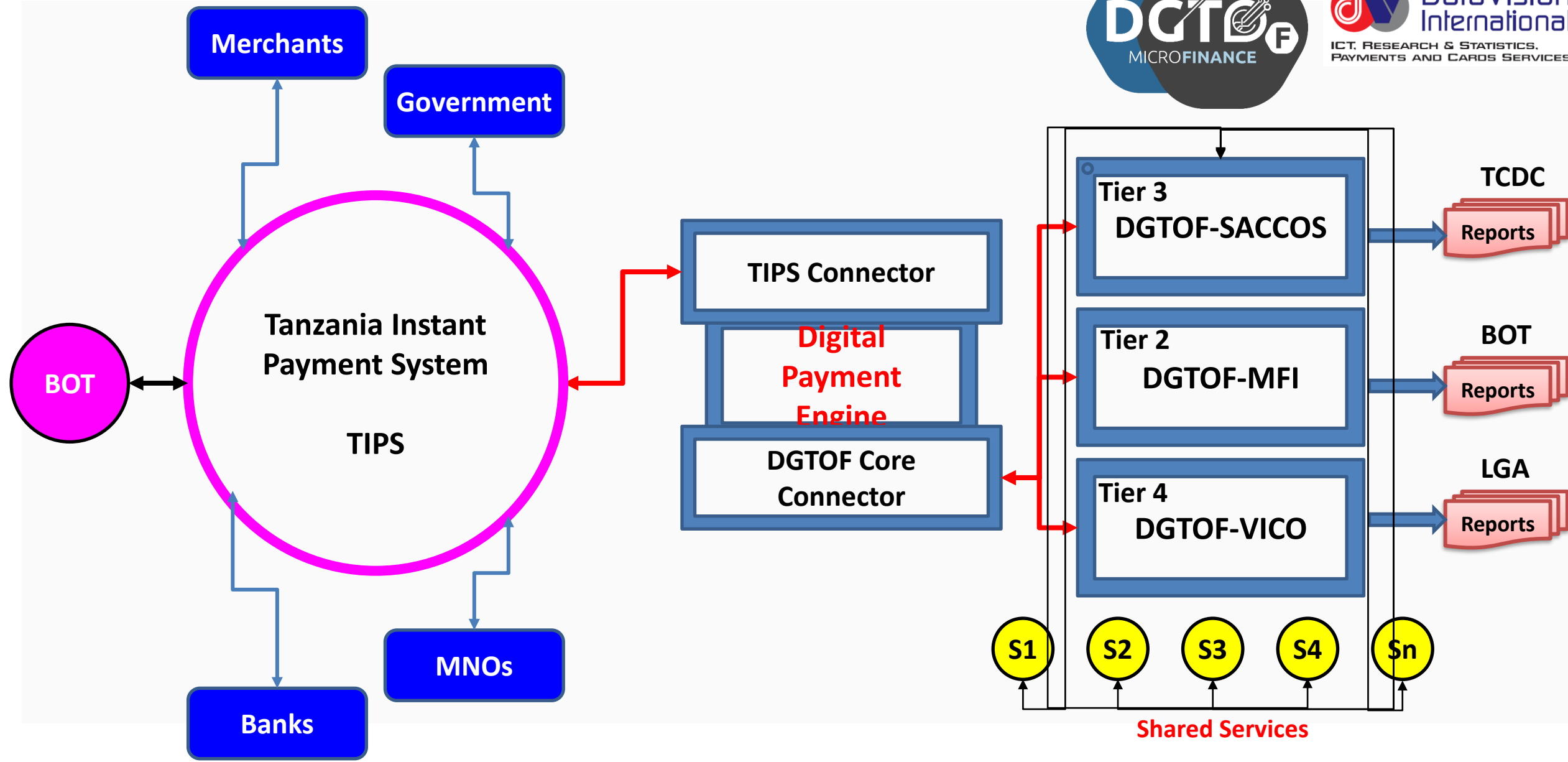
Better understanding of open-source technology,
National switch/TIPS fundamentals
Gained/increased knowledge on digital technology
Firsthand experience on benefits of digital technology; increased operational efficiency (record keeping, reporting (management, statutory, regulatory), improving provision of services to members

Recommendations

Saccos CBS solution,
Well structured Pactical/hands on capacity building
Increased awareness on Microfinance Act
Finance to support the above



DGTOF MULTI TENANT SOLUTION



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Supporting evidence based advocacy

The industry position paper

Why the industry position paper

Describes the **status of the MFI, SACCO industry** and reviews the **policies and regulations** affecting the various Tiers

Aims to provide a snapshot analysis of the **state of the MFI industry** in Tanzania

Highlight **options to accelerate MFI participation** in Tanzania's wider inclusive digital economy.

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Challenges faced by MFIs

**Institutional capacity, regulatory and
technology limitations**

Weak institutional position to drive digitization agenda



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Governance structure

Staff turnover, skills & integrity

Portfolio quality

Funding costs

Regulatory limitations are impeding the growth of MFIs



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Interest rate cap

**MFIs are not a part of
payment system**

Compliance cost

**Innovation approval
processes**

Technology constraints further limit their growth



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**Lack of or rudimentary
IT systems**

Low digital literacy

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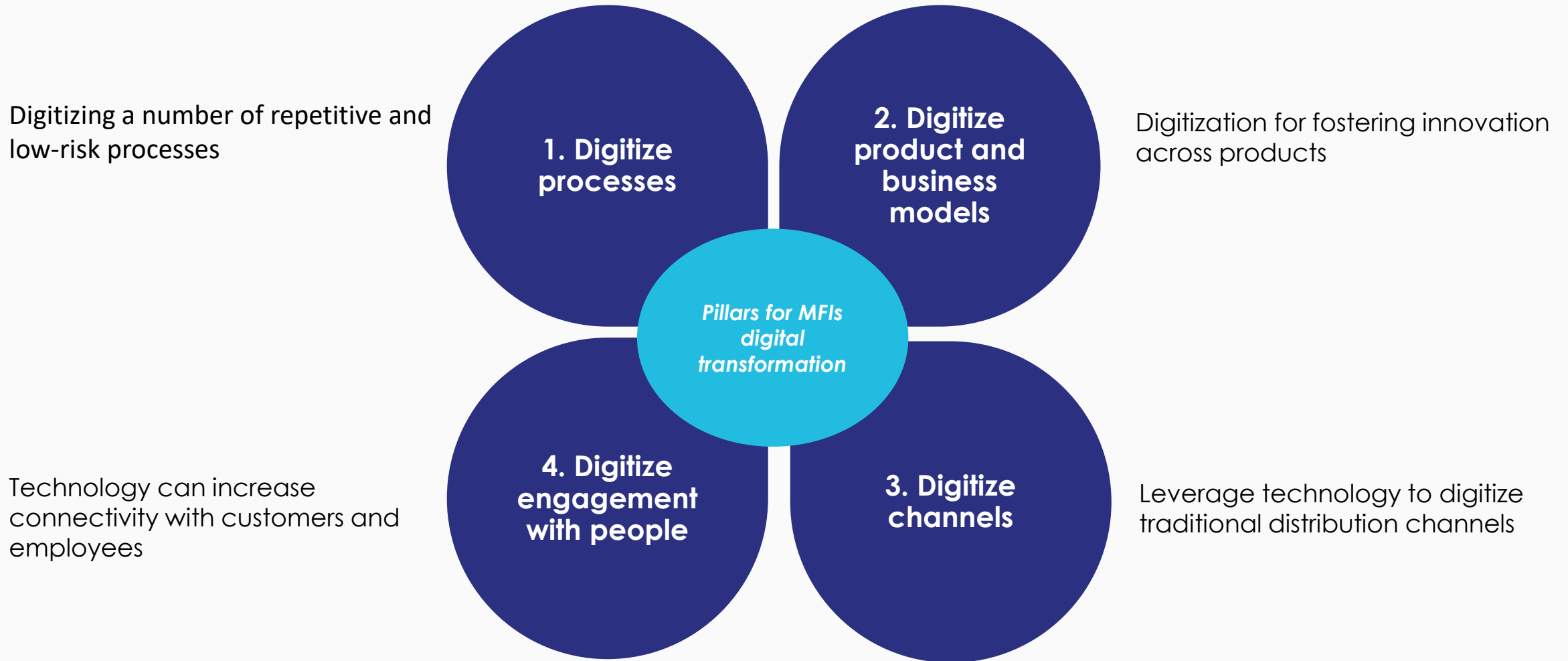
MFIs digital transformation

A roadmap

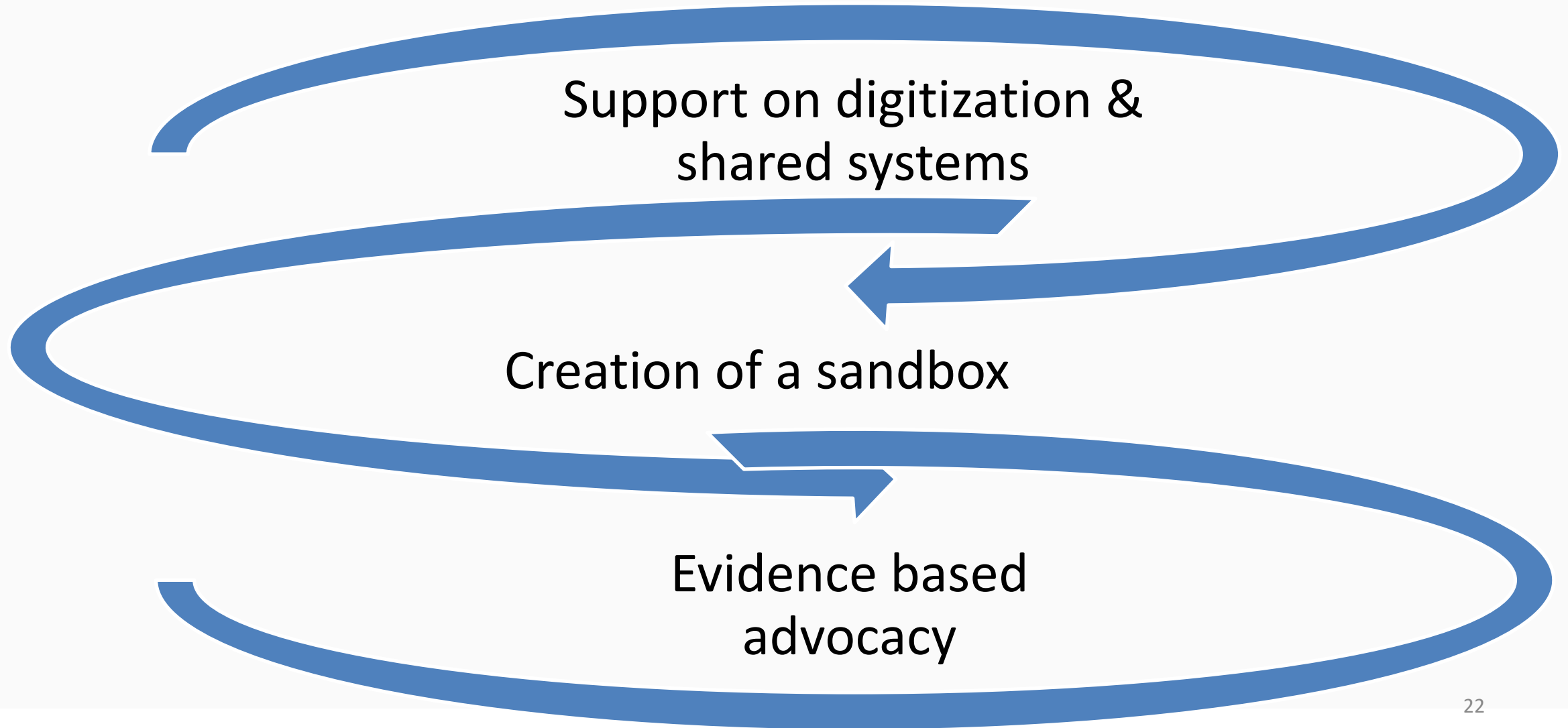
Digital transformation is essential for MFIs to remain competitive and better serve their clients



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Recommendations





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THANK YOU!