

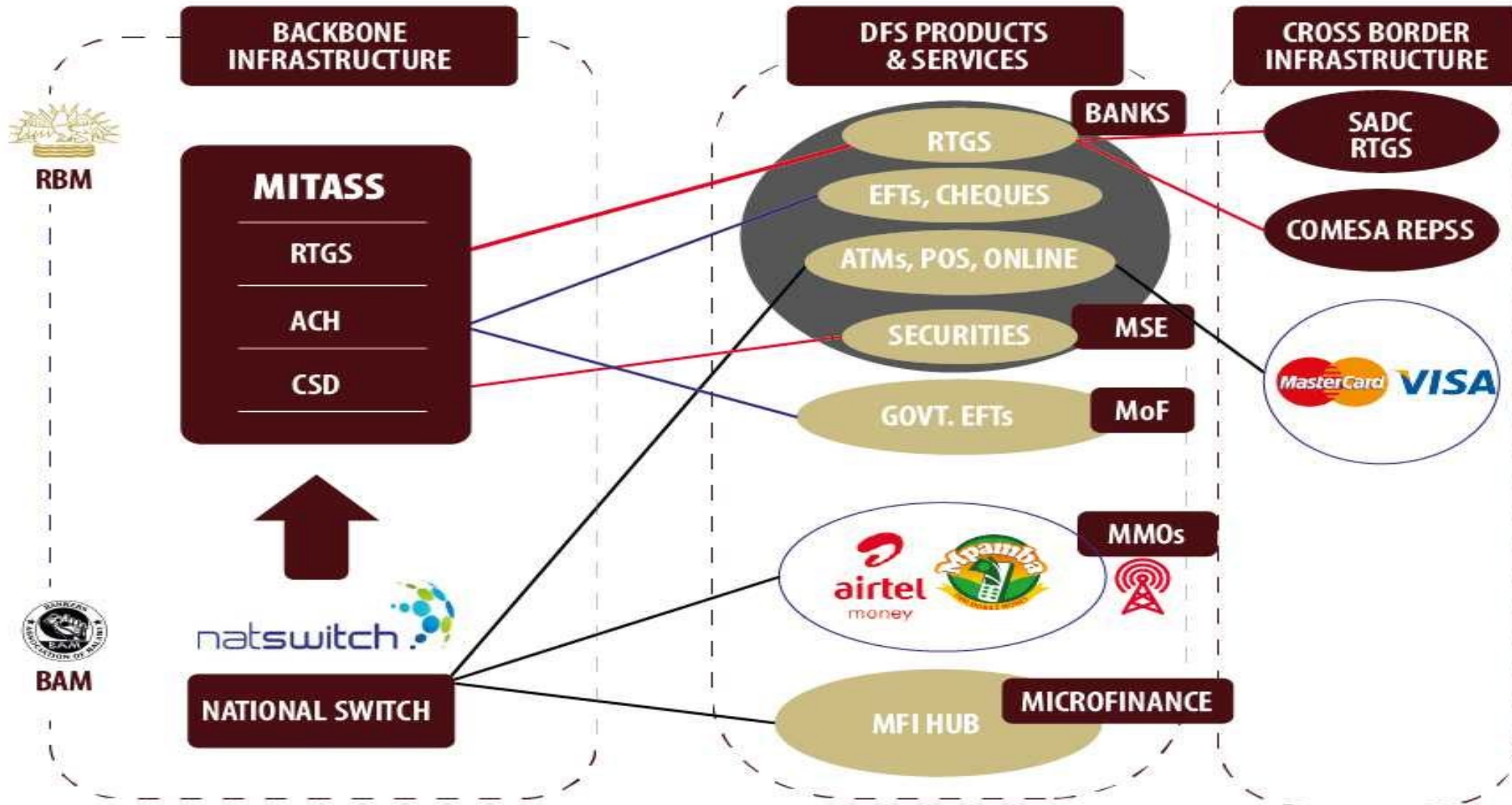


RESERVE BANK OF MALAWI

MALAWI'S JOURNEY TO COMPLY WITH THE PFMIs

JANUARY 2024

PAYMENTS SYSTEM INFRASTRUCTURE



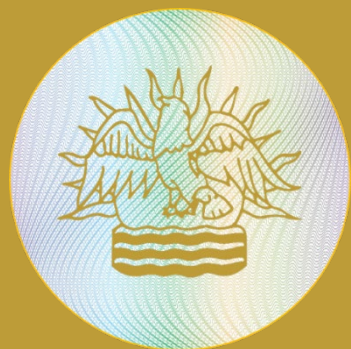
Legal and Regulatory Framework

- 2016 Payments Act
- 2017 Interoperability Directive
- 2017 Guidelines on Application and Authorization of Payment Service Providers
- 2019 E-Money Regulations
- 2019 Deployment and Usage of Electronic Payment Channels Regulation



Oversight of Payments

- The legal foundation of oversight is derived from Section 24 (f) of the Reserve Bank of Malawi Act (2018) which authorises the Bank to promote and ensure the establishment and oversight of a safe, sound and efficient national payment system in accordance with the Payment Systems Act (PSA) 2016.
- Section 4 of the PSA not only provides powers for Oversight, but also to establish and operate settlement systems and to licence and authorise payment, clearing and settlement system operators in the country.
- The overarching policy goal for our oversight is to ensure the safety and efficiency of NPS in conformity with laws, regulations and standards. The regulatory approach also seeks to promote innovations in the payments sector given the potential they hold for economic growth and financial inclusion



Adoption and Compliance with the PFMI

- Conversations started after the PSA came into force (2016)
- At the same time, the Oversight Framework was very old and not in tandem with developments in the payments space, and review of the Vision and Strategy was also long overdue
- A mission was therefore requested from AFRITAC East to help in the review of the policies and also build capacity within RBM to do self assessments against the PFMI



AFE MISSION

- At the request of RBM, a TA mission from AFE was held from 2-5 July 2019 to ascertain the status and identify specific areas where AFE can support RBM's effort to further develop the NPS.
- The mission held discussions with RBM and some industry players including commercial banks and MNOs
- Insights gained from the discussions were used to craft a medium- term program using IMF results based management framework and a determination of the TA support that may be required.
- RBM identified the following targeted results as short and medium- term priorities;
 - Development of a national successor Vision and Strategy framework for further NPS development
 - Enhance the legal and regulatory framework
 - Strengthen the institutional arrangements for oversight including the review of a new Oversight Policy Framework (OPF) document
 - Adopt, and comply with the PFMI as one of the medium- term priority areas
- The OPF was successfully reviewed by AFE and RBM is grateful. However, implementation stalled pending review of the legal and regulatory framework and the new Vision and Strategy



Way Forward

- Finalize review of the Payment System Act which is being financed by UNCDF
- Finalize review of the e-money Regulations being supported by AfDB through DFIC project
- Review and update the Vision and Strategy document with support from AFE
- Implement the Oversight Framework drafted with support from AFE
- Carry out self assessment of FMIs against the PFMIs

