

Key Benefits of REPSS

- Payments are made through established and reliable national payment systems.
- Payments originate and are received in the formats of the financial institutions' national 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 should translate into savings for the Originator.
- It provides one easy process for making cross-border payments.



COMESA Member States



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REGIONAL PAYMENT AND SETTLEMENT SYSTEM

(REPSS)



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Background

The Common Market for Eastern and Southern Africa (COMESA) is a huge market of 19 countries spread over a total area of 12.8 million sq kilometres and a population of 413 million. The COMESA intra-regional trade stood at US\$15.2 billion in 2008 and cross-border payments cost around US\$600 million per year. Absence of a secure and reliable payment infrastructure within the COMESA region is hampering further development of the market. Cross-border payments, particularly within Africa, are slow, inefficient and costly for banks and businesses. Most cross-border trade payments are presently handled through correspondent banking relationships, whereby a series of banks and domestic payment systems are typically linked together to move funds. However, with the current arrangements, it takes up to 5 days to transfer funds between the member COMESA region and charges may go up to 10% of the transaction amount in certain cases.

The COMESA Clearing House (CCH) has introduced the Regional Payment and Settlement System, (**REPSS**) which allows member countries to transfer funds more easily within COMESA. REPSS is built on open standards and is also accessible to non-member states and COMESA has the vision to make REPSS the single gateway for central banks within the region to effect payment.

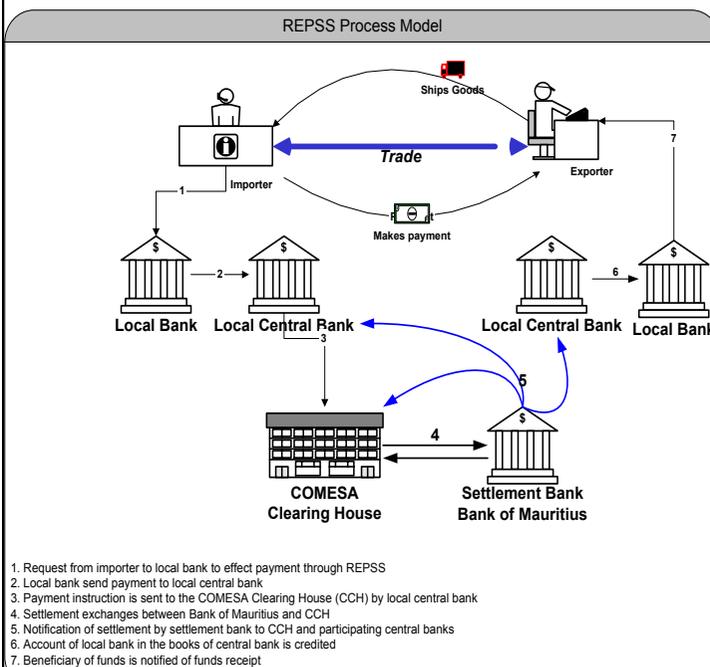
The main aim of REPSS is to stimulate economic growth through an increase in intra-regional trade by enabling importers to pay for goods and services in their local currencies, whilst exporters will be able to invoice for their products in their local currency. Local banks will access the payment system through their central banks. Any participating bank will, therefore, be able to make payments to, and receive payments from, any other participating bank. The linkages through central banks will avoid the complex payment chains that may sometimes occur in correspondent bank arrangements. The system will operate through member countries' central banks and their corresponding banking systems.

What is the role of the Bank of Mauritius in REPSS?

The Bank of Mauritius is the settlement bank, i.e. the bank which holds the accounts of all participating central banks of COMESA in the currencies of settlement. Initially, settlement will be carried out in US dollar and euro. The system is flexible to allow use of other currencies namely pound sterling, South African rand and Japanese yen. This setup will enable the completion of transactions within the same day as against a waiting time of up to 5 days with the previous system.

How does REPSS work?

Importers and exporters deal with their local commercial banks for trade documentation. The importer's payment to the exporter is channelled through the central bank of the importer to the central bank of the exporter using the REPSS platform. Central banks send payment messages to REPSS on a particular day and at the end of the day, REPSS nets the payments and settlements are made to the respective central banks accounts. The central banks credit the commercial banks accounts with them and the commercial banks then credit the exporters accordingly.



Who runs REPSS?

The System is operated by the COMESA Clearing House (CCH) together with the Bank of Mauritius. CCH is an institution of COMESA established for the purpose of facilitating the smooth, efficient, fast, secure and reliable settlement of payments between Member States.

How do I access REPSS for my transaction with another REPSS Member State?

Access to REPSS is through the commercial bank which will channel all payment details through the central bank.

Is my transaction secure?

Yes. Your transaction is safe and secure because REPSS uses SWIFT which is based on authenticated messages and the payments are backed by the central banks.

What payment options are available on REPSS?

REPSS facilitates payment for goods as well as funds transfer across borders. REPSS provides a better alternative to the current payment process by offering a more cost effective platform that is secured, fast and predictable.

Which jurisdiction governs the agreement entered into by the central banks?

The COMESA Court of Justice

Has any non-COMESA member states expressed interest to participate in the REPSS?

Yes, Tanzania. It is expected that other neighbouring countries will join in once the system is operational.