

# **The Malawi Internet Governance Forum**

**2022 MEETING**

# NATIONAL SWITCH



**30 MAY 2022**

# DISCUSSION POINTS



1. **Scope**
2. **Objectives**
3. **Interoperability model**
4. **National switch functions**
5. **Current services**
6. **The impact**
7. **Drivers of digital payments**

# ALL-INCLUSIVE INSTANT PAYMENTS SWITCH

## Scope

- All-inclusive national switch
- Integration of:
  - Commercial banks
  - Non-banks financial institutions
- Implementation of :
  - Instant electronic funds transfer
  - ePayments and social disbursement gateway
  - Cross boarder and International remittances gateway
  - Cards personalization centre

# ALL-INCLUSIVE INSTANT PAYMENTS SWITCH

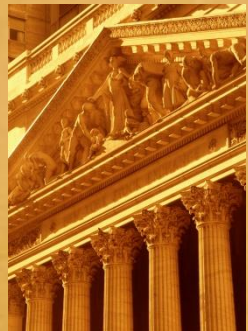
## Objectives

- Create a common digital payments platform
- Implement a turnkey solution
- Promote financial inclusion
- Promote digital payments

# INTEROPERABILITY MODEL



Card / Wallet Holder



Issuer

**RBM**

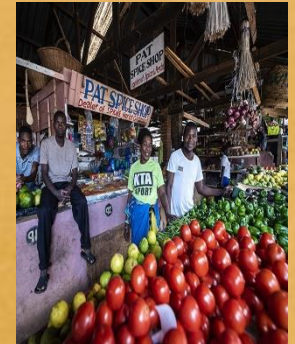
- ❖ Regulation & oversight
- ❖ Settlement
- ❖ Etc.

**NATIONAL SWITCH**

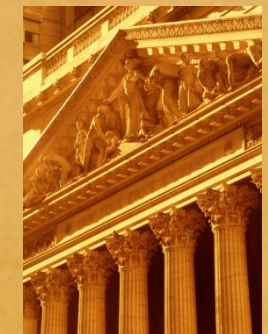
- ❖ Standards
- ❖ Switching Services
- ❖ Value Added Services
- ❖ Card Embossing & Personalisation
- ❖ Dispute / chargeback management
- ❖ Fraud management
- ❖ Reporting & reconciliation

**PARTNERS**

- ❖ Regional Switches
- ❖ International Payments Gateway (VISA, MC, CUP)
- ❖ Etc.



Acceptor



Acquirer

# INTEROPERABILITY MODEL

## ... cont'd

**The model provides for integration with any acquirer and/or issuer of electronic money**

- FIs with a private switch and acquiring digital channels
- FIs without a switch but with acquiring channels;
- FIs without switches or acquiring channels but issuing cards;
- MFIs & SACCOs, Mobile Money Operators, TPP's, aggregators, etc.

# NATIONAL SWITCH FUNCTION

## The Switch allows:

- Interoperability of retail digital financial systems
- Authorization & routing;
- Terminal management;
- Instant Account2Account electronic funds transfers;
- Dispute/chargeback management;
- Clearing and settlement;
- Fraud and Risk Management;
- Remote monitoring, etc.



# CURRENT SERVICES

(Instant and available 24 X 7 X 365 (6))

ATM

- Cash withdrawals
- Balance enquiry
- Reversals

POS

- Purchase
- Pre-authorization
- Refund
- Reversal
- Cash in
- Cash out

Mobile Money

- Wallet2Wallet
- Wallet2Account
- Account2Wallet
- Cardless ATM cash withdrawal (Tokenization)

Value added services

- Instant EFT
- 24/7 Fraud monitoring
- Reporting & Recon

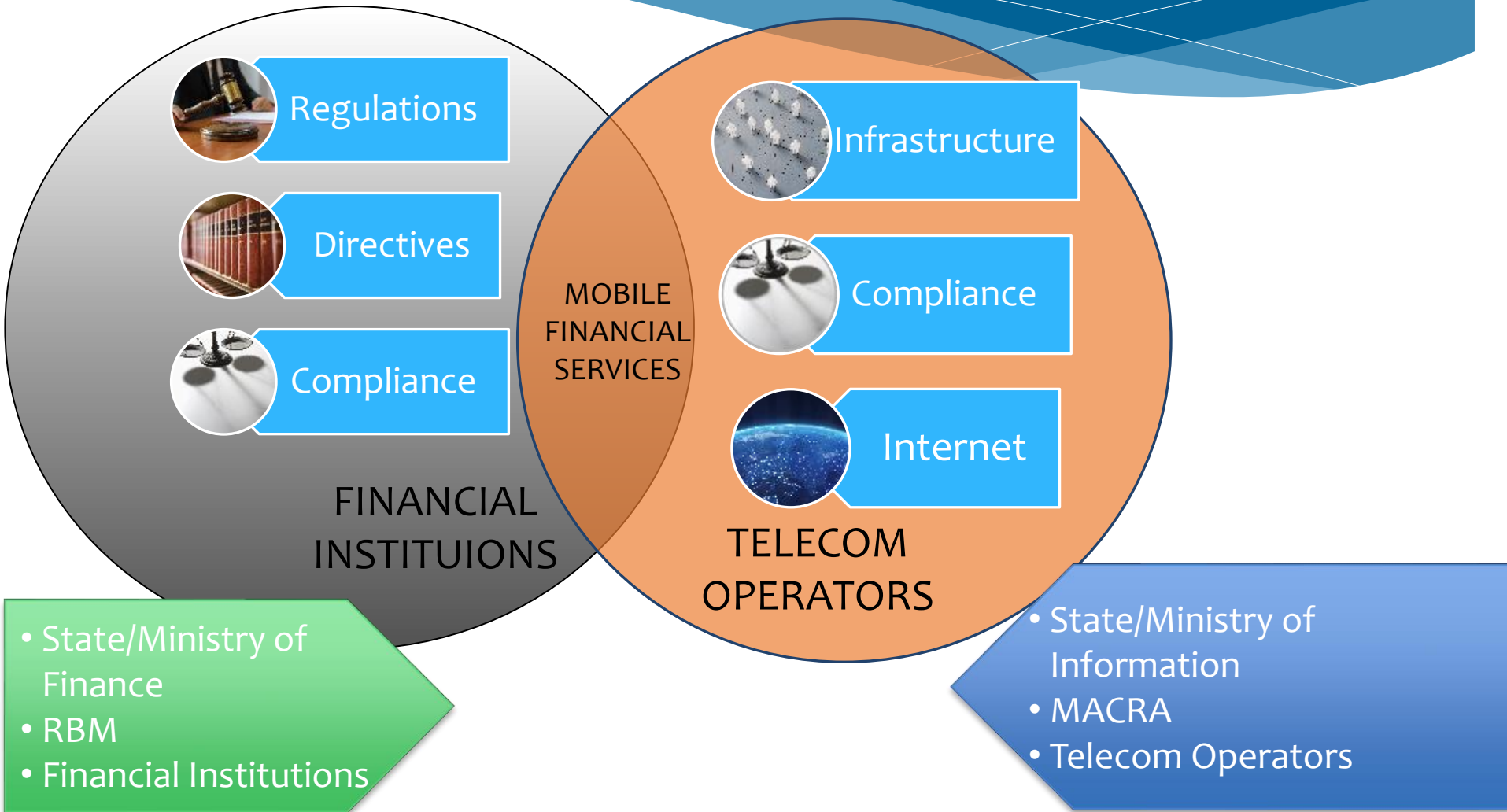


# THE IMPACT

- **The impact of the all-inclusive switch includes:**

# BRINGING TOGETHER TWO INDUSTRIES

## FIs & Telcos



# Drivers of digital payments

## 1. Meeting the supply conditions

- Robust digital infrastructure
- Strong transactional infrastructure, ATM, POS, Internet Banking
- Providing digital payments options
- Faster, secure, affordable, pervasive Internet

## 2. Meeting demand conditions

- Digital devices prevalent – mobile phones, computers
- High availability of Internet and Mobile technologies

# Drivers of digital payments ... cont'd

## 3. Innovation

- Research & development e.g. sandboxing
- Incubation programs – financing startups; innovative ideas

## 4. Regulation

- That allows innovations but with risk, legal and consumer protection frameworks that are supportive of the new developments in digital payments

**THANK YOU FOR YOUR  
ATTENTION**

