



SPEECH TITLE: CBE MEMBERSHIP IN THE EFWG

Event: EFWG Launch

Date: 07 December 2020

Venue: Royal Swazi, 9:00 am

Good morning ladies and gentlemen, it is a pleasure for me to be here today to launch the Eswatini Fintech Working Group, the EFWG.

I would like to start by thanking the EFWG partners: the Financial Service Regulatory Authority (FSRA), Eswatini Communications Commission (ESCCOM), the Centre for Financial Inclusion (CFI) and the University of Eswatini (UNESWA) for taking the initiative to establish this multi-institutional working group to actively advance technological innovation in Eswatini.

The global financial services industry is undergoing a digital revolution, triggered by the advent of new technologies and cultural shifts. The COVID-19 pandemic has caused massive health and economic consequences globally, with developing countries, like Eswatini, particularly exposed. However, the pandemic has also opened the door to new opportunities. For instance, lockdowns and social distancing have rapidly accelerated digitalization worldwide, particularly in finance.

Digital finance - most visible in payments - has become critical in addressing the crisis and supporting sustainable development more broadly. Through digital finance solutions governments have been able to provide financial relief to millions of individuals and businesses during this pandemic. Specifically, mobile money has played a massive role in providing support to Emaswati. Our government, for example, has been able to continue provide grants for *bo gogo* through mobile money during the pandemic. Contactless payments such as mobile money transfers, online banking, tap & pay devices and QR (quick response) code payments, have also provided the easiest way to pay for products and services and mitigate the spread of the Coronavirus.

FinTech Benefits

Financial technology (fintech) is reshaping the financial industry. It is advancing how customers access and use financial services and products. FinTech has tremendous potential to bolster financial inclusion by reducing costs, customizing services down to the individual

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level, and widening the range and outreach of different service's providers. Overall, technology is enabling us to build and foster a new culture of efficiency, agility, adaptability and responsiveness, which together are important to improve social welfare, enhance resilience, increase national competitiveness, and facilitate international trade.

To realize the full potential benefits that technology has for the Kingdom of Eswatini, we need to take shared responsibility for the development and deployment of emerging technologies. The lack of infrastructure and regulations that enable the adoption of technology and innovation, aggravated by the lack poor digital skills and knowledge, are hindering Eswatini's development. No one organisation or entity is capable of addressing these challenges alone. We need to all collaborate to effectively address the challenges and forge a way forward.

I am happy that the members of the EFWG have seen the need to support technology and innovation in Eswatini and are taking a proactive, coordinated and collaborative approach in this regard.

Regulators and government agencies alike, have always been thought of as lagging behind in technology and stifling innovation because they have not been able to get to grips with the potential previous technologies have offered. We cannot bury our heads in the sand any longer and ignore new technologies as they emerge. We have to work to make our institutions and country efficient, and technology is a vital tool to achieve that.

CBE in FinTech

I am proud to say that the Central Bank of Eswatini has been among the forerunners of innovation and technology in the country. We are aware that the only way to move forward is to embrace technology and the potential benefits that it has. In 2018, the Bank established the Fintech Unit to manage the Bank's support towards adoption and regulation of technology-based financial services in the country. Through this Unit, the Bank has been a pioneer of fintech initiatives, including the 2018 FinTech Challenge and the Eswatini Innovation Hackathon in 2019, which we have driven with our partners here today.

Regulatory Sandbox

To continue this support, the Bank launched the FinTech regulatory sandbox in March 2019. The regulatory sandbox provides a platform for fintechs, financial institutions and other businesses to test their financial innovations in a live-controlled environment under the



supervision of the regulator. The regulatory sandbox is designed to allow businesses to focus on their core offerings as regulatory requirements are relaxed, thus easing regulatory barriers and promoting financial innovation.

CBDC and Payment Switch

The Bank has also commissioned infrastructure projects to modernize the country's payments system. In January this year, we concluded a preliminary study which explored the potential benefits for issuing a Central Bank Digital Currency. Currently, we are exploring the implementation of a National Payment Switch which will enable instant payments, local card and point-of-sale switching and open banking.

Roadmap

Looking forward, the Bank has identified foundational policy and infrastructure projects that are important to support fintech innovations in the country. We have seen the need to enact comprehensive legislation to support innovation while also making sure we promoting financial stability, market integrity and consumer protection. These include; data protection, cybersecurity, open banking and QR (quick response) standards and guidelines. Digital identity has also grown to be a very important element in the delivery of financial services. We are at the conception stage for this one, and I hope we will explore it with extensive support from the EFWG.

While infrastructure and regulation are fundamental, focusing on the wider ecosystem in which they operate is central to maximizing inclusion and sustainable development. From a finance perspective, the wider ecosystem focuses on building talent and skill, ensuring access to funding and improving cooperation between policymakers, the private sector and the civil society. Through our membership in the EFWG, we plan to continue our support to the ecosystem and to create an enabling environment for fintech innovations.

Conclusion

I would like to once again thank the members of the Eswatini Fintech Working Group for agreeing to join forces as we create an enabling environment in Eswatini.

I believe that with this collaboration, we can make Eswatini the innovation hub of Africa.

Thank You.