

Opening plenary – African Regional Conference

An age of constraint

Addressing the African conference for the first time, Yawar Shah, chairman of the Board of SWIFT, focused on the impact that tighter financial constraints might have on the way collective initiatives are approached.

Prior to the collapse of Bear Stearns and then Lehman Brothers, SWIFT's business appeared to be going almost 'too well'. Once the crisis hit, however, "We saw events unfolding in real time," said Shah. SWIFT itself remained resilient throughout and remains on a solid financial footing. SWIFT is not, however, acting on its own and, said Shah, both the Executive and the Board recognise the need to prepare for the potential impact of volume contractions. It is therefore preparing for the possibility of falls in traffic of 5-30%, while at the same time continuing to invest in key initiatives that will result in improved STP rates and add value to the community's risk management processes.

At the same time, Shah broached the need for the community as a whole to re-examine some of its investments in collective initiatives. "We banks have invested in numerous competing schemes," he pointed out. "Now, when we have to consolidate, we need to look at shared services in a different way." Shah suggested that where there is overlap, some existing initiatives might be combined. Some of these might come under the SWIFT umbrella and others might be ceded to different bodies. "Let's have a strategic dialogue about what we need and make sure we govern it together," said Shah.

Alice Zanza, senior financial sector specialist in the World Bank Payment Systems Development Group, and previously head of payments system at the Reserve Bank of Zimbabwe, provided a retrospective of how the crisis unfolded from Sibos in Vienna onwards. "When we saw people leaving Sibos, we wondered what the impact would be on our markets, little expecting the implications to be so widespread," she said.

Africa has not been spared: falling commodity prices, reduced foreign direct inflows, a slump in remittances, and companies scaling back or shutting down are visible signs of the crisis across the continent. One piece of good news came in December, however, when the Somali central bank went live on SWIFT making SWIFT coverage of the continent complete.

Zanza provided delegates with a list of outstanding issues that remain on the agenda. These include upgrading retail payments systems – where Africa is lagging – and the need to focus on particular payments corridors, which remain expensive for users. Other challenges involve building capacity, reforming legal and regulatory frameworks, overcoming an unwillingness to share infrastructure, and developing

secondary markets. "We need to cross bridges in our imagination before we come to them," said Zanza, noting that it took 192 years for the channel tunnel between England and France to move from conception to completion.

Alain Raes, chief executive, EMEA, SWIFT, aware that he was the last barrier between delegates and coffee, provided a brief overview of where the experience in other regions might offer useful lessons for the various African regional initiatives and what new needs might arise as a result, not only of the financial crisis, but of the arrival of new players on the scene.

Much of the rest of the day was given over to exploring the range of regional initiatives across Africa with their different models and varying degrees of ambition. While many of these have been well mapped out, the final question of an interactive afternoon session brought home the depth of the challenges facing the promoters of regional integration, from achieving consensus among a large group, to coping with different levels of development among participants and the consequent difficulties of macro-economic convergence.