Tsa Tuelano

The Botswana National Payments System Newsletter

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BANK OF BOTSWANA

Editor's Note

Tsa Tuelano is a publication issued by the Bank of Botswana for the purpose of disseminating information on National Payments System developments in Botswana. This 11th edition highlights developments that have taken place since the last publication in 2010, such as the improvements on the Clearing House; authorisation of Mobile Network Operators to offer payments services; enabling the Botswana Unified Revenue Services (BURS) and Office of Accountant General (OAG) to have real-time access to the Botswana Interbank Settlement System (BISS), the enhancement of BISS operations to minimise settlement risk; and the preparations to adopt the Committee on Payments Market Infrastructures/International Organisation of Securities Commissions (CPMI/IOSCO) Principles for Financial Market Infrastructures (PFMIs) and the promulgation of two pertinent statutes, namely, the Electronic Transactions and Communications Act of 2014 and the Electronic Records (Evidence) Act of 2014 to facilitate online transactions and provide for legal recognition of electronic records.

The matters highlighted constitute a major part of initiatives through which improvements are introduced into the financial sector in general, and National Payments System in particular. The articles in this edition have been prepared by staff of the Payments and Settlement Department and the Bankers Association of Botswana (BAB). The Bank encourages stakeholders to take an interest in these developments, give feedback and contribute articles for possible publication in future editions.

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Chapter 1
Inside the Botswana National Payments System (NPS)

The National Payments System (NPS) landscape continues to evolve and has witnessed the emergence of new players, new technology and new payments initiatives. Through the Payments and Settlement Department, the Bank continues to foster and monitor these developments, in pursuance of the mandate to ensure efficient and effective functioning of payments and settlement systems. Recent NPS developments in Botswana are highlighted below.

Botswana Interbank Settlement System (BISS)

The Botswana Interbank Settlement System (BISS), introduced in 2006, is a financial market infrastructure that provides for the settlement of interbank obligations arising from high value payments and selected retail payments streams. The BISS is operated by the Bank, and provides real time, efficient and secure final settlement services to the banking industry, the Office of the Accountant General (OAG) and the Botswana Unified Revenue Service (BURS).

BISS operations were further enhanced to minimise settlement risk with the implementation of the Cheque Imaging and Truncation System, which led to the clearing house being renamed Botswana Automated Clearing House (BACH). To this extent, BISS participants are required to place a portion of collateral in the BISS to guarantee settlement of the BACH Net Settlement Instruction (NSI). This facilitates timely, secure settlement and improved liquidity in the system.

All commercial banks are members of BISS and are referred to as direct participants. In 2013, the membership of the BISS was extended to two other institutions, OAG and BURS, referred to as indirect participants. The distinction between the two categories is that the former perform clearing functions, while the latter do not.

The financial systems of both BURS and OAG are linked to the BISS to enable them to access BISS on a real-time basis and monitor own account balances and overall liquidity positions better. The two institutions are, therefore, able to obtain information required for their respective back-end systems processes for timely reconciliation and prompt allocation of funds to relevant accounts.

The use of the BISS has increased progressively over the years as bank customers and the business community, in general, become aware of the benefits of timeliness and security of payment transactions that the BISS provides. In the last five years, volumes have increased from 90 000 transactions in 2010 to 159 000 transactions in December 2014, at a mean value of P2 513 billion.

Cheque Imaging and Truncation System (CITS)

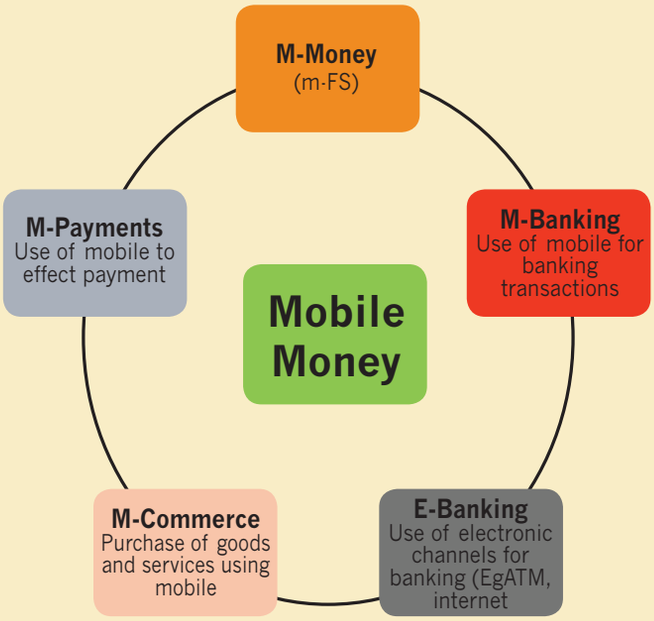
The Bankers Association of Botswana (BAB), in conjunction with the Bank, implemented the CITS to enhance the operations of the Clearing House. Through CITS, there has been improvement in clearing services, enhanced security in the clearing process and reduction in the clearing cycle period. The modernised Clearing House, now transformed to the Botswana Automated Clearing House (BACH), was successfully implemented and commissioned on February 9, 2015. The BACH has enabled the banking industry to achieve the objective of reducing the cheque clearing cycle to two days, such that one receives value at the beginning of the third day. Another new feature is the interface between BACH and the Botswana Interbank Settlement System (BISS), to facilitate collateralisation of BACH transactions on the BISS, guaranteeing successful settlement finality.

Mobile Phone Banking (m-Banking)

The cellphone has become more than just a telephonic instrument; increasingly it is a device with sophisticated functionality, including ability to perform safe, easy and convenient m-banking. Banks in Botswana have adopted this facility and partnered with Mobile Network Operators (MNOs) to use mobile phone technology as a delivery channel in the provision of banking and other financial services. The mobile phone provides customers convenient and easy access to banking services and functionality to perform different types of transactions, including:

- Balance enquiry
- Funds transfers
- Bill payments
- Airtime purchases
- Cheque book requests
- Pin change requests
- Mini statements requests

To date, all 3 Mobile Network Operators in Botswana have been authorised by the Bank to offer mobile payment services, i.e., Myzaka by Mascom Wireless, Orange Money by Orange Botswana and Smega by Bemobile. These mobile payment services give customers the convenience of sending, receiving, purchasing and paying bills through their mobile payment services account anywhere in Botswana. Notably, participation does not require a bank account and one only needs to satisfy Know Your Customer (KYC) requirements. Policy requires that the MNO should partner with a commercial bank to ensure that controls are adhered to. This is necessary to strengthen security of transactions and compliance with relevant regulations.



Central Securities Depository (CSD)

The Central Securities Depository of Botswana (CSDB) launched its operations in May 2008. The CSD is a facility used for the clearing and settlement of securities transactions carried out on the Botswana Stock Exchange. Settlement of securities occurs in securities deposit accounts held with the CSDB. The CSDB facilitates the scripless clearance of securities, whereby only book entries represent the security holding and settlement and no physical certificate is issued or exchanged.

The CSDB was introduced to eliminate risks, such as the loss, mutilation and theft of physical certificates. The CSDB also facilitates achievement of Delivery versus Payment (DVP), which means that payment and delivery take place simultaneously. It further makes clearing and settlement of securities more efficient by reducing errors and delays associated with manual paper-based processing.

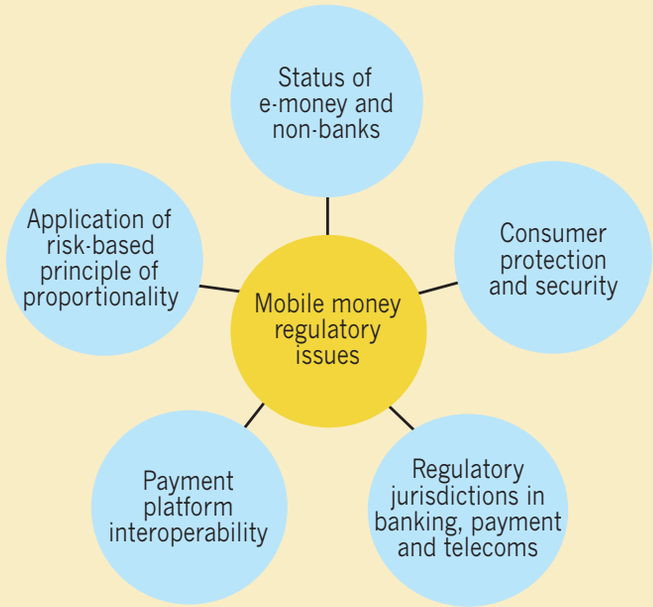
The main services of the CSDB include, but are not limited to, the following:

- recording transactions in securities in scripless form to facilitate their trading on the BSE;
- clearing of securities on account of trades carried out through BSE; and
- coordinating the settlement of funds between participants through the CSDB's settlement bank.

Chapter 2
Electronic Money (E-Money) Developments in Botswana

While the cliché currently is "Botswana is going digital", in relation to developments in the audio/visual sector, the retail payments space is probably experiencing even more rapid and dynamic developments, especially the sprouting of new e-money innovations. E-money has attracted global interest in recent years, promising to be one of the greatest revolutions in payments systems.

E-money, in essence, means electronically (including magnetically) stored monetary value as represented by a claim on the electronic money issuer, issued on receipt of funds for purposes of making payment transactions and is accepted by a person other than the electronic money issuer. It is a record of funds or value available to a consumer, stored on a payment device such as chip, prepaid card, smart card, mobile device or computer systems as a non-traditional account held by a banking or non-banking entity. E-money is usually backed by a safe asset such as a bank deposit, normally in the form of a Trust Account.



Not surprisingly, the exponential growth of use of smartphone(s), established technology and financial services has led to a surge in entities seeking to launch innovative mobile payments solutions. To this extent, the Botswana payments space has witnessed significant growth of mobile money/payments. The mobile phone has now become a useful and handy tool in one's daily activities as it provides the ultimate solution relating to convenient payments and funds transfers.

Mobile money has also presented an unparalleled opportunity to deliver a basic suite of modern financial services to the "unbanked" across the country as it reduces transaction costs and risks of loss inherent in handling cash. However, these initiatives also bring critical policy considerations and operational challenges for service providers and regulators. Key issues, such as competition, ethics, money laundering, integrity, security, risk and consumer protection, must, therefore, be addressed.

In response, the Bank is developing a specific regulation for electronic payment services that will provide for the uniqueness of e-money and respective technologies. The proposed regulation is expected to establish the protocol for recognition and legitimisation of electronic payment services. Among others, the objective is to safeguard the National Payments System and secure the financial assets of the public and enable innovation and competition in payment services that will likely promote financial inclusion. Overall, it is expected that this will provide an enabling environment for electronic payment services to optimise the opportunities presented and provide clear guidelines to potential e-money issuers.

In view of the nature and complexity of electronic payment innovations, the regulation has adopted a multi-disciplinary approach. In this regard, a number of regulators, such as the Bank, the Non-Bank Financial Institutions and Regulatory Authority (NBFIRA), the Botswana Communications and Regulatory Authority (BOCRA), the Competition Authority (CA) and the Financial Intelligence Agency (FIA), have specific roles to play. The Bank has assumed the leadership role in its capacity as the primary overseer of the National Payments System.

A key policy decision for the Bank has been to permit participation by both banks and non-banks, either as e-money issuers or service providers. While concerns have been expressed about allowing non-banks into this space, the Bank believes that any risk will be sufficiently mitigated within the regulatory framework. The main purposes of regulating e-money services will be to safeguard public funds, ensure risk management, transparency and oversight and appropriate licensing

of payments service providers. Consequently, any person who intends to establish a business relating to e-money services will, therefore, be required to apply for recognition and licensing by the Bank. Through the Bank's payments system oversight function, the possible unintended negative effects on the payments system will be monitored on a continuing basis.

E-money relies on alternative cost delivery and distribution channels to provide "additive" banking services to customers, as well as making the financial system more efficient for people who are banked, but cannot easily obtain daily access. As indicated above, e-money has also been a key driver for financial inclusion by enabling the unbanked and financially under-served members of the community to participate in the formal financial system. This is a critical avenue through which they may enter the mainstream economy. This is significant given that financial inclusion remains relatively low in Botswana. According to the World Bank, close to 50 percent of the adult population in Botswana are financially excluded. A high level of financial exclusion also exposes consumers to the dangers of unregulated informal services and inferior substitutes.

E-money innovations have the potential to replace cash for making small value payments and could make retail transactions convenient, faster, easier and cheaper for consumers and merchants. The e-money model presents benefits to issuers as it is cheaper to operate than conventional payment models and also exposes the issuer to minimal liability and reduces costs generally. As a financial inclusion tool, it enables a wide delivery and access to financial services and products to far-flung areas. For instance, the Government of Botswana has managed to roll out social grant schemes to remote area dwellers through the Smartswitch platform.

The Bank will continue to monitor developments and, as appropriate, balance public interest of safe and secure payment services against the need to support innovation and more cost-effective provision of financial services in Botswana.

Chapter 3

Principles for Financial Market Infrastructures - Adoption and Application in the Botswana National Payments System

Financial Market Infrastructures (FMIs) refer to payment systems, Central Securities Depositories (CSDs), Securities Settlement Systems (SSSs), Central Counterparties (CCPs) and Trade Repositories (TRs). These infrastructures facilitate the clearing, settlement and recording of monetary and other financial transactions such as payments, securities and derivative contracts. FMIs play a critical role in the financial system and the broader economy. These are channels through which virtually all financial transactions are cleared, settled and recorded. They allow consumers and firms to purchase goods and services, make financial investments and transfer funds, safely and efficiently.

While FMIs play an important role in enhancing financial stability, there are risks associated with these systems, such as systemic risk, credit risk, liquidity risk, operational risk, custody and investment risk and general business risk, or be a major channel through which these risks can be transmitted. It is against this backdrop that standards and principles that govern the design and operation of payments systems globally were formulated, with the objective of maintaining financial stability by strengthening financial market infrastructures.

Following the global financial crisis of 2007/08, in 2010, the Committee on Payments and Settlement Systems (CPSS) based at the Bank for International Settlement (BIS) and the International Organisation of Securities Commissions (IOSCO) reviewed and amalgamated a number of existing standards for payments systems, being the Core Principles for Systemically Important Payment Systems (CPSIPS), the Recommendations for Securities Settlement Systems (RSSS) and the Recommendations for Central Counterparties (RCCP), to introduce best practices in risk management. This review was also conducted in support of the initiative by the Financial Stability Board (FSB) to strengthen core financial infrastructures and markets.

Consequent thereto, the CPSS and IOSCO published the standards report, known as the Principles for Financial Market Infrastructures (PFMIs) in April 2012. PFMIs, therefore, replaced the three previously existing separate standards, as mentioned above. This harmonisation raised minimum requirements, providing more detailed guidance and broadening the scope to cover new risk management areas and new types of FMIs.

Specifically mentioned in PFMIs are responsibilities for central banks, market regulators and other relevant authorities involved in FMIs, and the implementation modalities for the standards. In December 2012, the CPSS and IOSCO published a supplemental document, the Disclosure Framework and the Assessment Methodology for PFMIs. The purpose of the Disclosure Framework was to promote consistent and comprehensive public disclosure by FMIs in line with PFMI requirements, while the Assessment Methodology provides guidance for monitoring and assessing PFMI observance. Effective September 1, 2014, the CPSS changed its name to Committee on Payment and Market Infrastructures (CPMI), but maintained its central role in shaping the payments, clearing and settlement infrastructures at a global level.

In view of the Bank's commitment to observe and subscribe to international standards to maintain a sound and secure National Payments System, in October 2014, the Payments and Settlement Department hosted a stakeholder workshop as a first step towards embracing PFMIs and preparing for the implementation of PFMIs domestically. The purpose of the workshop was to sensitise and engender a clear understanding of PFMIs among payments system stakeholders. This has enabled the application of relevant PFMIs in oversight activities that followed, and will feed into the ongoing review of the oversight framework and related policies with a view to updating policy and incorporating key principles relevant to the market.

It will be noted that four financial market infrastructures are recognised in Botswana, having been determined to satisfy the definition of a FMI. As part of the preliminary preparations for the adoption of PFMIs, the four have undertaken the prescribed self-assessment to identify and address any possible security weaknesses. The stated FMIs are:

Central Securities Depository of Botswana (CSDB): the CSDB is a company incorporated under the Company laws of Botswana and is wholly owned and operated by the Botswana Stock Exchange (BSE). It is the facility used for the clearing and settlement of securities transactions carried out on the Botswana Stock Exchange. The CSDB provides post-trade products and services to the capital markets where the transacting parties compare trade details, approve the transaction, change records of ownership and arrange for the transfer of securities and cash.

Botswana Automated Clearing House (BACH): this is a clearing house system which clears retail transactions, including cheques, electronic funds transfers and other payment orders through a secure communications network. The BACH is owned and operated by the Bankers Association of Botswana.

SmartSwitch Botswana: SmartSwitch Botswana provides a technology platform which utilises smart cards with biometric security. SmartSwitch operates through a network of point of sale devices held at participating retail merchants to provide related financial services. It handles payments for social services benefits for pensioners, destitutes and orphans.

The Botswana Interbank Settlement System (BISS): this system is owned and operated by the Bank and provides real time gross settlement facilities to settlement system participants. Essentially, it handles the settlement of high value transactions. The direct participants are commercial banks and the Bank of Botswana.

Mapping of Core Principles for Systemically Important Payment Systems (CPSIPS), Recommendations for Securities Settlement Systems (RSSS), and Recommendations for Central Counterparties (RCCP) standards to the Principles.

For example, Core Principle III of the Core Principles for Systemically Important Payment Systems is covered by Principles 3, 4, and 7.

Previous International Standards Core Principles for Systemically Important Payment Systems		PFMI
Core Principle I:	Legal basis	1
Core Principle II:	Understanding financial risks	23
Core Principle III:	Management of financial risks	3, 4, 7
Core Principle IV:	Prompt final settlement	8
Core Principle V:	Settlement in multilateral netting systems	4, 5, 7
Core Principle VI:	Settlement assets	9
Core Principle VII:	Security and operational reliability	17
Core Principle VIII:	Efficiency	21
Core Principle IX:	Access criteria	18
Core Principle X:	Governance	2
Responsibility A:	Disclosure of objectives, role and major policies	A, C
Responsibility B:	Compliance of central bank systems	D
Responsibility C:	Oversight of non-central bank systems	B, D
Responsibility D:	Cooperation with other authorities	E
Recommendations for Securities Settlement Systems		
Recommendation 1:	Legal framework	1
Recommendation 2:	Trade confirmation	Annex C
Recommendation 3:	Settlement cycles	Annex C
Recommendation 4:	Central counterparties (CCPs)	Annex C
Recommendation 5:	Securities lending	Annex C
Recommendation 6:	Central securities depositories (CSDs)	11
Recommendation 7:	Delivery versus payment (DVP)	12
Recommendation 8:	Timing of settlement finality	8
Recommendation 9:	CSD risk controls to address participants' failure to settle	4, 5, 7
Recommendation 10:	Cash settlement assets	9
Recommendation 11:	Operational reliability	17
Recommendation 12:	Protection of customers' securities	11, 14, 16, Annex C
Recommendation 13:	Governance	2
Recommendation 14:	Access	18
Recommendation 15:	Efficiency	21
Recommendation 16:	Communication procedures and standards	22
Recommendation 17:	Transparency	23
Recommendation 18:	Regulation and oversight	Responsibilities A-E
Recommendation 19:	Risks in cross-border links	20

Mapping of the Principles to CPSIPS, RSSS, RCCP, and other guidance.

For example, Principle 18 harmonises and builds upon CPSIPS Principle 9, RSSS Recommendation 14, and RCCP Recommendation 2.

Principles for FMIs		CPSIPS	RSSS	RCCP
Principle 1:	Legal basis	1	1	1
Principle 2:	Governance	10	13	13
Principle 3:	Framework for the comprehensive management of risks	3	–	–
Principle 4:	Credit risk	3, 5	9	3, 5
Principle 5:	Collateral	5	9	4, 5
Principle 6:	Margin	–	–	4, 5
Principle 7:	Liquidity risk	3, 5	9	5
Principle 8:	Settlement finality	4	8	–
Principle 9:	Money settlements	6	10	9
Principle 10:	Physical deliveries	–	–	10
Principle 11:	Central securities depositories	–	6, 11, 12	–
Principle 12:	Exchange-of-value settlement systems	–	7	10
Principle 13:	Participant-default rules and procedures	–	–	6
Principle 14:	Segregation and portability	–	12	–
Principle 15:	General business risk	–	–	–
Principle 16:	Custody and investment risks	–	12	7
Principle 17:	Operational risk	7	11	8
Principle 18:	Access and participation requirements	9	14	2
Principle 19:	Tiered participation arrangements	–	–	–
Principle 20:	FMI links	–	19	11
Principle 21:	Efficiency and effectiveness	8	15	12
Principle 22:	Communication procedures and standards	–	16	–
Principle 23:	Disclosure of rules, key procedures and market data	2	17	14
Principle 24:	Disclosure of market data by trade repositories	–	–	–
Responsibilities of Central Banks, Market Regulators, and other relevant Authorities for FMIs				
Responsibility A:	Regulation, supervision, and oversight of FMIs	A	18	15
Responsibility B:	Regulatory, supervisory and oversight powers and resources	C	18	15
Responsibility C:	Disclosure of objectives and policies	A	18	15
Responsibility D:	Application of the principles for FMIs	B, C	–	–
Responsibility E:	Cooperation with other authorities	D	18	15

Chapter 4
e-Legislation: Payments System

Elsewhere in this publication, developments in e-money are addressed in detail with a view to demonstrating the critical role that alternative payment methods play in facilitating quick, easy and safe payment transactions. In this article, it will be demonstrated how electronic payments are not only important in facilitating person-to-person payments, but also play a major role in facilitating commerce, in general.

It has been observed that electronic commerce (e-commerce) has increasingly become a significant enabler of economic activity, especially in economies such as Botswana, seeking to transition from being driven by traditional primary commodities towards non-traditional commodities. Further, the strategic role of electronic payment services in driving sustainable economic growth is being recognised. However, it has also been acknowledged that, in the absence of a robust supportive legal environment, the optimal use of e-commerce may not be attained.

Against this background the Government, through the Ministries of Trade and Industry; and Defence, Justice and Security, determined that e-legislation be enacted to enable citizens and residents of Botswana to make use of opportunities offered by the global market, and, at the same time, open the Botswana market to international traders and service providers. This process involved consultation with all stakeholder agencies and regulators, including the Bank. e-legislation provides key infrastructure to support a service-based economy. To this extent, therefore, two statutes were promulgated in 2014; the Electronic Transactions and Communications Act and the Electronic Records (Evidence) Act.

Through the Electronic Transactions and Communications Act, on-line transactions are made possible; and contracts can be entered into and consummated on-line, for which this particular law provides legal certainty. This has the potential to boost international trade because of the confidence that participants derive from the protection and safety of legal rights and interests. However, it has also been deemed prudent to enact subsidiary legislation, better known as Regulations, to give effect to, and ease the implementation of, certain of the primary provisions in the principal legislation. The Regulations address a number of very specific sets of circumstances, such as enforcement in the event of breach either of the Act itself or the Regulations. Another key aspect that the Regulations deal with is the accreditation of electronic signatures. Consistent with international best practice, the responsibility for this falls under the Botswana Communications Regulatory Authority (BOCRA) through the accreditation and certification of applicable systems. To this extent, the law also provides for signature verification methods, thereby giving reliable assurance of authenticity.

Of particular interest is that the law does not in itself make it compulsory for electronic signatures to be accredited, except that certain specified types of providers of certification products and services may be required to notify BOCRA in relation to operations conducted in Botswana. However, the disadvantage of not accrediting an electronic signature will be felt in the event one wishes for the full evidentiary value to be granted a signature, say, as part of legal proceedings.

The Electronic Records (Evidence) Act provides for the recognition of electronic records, giving them equal evidentiary weight and value to conventional original paper records. It will be noted that, in this instance, the law does not focus on the document, per se, but rather on the method adopted to generate the document. What this means, therefore, is that accreditation places emphasis on the system itself. If one were to seek confirmation of the authenticity of a cheque, the system that produces the image, in this case the cheque imaging and truncation system, would undergo the test. This is so because once accredited, the integrity of the system in which an electronic record is recorded, or stored, is presumed and considered secure. The record, therefore, becomes fully admissible in court because it will have been produced in an approved process.

To the extent that absolute security of systems and protection may often be difficult to achieve, operators of systems are required to ensure the installation of sufficient barriers and fire-walls to deter violation.

Chapter 5
Implementation of the Botswana Automated Clearing House

In 2013, the Bankers Association of Botswana embarked on a project to modernise the national clearing house for interbank payments as part of the broader reform of the National Payments System under the auspices of the Bank of Botswana. Clearing house activities involve the processing of cheque payments, electronic credit and debit funds transfers. The first phase of this project was the introduction of cheque imaging and truncation, a phase which was successfully launched on February 9, 2015. The second phase of the project will involve the introduction of new cheque documentation standards incorporating enhanced cheque security features. Further details on each of these two phases are provided in the following sections. The modernised clearing house is known as the Botswana Automated Clearing House (BACH).

Cheque Imaging and Truncation System (CITS)

This is a system by which cheques presented by customers at banks for payment (whether for encashment or deposit) are retained and stored by the receiving bank. Instead of submitting the cheque to the paying bank, as had hitherto been the practice, the receiving bank captures an electronic image of the cheque (known as imaging), which it then sends to the paying bank, in electronic form, but the receiving bank retains the original cheque (known as truncation). Therefore, in this new system, the cheque image, and NOT the physical cheque, serves as the basis for fating of the cheque by the paying bank.

Rationale for CITS

The prospect of exchanging images and using them as a basis for fating was deemed to be more efficient and less time consuming than the physical exchange of cheques between banks. It reduces the clearing cycle and other logistical hurdles for movement of physical cheques from bank to bank, or to a central clearing point.

How CITS will affect Bank Customers

As a first step, customers will realise a reduction in the amount of time it takes to receive value against cheques deposited in their bank accounts. The clearing period, has initially reduced from four days to two days, with a likelihood of further reduction over time. Therefore, customers will have access to their funds, if the cheque is honoured, on the morning of the third day.

Should Customers Expect any other Changes/Reforms?

As part of the second component of the CITS project, the physical cheques that are currently in use will be discontinued and replaced by more secure cheques containing enhanced security features. This change, will also introduce more secure cheque documentation standards. Customer are encouraged to enquire from their banks about the specific bank's arrangements for replacing old cheque books.

As a result of these changes, in the event that a customer's cheque is returned for whatever reason, e.g., with a "Refer to Drawer" message, customers will no longer receive the original cheque from their banks as was hitherto the case. Instead, they will be issued with an image of the original cheque, indicating the reason for the return of the cheque.

The legality of the CITS processes

The use and admissibility of electronic records (and images) is recognised in various statutes, such as the National Clearance and Settlement Systems Act, Electronic Communications and Transactions Act, and the Electronic Records (Evidence) Act.

How Secure is the CITS?

Very secure. Banks have invested in appropriate technologies to ensure that customer cheques held in the banks' custody are kept very safely and securely. Similarly, the Bankers' Association has also taken steps to ensure that electronic cheque images are not intercepted while in transit between banks or between banks and the BACH.

Is the CITS more Secure than the Old System?

Yes. In the old system, cheques were likely to be forged or lost as they were exchanged manually. Under the CITS, cheques are kept by the collecting bank, which sends encrypted and digitally signed images of the cheques through a secure network to the Botswana Automated Clearing House (BACH), and subsequently to the paying banks. The system also possesses the capability to detect any tampering of cheque images.

What is the Live Commencement Date of the BACH Project?

The CITS Project was successfully launched on February 9, 2015.

About New Cheque Standards

The primary purpose of introducing security enhancements to the cheque standards is to minimise the potential for fraud. The new security standards will comprise bank-specific, as well as generic security features which can be used to ascertain authenticity of the cheques.