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About FinMark Trust

- Set up in 2002 by UK Aid and part of the Financial Sector Deepening (FSD) network
- Independent non-profit trust with the purpose of making financial markets work for people in poverty by promoting financial inclusion and regional financial integration
- Focus on the South Africa and the Southern African Development Community (SADC) region

Background and methodology

Strategy focus

- SADC financial inclusion strategy; G20 goals on enhancing cross border payments esp Build Block 6 to . Led by the Financial Stability Board (FSB), **address how data privacy, security, and localization requirements impact cross-border payment efficiency**
- Led by the SADC Committee for Central Bank Governors Payment Systems Sub committee strategy (2023 – 2026) with a focus area on financial integrity to
 - develop a SADC eKYC and Data Sharing Policy Framework,
 - assess feasibility of setting up a SADC eKYC registry

Some key principles

- Focus on natural persons and Simplified Due Diligence
- Broader aspects of Risk Based Assessment not included e.g. asset ownership, proof of income, etc.
- Infrastructure and operations at centre to be kept at a minimum e.g. minimal data warehousing facilities
- Hub and Spoke model to be explored – one API allows data querying with a wide variety of SADC based public and private sector institutions

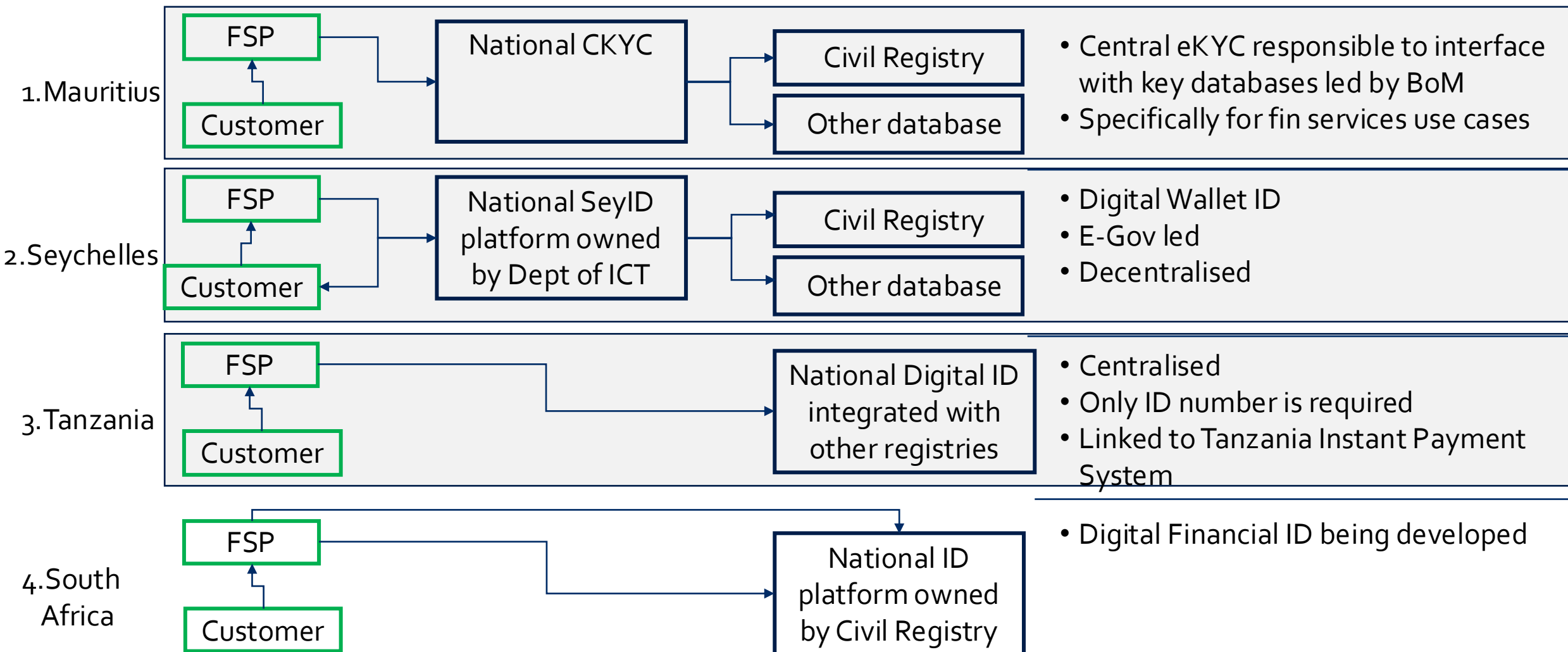
Methodology

- The assessment is built around a conceptual framework based on World Bank FIGI and FATF Guidance on Digital ID and eKYC
 - Existing legal and regulatory Frameworks
 - Technology infrastructure
 - Consent Mechanisms for Customer
 - Public-Private partnerships
 - Data Management for KYC
 - Risk assessment of Digital ID for KYC
- Coordinated cross border pilots to test how data exchange would work
- **Expected output: SADC eKYC Framework, live or pilot integrations and in-country support to dev national roadmaps**

History of DPI in SADC – Pillar to leverage for implementation

- Regional Payments Infrastructure:
 - SADC Real-Time Gross Settlement System (RTGS)
 - Regional Instant Payment System – Transactions Cleared on Immediate Basis (TCIB)
- Regional Data Exchange:
 - G2G between SA and Lesotho to verify Lesotho Exemption Permit (LEP) applicants
 - B2G - Repatriation of funds to recipients (in the SADC region) of insurance claims from lung diseases from mines in SA (TEBA/Ubank and Tshiamiso Trust)
 - Pilots in SA – Lesotho ; SA – Zimbabwe corridor including four Remittance Services Providers integration cross border with NID systems in Lesotho and Zimbabwe. Zimbabwe is LIVE
- Governance:
 - SADC CCBG Payments Subcommittee : Localisation of G20 goals
 - SADC Anti Money Laundering (AML) task team: Compliance and effectiveness of FATF/ESAAMLG recommendations in SADC
 - SADC Communications Authority Regulators of Southern Africa (CRASA): Harmonisation of Data protection, cyber securing, data governance .. in SADC

EKYC models implemented at national level in SADC



Why are they different?

- Not all countries have a digitalised government information highway – key for federated models
- Central bank vs Ministry of Communications led eKYC programmes – Mauritius CKYC platform is owned by the Bank of Mauritius
- Mostly centralised exchange layers and requires direct integration with foundational ID platform
- Digital ID wallets vs physical ID cards – different user experience with implications for consent management
- Consent and data-sharing rules inconsistent across jurisdictions
- Weak trust foundations and security & privacy layers
- Limited scope of audit esp for secondary use
- Verification fees vary widely (free to \$5 per check), affecting affordability
- Varying degrees of implementation of legal instruments related to e-transactions, cyber security, data protection, linking KYC policy/guidelines with use of digital ID

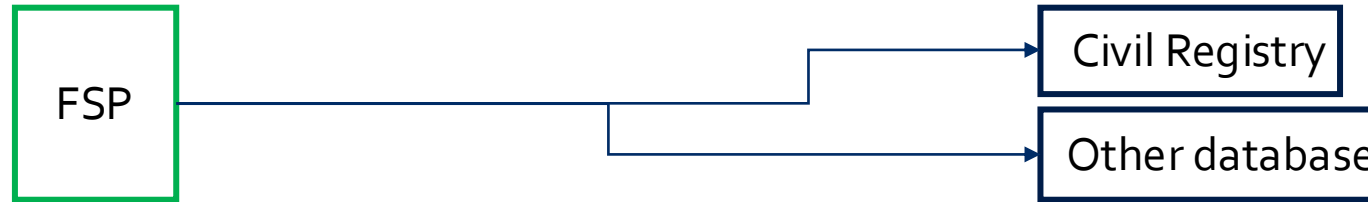
Domestic EKYC framework roadmaps

- Domestic eKYC frameworks required for regional use cases to work
- Roadmaps must balance readiness, governance, and cost
- Roadmaps should consider:
 - Decide operational model: centralized, decentralized, or hybrid
 - Align with AML/CFT frameworks, data protection, and cyber laws
 - Ensure FSP readiness (technical capacity)
 - Affordability— incentives needed for FSP adoption
 - Provide carve-outs within data localisation guidelines to make regional use cases feasible
- South Africa, Zambia, Malawi, Lesotho, Zimbabwe, Eswatini, and Mauritius are at various stages of a financial services sector led programming on domestic eKYC frameworks

Three pathways for regional eKYC integration

Modality

1. Bilateral - Direct



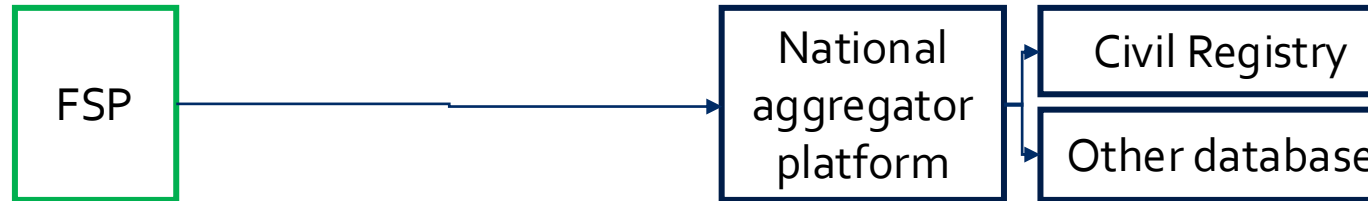
Examples

- Lesotho
- Zimbabwe

Requirements

- Harmonisation e.g. APIs, data elements

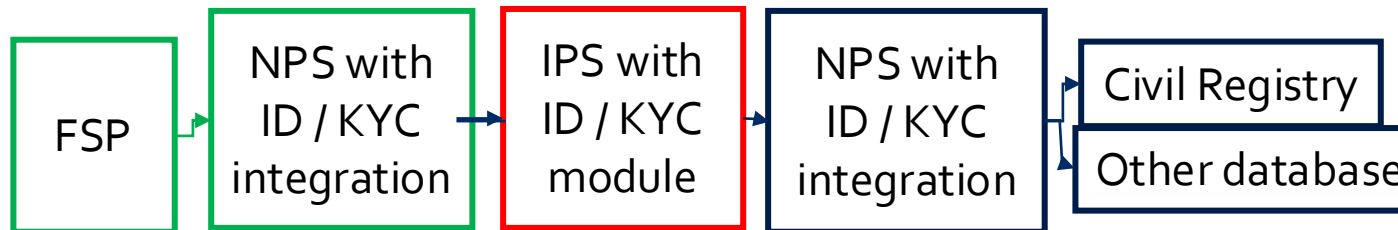
2. Bilateral via national aggregator



- Mauritius
- Seychelles

- Harmonisation
- National CKYC / aggregators

3. Instant payments integration



- Future – Mauritius in planning

- Harmonisation
- Integration of IPS / NPS and ID

- Bilateral: Direct links between civil registries and FSPs.
- National Aggregators: Domestic hubs connecting to cross-border FSPs.
- Regional Aggregator: Shared platform enabling instant payments + ID verification.

Why the three options?

- Different starting points:
 - Some countries already have national CKYC platforms or strong civil registries
 - Others rely on manual portals or fragmented databases
- Cost and complexity:
 - Bilateral links are cheaper and faster to set up but limited in scale.
 - Regional aggregator platforms are more expensive but enable broader interoperability
- Trust and consent:
 - Countries vary in how they manage citizen consent and data protection.
 - Multiple models allow flexibility while regional standards are being harmonised
- Phased evolution:
 - Start with bilateral or national aggregator pilots.
 - Move toward regional aggregator or hybrid peer-to-peer models once legal, technical, and governance frameworks are aligned

Current activities to achieve harmonised regional eKYC framework

- SADC CCBG PSS sets the agenda within its 2023-2026 strategy
- The PSS included eKYC enablement and regional integration in its draft 2026 – 2031 strategy
- Key deliverables are to
 - Finalise the SADC eKYC Framework in 2026
 - Get adoption by SADC member states
 - All SADC member states should develop roadmaps for a domestic eKYC framework that includes clear guidelines on regional use cases
 - Continue bilateral based pilots to generate first-hand lessons to adapt
 - Develop initial wireframe for a regional eKYC platform potentially embedded in the regional IPS platform as the gateway host

Draft recommendations for SADC eKYC framework

Pillar 1: Legal and Regulatory Alignment

- Determine a standard set of acceptable forms of identification and verification procedures for eKYC
- Implement measures to encourage take up of Risk Based Approaches and virtual mechanisms for KYC and Customer Due Diligence
- Encourage regional alignment in adoption and implementation of enabling legal frameworks for e-transactions and security of data
- Ease the sharing, retention and use of eKYC data outside the national borders, through data localisation carve outs or exemptions and harmonising the cross border data retention periods

Pillar 2: Infrastructure, Data Architecture and Interoperability

- Strengthen national digital identity infrastructure and interoperability frameworks to enable regional eKYC across SADC
- Implement measures to harmonize and strengthen the sharing of KYC related data from the foundational ID databases
- Develop SADC interoperability guidelines that enable secure and trusted cross border identity verification while accommodating different levels of system maturity

Pillar 3: Trust, Security and Safeguards

- Implement a cross-border consent mechanism
- Develop regional guidelines to ensure secure, resilient, and privacy preserving eKYC data exchange across SADC

Pillar 4: Governance and institutional arrangements

- Strengthen domestic eKYC data sharing institutional mechanisms in support of regional level eKYC data sharing initiative
- Promote common, inclusive success indicators to promote best practices across the region



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