

Tanzania Instant Payment System (TIPS)



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Payments Landscape



- Large Value Payment Systems
 - Tanzania Interbank Settlement System (TISS) – The Bank of Tanzania RTGS system
 - ✓ Operates 24 x 7 all days of the week
 - ✓ All real time payments but primarily large value payments
- Retail Value Payment Systems
 - Tanzania Automated Clearing House (TACH) – the ACH system processing cheques and direct credits (EFTs)

Payments Landscape (cont..)



- TACH
 - ✓ Operates from 08h00 to 17h00 with 5 sessions from Monday to Saturday (Saturday is half day)
 - ✓ Limit of TZS 20 million
- Tanzania Instant Payment System (TIPS) – the RTP system processing low value instant transfers and payments
- TIPS (on project mode)
 - ✓ Operates 24 x 7 all days of the week
 - ✓ Limit up to TZS 10 million

Background of TIPS



- The Central Bank demanded interoperability amongst Digital Financial Services Providers since 2014.
- Commercial banks and e-money issuers achieved interoperability through bilateral arrangements.
- However, it was observed that this interoperability model has several challenges including:
 - ✓ Liquidity management for Financial Services providers
 - ✓ Operational inefficiencies and management
 - ✓ Limited scalability in adding use cases

Background (cont..)



The Bank developed a business case which revealed

- Interest of a national real-time retail platform is highly evident among stakeholders
- Strong support from banks and EMIs to have the switch operated by the Bank
- Strong support for an interoperable domestic card scheme to use the same infrastructure
- Growing demand of real time/faster/immediate payments
- Tanzania National Financial Inclusion Framework 2018-2022



What is TIPS?

Tanzania Instant Payment System (TIPS)

- A national retail payment infrastructure that offers low value instantaneous / real time payment transactions across different Financial Services Providers.

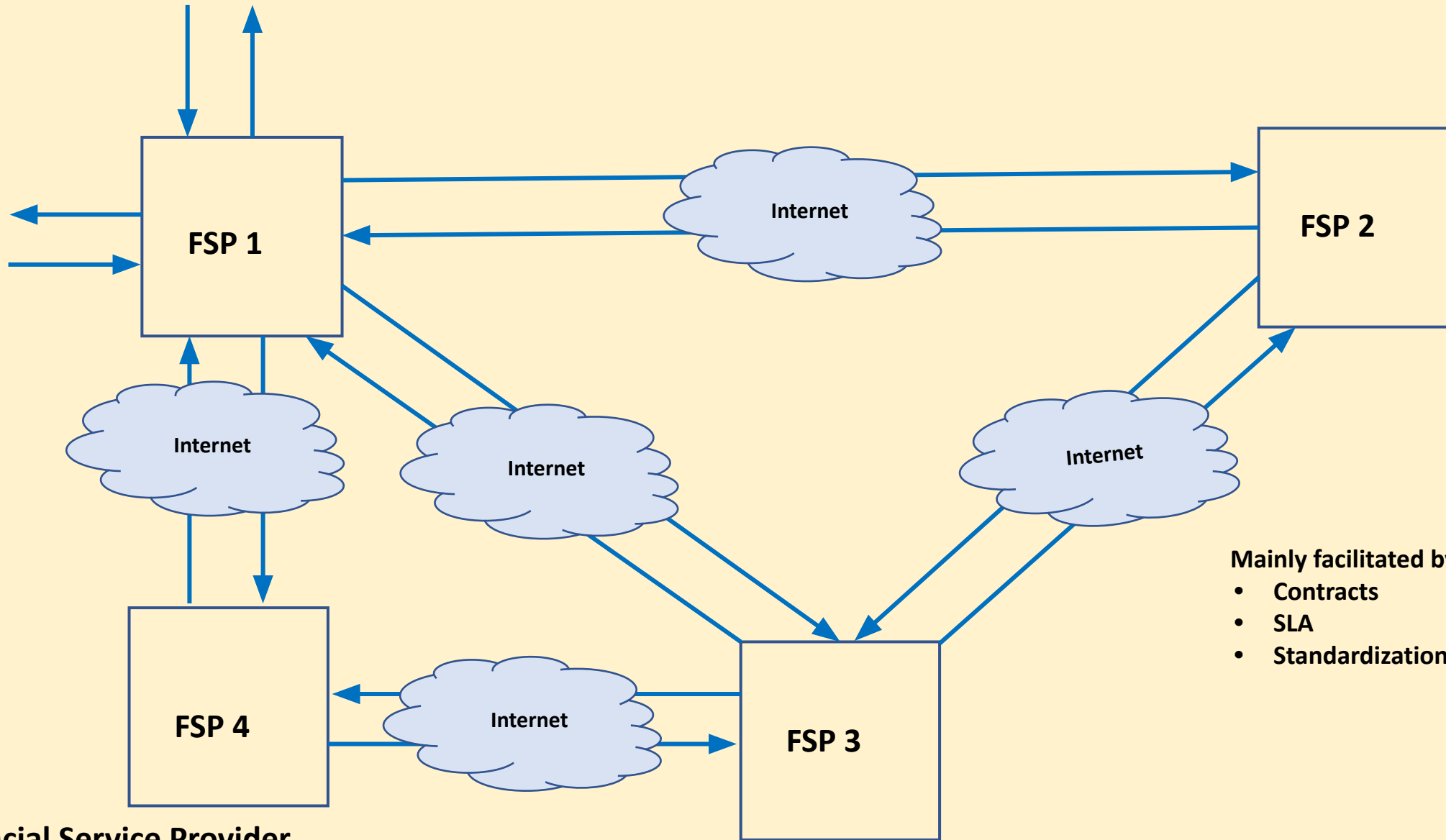
Instant Transfers/Payment

- The payer (sender) and payee (receiver) accounts are debited and credited within few seconds, and both sender and receiver are notified immediately, and the service is available 24x7.

Financial Services Provider (FSP)

- A Payment Services Provider who offers transaction accounts to consumers, businesses and government agencies. Transaction accounts here include bank accounts and wallets.

Without TIPS: Bilateral Agreements, Connections...

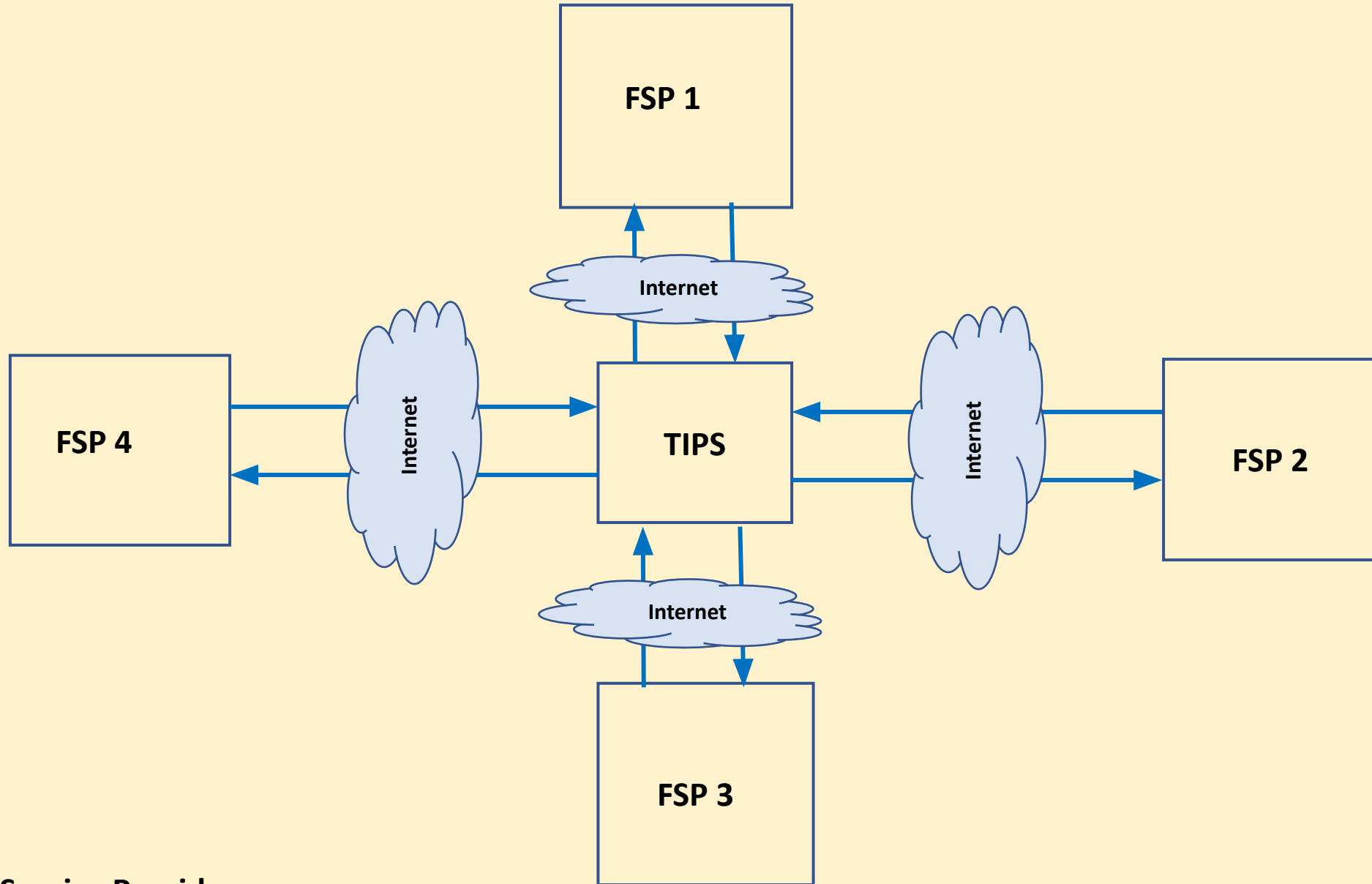


Mainly facilitated by

- Contracts
- SLA
- Standardization

FSP – Financial Service Provider

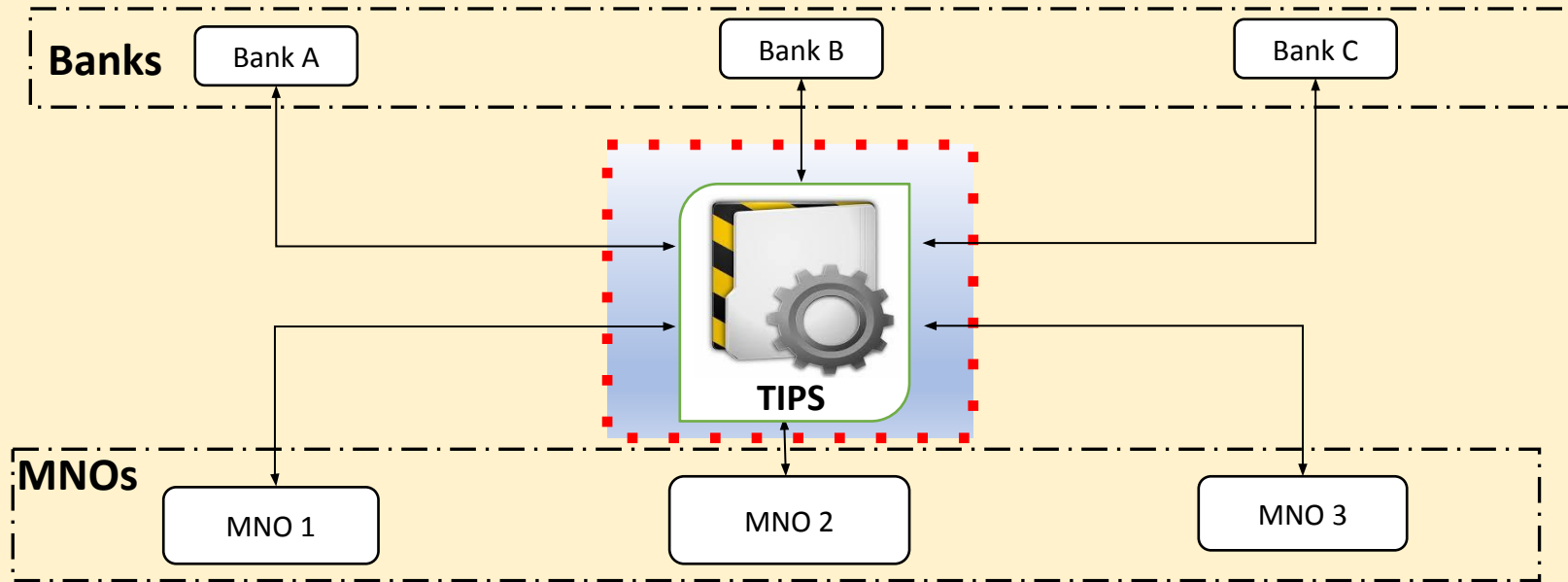
With TIPS: Multilateral Connections...





TIPS ECOSYSTEM

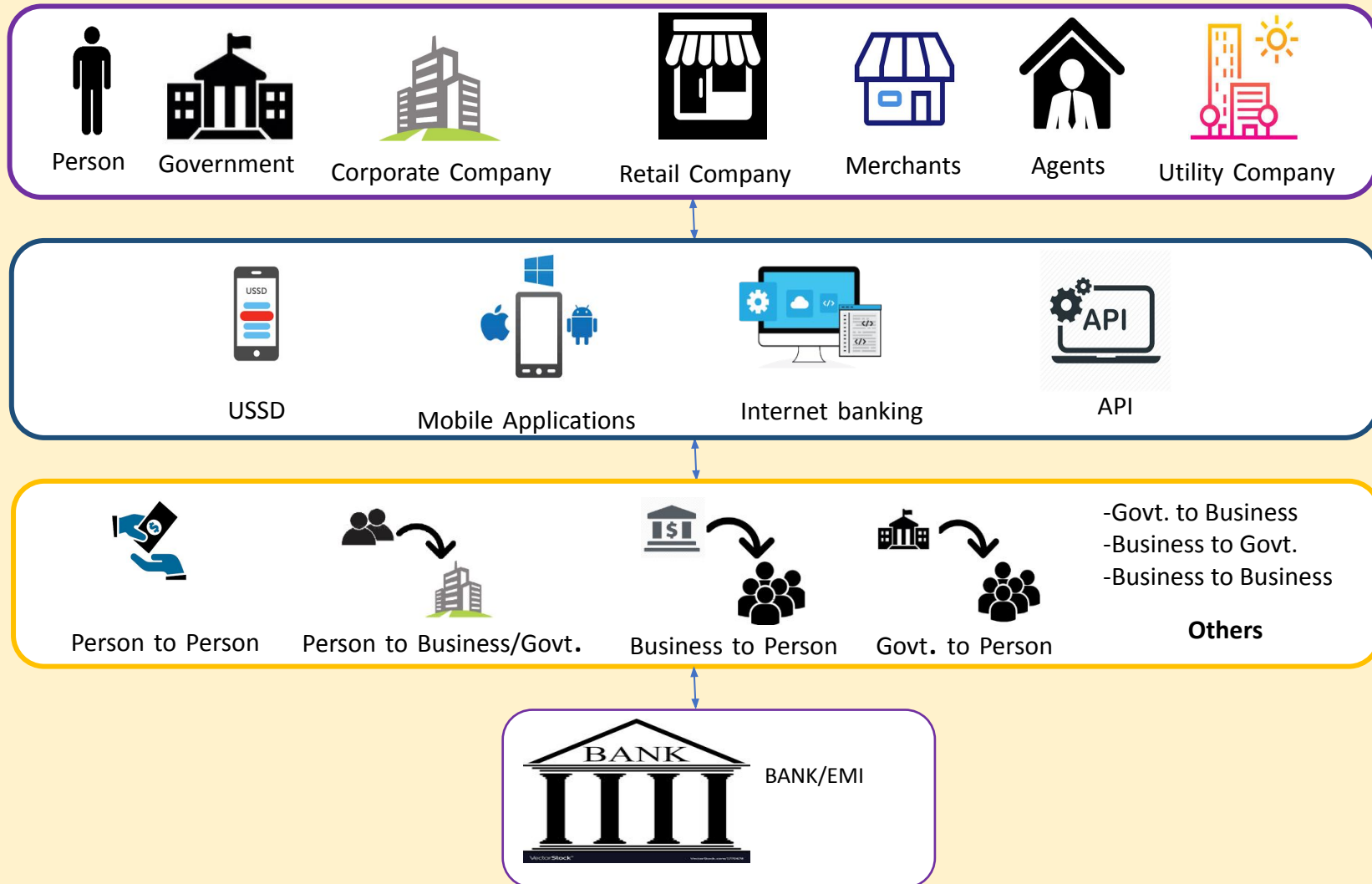
End Users/ Consumers	Person, Government, Corporate Company, Merchants, Retail Company, Utility Company, Agents
Channels	USSD, API, Mobile Applications, Web Applications(Internet banking)
Use Case	P2P, P2B, P2G, B2P, B2B, B2G, G2B, G2P



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VISION OF TIPS ECOSYSTEM: Zooming In



TIPS OBJECTIVES



- 🎯 Promote Interoperability amongst all Digital Financial Services Providers
- 🎯 Increase efficiency in retail payment systems
- 🎯 Promote usage of electronic retail payments use cases on a system-wide level
- 🎯 Enhance oversight capabilities

VALUE PROPOSITION



- **Bank of Tanzania**

Increase payment system efficiency

Provide interoperability and a shared platform to enhance use cases on a system-wide level

Enhance oversight capabilities

- **Business**

Reduce liquidity constraints

Improve acceptance of payments via digital schemes

Reduction of cash usage

- **Consumers**

Increase utility of digital financial services

Provides alternative e-payment channel

Cost effective

- **Regional and Cross Border Payments**

Opportunity for scaling services and enhancing regional payment option.

VALUE PROPOSITION



- FSPs (Banks)

Enable participation of interbank P2P and other real time use cases

Cost effectiveness due to shared services and infrastructure

Liquidity optimizations

Reduce operational costs

- FSPs(Mobile Money Providers)

Maximize interoperability via a low cost utility

Cost effectiveness due to shared services and infrastructure

Opportunity to scale beyond the current use cases

Savings due to reduced prefunded working capital

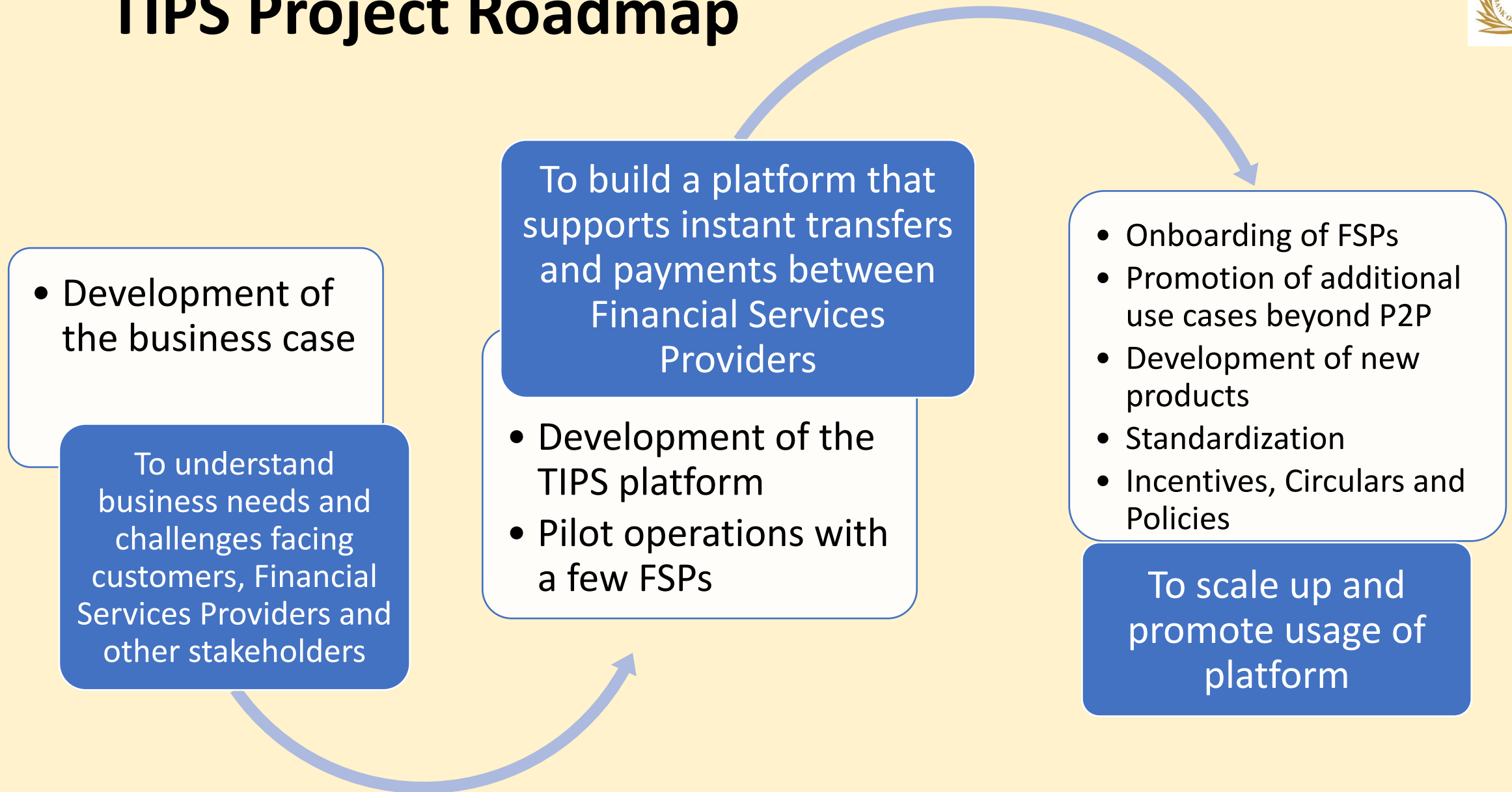
TIPS FEATURES



- **Account Lookup**
- **Transfer of funds**
- **Transfer Reversal**
- **Settlement**
- **Fraud utility**
- **Messaging utility**
- **TIPS Portal... (web interface)**

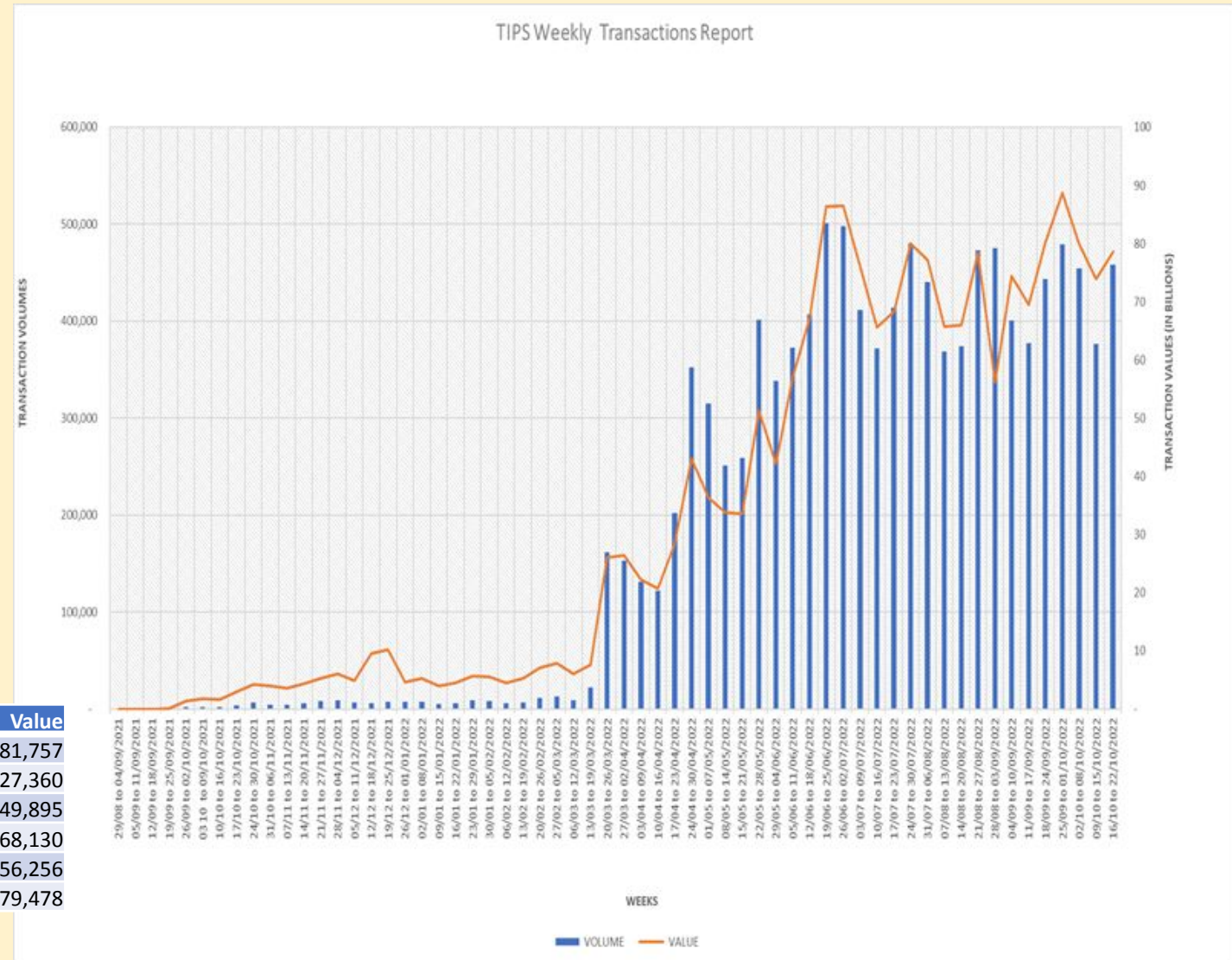


TIPS Project Roadmap



Pilot Transaction Operations (data)

Date	Volume	Value
04/09 to 10/09/2022	400,581	74,472,581,757
11/09 to 17/09/2022	377,163	69,507,327,360
18/09 to 24/09/2022	443,295	80,158,649,895
25/09 to 01/10/2022	478,942	88,701,468,130
02/10 to 08/10/2022	454,615	80,057,056,256
09/10 to 15/10/2022	376,658	73,885,979,478



On-boarding of Remaining FSPs



	Pilot	Batch 1	Batch 2	Batch 3
Banks	3	6	12	20
MMOs	2	-	-	4
Total	5	6	12	24
Status	Live	Live	Oct 2022	Nov 2022



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~ Asante Sana ~

Tanzania Instant Payment System (TIPS)
A Digital Financial Connection for All Tanzanians

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