

1 July 2019

Mr. Dumisani Muleya
The Editor
The Zimbabwe Independent

Dear Sir:

I refer to your article published on 28 June 2019, “Local banks dump Paynet” written by Melody Chikono. As the CEO of Cambria Africa, which beneficially owns Paynet, allow me to respond – a privilege not afforded to me or my colleagues by this reporter nor by the Kudzai Kuwaza who penned your article on 14 June, “Paynet switches off banks”.

Ms. Chikono’s article is a one-sided propaganda piece on behalf ZimSwitch and Bankers Association of Zimbabwe (BAZ). It is unabashed attempt to exonerate the banks for the inefficient and insecure manner they are currently paying salaries and casting the blame on Paynet.

The reporter could have tried to reach Paynet, Payserv, or Cambria for comment and balance her presentation. Instead, she chose to base her article solely on “information” from unnamed and “impeccable” sources. Conspicuous by its absence is any mention that the thousands of Paynet installations can still be used to securely and efficiently pay salaries to millions of beneficiaries directly into EcoCash and other MNO wallets. Moreover, that EcoCash and Paynet have announced the salary payment service is *free of charge* until 1 August and will be competitively priced after the promotion.

If balance and information were of interest for this article, Melody Chikono could have asked and sought answers to some poignant questions:

1. Why did banks continue to use Paynet’s services and run up a bill of US \$430,000 knowing that they had *a priori* and collectively decided not to pay?
2. Why was there an assumption that the same contracted USD price is no longer fair, and the banks can’t cost in an RTGS equivalent to maintain *their* profitability?
3. Why did banks, knowing that they would be cut off for non-payment, and knowing they had no solution until July (at best), decide to risk the integrity of the banking system and the convenience of their customers to save *themselves* two months of foreign currency until their long-planned solution was ready?
4. Why did the BAZ actively prevent banks which had agreed to pay Payserv Africa in USD from doing so? Any bank remaining on the platform would have had a clear competitive advantage. Could it be that if even one bank remained on the platform, the cartel would have failed, and the consumer would have benefited?
5. What will the ZimSwitch solution cost in foreign currency? Will the banks or their “association” not pay forex to their foreign developers such as EFT, Finteq, and Bankserv? Will they not need to import the required and expensive computer equipment and sign long term contracts? Doesn’t Postilion, which Zimswitch uses, not require foreign currency? What will the solution cost in local currency? How much “local currency” is too much to spend or to charge? Or does “too much” only apply to US dollars? Surely, local currency is money too.
6. What will the banks charge their customers for this purportedly “local” service? Will it remain an average of \$1 per transaction of which they paid 16 US cents to Paynet? Won’t they pass on

- the charges for customer support and development which they used to rely on Paynet for “in the price”? Has the reporter investigated reports of egregious bank charges for salary payments?
7. Seven of the biggest banks in Zimbabwe are foreign-owned and pay dividends, interest, and fees in foreign currency to their foreign headquarters, so why would they begrudge the Payserv receiving its share in the currency of its investments in Zimbabwe?
 8. Don't banks pay fees in forex to their own holding companies and other technology providers? Perago is paid in forex for RTGS, Postilion and EFT in forex for ZimSwitch, Oracle in forex for database, Microsoft in forex for servers, Reuters in forex, and forex to the likes of Finacle, T24, and Craft Silicon for core banking? Why was Payserv singled out when it had no financial choice but to change its strategy?
 9. When the “new” ZimSwitch software is ready after hurried testing of security, privacy, and reliability, will the banks still ask their customers to sign strangely identical indemnities that state, “We understand that payments made ... are irrecoverable and irreversible and we indemnify FBC Bank Limited against any losses arising as a result of this transaction... We hereby acknowledge that the bank is not liable for errors, omissions or delays in processing the transactions arising from circumstances beyond its control.”?

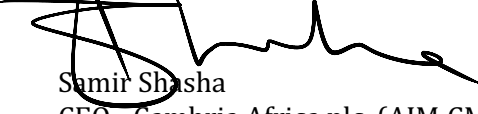
Melody Chikono may have neglected to ask such questions out of oblivion or by design. Such incisive questioning, if answered honestly, would not suit the purpose of whitewashing a collusive and anticompetitive action by banks which is directly responsible for the loss of consumer surplus and designed to accrue monopoly profits to a cartel masquerading as an “association”.

The BAZ is pushing a narrative that it is somehow a crime for a foreign company to charge foreign currency for a foreign-owned technology, even if that charge is fair and reasonable – and we maintain that 16 US cents is and was fair and reasonable. The narrative suggests that by keeping their foreign currency away from Payserv, the banks are somehow championing the people and passing their savings to them. This narrative could not be further from the truth.

The responsibility for any delays and losses in salary payments, security breaches, reconciliation nightmares, and manual processes, notwithstanding indemnities, lies squarely on the shoulder of the Interbank Operations Committee of the BAZ. Member banks abdicated their decision to the IOC and stonewalled Payserv for over 45 days while continuing to use Paynet's services with no intention to pay. Banks knew with certainty the result would be suspension of their service but persisted. The banks' resolve was steeled by ZimSwitch at its lavish jamboree held in Nyanga. Banks were convinced a timely alternative to Paynet would be developed and they didn't need to pay or to engage Paynet. In the guise of opening the doors to more competitors, they shut the door on Paynet, leaving one operator – one that they collectively own – to monopolize the market.

Two months down the line ZimSwitch is yet to provide banks and their customers with a secure, private, reliable and tested solution or it would be in use already. When this platform is in use, one will have to wonder how this solution has passed the regulator's (RBZ and NPS) approval, a process which normally takes months to get on a system modification, not to mention a system replacement... then again the banks can always agree on an indemnity form which their customer must sign to use the new service or just use the current one and save US dollars.

Respectfully,



Samir Shasha
CEO - Cambria Africa plc. (AIM:CMB)
Director - Payserv Africa Limited (Mauritius)