

CBS NEWSLETTER

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A PRODUCT OF THE CENTRAL BANK OF SOMALIA



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CENTRAL BANK OF SOMALIA

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Governors Message

It is my privilege to present to you the third edition of the Central Bank of Somalia's (CBS) bi-annual newsletter. This end-of-year edition captures a review of a year marked by a succession of momentous gains.

As we begin 2024, it is with a sense of pride that I reflect on several key achievements which will significantly shape the development of the country moving forward. Over the past year, we have enjoyed historic wins, including the launch of the national legal identification program, entry into the East African Community (EAC) group, and completion of the debt relief process. Despite the challenging backdrop, particularly climate-related shocks from droughts to mass displacement caused by El Niño flooding, Somalia continues to make steady progress toward its national reform

A functioning, safe, efficient, and settlement infrastructure, CBS successfully adopted and joined the International Bank Account Numbers (IBAN)-compliant countries in the world in March

agenda.

As an institution, the CBS also closes the end of the year with strong performance in implementing structural financial reforms and shaping the broader macroeconomic policy framework. Key milestones include Somalia's successful integration within the International Bank Account Numbers (IBAN)-compliant countries, the effective launch of the Somali Quick Response Code (SOMQR), and the expansion of

CBS branches across several states. This will certainly strengthen our authority at the regional level and address critical blind spots such as compliance in anti-money laundering systems and countering terrorist financing.

In our efforts to improve socio-economic inclusion by broadening access to financial services, and adopting modern approaches and international best practices, we feel privileged to have been awarded the Central Banking Payment and Market Infrastructure Development Prize. This is an encouraging note to begin the New Year as we continue to strive for excellence and continuous improvement.

In closing, I feel honored to continue my journey with CBS as Governor for a second full term. Acutely aware of the challenges ahead, I am confident that we will elevate our success story to new heights.





The reopening of CBS Branches across the country

In line with its core mandate to establish and deliver financial services to all citizens, the Central Bank of Somalia (CBS) opened new branches in three federal member states. The new branches are located in cities of Baidoa in South West, Dhusamareb in Galmudug and Jowhar in Hirshabelle State.

At its core, this initiative was designed to usher in a new era of financial inclusion and economic growth for the country. The new CBS branches will provide fiscal agent

The new CBS branches will provide fiscal agent service to federal member states by collecting their revenues, processing payroll and other payments on behalf of the federal member states.

service to federal member states by collecting their revenues, processing payroll and other payments on behalf of the federal member states. In addition, the new CBS branches will provide services to commercial banks in the regions.

By ensuring that banking services are readily available to citizens across the nation, it removes barriers that hinder access to financial resources and opportunities. As a result, individuals and businesses can thrive, and the nation's economy can





Central Bank of Somalia successfully integrates IBAN

In March 2023, the Central Bank of Somalia (CBS) successfully integrated International Bank Account Numbers (IBAN) into all transactions within the National Payment System (NPS), marking another progressive milestone in reviving the country's financial sector. This means that all banks in Somalia have successfully adopted IBAN, which is anticipated to enhance payment processing efficiency, reduce operational risks, and minimize delays in international transfers between Somalia and IBAN-compliant countries worldwide. Also, the IBAN will enable the National Payment System (NPS) to electronically validate bank account numbers and choose the route a payment must take without any manual involvement.

CBS Governor Abdirahman Mohamed Abdullahi expressed the importance of

this milestone as he hailed the leadership and the entire CBS staff, particularly Executive Director Mr. Ahmed Hundubey and his team; "We are proud to bring Somalia into the Swift IBAN registry. This reflects the determination of staff and leadership in developing the financial sector of the country. This is a significant achievement for the entire CBS team, and I would like to express my special appreciation to our Executive Director, Ahmed Hundubey, and his team, who delivered this critical reform with no external support. IBAN delivers significant advancement for our banks, and we hope this will help restore the assurances of international correspondent banks, regulators, and investors with regards to Somalia's reintegration into the international financial market."

The successful implementation of IBAN and NPS combined is expected to foster economic growth, create jobs, and improve the overall standard of living in Somalia. CBS remains committed to fostering inclusive economic growth in Somalia and building a stable and sound financial system.





CBS Launches Quick Response Code Standard (SOMQR)

In June 2023, CBS officially launched Somalia's Unified National Quick Response Code (SOMQR). This code is the standard code system that guides how payment service providers are regulated by CBS and issues Quick Response Codes (QR) to businesses and consumers in the country. SOMQR follows internationally recognized EMVCo (Europay, MasterCard, and Visa) standards.

"The SOMQR Code standard will revolutionize the payment landscape in Somalia as a low-cost, scalable, secure and interoperable solution towards a cashless society," said the CBS Governor at the launching event held in Mogadishu on 20th June, 2023. The event, which saw Somalia joining peers like Kenya and South Africa to become one of the few African country to have launched a standardized code, brought together representatives from different telecoms and financial institutions licensed by the CBS.

Numerous key officials attended the historic event, including Deputy Minister of Finance Abdiqafar Hange, Chair of the Somali Chamber of Commerce, Mahamud Gabeire, Chairman of the Parliament's Finance Committee,

Mohamed Farah Nur, Chairman of the Somali Bankers Association, Ahmed Shirwa, and CEOs of private banks. During the event, Deputy Minister of Finance Abdiqafar Hange emphasized the significant advantages of the SOMQR code and highlighted its role in facilitating efficient revenue collection. Moreover, the Deputy Governor of CBS, Ali Yassin Sheikh, remarked that SOMQR would facilitate efficient payment systems in Somalia and improve the country's financial system.

At the end of the event, CBS Governor Abdirahman Mohamed Abdullahi distributed operational guidelines to the chairman of the Somali Bankers Association (SBA) and CEOs of private banks, delivering clarity and guidance for the successful implementation of SOMQR.

With the increasing usage of real-

SOMQR offers person-to-person payments, transfers, and government service transactions, such as collection of taxes and fees

time instant payment systems and the potential benefits of QR Codes, CBS has joined forces with 13 commercial banks in the country to address identified interoperability gaps, such as in the collection of taxes and fees. Further, customers from 13 banks and three mobile network operators (MNOs) will be able to use their existing mobile apps to instantly exchange funds effectively. Seamless payments can be made via a QR code, which means all one needs is access to the internet for secure payment services via banking and other apps.

The introduction of SOMQR marks a significant milestone in the country's digitalization process and underscores the CBS's dedication to facilitate secure and efficient financial infrastructure to support economic growth.

SOMQR

Somali Quick Response Code is the standard that will guide how payment service providers regulated by CBS will issue Quick Response Codes (QR) to merchants and consumers in the country.





CBS Wins International

Award

Awards



On 16th June 2023, the Central Bank of Somalia (CBS) was named the winner of the Payment & Market Infrastructure Development (PMID) award as part of the Central Banking 2023 Awards. Central Banking is a financial publishing firm and industry-leading source of information based in the United Kingdom and conducts an awards ceremony annually. The Central banking awards highlight excellence in service delivery, exceptional performance, and accomplishments of individuals and organizations within the central banking community. The annual Central Banking Awards recognize a range of initiatives, including ground-breaking activities in the central banking community, innovation, best practices in policy, governance, digitalization, infrastructure and management as well as exemplary public service.

The PMID award, presented to CBS, specifically recognizes a central bank for its key role in the implementation of transformative infrastructure in

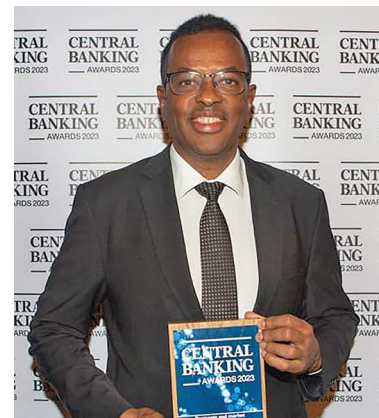
payments, clearing, settlement, or similar initiatives that address public needs and is delivered in a cost-effective manner. CBS won the PMID award as a result of the bank's focus on developing a national payment system with built-in AML/CFT oversight and the introduction of Swift IBANs. Since its launch in July 2021, 13 commercial banks have successfully joined the NPS.

The award was received by CBS Governor Abdirahman Mohamed Abdullahi on behalf of CBS, recognizing the bank's remarkable efforts to enhance the financial landscape of the sector. Governor Abdirahman Mohamed expressed gratitude for the recognition, attributing the achievement to the relentless dedication and hard work of the CBS staff and management. This acknowledgment serves as a testament to the incredible work that the bank has conducted over the years.

"The Central Bank of Somalia (CBS) is delighted to receive the Central Banking Payments and Market

Infrastructure Development Award. It is a huge recognition of the hard work that CBS has put in to restructure the institution and spearhead the reform of Somalia's finance sector," said CBS Governor.

Governor Abdirahman thanked the committee for the honor as he promised to continue building the institutional capacity of CBS to fortify its capabilities as an effective regulator and policy-maker to support the country's economic growth.



Re-appointment of CBS Governor

Under his tenure at CBS, the bank has made remarkable progress and transformed into a policy-oriented, function-based institution that delivers notable structural reforms.



THE PRESIDENT of the Federal Government of Somalia announced the re-appointment of Mr.

Abdirahman Mohamed Abdullahi for a second four-year term as Governor of the Central Bank of Somalia (CBS) on 17th July 2023. His second term will run until April 2027.

Governor Abdirhman has over 20 years of professional experience in the financial sector. He was appointed as a Governor of CBS in April 2019. Prior to his current role as Governor and Chairman of the Board of Directors of CBS, he worked as Senior Economic Policy Advisor for the Office of the Prime Minister in Somalia, where he contributed significant policy reforms in the areas of Public Financial Management. The Governor has a unique blend of global and regional exposure as he worked in the public and private sector in Norway, the United Kingdom, and Yemen, which has played a pivotal role in his ability to drive successful financial reforms in Somalia.

Under his tenure at CBS, the bank has made remarkable progress and transformed into a policy-oriented, function-based institution that delivers notable structural reforms. This includes the revolutionary introduction of the Somali National Quick Response (QR) Code Standard, which is aimed at modernizing the country's payment systems, regulating the Mobile Money Service, the establishment of a National Payment Infrastructure and the implementation of the International Bank Account Number (IBAN). It is also worth noting that the CBS has received a clean audit opinion for its annual financial reports for the third consecutive year.





Staff Spotlight

MOHAMED SAID

My name is Mohamed Said Suleiman; I'm the Head of Banking Services and Deputy Director of the Operations Department of the Central Bank of Somalia.

My role is to support the Bank in delivering consistently high-quality customer and financial services by managing the resources of the bank effectively. I coordinate daily cash activities for onsite tellers, ensure that

all laid-down instructions regarding the handling, transit, and security of cash are adhered to, and that cash holdings are within prescribed limits.

The importance of my job to the bank is ensuring defect-free business processes and automation there-by proactively identifying, assessing, and mitigating operational risk while providing a secure, cost-effective, and responsive service delivery environment.



MOHAMED IBRAHIM SANEY

My name is Mohamed Ibrahim Saney; I'm the Senior Procurement Officer at the Central Bank of Somalia.

My role is to ensure the smooth and efficient procurement functioning of the Central Bank of Somalia by overseeing the procurement processes, which is essential for acquiring goods, services, and assets for the CBS and efficiently managing these processes.

The value my job brings to the Central Bank of Somalia is multifaceted. I'm primarily responsible overseeing the procurement processes, which are essential for acquiring goods, services, and assets for the CBS, ensuring the bank be economical and allocate resources wisely.

My work ensures transparency and fairness in the procurement procedures. These not only builds trust within the Central Bank but also with external stakeholders, including international financial institutions. It contributes the bank's commitment to good judiciary practices, which increases the integrity of the bank, further bolstering Somalia's economic prospects.

ABDIRASHID ABDULLAHI FARAH

My name is Abdirashid Abdullahi Farah; I am the Non-banking Supervision Officer at Licensing and supervision department of the Central Bank of Somalia. My role involves the regulatory he activities of non-banking financial institutions in the country.

One of the main objectives of the Bank is to foster and maintain a stable and competitive market-based financial system. My role as a Non-Banking Supervisor is to ensure financial stability in the country through the regulation and supervision of its financial institutions (Money transfer Businesses, Insurance Companies, Microfinance Institutions, and money exchangers) aligned with the Financial institutions law, Anti-Money Laundering / Countering the Financing of Terrorism (AML/CFT) Act and the Central Bank of Somalia's regulations and Guidelines.





Media, Events and Visuals

Date	Title/headline of the publication	Link to the publication	Media name
April, 2023	Somalia Hasn't Printed New Cash Since 1991. Now It's a Central Bank Top Priority	https://www.bloomberg.com/news/articles/2023-04-05/somalia-to-issue-new-currency-to-restore-central-bank-s-powers	Bloomberg
March, 2023	Somalia Central Bank enforces International Bank Account Numbers	https://youtu.be/LLSIsIKZ2TQ	CGNTN Africa
July, 2023	Somali president reappoints governor	https://www.centralbanking.com/central-banks/governance/7959296/somali-president-reappoints-governor	Central Banking
June, 2023	Central Bank of Somalia Receives an international award	https://sonna.so/en/central-bank-of-somalia-receives-an-international-award/	SONNA
March, 2023	Payments and market infrastructure development: Central Bank of Somalia	https://www.centralbanking.com/central-banks/payments/7954604/payments-and-market-infrastructure-development-central-bank-of-somalia	Central Banking
	Foreign de-risking keeps Somali banks isolated, governor says	https://www.centralbanking.com/central-banks/governance/7959020/foreign-de-risking-keeps-somali-banks-isolated-governor-says	Central Banking
March, 2023	Somali's central bank tells commercial lenders to use IBAN	https://shorturl.at/dixPV	Hiiraan online
March, 2023	CBS Implements IBAN to Boost Financial Sector Reforms	https://somaliiinvestor.so/cbs-implements-iban-to-boost-financial-sector-reforms/	The Somalia Investor magazine
March, 2023	Somali's central bank tells commercial lenders to use IBAN	https://shorturl.at/fgpJT	The East African
June, 2023	New digital payment system to 'revolutionise' business in Somalia	https://www.africanews.com/2023/06/22/new-digital-payment-system-to-revolutionise-business-in-somalia/	Africanews
June, 2023	Somalia deepens its digitization experience with a universal QR Code payment system	https://www.wearetech.africa/en/fils-uk/news/tech/somalia-deepens-its-digitization-experience-with-a-universal-qr-code-payment-system	Wearetech.africa
June, 2023	Somalia launches standardised QR code	https://shorturl.at/dIHU2	The East African
June, 2023	Mogadishu looking to provide secure payment services	https://youtu.be/AdjIcdpTdPO	CGTN Africa



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