SAARC Payment Initiative (SPI)
and
SAARC Payment Council (SPC)

Reporting the Progress
At Global Payment Week – 2012

25 October 2012
Outline

• Brief history of SPI and SPC with vision, mission and objectives
• Road map for each country
• Main tasks and country developments
• Focus on retail payment systems
• Initiatives under new focus
• Presentations made
Establishment of SPI

- The idea originated at SAARCFINANCE conference on ‘Towards a Regional Payments Group’ held at Central Bank of Sri Lanka (CBSL) in July, 2007
- At 16th SAARCFINANCE Governors meeting - held in Washington in October 2007, agreed to establish the SAARC Payments Initiative (SPI)
Establishment of SPC

- CBSL held the inaugural meeting of the SPI on 28 March 2008 in Colombo

- SPC is the apex body responsible to take forward the SPI

- Establishing the SPI was a landmark in the development of payments systems in the SAARC Region as it was the first time that member central banks, as a group, had begun to focus attention to this area.
Roles and Responsibilities of SPC

• Establish the vision, mission and objectives for the SPI

• Identify roles and responsibilities of the SPI Secretariat

• Prepare a common framework (covering policy, institutional, operational, technical, communication and legal areas) and an action plan for member countries
Roles and Responsibilities of SPC

• Facilitate official commitment of member central banks to follow strategies set out in the Action plan

• Facilitate obtaining the necessary technical/financial assistance from other international, regional and local authorities which are relevant to regional payments initiatives

• Ensure quality, relevance, timely and effective implementation of its decisions and policies as well as deployment of resources with adequate system controls
Role and Responsibilities of the SPI Secretariat

• Coordinate with the SPC members and conduct regular meetings

• Organize country studies and assessments

• Facilitate designing and implementing specific technical assistance projects which will help member countries to upgrade their PSS to international standards and best practices

• Coordinate and liaise with international, regional and local authorities which are relevant to regional payments initiatives and obtain technical services
Vision and Mission

• Vision
  – An efficient, robust, stable and convergent payments system for the SAARC Region that benchmarks with international standards

• Mission
  – Facilitating the implementation of comprehensive reforms by ensuring safety, efficiency and stability in national payments systems through close coordination and co-operation consistent with the SPI
Objectives of SPI

- Establish a forum for SAARC countries to collectively evolve a high level strategic direction and suggest a road map for payment and settlement reforms of individual member countries to reduce risk and increase efficiency and safety, in line with international best practice.

- Standardize payment and settlement systems to create a level playing field in promoting regional harmonization and integration of domestic payment and settlement systems of member countries for the development of intra-regional payment and settlement systems.
Road Map of PSS Developments of Each Member Country

- Improve large value payment systems and retail value payments systems
- Mitigate risks in all payment and settlement systems
- Promote competition and access
- Availability of RTGS in all member countries
Road Map of PSS Developments of Each Member Country

- Improve legal and regulatory infrastructure
- Improve governance structure
- Enhance awareness of all stakeholders
- Improve cross-border payments and settlements systems and Other areas
- Self Assessment of systemically important payment systems
Main tasks carried out so far

• stocktaking exercise of payments systems in the region, on a comparable basis to understand the existing status of the payment and settlement systems in each member country

• Assess the volume of cross border payments in SAARC countries
Main tasks carried out so far

• Set up a National Payments Council (NPC)/Committee in each member country where such a committee did not exist when the SPI was initiated

• Establishing RTGS systems in member countries

• Quarterly SAARC Payments Council Meetings
Main tasks carried out so far

• Publishing SAARC Payments Bulletin at each meeting
• Maintaining the SPI website
• Helping each others for developing PSS
• Presentation sessions on related topics
Country-wise Developments in PSSs

• Afghanistan
  – NPC was set up
  – Salary payments through mobile phones was commenced
  – Regulatory framework is being strengthened
  – Actions are being taken to set up ACH, RTGS and CDS
Country-wise Developments in PSSs

• Bangladesh
  – NPC, Data center, DRS and ACH were set up
  – PSS regulations and guidelines were issued
  – PKI & digital certification authority were set up
  – Pre-paid card system and bank-led mobile payment systems commenced and guidelines were issued
  – CITS and electronic fund transfer systems commenced
  – RTGS and NPS are being established
Country-wise Developments in PSSs

• Bhutan
  – Established a Payment Systems Department
  – RMA Act was revised
  – Electronic fund transfer system and clearing system were established
  – Financial switch was set up
Country-wise Developments in PSSs

• India
  – NEFT was upgraded
  – Unique identification card system was introduced
  – Actions were taken to protect card users
  – Business correspondent model was commenced
  – RTGS system was centralized
  – Assisted Bhutan, Nepal and Maldives
  – Provided awareness for members
Country-wise Developments in PSSs

• Maldives
  – Interoperable PS was launched
  – RTGS commenced in 2011
  – Mobile phone based payment system in progress
  – ACT is being finalized
  – Regularity framework is being strengthened
Country-wise Developments in PSSs

• Nepal
  – Separate entity was set up for clearing
  – CDS was established
  – NEFT branch network is being operated with the assistance of RBI
  – Regulatory framework is being strengthened
  – Expecting to establish RTGS system
Country-wise Developments in PSSs

• Pakistan
  – RTGS was available and several developments were made
  – Mobile payment guidelines were issued
  – Real time interbank settlement mechanism was established
  – Mobile phones are used for G to P payments
Country-wise Developments in PSSs

Sri Lanka

- Regulation on payment cards was issued
-Certification authority was established
- Direct connectivity was completed for cheque clearing
- Line encryption was mandated
- Guidelines were issued for mobile payments and credit card operations
- E-money system was implemented
Focus on retail payment systems

• Revised vision of SPC
  – Converging to internationally recognized benchmarks for efficient and safe electronic payment and settlement system infrastructure to cater to the emerging needs of the region

• Revised Mission of SPC
  – Collaborate and assist in implementing enhanced and cost effective use of electronic banking and payment system as recognized in the statement of common objectives
Objectives focused on retail payment system developments

1. Strive to benchmark the PSSs operating in the SAARC countries to intl. standards for promoting interoperability, efficiency, transparency, flexibility, legitimacy and security

2. Promoting electronic and other modes of funds transfers to facilitate financial inclusion

3. Establish an oversight framework to ensure safe and efficient PSSs to promote public confidence
Objectives focused on retail payment system developments

4. Develop a comprehensive legal and regulatory framework for e-payments specially on e-transaction processing, consumer protection, risk on fraudulence activities and acceptance of electronic documents as evidence in legal proceedings

5. Initiate policies and procedures geared towards adoption of e-payments in the government/public sector to promote efficiency and e-governance

6. Establish a regional level arrangement to facilitate cost effective cross-border remittance systems
Objectives focused on retail payment system developments

7. Provide technical support and assistance to each other

8. Exchange ideas and expertise regularly to learn from each other’s experience

9. Promote regional co-operation in developing and promoting safe and secure PSSs to reduce dependency on cash
Initiatives under the revised Vision and Mission and Objectives

• Obtaining a common understanding on standards and technical arrangements with regard to retail payment systems

• Develop a matrix to collect information on the above
Venues of SPC Meetings

2. Hyderabad in India – 30 June 2008
5. Kathmandu, Nepal - 29 March 2009
6. Thimpu, Bhutan – 03 November 2009
7. Dhaka, Bangladesh - 28 March 2010
8. Bangalore, India – 15 November 2010
11. Islamabad, Pakistan - 23 April 2012
Presentations made

- **Risk Mitigation in Foreign Exchange Settlements** – RBI
- **Payment Systems Oversight by RBI**
- **Legal & Regulatory Framework for PSS in Sri Lanka**
- **Governance Code and the Best Practice** – SBP
- **Zero liability clauses** – RBI
- emerging fraudulent activities in the globe and possible measures that could be implemented to overcome such activities - Master Card Worldwide
- extending banking services to the unbanked through business correspondents: the Brazil Model - RBI

• **Country Presentations**
Thank you for attention