

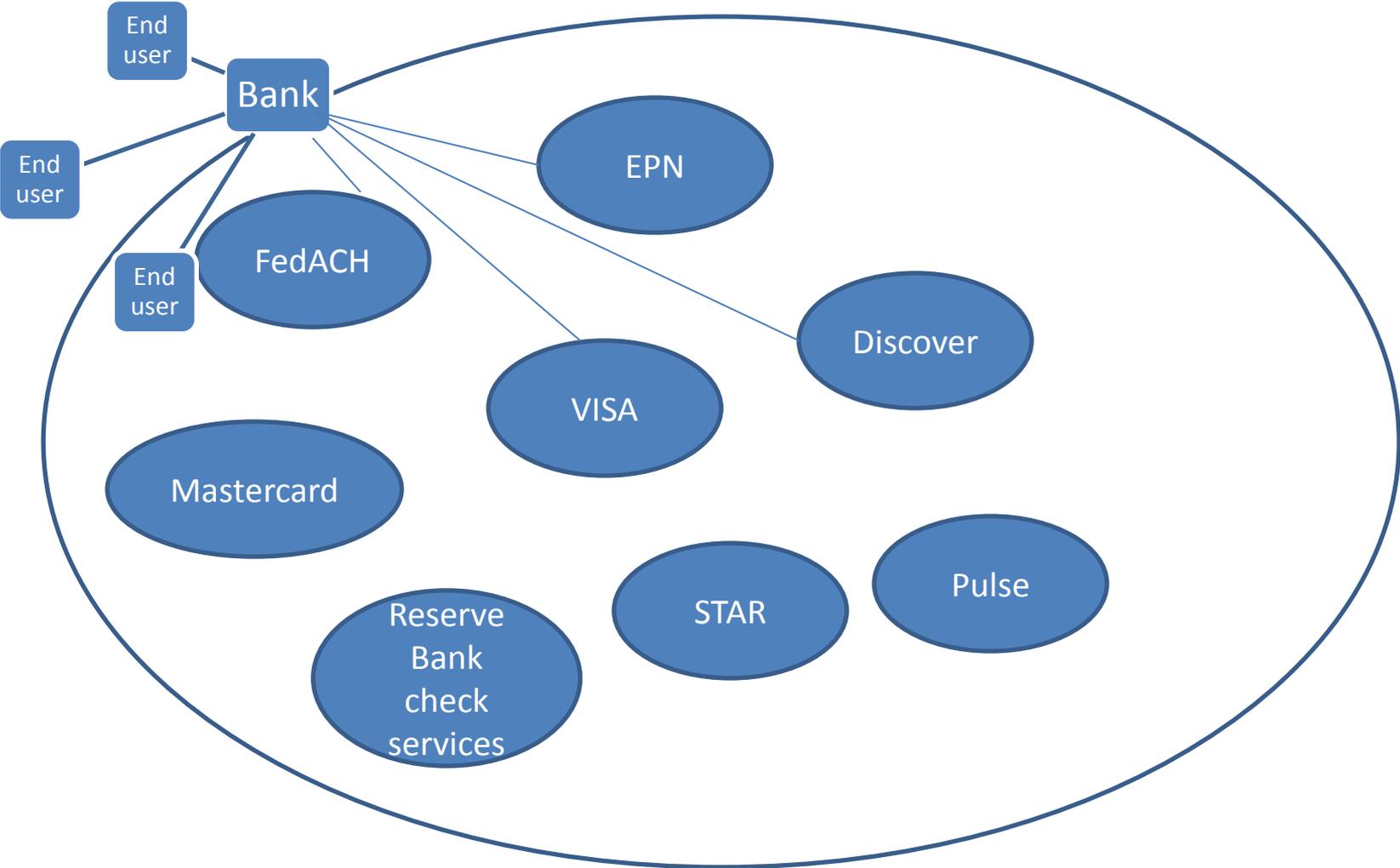
# Payment System Governance at the National Level

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Slides for Rules of the Road Panel

Thursday Sept. 25 at 1:45

# General purpose payment system



# What is national payments governance?

*The manner in which a **country's** payment system goals and strategies are established, and the means through which successful attainment of those goals and strategies is measured*

# Attributes of effective governance

## Does the general purpose payment system have:

Explicit objectives that reflect public policy considerations?

A means for measuring whether each of the major payment schemes meets the needs of end users?

Broad stakeholder participation in key decisions including strategy, design, and rules

Arrangements that provide clear responsibility and accountability for outcomes?

Incentives that promote the policy objectives, including enforcement?

Openness and transparency?

# Governance arrangements

Country	Arrangement
Australia	Payments System Board
Canada	Task Force for the Payments System Review
European Union	European Payments Council
Japan	
UK	Payments Council
US	

# Explicit objectives that reflect public policy considerations

Canada (2010) 

*“The [Task Force for the Payments System Review] fulfills a commitment made in Budget 2010 to review the **safety, soundness, and efficiency** of the payments system; whether there is sufficient **innovation** in the payments system...whether businesses and consumers are **being well served** by payments system providers...”*

-The Honorable Jim Flaherty, Minister of Finance

A means for measuring whether each of the major payment schemes meets the needs of end users

July 2012 Public consultation on regulation and governance of UK payments networks 

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June 2011 Public consultation on Strategic Review of Innovation in the Payments System



October 2013 Public consultation on establishment of an Australian Payments Council and User Consultation Group

Broad stakeholder participation in key decisions including strategy, design, and rules

## Canada

Task Force for the Payments System Review

18 month engagement with a wide range of stakeholders

- Roundtables, surveys, and one-on-one meetings with businesses of all kinds
- Electronic Invoices and Payments Working Group
- Consumer Advisory Group
- Online public consultation



# Arrangements that provide clear responsibility and accountability for outcomes

## UK Payments Council



“The Payments Council is the body with responsibility for ensuring that payment services work for all those that use them in the UK”

Schemes working with the Council under contract:

BACS, CHAPS, Cheque & Credit Clearing, Faster Payments, LINK, Belfast Bankers’ Clearing

# Incentives that promote the policy objectives, including enforcement

## Payment Systems (Regulation) Act 1998

“The Reserve Bank is given the power to designate payment systems...” with the power to:

- Impose an access regime on the participants in the system
- Make standards to be complied with by participants
- Arbitrate disputes and give directions to participants

# Openness and transparency

- Australia, Canada, EU, and UK have an abundance of public information on the web
- Japan and US very limited

# Results

	Australia	EU	UK	Japan	Canada	US
Objectives?	✓	✓	✓		✓	
Measuring needs?	✓	?	✓		✓	
Stakeholder participation ?	✓	✓	✓		✓	
Accountability?	✓	✓	✓			
Enforcement?	✓	✓	✓			
Transparency?	✓	✓	✓		✓	

# Key points

- In the UK, even with a Payments Council that provided many elements of effective governance, it was not enough
- In Canada, the government did all the work of measuring needs and outlining goals, but has not put a structure in place
- In Japan, cultural factors may be in play

# Conclusion

*In the three countries that most closely align with measures of effective governance, a governmental authority – central bank, Treasury, or competition authority – plays a **central role** in coordinating GPPS governance.*