

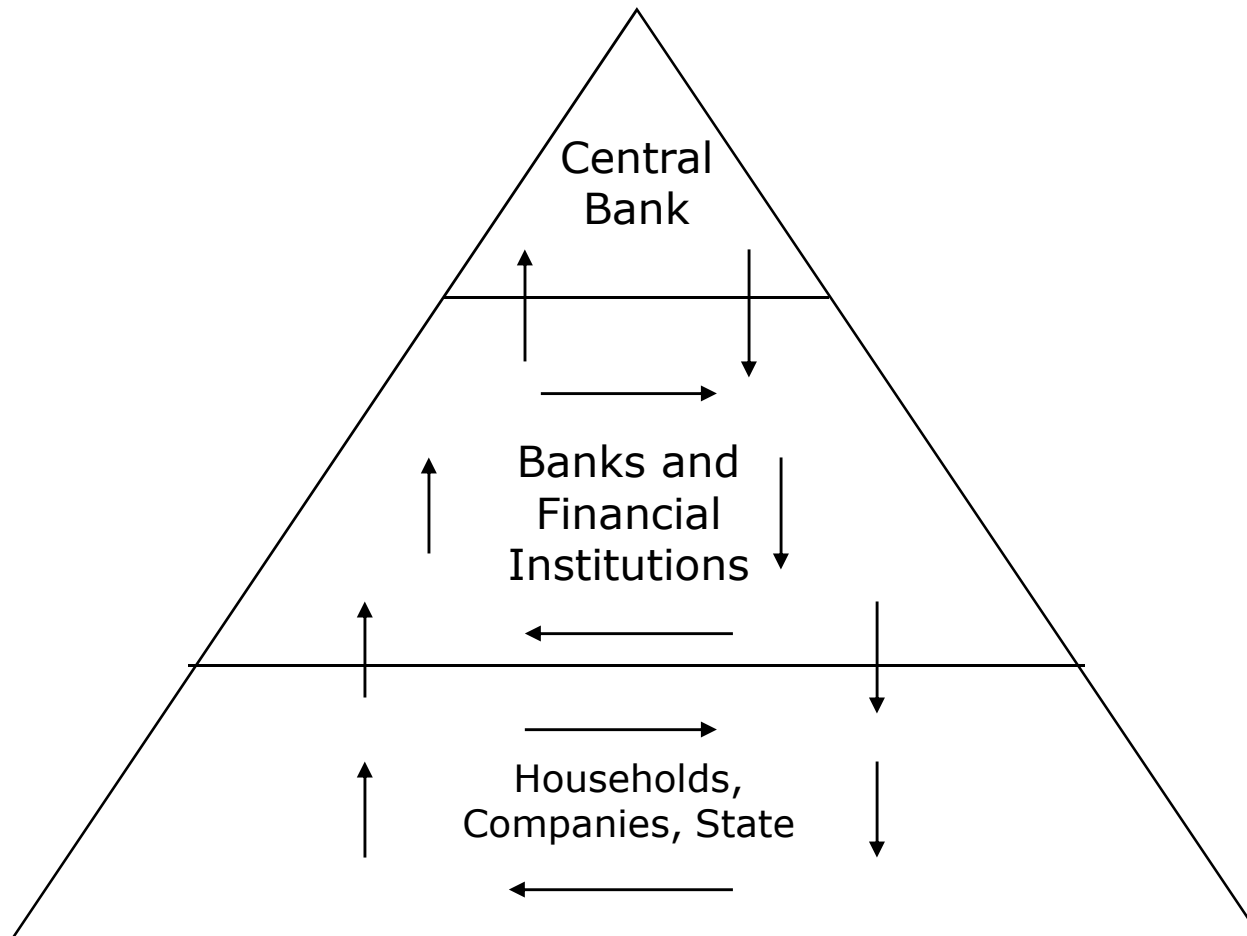
CENTRAL BANK &
FINANCIAL SERVICES
AUTHORITY OF IRELAND

The Eurosystem Perspective

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Payment System Pyramid



Legislative Provisions

Treaty of Economic and Monetary Union

Statute of the European System of Central Banks

Article 105 (2) of the Treaty, and Article 3 of the Statute, both contain a clause to the effect that '*...the basic tasks to be carried out through the ESCB shall be...to promote the smooth operation of payment systems.*'

Central Bank Act, 1997

Provides for the authorisation by the Bank of all payment and securities settlement systems operating in the State, and for the approval of the rules under which they operate. It also permits the Bank to impose conditions on, and to revoke, such approvals.



Payment Systems Oversight

- The Central Bank's remit is to ensure that payment and securities settlement **systems** in the State are safe, effective and efficient, and that access to such systems is not restricted.
- The systems themselves should not cause, or add to, instability in the operation of the financial markets.
- The financial institutions participating in the payment system – mainly banks – are supervised either by the Financial Regulator here, or by another relevant European supervisor.



EU Legislation and Initiatives on Payments, EMU, etc.

- Cross-border Credit Transfer Directive, 1997
- EMU date – 1 Jan 1999 – euro “virtual currency”
- Regulation (EC) No 2560/2001 of the European Parliament and of the Council of 19 December 2001 on cross-border payments in euro:
 - Aims to standardise cross-border credit transfers in the EU, and also put a redress procedure in place
 - Ensures that charges for cross-border euro payments are the same as those for payments in euro within a Member State
- Euro notes and coin introduced 1 Jan 2002
- Payment Services Directive for implementation 1 Nov 2009



European Payments Council (EPC)

- The decision making and co-ordination body of the European banking industry in relation to payments
- EPC established in June 2002 to support and promote the creation of a Single Euro Payments Area (SEPA);
 - defines common positions for core payment services within a competitive market place
 - provides strategic guidance for standardisation
 - formulates best practices
 - supports and monitors implementation of decisions taken
- Declaration and plans for 'Euroland – Our Single Payment Area'



Main Aims of SEPA

- A single harmonised, open and interoperable European “domestic” payments market achieved through industry self-regulation.
- To make individual national retail payment markets into one pan-European “domestic” market resulting in quick and uncomplicated payments to any person in the euro area.
- To remove technical, legal and commercial barriers so as to make cashless cross-border payments with euro as easy, efficient and safe as they are today within one country.



SEPA – Implementation to Date and Timescales

- Design completed (January 2004 - June 2006)
- Implementation to date (June 2006 - April 2008)
 - 1 January 2008 SEPA Cards Framework (SCF) implemented
 - 28 January 2008 SEPA Credit Transfer (SCT) launched
- Further implementation/migration (January 2008 - December 2010)
 - November 2009 SEPA Direct Debit (SDD) due to be launched
- Payments Services Directive to be transposed into national legislation November 2009



Thank you

