



Enrichment of the Catalyst Role of Central Banks in the New Payments Landscape

Conference on Payments and Market Infrastructures in Ohrid, North Macedonia
Rein Kieviet, 5 June 2019

DeNederlandscheBank

EUROSYSTEEM



Agenda

1. Central bank's mandate
2. Definition of the catalyst role
3. The Dutch Experience, criteria to actively play this role
4. Catalyst role in the changing payments landscape
5. Conclusions

1. The Mandate (ESCB/DNB)

Article

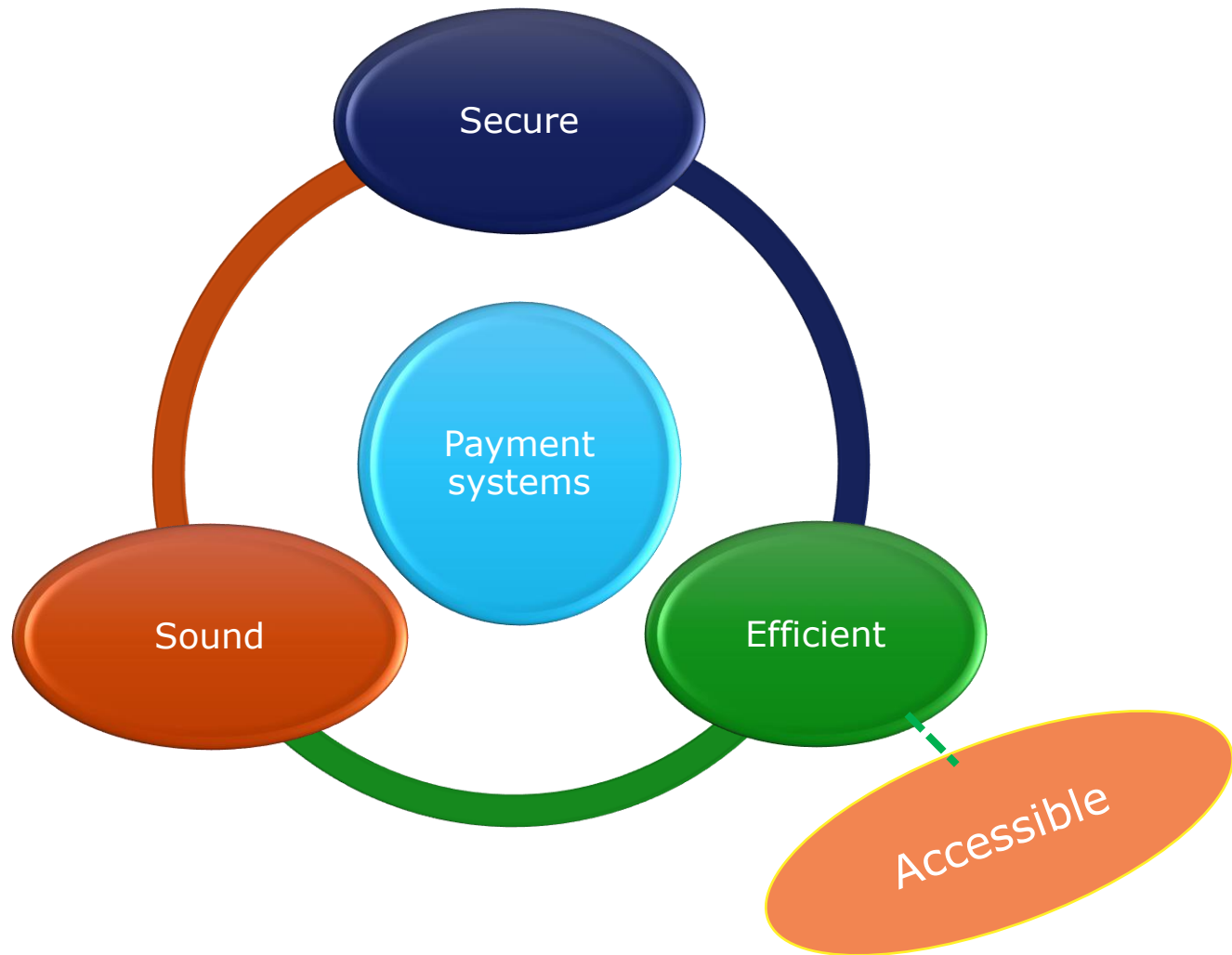
- **127 OF THE TREATY OF THE EUROPEAN UNION**
- **3 PROTOCOL ON THE STATUTE OF THE EUROPEAN SYSTEM OF CENTRAL BANKS AND OF THE EUROPEAN CENTRAL BANK**
- **3&4 (DUTCH) BANKWET 1998**

Primary Objective being: Price Stability

One of the basic tasks of the ESCB / ncb's being:

To promote the smooth operation of payment systems

To promote



Central Bank's roles in payment systems

Supervisor

verseeer



perator

atalyst

2. Definition



What is a catalyst?

Dictionary

1. a substance that increases the rate of a chemical reaction without itself undergoing any permanent (chemical) change.
2. a person or thing that precipitates an event



Or a body that precipitates or promotes
safe, efficient, sound and accessible payments

5-6-2019

Definition BIS and ECB

BIS:

As catalysts for change, central banks use their influence, knowledge and analytical capabilities, normally in cooperation with other authorities and industry stakeholders, **to facilitate the achievement of desired public policy outcomes.**

This role is less formalised than other functions.

ECB:

The Eurosystem acts as a catalyst, especially when the objective is **to improve the overall functioning of the euro area market infrastructure**, including by means of harmonisation and integration.

In this role, the Eurosystem aims to **induce, support or speed up market developments** by acting as a partner or facilitator, using its technical and analytical expertise and its consultative and cooperative contacts with the private sector, banking supervisors and other public authorities

5-6-2019

3. The Dutch experience



DNB Payments Strategy 2018-2021 : Catalyst role

While in principle we leave the operation of the payment system to the market, we support market parties where possible, providing direction where needed. We promote innovation and bring stakeholders together, facilitating and coordinating joint initiatives.

Catalyst: In its catalysing role, DNB stimulates new developments in the payment system, promotes the security and business continuity of the chain, and seeks to make adjustments when market outcomes are sub-optimal. We do this by bringing stakeholders together through various initiatives such as the National Forum on the Payment System. (NFPS) and the Financial Sector Critical Infrastructure Business Continuity Platform (Business Continuity en Vitale Infrastructuur Financiële Sector - Platform BC VIF). We also coordinate and launch joint initiatives, carry out and publish research, as well as advise the government and public bodies about developments in and around the payment system.

DNB Payments Strategy 2018-2021 : Key elements

- To promote innovation
- Facilitating/coordinating joint initiatives
- Bringing stakeholders together
- National Forum on the Payments System

Relatively broad interpretation of the catalyst role . . .



- Recommendations to market parties
- Informal consultations/discussions with stakeholders
- Organising conferences with policy makers, academics and old and new market participants
- Regular formal meetings with stakeholders (NFPS)
- Speeches/reports/assessments

Some criteria to actively play the role of catalyst

Actively influence market outcome in case of

- Substantial change in (use of) new technologies
- Market forces fail to satisfy market (social) needs
- Ongoing agitation in media and politics
- Undesirable market behaviour
- Substantial change in (European) legislation
- Issues to be expected / intransparancies

Conditions

- In line with mandate (secure, sound, efficient, accessible payments)
- Market is unable to solve it
- Issue cannot (or can insufficiently) be influenced by other roles

Recent example: instant payments

Assessment Framework to play the catalyst role

New technologies?

Social need?

Undesirable market behaviour?

New regulation?

Other?

What's the issue?

Issue in line with mandate of safe, sound, efficient and accessible payments?

Yes

No

No action / monitoring

Yes

Market has sufficient incentive to solve the issue

No action / pass on

No

Solve issue in another role?

Yes

Pass on

No

Why is market not able to solve the issue?

Don't know

Analysing

Information problem?

External effects?

Coordination problem?

Insufficient competition?

Influencing market and market players (catalyst role)

Analysing

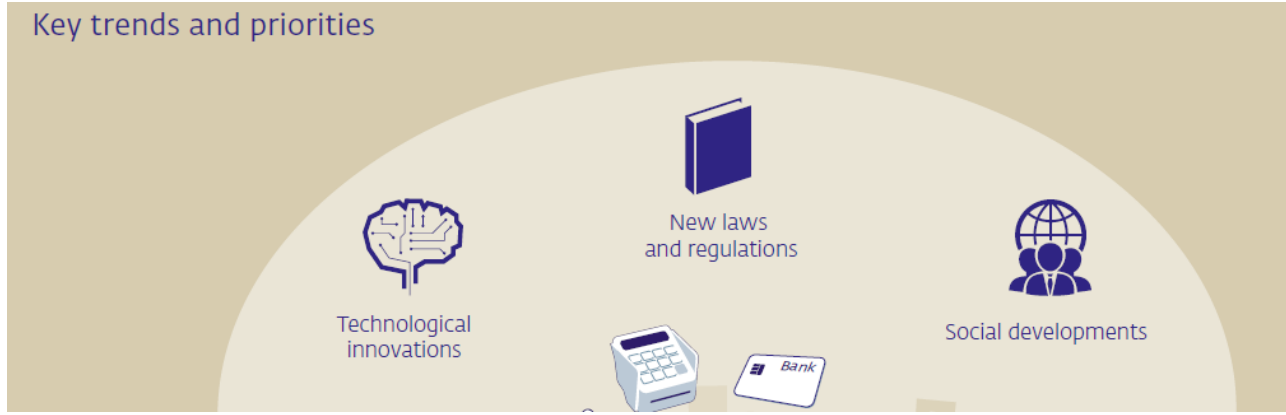
Informing

Conferring

Monitoring

Otherwise / adjust / pass on

Catalyst role in the changing payments landscape



Focus more on

- Encouraging (discussion on) innovations
- Preventing fragmentation
- Fostering digital inclusion
- Achieving transparency (intensifying external communication)

Expanding knowledge (research DLT, CBDC, contact with new players)

More contact /cooperation with other authorities

Evaluation of the National Forum / adaptation (mandate, composition)

From the European perspective

- Refine approach to payment solutions /ecosystems
- Foster pan-European solutions
- Promote usability /accessibility
- Euro Retail Payments Board
- Collaboration with other fora and stakeholders

5. Conclusions to enrich the catalyst role

- Extend analyses and skills
- Broaden focus on the overall context of payments
- Prevent fragmentation (national and European)
- Promote cooperation (new players/fora participants)
- More cooperation needed with other authorities
- Promote transparency and accessibility (usability)

Thank You for Your attention!

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[link to Payments Strategy 2018-2021](#)

