

**IN DEPTH:  
CHINA'S NEXT MOVES**

Untangling the latest payments developments at the People's Bank of China—from CBDC to blockchain

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A turning point is on the horizon for financial inclusion... ProgressSoft's Carole Elias explains why

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# Central Bank Payments News™

PAYMENTS NEWS FOR THE CENTRAL BANK COMMUNITY

## FEATURED ARTICLE

# Albania—Chasing the Financially Excluded

Director of Payment Systems Ledia Bregu outlines the Bank of Albania's efforts to unlock opportunities for development through financial inclusion



MUZEU I BANKËS SË SHQIPËRISË

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# CBDC, Fintech, Blockchain: Next Moves for China

Rumours continue to swirl around China's much anticipated central bank digital currency project, known as Digital Currency Electronic Payment, or DCEP. In what the South China Morning Post is [calling](#) a "hot guessing game amid leaks and expectations," pundits have had their hands full attempting to separate fact from fiction. Here's what we know about the latest developments.

In early August, reports emerged that China's big four state-owned banks had [started](#) large-scale internal testing of DCEP. The **Agricultural Bank of China**, the **Bank of China**, the **China Construction Bank**, and the **Industrial and Commercial Bank of China** are now actively working with the **People's Bank of China** (PBOC) to pilot DCEP with a select group of clients in major cities, including Shenzhen, Suzhou, Xiongan New Area, and Chengdu.

According to the reports, customers participating in the DCEP pilot can register with a mobile phone number to access the app, which can be used to top up accounts, withdraw money, make payments, and transfer funds. The four banks are additionally testing offline account-to-account transfers. A small number of employees at the state-run banks are also apparently using the DCEP app to make transfers and pay bills.

Back in April, a series of screenshots [leaked](#) onto social media of what appeared to be an alpha version of the DCEP mobile wallet being trialed by Agricultural Bank of China customers. The leak led to a frenzy of speculation about the digital yuan's impending launch, which has since been tempered by official announcements from PBOC officials, who have [called](#) the pilots a "closed test." According to a recent [statement](#) from a PBOC spokesperson, the new version of the pilot app bears a watermarked identification code to prevent new screenshots from being similarly leaked.

During a recent virtual conference, PBOC [said](#) (link in Chinese) that the DCEP trials in the first half of 2020 have been successful and that the central bank will "actively and steadily promote the development of legal digital currency" for the remainder of 2020.

## DCEP PILOT TO EXPAND?

Where else does PBOC plan to trial the DCEP app? This is a question that the media is currently trying to untangle.

News about the commercial bank pilot detailed above first trickled out in December 2019, when news outlet [Caijing](#) (link in Chinese) that PBOC planned to run the DCEP pilot on a limited scale in partnership with the four commercial banks, as well as three major telecoms operating in the country.

Since then, PBOC has also [identified](#) the locations of the 2022 Winter Olympics in Beijing and Zhangjiakou, [select](#) foreign retail chains such as Subway and Starbucks, the leading Chinese ride hailing service [DiDi](#), and [possibly](#) food delivery giant Meituan, as candidates for DCEP pilot testing.

Most recently, on 14 August, China's **Ministry of Commerce** [announced](#) that the digital yuan would roll out for testing in several additional areas across the country, including cities in the Greater Bay Area (including Hong Kong), the Beijing-Tianjin-Hebei region, the Yangtze River Delta region (including Shanghai), and select cities in central and western China. See the official statement [here](#) (PDF, link in Chinese). The trials are expected to start before the end of this year.

Global media picked up the story, eager for more information about the potential launch date of DCEP. But just days later, state-run Xinhua press agency poured cold water on the news. Citing an anonymous source, the Xinhua article said the DCEP pilot tests would take place only in the four previously named cities, the 2022 Winter Olympics venues, and the retail partners named above. [View](#) the English-language coverage in the South China Morning Post for more information.

## SO IS CHINA'S DCEP CLOSE TO LAUNCH?

DCEP has been a work in progress at China's central bank since 2014. Efforts to test the digital yuan have accelerated over the past year, driven partly by the announcement of Facebook's Libra stablecoin initiative and the success of the country's mobile payment platforms such as Alipay and WeChat Pay. But, as [noted](#) (link in Chinese) in late May by PBOC Governor Yi Gang, an official launch date remains undetermined.

## FINTECH PILOT EXTENDS REACH

PBOC first [announced](#) the launch of its fintech innovation regulation pilot project in December 2019, with Beijing selected as the first municipality to experiment with and test new regulations in the city's fintech sector. After rolling out the pilot to seven more regions—Shanghai, Chongqing, Shenzhen, Xiongan New District, Hangzhou, Suzhou, and Guangzhou—the capital of China's Sichuan province, Chengdu, has now been [added](#) (link in Chinese) to the list.

The cities of Chengdu, Shenzhen, Suzhou, and Xiongan New Area are also participating in the ongoing DCEP tests, as described above.

A total of nine regions are currently participants in the fintech pilot program, which assists licensed financial institutions and tech firms in complying with established laws and regulations and helps ensure that consumer rights and interests are protected.

## PBOC PUBLISHES BLOCKCHAIN RULES, STANDARDS

And in blockchain news, PBOC recently published the Notice Concerning Driving the Standardised Usage of Blockchain Technology, a set of standards to be used in the assessment of the application of blockchain in China's financial sector. The Notice was released in tandem with the central bank's Blockchain Technology Financial Application Assessment Rules.

News outlet China Banking News [outlines](#) the basic requirements for the country's financial institutions, as articulated in the two documents: establishing sound risk prevention mechanisms for applications based on blockchain technology; regularly undertaking external security assessments; driving the standardised usage of blockchain technology in the financial sector; and undertaking filing work for blockchain technology applications in accordance with regulations.

The People's Bank previously [issued](#) the Financial Distributed Ledger Technical Security Standards earlier this year, considered to be the first blockchain standards for the Chinese financial sector, and among the first for global finance.

Research and development in blockchain technology have been on the rise in China following an active [endorsement](#) of the technology from President Xi Jinping in October 2019.

## Russia Passes Long-Awaited Crypto Bill

After two years of deliberation, the **Russian State Duma** has passed its long anticipated crypto bill, [On Digital Financial Assets](#), in its third and final reading. The bill, signed into law by President Vladimir Putin on 31 July, grants legal status to crypto-assets but prohibits their use as a means of payment for goods and services.

First introduced in 2018, On Digital Financial Assets was originally scheduled to become law in April 2020 after various governmental bodies reached an agreement on remaining points of contention. However, the final passage and issuance of the regulations were [put on hold](#) (link in Russian) due to the Covid-19 pandemic.

As [reported](#) by state news agency Tass, the bill sets forth a formal definition of a digital currency as “an aggregate of electronic data capable of being accepted as the payment means, not being the monetary unit of the Russian Federation or a foreign state, and as investments.”

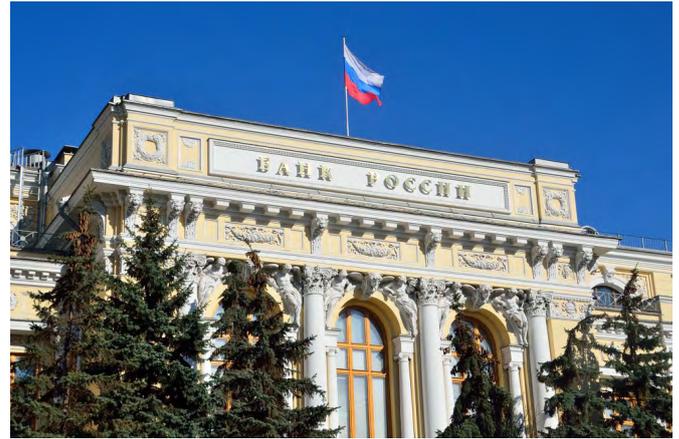
While the final version of the law takes a less strict approach to digital financial assets than observers had anticipated, it renders assets like Bitcoin and Ethereum largely useless for any purpose beyond investments, which are only permitted under specific defined conditions. “Possession of digital currency, its acquisition and transfer by legal means are allowed only if declared,” according to the new law.

The **Bank of Russia** has been given the authority to maintain the register of relevant information systems and operators of

digital financial asset exchanges and to supervise the information system operators. Further, the Bank of Russia will have the right to determine features of digital assets that can be purchased by investors.

More detailed information about the regulation of cryptos will be included in a different bill, On Digital Currency, expected to be adopted in the fall 2020 session of the State Duma.

On Digital Financial Assets is expected to be officially adopted in Russia on the first day of 2021.



Bank of Russia

## FSC Plans Revamp of South Korea's E-Transaction Rules



### Financial Services Commission

South Korea's **Financial Services Commission (FSC)** recently [unveiled](#) (PDF) its plans for a comprehensive overhaul of the country's Electronic Financial Transactions Act (EFTA), enacted in 2006.

The revamp is intended to bring EFTA in line with developments in payments that

have emerged over the last decade and a half. “No major changes have been made to Korea's Electronic Financial Transactions Act since 2006, which was even before smartphones were commercialized,” [said](#) FSC. “The system hasn't been able to adapt to changes made in finance in the face of the fourth industrial revolution and the coronavirus pandemic.”

The financial regulator's proposed amendments to EFTA focus on improving regulations for the industry, ensuring strong consumer protections, developing the infrastructure to facilitate large volumes of digital transactions, and strengthening data security to ensure stability in the financial system.

The revisions will be submitted to **South Korea's National Assembly** in September 2020. The government will then im-

plement all revisions that do not require legislative changes via enforcement decrees, supervisory and administrative guidelines, and a regulatory sandbox. The government will additionally form a public-private consultative group to foster cooperation and communication between traditional financial institutions, fintechs, and bigtechs.

The FSC says that the revisions to the act will boost both convenience and safety of digital finance users, promote innovation and competition in the financial industry, and contribute to the government's digital new deal initiative.

The digital new deal has received an additional boost with the recent [opening](#) (PDF) of what's being described as “the world's largest start-up incubating facility,” **Mapo Front 1**. The facility provides services such as financial support and educational programs and is a collaborative effort between the government and the financial industry, international organizations, and more.

Located in Seoul, Mapo Front 1 is expected to house around 90 innovative start-ups in 2020, with the goal to provide incubating programs to about 2,700 start-ups over the next five years. The 20-storey complex will also [hold](#) offices of venture capital firms, accelerators, educational institutes, and relevant organisations, such as the Fintech Center Korea and the United Nations Industrial Development Organization.

## Fed Homes in on CBDCs, Publishes FedNow Details

While the world eagerly awaits the news that China has finally issued its CBDC and other private sector actors ramp up development of their own digital assets, the **Federal Reserve** has resolved to not be left behind and has begun accelerating its own research into CBDC.

Multiple announcements and speeches from the Fed in the past month provide a glimpse into the current state of affairs of CBDC research and development in the United States.

### CBDC TOP OF MIND FOR FED

While any actual issuance from the Federal Reserve is likely to be years away, the Fed nonetheless remains highly active in its research into CBDCs. At the forefront of the Fed's inquiries into CBDCs is the research currently being undertaken by the **Federal Reserve Bank of Boston**.

The Boston Fed [announced](#) that it is partnering with the **Digital Currency Initiative** at the **Massachusetts Institute of Technology** and will explore new and existing technologies to build and test a hypothetical CBDC.

"We are thrilled to be working with the Digital Currency Initiative at MIT and our colleagues in the Federal Reserve System to learn the intricacies of building a CBDC platform ... and I know they are committed to researching and testing the leading technologies available to determine if they can meet the design requirements of a U.S. based central bank digital currency," remarked Boston Fed President and CEO Eric Rosengren.

The multi-year collaboration between the Fed and MIT will be broken down in phases, with each phase lasting two to three years. Phase one will consist of building and testing a hypothetical CBDC designed for wide-scale use by the general public. Later phases will examine technology trade-offs through the coding and testing of various CBDC architectures.

### FED PROCEEDS WITH CAUTION

Despite its accelerating work on CBDCs, the Fed is proceeding cautiously. "When you're dealing with something as high stakes as the U.S. dollar, you can't break it ... Within something as important as the U.S. dollar, we need to move fast, but deliberately, because this is the highest possible stakes," [said](#) Boston Fed Assistant Vice President Bob Bench.



Fed Governor Lael Brainard

Elaborating on the multitude of factors the Fed must consider when investigating and potentially issuing a CBDC, Federal Reserve Governor Lael Brainard [remarked](#) in a recent speech, "The objectives of our research and experimentation across the Federal Reserve System are to assess the safety and efficiency of digital currency systems, to inform our understanding of private-sector arrangements, and to give us hands-on experience to understand the opportunities and limitations of possible technologies for digital forms of central bank money. These efforts are intended to ensure that we fully understand the potential

as well as the associated risks and possible unintended consequences that new technologies present in the payments arena."

In related news, the idea of a digital dollar was also explored recently within a geopolitical framing. During a **US Senate Committee on Banking, Housing, and Urban Affairs** hearing devoted to economic competition between the US and China, **Digital Dollar Project** founder Chris Giancarlo [argued](#) that a digitised dollar was key to the dollar maintaining its status as the world's reserve currency and the US maintaining economic supremacy.

### FED REVEALS DETAILS OF INTERBANK SETTLEMENT SERVICE

Instant payments in the US took another step forward as the Fed [revealed](#) details of its FedNow service. The details, published in the Federal Register, provide a closer look at the new 24/7/365 interbank settlement service with clearing functionality to support instant payments.

According to Governor Brainard, the FedNow Service "will facilitate end-to-end instant payment services for consumers and businesses, increase competition, and ensure equitable access to banks of all sizes nationwide."

The Fed intends to take a phased approach regarding implementation of FedNow. The initial release of the service will provide core clearing and settlement features to allow for banks to transition smoothly to the service. Additional features and enhancements will be introduced subsequently, with a final launch date of the service tentatively pegged for 2023 or 2024.

The complete service details on FedNow may be found [here](#).



# UK Undertakes Significant Reviews of Payments Environment

An already evolving technological and financial landscape has been accelerated by the Covid-19 pandemic and its effects. Over the last month, authorities in the United Kingdom have announced that these and other factors have prompted a review of the country's current payments environment to ensure that future conditions remain stable and the UK remains an attractive place for innovators.

Let's take a look at a few of the most notable developments emerging from the UK ...

## PSR TO DEVELOP FUTURE STRATEGY

Recognising the imperative of adapting to a constantly changing and increasingly complex world, the **Payment Systems Regulator (PSR)** has [announced](#) the development of its future strategy and is seeking public input in order to deliver a payments system that is agile and responsive to the needs of consumers and businesses alike.



*PSR Chief Operating Officer and Head of Strategy  
Louise Buckley*

"Developing our strategy is about making sure we are clear on where to focus our resources for optimum impact; prioritising our work well so we can continue to make payment systems accessible, reliable, secure and value for money in the most efficient way possible—it's also paramount that staff and stakeholders have a clear line of sight to where we're going," said Louise Buckley, PSR Chief Operating Officer and Head of Strategy.

[Engagement](#) with the public on the development of the strategy will be broken down into three themes, with the launch of each key theme to be staggered throughout the fall. The initial phase, 'Innovation & Future Payments,' will be followed in mid-September by 'Competition.' The third and final theme, 'Choice and Availability of Payment Methods,' will launch in late September, with a consultation on PSR's draft strategy to be unveiled either later this year or early 2021.

## FINTECH AND PAYMENTS LANDSCAPE REVIEWS

The **UK Government** has announced comprehensive reviews of both the fintech and payments landscapes. **HM Treasury** has invited Ron Khalifa OBE to lead the independent Fintech

Strategic Review, which will [establish](#) areas of priority for policy makers, regulators, and the wider fintech industry as the UK seeks to maintain and advance its reputation as a global centre of fintech innovation.

"This independent review will help us to uphold and enhance our global reputation, support growing firms, and promote the integration of new technologies across financial services to the benefit of businesses and their customers," said John Glen, Economic Secretary to the Treasury and City Minister.

The review is expected to report its findings to HM Treasury in early 2021.



## HM Treasury

Rapid technological transformation has also compelled HM Treasury to [launch](#) a review of the UK's payments landscape.

First announced in June 2019, the review's initial stage will consist of a Call for Evidence, one that articulates the "government's aims for payments networks in the UK, makes a high-level assessment of how well the present system is delivering against the government's aims and asks questions about the opportunities, gaps and risks that need to be addressed in order to ensure that the UK maintains its status as a country at the cutting edge of payments technology."

Stakeholder feedback on the Call for Evidence will remain open until 20 October.

## CRYPTO REGULATION

Lastly, the **UK Government** has [opened](#) a public consultation on its proposal to bring the promotion of certain types of crypto-assets within the scope of financial promotions regulation. The proposed measure seeks to enhance consumer protection, while continuing to promote responsible innovation in the UK. The consultation will close on 26 October.



## Azerbaijan Moves Forward on Digital Payments Expansion

In late 2018, the **Central Bank of Azerbaijan** (CBA) developed the State Program on Expansion of Digital Payments in the Republic of Azerbaijan for 2018–2020, a roadmap to guide the country's development of a digital payments ecosystem. Early August witnessed a flurry of announcements from CBA, as the central bank made significant progress on a number of the Program's objectives.

On 11 August, CBA and the **International Finance Corporation** (IFC) [announced](#) that they had entered into a cooperative agreement targeting the expansion of digital payments in Azerbaijan. Together, the central bank and the IFC will collaborate on several projects, including the establishment of a regulatory sandbox; the creation of a roadmap for an open banking regime; and the expansion of financial inclusion efforts, among others.

Notably, the agreement between CBA and the IFC also calls for the creation of an instant payments system. Then on 12 August, a CBA press release [revealed](#) that the testing of the instant payments system had already been initiated. Once launched, instant payments will be available to individuals, business, and the government 24/7/365, with the fund transfer displayed in the recipient's account within seconds.

Currently, 13 commercial banks and various governmental agencies have been integrated into the instant payments system, with more banks expected to join the service in the near future.

By end-2020, the new system will provide small businesses with features to enable the acceptance of payments using innovative mobile solutions such as QR codes and near-field communication (NFC). Also by the end of this year, an instant payment function will be launched for approximately 600 services provided through the Government Payment Portal, operated by the central bank. A formal launch date for the instant payment system has yet to be announced.

And in yet another development to advance the digital payments expansion program, CBA has [doubled](#) the upper limit on contactless transactions, now AZN 100 (€50).



Central Bank of the Republic of Azerbaijan

## MAS Pledges S\$250 Million to Boost Financial Sector Innovation

The **Monetary Authority of Singapore** (MAS) has again proven itself to be a strong supporter of innovation in the financial industry with the [announcement](#) that it will commit S\$250 million (€153.7mn) to accelerate technology and innovation-driven growth in the financial sector. The funds will be distributed over the next three years under the enhanced Financial Sector Technology and Innovation Scheme (FSTI 2.0).

First launched in 2015, the enhanced version of the FSTI scheme aims to strengthen support for large-scale innovation projects and deepen the local talent pool in fintech and new technologies.

Additionally, FSTI 2.0 will encourage experimentation and early-stage development of novel solutions and seek to accelerate the large-scale adoption of AI solutions in the financial industry.

Commenting on the new initiative, MAS Managing Director Ravi Menon [said](#) “the enhanced FSTI 2.0 renews and anchors MAS’ resolve to support the financial industry in its journey ... a journey of continued innovation and experimentation; deepening our local talent pool in new technologies; and better serving our societies—here in Singapore and across the world.”

In related news, the fifth UK-Singapore Financial Dialogue between MAS and **HM Treasury** [took place](#) virtually in late July. On the table for discussion was a MoU to enhance cybersecurity collaboration, to be concluded by end-2020, and possible areas for enhanced collaboration in cross-border financial regulation.

As MAS states in a press release, the Financial Dialogue deepened mutual understanding, strengthened financial ties, and generated new areas of collaboration between the UK and Singapore.

The next Financial Dialogue is expected to take place in London in 2021.

Finally, as announced in early August, MAS, the **National Research Foundation**, and the **National University of Singapore** are jointly [establishing](#) a research institute, the Asian Institute of Digital Finance (AIDF), that will develop “deep capabilities” to support the needs of digital financial services in Asia. The institute is expected to commence operations by the end of this year.



# India's Reserve Bank Pushes Payments Regulations

The Reserve Bank of India (RBI) has recently produced a flurry of regulations, including measures designed to broaden digital payments adoption, promote inclusion, and foster a more competitive retail payments market.

## FORTHCOMING INNOVATION HUB

Notably, RBI has indicated its intention to establish an Innovation Hub. First [revealed](#) in the Governor's Statement of 6 August, the reserve bank's Statement on Developmental and Regulatory Policies [elaborated](#) on the project's objective: "The Innovation Hub will act as a centre for ideation and incubation of new capabilities which can be leveraged to create innovative and viable financial products and / or services to help achieve the wider objectives of deepening financial inclusion, efficient banking services, business continuity in times of emergency, strengthening consumer protection, etc."

## EXPANDING DIGITAL PAYMENTS ADOPTION

Also included in the Statement, RBI [announced](#) a pilot for making offline retail payments using cards, wallets, or mobile devices, a move intended to circumvent non-existent or erratic internet connectivity in parts of the country. The pilot, which will continue until 31 March 2021, is consistent with RBI's desire to expand digital payments adoption and the country's focus on broadening financial inclusion efforts, one of seven recently [established](#) areas of priority for the **Government of India**.

The reserve bank is also [introducing](#) an Online Dispute Resolution (ODR) System for digital payments, a rule-based and technology-driven mechanism designed to counter the surge in disputes and grievances that have accompanied the rise in digital payments.

## NEW REGULATORY FRAMEWORKS

Two notable regulatory frameworks—one a draft—with the potential to have significant ramifications on India's payments landscape were published by the reserve bank on 18 August.

First, RBI is [welcoming](#) comments on the draft framework for recognition of a Self-Regulatory Organisation (SRO) for Payment Systems Operators, a project first announced in February. Per the reserve bank's announcement, the SRO "shall serve as a two-way communication channel between the PSOs and Reserve Bank and work towards establishing minimum benchmarks and standards in the payments space, apart from help-

ing disciplined behaviour by members." Comments on the draft framework will be accepted by RBI until 15 September.

An act likely to have far-reaching implications, RBI has also [issued](#) the framework for authorisation of a pan-India Umbrella Entity for Retail Payments. The umbrella entity, which will be authorised to operate for profit, will be tasked with, among other things, establishing, managing, and operating new retail payments systems; operating clearing and settlement systems; and "offer[ing] innovative payment systems to include hitherto excluded cross-sections of the society and which enhance access, customer convenience and safety and the same shall be distinct yet interoperable."

The new entity, whose solutions are expected to be interoperable with existing systems operated by the National Payments Corporation of India (NPCI), is emerging as a counterweight to NPCI's dominance in India's retail payments space.

Interested entities may submit applications until 26 February 2021. The framework may be found [here](#).

## NPCI EYES GLOBAL EXPANSION

NPCI, for its part, through newly established collaborations and subsidiary organizations, has its sights set beyond India's borders.

On 29 July, NPCI [announced](#) (PDF) a new partnership with **APIX**, a fintech platform established by the **ASEAN Financial Innovation Network** (AFIN), intended to promote digital payments innovation and expand financial inclusion. Among the anticipated benefits of the APIX collaboration, NPCI believes this move "will pave the way for global financial inclusivity" as it seeks to expand beyond India.

This objective was made explicit by the [launch](#) (PDF) of **NPCI International Payments Limited** (NIPL), a wholly owned subsidiary of NPCI, whose raison d'être is to bring NPCI's products to foreign markets "thereby revolutionizing the global payments landscape." Chief among the NPCI products slated for export are RuPay and the United Payments Interface (UPI).

Local media is also [reporting](#) that NPCI's UPI is targeting the addition of near-field communication (NFC) capabilities to its payments infrastructure, which would expand UPI's range to offline merchants, boost P2B transactions, and allow UPI to mount a challenge to **Visa** and **Mastercard's** networks. 

## Do you have any news to share with CBPN?

Contact us at

[cbpn@currency-research.com](mailto:cbpn@currency-research.com)

# At a Glance

## Cards

### Uganda Seeking to Drive Digital Transactions

In line with the Bank of Uganda's objective of building a cashless economy, the Ugandan Bankers Association (UBA) has [launched](#) a campaign to further drive the adoption of digital payments. The UBA campaign, conducted in partnership with Visa and Mastercard, will eliminate surcharges on card transactions, which the UBA and central bank hope will expand digital payment adoption and increase financial inclusion.



"In August last year, Bank of Uganda issued a directive that prohibits merchant surcharging at [points of sale] terminal and fixing minimum or maximum transaction amounts on electronic payment cards. This was in a bid to drive the growth and uptake of digital finance services," remarked UBA Chief Executive Director Wilbrod Owor.

The UBA campaign, expected to last for six months, will roll out in Uganda's central region for the first three months before extending to the rest of the country.

## Central Bank Digital Currency

### Sand Dollar to Roll Out in October

The Sand Dollar, the Central Bank of The Bahamas' central bank digital currency (CBDC), is nearly ready to be rolled out nationwide. Speaking recently in Nassau, Governor John Rolle [declared](#) that considerable progress had been made and the Sand Dollar would likely be launched in October.



CBOB Governor John Rolle

"We are doing the work behind the scenes to complete the integration of the infrastructure with the rest of the banking system, in terms of connectivity with deposit accounts, and there is also focus on addressing the assessment of the security of the infrastructure in terms of the resilience of the infrastructure against cyber attacks and other mishaps," Rolle said.

The national rollout follows pilot launches in Exuma in December 2019 and Abaco in March 2020.

### Eswatini Central Bank and Cenfri Explore CBDC

The Central Bank of Eswatini (CBE) holds the distinction of being one of the first central banks in sub-Saharan Africa to consider the potential and feasibility of a CBDC. To advance this work, CBE teamed up with the Centre for Financial Regulation and Inclusion (Cenfri) in 2019 to work on a three-part country diagnostic study.

In the first part of the diagnostic study, now complete, CBE and Cenfri [explored](#) whether use cases existed for the implementation of a retail or wholesale CBDC in the region. The key questions driving the research were (i) what value might a CBDC contribute to the Eswatini financial system? and (ii) is there sufficient evidence to justify further exploration into a potential pilot test?

Cenfri has now released a policy note synthesising the key findings from part one of the country diagnostic. The note identifies three distinct use cases for a CBDC that would motivate further exploration into a CBDC for Eswatini: the payment use case to improve efficiency of the national payment system; the consumer use case to deepen customer demand for digital payments by focusing on mobile money rails and lower costs; and the economic policy use case, when coupled with a digital identification system, to strengthen the effectiveness of fiscal policy in terms of tax collection and combatting illicit financial flows through tracking.

Cenfri says that phases two and three of Eswatini's country CBDC diagnostic will be conducted at a later stage.

### BdF Chooses Partners for CBDC Experiments

Banque de France (BdF) is forging ahead with its digital euro plans with the [selection](#) of eight firms to experiment with the use of a CBDC for interbank settlement. The successful firms emerging from the April [call for applications](#) are Accenture, Euroclear, HSBC, Iznes, LiquidShare, ProsperUS, Seba Bank, and Société Générale–Forge.

BdF has already commenced work with the successful applicants on the following specific experiments: (i) exploring new ways of exchanging financial instruments (excluding crypto-assets) for central bank money; (ii) testing the settlement in central bank digital currency in order to improve executing conditions for cross-border payments; and (iii) revising the arrangements for making central bank money available.

The findings from these CBDC experiments will inform the BdF's contribution to the broader Eurosystem project on the potential implementations of a CBDC. Indeed, as the French central bank emphasises, any decision to develop a CBDC remains a matter for the Eurosystem and not the individual national central banks of Europe.

The experiments come at a time of accelerated innovation at BdF, following the late-June [establishment](#) of a collaborative BIS Innovation Hub for the Eurosystem located in both Paris and Germany. For more on CBDC from BdF, see the English translation of Christian Pfister's [Digital Currencies: From Myth to Innovative Projects](#), published on 7 August.

## Haiti Confirms Digital Gourde Plans

Like many central banks globally, Haiti is looking into the possible issuance of a CBDC. The prospect first came up in June 2019, when Banque de la République d’Haïti (BRH) [expressed](#) interest in exploring a digital gourde as a means to “improve the domestic payments system and promote financial inclusion in Haiti.”

Now, with a 22 July [speech](#) (video, link in French) from BRH Governor Jean Baden Dubois, it is clear that Haiti’s central bank intends to move ahead with the development and testing of a CBDC. According to Governor Dubois, the digital gourde would bring a range of benefits, including faster and simpler transactions, greater interoperability among the country’s payment systems, enhanced access to financial services, and lower overall costs.

However, obstacles remain to the digitisation of Haiti’s financial system. The Governor identified the lack of a legal framework, financial education, and interoperability between service providers as roadblocks to the shift to digital, as well as issues with the provision of energy and access to the internet.

As [shown](#) (PDF) in a January 2020 Bank for International Settlements report, CBDC development is advancing with vigour in many emerging economies, which are driven by “stronger motivations” than those of advanced economy central banks.

## Jamaica’s Regulatory Sandbox Opens Doors to CBDC Providers

The Bank of Jamaica (BOJ) is the latest central bank to consider a digital currency, revealing recently that it is formally [inviting](#) (PDF) CBDC providers to develop and test their solutions in its fintech regulatory sandbox, launched earlier this year.

In the 17 July announcement, BOJ likened a digital fiat currency to cash, and as such is likely to bring benefits to both consumers and deposit-taking institutions. “If a viable solution is adopted and introduced, the anticipated benefits of CBDC for Jamaican citizens, businesses and the Government include increased financial inclusion, as it will provide another means of efficient and secured payments,” while for banks “CBDC presents an opportunity to improve cash management processes and costs.”

Interested parties should contact BOJ at [cbdc@boj.org.jm](mailto:cbdc@boj.org.jm).



Bank of Jamaica

## New CBDC Team at the Bank of Japan



As reported in last month’s [issue](#) (see page 4), the Bank of Japan (BOJ) has kickstarted its CBDC experimentation with new research and partnerships aimed at developing a digital yen.

Now, as Reuters [reports](#), BOJ is again ramping up its digital yen efforts with a newly formed team dedicated to looking into CBDCs. The group will fall under BOJ’s Payment and Settlement Systems department, led by the newly appointed Kazushige Kamiyama, formerly BOJ’s top economist.

The announcement of the new CBDC team follows BOJ’s [release](#) (link in Japanese) of the report Technical Issues for Central Bank Digital Currency to Have Cash Equivalent Function and a new CBDC research partnership [between](#) the Bank of Japan, the Bank of England, the Bank of Canada, the European Central Bank, Sveriges Riksbank, and the Swiss National Bank.

For more on a potential digital yen, also see the recent working paper from the Tokyo Center for Economic Research, [Attributes Needed for Japan’s Central Bank Digital Currency](#) (PDF).

## Philippine Central Bank Sets Up CBDC Working Group

The digital tides are clearly turning for CBDC across the globe, with many [formerly cool](#) central banks now actively looking into the possibility of issuing a digital currency. During a recent virtual briefing, Bangko Sentral ng Pilipinas (BSP) Governor Benjamin E. Diokno [revealed](#) that the bank has formed a new technical working group dedicated to investigating the feasibility and policy implications of issuing a digital peso.

Governor Diokno said that BSP will determine whether it will consider issuing its own digital currency this month, when the working group is expected to deliver a report with their findings.



## Cross-Border

### Singapore-Australia Digital Economy Agreement Formalised

**AUSTRALIA-SINGAPORE**  
DIGITAL ECONOMY AGREEMENT



Australia and Singapore have [signed off](#) on an agreement to harness digital transformation to promote greater connectivity between the two nations. The Singapore-Australia Digital Economy Agreement (SADEA) will deepen cooperation in a number of areas, including cross-border data flow and e-payments, e-commerce, artificial intelligence, and digital identity. SADEA will also facilitate interoperability between digital systems and align digital rules and standards.

The agreement was signed by Singapore's Minister for Trade and Industry Chan Chun Sing and Australia's Minister for Trade, Tourism and Investment Simon Birmingham on 6 August. Minister Chan said, "The signing of the Singapore-Australia Digital Economy Agreement marks a milestone in the long-standing and multi-faceted partnership between our two countries. ... As COVID-19 forces businesses to consider innovative ways to reach customers and adapt to a new way of doing business, agreements like the SADEA will allow our companies to take advantage of opportunities in the digital economy and tap on new technologies to create new digital products and services."

Singapore has additionally [concluded](#) negotiations on the Digital Economy Partnership Agreement (DEPA) with Chile and New Zealand, formalised in June of this year.

### Thailand, Singapore Cross-Border Payment Link Extends to Malaysia



*BNM Deputy Governor  
Abdul Rasheed Ghaffour*

The [existing](#) cross-border link between Singapore's PayNow and Thailand's PromptPay payment services will soon extend to Malaysia's instant credit transfer platform, Duitnow. The move, [according](#) to Bank Negara Malaysia (BNM) Deputy Governor Abdul Rasheed Ghaffour, will facilitate more seamless cross-border payment transactions in real-time. Once operationalised, said Abdul Rasheed, cross-border payments between participating financial institutions in the three countries will be "virtually as seamless as domestic transactions."

The new effort is part of a larger trend in ASEAN to foster greater regional integration, specifically via linkages of the region's real-time retail payment infrastructures.

Abdul Rasheed additionally noted that BNM is directing its regulatory and supervisory resources towards safeguarding the safety and soundness of Malaysia's payment and remittance systems, including the migration of the country's payment infrastructure to the ISO 20022 messaging standard.

## Cybersecurity

### Central Banks of Uzbekistan, Russia Sign Cybersecurity Agreement

The Central Bank of the Republic of Uzbekistan and the Bank of Russia have [signed](#) a memorandum of understanding that will see the two countries cooperating on efforts to counter cyber attacks.

The agreement sets out an approach for preventing and detecting cyber attacks in banking telecommunication systems and will work to establish conditions for their suppression, while also increasing levels of information security at the two central banks.

As stated in the memorandum, cross-country efforts to counter cyber attacks will contribute to the development of forecasts of information security threats in the banking system and increase the effectiveness of preventive strategies, and will also serve to identify the causes of cyber attacks and how best to respond to them.



## Digital ID

### Eftpos Australia Trials Digital ID Solution

Eftpos Australia and Australia Post are [partnering](#) to trial a digital identity solution. Known as connectID, the solution will be tested prior to an official launch slated for later this year.

The solution has been designed to operate within the federal government's Trusted Digital Identity Framework as well as the banking industry's TrustID framework. And despite the Australian government having its own digital identity solution, myGovID, Eftpos believes that connectID will provide a "smoother, faster, and more secure onboarding experience, including for government services."

## Digital Payments

### Nigeria to Revise Payments Systems Vision

Rapid technological change and disruptions to payment systems are forcing the Central Bank of Nigeria (CBN) to reconsider the time frame of its Payment Systems Vision (PSV-2030). CBN has [indicated](#) that it cannot wait another ten years to review its payments strategies and is instead recommending the implementation of a five-year strategy, PSV-2025.



CBN Director of Payments Systems Management  
Department  
Musa Itopa Jimoh

Speaking recently at First Bank's Fin-Tech Summit 4.0, Musa Itopa Jimoh, CBN Director of Payments Systems Management Department, remarked that "once we get approval for this, we would be looking at initiatives for the next five years." Chief among these, according to Jimoh, are a regulatory sandbox and the introduction of an open banking regime.

"There are other initiatives that are coming up but we need to focus on these ones because we know they would basically drive the ecosystem into the future."

For more on Nigeria's recent payments initiatives, see Musa Itopa Jimoh's feature article in our June 2020 [issue](#).

### Digital Payments, Biometric Tech on BOT Agenda

The Bank of Thailand (BOT) has [released](#) its three-year strategic plan, one with a heavy emphasis on the promotion and growth of digital payments. Centered around the theme of the "Central Bank in a Transformative World," the BOT Strategic Plan 2020–2022 will be carried out during a period the central bank expects to be highly volatile, uncertain, complex, and ambiguous (VUCA).

The plan enumerates seven strategic challenges confronting the central bank, notably, the increasing risks presented by cyber threats and the rapid digital transformation of the financial system. Regarding the latter, BOT intends to continue to enhance its digital infrastructure, promote digital payments as the preferred method of transaction, ensure interoperability between systems, and develop a CBDC and a regulatory framework governing digital assets.

The complete Strategic Plan may be found [here](#) (PDF).

In other news, BOT has [issued](#) guidelines for the use of biometric technology for financial services. The guidelines cover six key principles that service providers must adhere to: policy framework and governance; customer biometric data collection; biological data processing; security of biological information; consumer protection; and operational risk control.

Capping off a busy month, BOT has also [signed](#) a Memorandum of Understanding (MoU) with the UK Government, which, among other objectives, aims to support the development of fintech. The MoU was signed on 7 August.

### UAE Ministry of Finance: "Phase One of E-Dirham is Complete"



UNITED ARAB EMIRATES  
MINISTRY OF FINANCE

The Ministry of Finance (MoF) of the United Arab Emirates recently [announced](#) the completion of phase one of the transformation of its e-Dirham system, achieved with the cooperation of the relevant government ministries and national banks across the country. The MoF first launched the e-Dirham system in 2011 as a platform to collect service fees and revenue for the government via prepaid cards.

The move, as noted in the press release, reiterates the MoF's efforts to modernise the [e-Dirham system](#) in accordance with the UAE Vision 2021, as well as international standards for fintech and digital payments for government services fees. H.E. Younis Haji Al Khoori, Undersecretary of MoF said, "The Ministry of Finance has taken several steps to support the transition to a digital economy, of which e-Dirham is one of its biggest achievements. We will continue to improve the system and enhance digital payment options, in a manner that improves customer satisfaction, and enables them to transact easily and securely."

## Financial Inclusion

### Ukraine, IFC to Jointly Accelerate Financial Inclusion



Financial inclusion in Ukraine has received a boost with a new memorandum of understanding [signed](#) by the National Bank of Ukraine and IFC, a member of the World Bank Group. As of 2017, [according](#) (PDF) to the World Bank's Global Findex, approximately 40 percent of Ukraine's adult population do not have an account at a formal financial institution. And many of those that do have an account use their bank cards to withdraw cash.

The agreement sets out a number of joint efforts to accelerate financial inclusion in Ukraine, including: the introduction of new financial products for Ukrainians and small businesses; the expansion of access to savings accounts and secure loans; making financial services more accessible, higher quality and broadly used by Ukrainians; and developing a comprehensive regulatory framework to protect consumer rights.

NBU Governor Kyrylo Shevchenko said, "The Memorandum of Understanding is an important step forward. Involvement of citizens into the financial system, access to financial services, protection of clients of financial institutions are the priorities of our joint work."

The cooperation agreement [forms](#) part of IFC's four-year Ukraine Financial Inclusion for Growth Program, implemented in partnership with the Swiss State Secretariat for Economic Affairs (SECO) and the UK Government's Good Governance Fund.

## Fintech and Sandboxes

### Malta's Regulatory Sandbox Now Open

The Malta Financial Services Authority (MFSA) has formally [launched](#) its FinTech Regulatory Sandbox. First proposed in a consultation document in July 2019, the sandbox aims to provide Malta's fintech participants with legal certainty, while also ensuring investor protection, market integrity, and financial soundness.

Remarking on the sandbox's launch, MFSA CEO Joseph Cuschieri said "this marks the achievement of one of the Authority's main strategic objectives under its FinTech Strategy. It is a milestone towards creating a holistic long-term approach to catalyse innovation, growth and competition in the financial services market, complementing the Virtual Financial Assets Act, further positioning Malta as an international FinTech Hub and a global thought leader."

The MFSA has indicated that it next intends to establish a FinTech Innovation Hub, a strategic objective of one of the six pillars of its [FinTech Strategy](#). The MFSA's FinTech Regulatory Sandbox webpage may be found [here](#).

## Infrastructure

### Bank of England Chooses Accenture for RTGS Overhaul

The renewal of the Bank of England's (BOE) real-time gross settlement (RTGS) system is steadily advancing with the [selection](#) of IT consulting firm Accenture as the chosen technology delivery partner for the project. The announcement follows a public procurement process that launched in February 2019.

The RTGS, according to BOE, is a critical piece of national infrastructure and the "backbone of UK payments," settling an average of £685 billion (€759.9bn) each working day. Following an extensive consultative process with industry stakeholders, the [renewed RTGS service](#) is envisioned as increasing resilience and access, offering wider interoperability, improving user functionality, and strengthening the end-to-end risk management of the UK high-value payment system.

Victoria Cleland, Executive Director for Banking, Payments and Innovation at BOE said, "The Renewal Programme is a key priority not just for the Bank but also the wider UK payments industry. It will support a resilient financial system that protects the UK's financial and monetary stability in the years to come. The renewed RTGS service will be designed not only to benefit everyone in the country who makes payments, but to keep the UK at the leading edge of payments innovation."

The current RTGS has been in operation at BOE since 1996. The renewed system is being delivered in multiple phases to minimise risk and is expected to run until 2025, with the first phases rolling out by 2022.

## Innovation

### Bank of Korea Sets Up Digital Innovation Office



The Bank of Korea (BOK) is fully embracing the potential of technological innovations for the financial sector with the establishment of its new Digital Innovation Office, expected to open by the end of 2020. Through the

office, BOK plans to introduce technologies such as artificial intelligence (AI) and blockchain into its operations.

Digital innovation has been earmarked as one of the Bank of Korea's key goals in its mid- to long-term development strategy, BOK 2030, [released](#) (link in Korean) on 12 June to mark the central bank's 70th anniversary.

The Digital Innovation Office will operate under one of BOK's five deputy governors and will focus its work on the implementation of new digital technology policies and strengthening BOK's digital infrastructure. Sub-organisations within the office include the Innovation Planning Team, the New Digital Technology Group, and the Data Service Team.

Innovation is clearly top of mind at South Korea's central bank. The new office follows on the [introduction](#) (link in Korean) of a CBDC pilot in April, scheduled to run through December 2021, and the recent [establishment](#) of a legal advisory group tasked with studying the feasibility of CBDC issuance.

## Instant Payments

### Brazil's Pix Nearly Set to Launch

More milestones achieved in the development of Pix, as Banco Central do Brasil (BCB) nears ever closer to the November launch of its new instant payment scheme. On 12 August, BCB [announced](#) that it had formally instituted Pix and enacted the regulation governing it. Expected to become fully operational nationwide on 16 November, Pix will allow for transfers and payments between consumers, merchants, and the government in a matter of seconds and on a 24/7/365 basis.

The complete regulation, BCB Resolution No.1/2020, may be found [here](#) (link in Portuguese).

BCB also [revealed](#) (link in Portuguese) that it had moved up the date—now 5 October rather than 3 November—when participants can register address keys to better familiarise themselves with Pix in advance of the November launch. These keys—cell phone number, email address, or tax identification numbers—are linked to the participant's bank account and can be used as a quick and easy method of identifying the payee.

## ECB Working Towards Pan-European Instant Payments

Pan-European instant payments by the end of 2021? Yes, according to the European Central Bank (ECB). In a statement issued on 24 July, the ECB [declared](#) that its Governing Council was “taking significant steps” to make instant payments across the entirety of the euro area a reality.

To help facilitate this outcome, ECB says that all payment service providers who “have adhered to the SCT Inst scheme and are reachable in TARGET2 should also become reachable in a TIPS central bank money liquidity account.” Additionally, “all Automated Clearing Houses (ACHs) offering instant payment services should migrate their technical accounts from TARGET2 to TIPS.”

The above measures, according to ECB, will enable the possibility of instant payments across the euro area, allowing for electronic payments to and from any country in real time.

In other news out of ECB, the Governing Council has formally [extended](#) the deadline of the T2-T2S consolidation project. Now slated to go live in November 2022, the new date adheres to the recommendation [made](#) in June by the ECB’s Market Infrastructure Board following requests from industry participants to postpone the project.

## Interoperability

### cLabs Acquires Blockchain Interoperability Firm Summa

cLabs, the team working on the open source [Celo](#) stablecoin project, has [announced](#) the acquisition of leading blockchain interoperability firm, Summa. The Summa engineering team is behind the cross-chain architecture that drives the Bitcoin-backed Ethereum token, tBTC, and bring a proven track record of innovation in blockchain interoperability.

Summa’s technical expertise in cross-chain architecture will enable seamless interoperability between Celo and various layer-one blockchains. Furthermore, this expertise will serve as an important foundation for the continued work cLabs is conducting with the central banking community to explore and evaluate interoperability needs for central bank digital currencies.

“Summa has shown itself to be among the best teams focused on cross-chain bridges in crypto. We are thrilled to have them join the Celo community to develop and execute on the platform’s interoperability vision,” said Marek Olszewski, CTO of cLabs. Additionally, Barbara Liau, Founder at Summa, noted that “Celo’s mission to create conditions of prosperity for all aligns with our team’s values and we look forward to the new possibilities and advancements that will undoubtedly stem from this new opportunity.”

*Contributed by Ezechiele Copic, Head of Official Sector Engagement, cLabs, working on Celo*

## Mobile Payments

### Launch of Bhutan QR Code Payments



QR code payments are rolling out across the Kingdom of Bhutan. Back in March, the Royal Monetary Authority of Bhutan (RMA) launched its QR code interoperability project in collaboration with the country’s financial institutions. Now, [according](#) (PDF) to a recent press release,

the interoperable Bhutan QR Code has been successfully deployed by the Bank of Bhutan and the Bhutan National Bank via RMA’s common QR infrastructure. The country’s remaining banks are anticipated to deploy the solution in the near future.

RMA says that the introduction of the Bhutan QR code is intended to promote digital payments and financial inclusion, particularly amid the Covid-19 pandemic. RMA adds that the country’s QR Code solution will eventually be integrated with regional and international QR code payment schemes, including an upcoming collaboration with the National Payment Corporation of India to integrate Bhutan’s national QR code with India’s [Bharat and BHIM](#) QR codes.

## Open Banking

### Bank Indonesia Pushes for Open Banking by 2025

The development of an open banking framework is being envisioned as a key component in the establishment of a unified payment system in Indonesia. During a recent [discussion](#) with stakeholders on digital payments, Bank Indonesia (BI) Payment System Policy Executive Director Erwin Haryono reiterated the central bank’s focus on the rollout of open banking as part of the [Payment Systems Blueprint 2025](#).

With a strong focus on the impact of digital transformation on financial inclusion, Haryono urged the country’s banks to transform their businesses models and to collaborate with fintechs to improve access to financial services and to enhance the customer experience. During the discussion, several stakeholders, including the Indonesian Financial Technology Association and the World Bank stressed that the current lack of security standards and data protection regulations in Indonesia must be addressed before open banking is officially rolled out.

BI is currently working with the banking industry to [formulate](#) Open API standards to undergird the development of open banking in Indonesia. The standards, when approved, will be applied gradually, first targeting payment system service providers “of appropriate size, scope and business complexity” before full-fledged implementation.

## Oversight

### Canada's Interac e-Transfer Designated as Prominent Payment System

Canadian fund transfer service Interac e-Transfer has been [designated](#) by the Bank of Canada as a prominent payment system under the Payment Clearing and Settlement Act. A disruption or failure of the Interac e-Transfer system, says Canada's central bank, could cause a significant adverse effect on the country's economic activity, "potentially leading to a general loss of confidence in the overall Canadian payments system."

The designation, effective 10 August, brings the service under central bank oversight and, according to the press release, "ensures it remains a safe, viable and effective method of payment for Canadians."

Interac e-Transfer's new status as a prominent payment system means it must comply with the Bank of Canada's risk management standards, including the implementation of risk controls to ensure continued resilience. In 2019, Interac facilitated over 486 million transactions with a total value of CAD \$169 billion (€107.7bn).

## RegTech

### European Banking Authority Consults on RegTech Solutions



The European Banking Authority (EBA) is [inviting](#) all relevant stakeholders to share their views and experiences with the use of regulatory technology (regtech) solutions. The RegTech Industry Survey seeks to improve EBA's understanding of activities currently underway in the regtech arena and to raise awareness of regtech within the European Union's (EU) regulatory and supervisory community. Findings will also inform relevant policy discussion in the future.

Two versions of the survey are available, one for [financial institutions](#) and another for [ICT third-party providers](#), with questions focusing on: (i) mapping and understanding the existing regtech solutions; (ii) identifying the main barriers and risks related to the use of regtech solutions; and (iii) identifying potential ways to support the uptake of regtech across the EU.

EBA says that the feedback obtained from the survey will be "essential to better understand the extent and the impact of the use of technology-enabled innovation (RegTech) for regulatory, compliance and reporting requirements by regulated institutions." The consultation runs until 30 September.

## Shortlisted Teams Participate in G20 TechSprint Review

# G20 TECHSPRINT 2020

The G20 TechSprint, a hackathon-style competition overseen by the Saudi G20 Presidency and the Bank for International Settlements (BIS) Innovation Hub, [held](#) a midpoint review in early August.

Twenty shortlisted teams—out of an initial 128—participated in the event, which afforded participants the opportunity to demonstrate and refine their solutions before a panel of judges. Launched in April, the G20 TechSprint is intended to highlight innovative technologies for regtech and supotech challenges.

Said Andrew McCormack, Head of the BIS Innovation Hub Centre in Singapore, "This is the first time a virtual long-form 'hackathon' of this global nature and scale is being held for regtech and supotech solution development. It has been heartening to note the strong interest from both regulators and technology firms across the world. It is our hope that such efforts help to contribute to the development of best-in-class innovative technology solutions."

TechSprint winners will be announced in October. 

*Stay tuned for the September  
2020 issue of Central Bank  
Payments News, with  
contributions from the Bank of  
Greece and ACI Worldwide.*

# IN BRIEF

## A roundup of related payments news from around the globe

### AFRICA

Bank of Mozambique Governor Rogério Zandamela has officially [unveiled](#) the second edition of the Mozambique Regulatory Sandbox. The first edition was launched by Financial Sector Deepening Moçambique in May 2018.

The Central Bank of Oman recently [issued](#) a cautionary notice on crypto-assets, confirming to the public that “pursuant to Oman laws, cryptocurrencies are not a legal tender in the Sultanate of Oman.”

### AMERICAS

After a false start in June, when Banco Central do Brasil (BCB) and antitrust regulator Cade [suspended](#) Facebook’s newly launched WhatsApp payment feature “to preserve an adequate competitive environment,” BCB [announced](#) in early August that tests had begun to trial WhatsApp payments in Brazil, calling the feature an “important advance.”

Nanopay, the Toronto-based payments firm that purchased the Royal Canadian Mint’s “[MintChip](#)” e-cash platform in 2016, has [expressed](#) its intention to acquire a Canadian banking licence to do business as a Payments Bank.

Payments Canada has [amended](#) By-law No. 3, Payment Items and the Automated Clearing Settlement System, to remove the 0.5 percent volume requirement for direct participation in the retail payments system. The change allows for a wider range of member financial institutions to participate in the system.

Also from Payments Canada are two new installments of its PayPod podcast, one [focusing](#) on the current state of CBDCs and the [other](#) on opportunities & challenges for expanded access to Canada’s payment systems.

Banco Central de Costa Rica (BCCR) recently [closed](#) (PDF, link in Spanish) a public consultation on a technical study and proposed regulation to set maximum commissions within its payment card system. BCCR will incorporate relevant feedback and publish the definitive commissions and regulations in the official gazette, La Gaceta, by 24 September.

A recent discussion paper from the NY Fed, Token- or Account-Based? A Digital Currency Can Be Both, [shows](#) that the distinction made between token-based and account-based digital currencies is problematic “because Bitcoin and many other digital currencies satisfy both definitions.”

In early August, eight American banks [announced](#) that they are partnering with Google to offer mobile-first bank accounts directly in the Google Pay app. BBVA [explains](#) that the partner banks will manage the financial side of these accounts and Google will provide “the front-end, intuitive user experiences and financial insights.” The accounts launch in 2021.

The US-based firm Varo has made history to [become](#) the first consumer fintech to be granted full regulatory approval from the FDIC and Federal Reserve. It is also the first to gain a na-

tional bank charter from the Office of the Comptroller of the Currency (OCC).

A letter [published](#) by the OCC on 22 July clarified national banks’ and federal savings associations’ authority to provide crypto-asset custody services for customers. The OCC concluded that providing crypto custody services is “a modern form of traditional bank activities” related to custody services.

### ASIA

Ant Group, China’s leading provider of financial services technology and the parent company of mobile payments leader Alipay, has [rolled out](#) a new technology brand called AntChain for the company’s blockchain-based solutions. The new brand also incorporates other innovative technologies such as AI and Internet of Things.

In late July, Mastercard and the Bank of Shanghai [announced](#) that businesses in virtually any location can now “more efficiently, seamlessly and securely” send payments to China using MasterCard Cross-Border Services.

South Korea’s Financial Services Commission has [launched](#) a new financial regulatory sandbox website and has [renewed](#) its fintech information portal. Both links in Korean.

To boost consumer spending in Malaysia, the country’s Ministry of Finance has [launched](#) the ePENJANA credit program, worth RM750 million (€151.7m). Under the program, each eligible applicant will receive RM50 (€10) worth of ePENJANA credits distributed via selected e-wallet service providers.

Digital Currencies: Public and Private, Present and Future from Singapore-based DBS Bank [takes stock](#) of the latest developments in the world of digital currencies.

The National Payment Corporation of Vietnam (NAPAS) has [rolled out](#) a new automated clearing house (ACH) system based on the ISO 20022 messaging standard. It includes NRT (Near Real-Time) and DNS (Deferred Net Settlement) services, with support of Direct Credit and Direct Debit instruments and more.

Vietnam’s Ministry of Information and Communications have [announced](#) the launch of [akaChain](#), an enterprise blockchain platform that will form part of its national program for digital transformation.

### EUROPE

For the first time, the Czech National Bank has [included](#) commentary to accompany its annual set of payment statistics. Out now.

A recent Bulletin from De Nederlandsche Bank, based on findings from Dutch payment diary data, [reveals](#) that contactless payments have gained further ground during the pandemic at the expense of methods requiring more physical contact, such as debit card and cash payments.

The European Commission (EC) has [opened](#) a public consultation on the revision of the eIDAS Regulation, which sets out the rules on electronic identification and trust services for electronic transactions in the internal market. The consultation closes on 2 October.

Also from EC is the recent [publication](#) of the documentation accompanying the first version of the European Blockchain Services Infrastructure (EBSI). The EBSI will consist of a network of distributed nodes across Europe, leveraging an increasing number of applications focused on specific use cases.

German Finance Minister Olaf Scholz has [committed](#) (link in German) to an action plan on regulatory reform in the wake of the Wirecard scandal, with the announcement of a list of 16 new measures that would give greater powers to financial regulators in cases of suspected irregularities. The laws are expected to pass in spring 2021.

In late July, the FinTechRat at the German Federal Ministry of Finance [presented](#) (link in German) a position paper on the digital, programmable euro to State Secretary Dr. Jörg Kukies and Member of the Executive Board of the Deutsche Bundesbank, Burkhard Balz.

Lithuania's new Centre of Excellence in Anti-Money Laundering is one step closer to becoming a reality with the [preparation](#) of a draft Government resolution on its establishment. The founders of the Centre include the Bank of Lithuania, the Ministry of Finance, and a number of commercial banks operating in country.

The Swiss National Bank (SNB) will be [conducting](#) (PDF) a survey on payment methods over the coming months, asking 2,000 people about their payment habits. The last such survey was conducted in 2017.

## MIDDLE EAST

The Central Bank of the United Arab Emirates has [signed](#) (PDF) an agreement with the Arab Monetary Fund to include the UAE dirham as a settlement currency on Buna, the Arab regional payments clearing and settlement system. For more on Buna, see the feature article in our [July issue](#) from CEO Mehdi Manaa.

## GLOBAL

A comprehensive new white paper from The Block Research [presents](#) a global view of CBDCs, exploring "the history, motivations, early technical designs and implementations of the world's most advanced CBDC proposals."

The Cambridge Centre for Alternative Finance (CCAF), together with the World Bank Group and the World Economic Forum, recently [launched](#) a global research initiative to collect and analyse data related to the pandemic's impact on the fintech industry. The findings will be published in Q3 2020.

The Center for Financial Inclusion (CFI) is [engaging](#) in an ongoing research initiative to investigate the range of policy responses to the current pandemic and the impact of those pol-

icies on low-income customers. The first paper, [released](#) on 5 August, focuses on liquidity.

More payments-related news from Facebook with the [announcement](#) of Facebook Financial, or "F2," the new umbrella for the company's payment projects, including Facebook Pay, Novi (formerly the Calibra wallet), WhatsApp payments, and more. David Marcus, co-creator of Facebook's Libra stablecoin initiative, will [helm](#) the initiative.

Leading global fintech firms have banded together to [form](#) the Fintech Equality Coalition, a working group that seeks to "actively fight inequality both within the fintech industry as well as in society."

New from Harvard University is the free-of-charge Fintech Law: The Case Studies ebook, [presenting](#) 14 case studies focusing on the implications of fintech for a range of topics from mobile payments and privacy to consumer protection.

Mastercard and Microsoft have [forged](#) a collaboration to "shape the future of digital commerce, drive startup innovation and enable financial inclusion." The collaboration will accelerate Mastercard Labs' cloud native research and development activities, with the aim to de-risk and commercialise emerging technologies and platforms for digital commerce.

Global law firm Norton Fulbright Rose recently surveyed a range of banks, established fintechs and fintech start-ups, and more for its Global FinTech Survey report. See the key findings [here](#).

RTGS Global, described by founder Nick Ogden as the world's first cross-border liquidity network, has [appointed](#) its first advisory board, who will be tasked to "guide the business as it navigates the delivery of stage one of its network." Members include ex-CHAPS CEO Phil Kenworthy and international banking and regulations expert Dr. Ruth Wandhöfer.

The Switzerland-based World Stablecoin Association (WSA) is a new not-for-profit initiative to bring together business leaders, enterprises, community builders, and regulators to [promote](#) the global development of stablecoins and actively engage in advocacy for digital currencies.

The US-UK Financial Innovation Partnership (FIP), inaugurated in May 2019, [met](#) virtually on 5 August to exchange views on topics of mutual interest as part of their ongoing partnership. The meeting included discussions on digital payments, cross-border testing of innovative financial services, and regulatory and supervisory technology.

A 22 July blog post from Visa [explores](#) the various ways in which the card giant has been advancing its digital currency strategy, stating that "digital currencies offer an exciting avenue for us to continue doing what we do best: expanding our network-of-networks to support new forms of commerce."

Out now from Yale University Press is *New Money: How Payment Became Social Media*, a new book by Lana Swartz [examining](#) the social politics of financial technologies. 

# PEOPLE ON THE MOVE

## A curated list of the latest appointments, retirements, and promotions in payments.

On 7 August, **Richard Doornbosch** was sworn in as President of Centrale Bank van Curaçao en Sint Maarten. The central bank's Supervisory Council had recommended his appointment earlier this year.

**Maha El Dimachki** has joined Pay.UK on a one-year secondment from the UK's Financial Conduct Authority (FCA) and will serve as Chief Payments Officer. A three-year veteran of the FCA, prior to her secondment El Dimachki was Head of Payments and Co-Chair of FCA's BAME Network Group.

The International Finance Corporation has appointed **Alfonso García Mora** Vice President Asia and the Pacific. García Mora previously served as the World Bank's Global Director, Finance, Competitiveness, and Innovation.

On 20 August, **Cristina Harea** completed her four-year term as Deputy Governor for the National Bank of Moldova.

**Ryozo Himino** has been named Commissioner of Japan's Financial Services Agency (FSA). Previously serving as FSA's Vice Minister for International Affairs, Himino replaces **Toshihide Endo**.

In August, Denmark's Nationalbank promoted **Frederik Jorst** to the role of Principal Infrastructure Expert. Jorst had served since January 2019 as Senior Infrastructure Expert at Denmark's central bank.

**Sima Kamil** has been appointed Deputy Governor by the State Bank of Pakistan. Kamil joins the central bank following three years as President and CEO of United Bank Limited.

The Bank of Japan has named **Kazushige Kamiyama** as Director General of the Payments and Settlements Department. Formerly Director General of BOJ's Research and Statistics Department, Kamiyama will be responsible for overseeing the central bank's development of a CBDC.

**Raymond Kleijmeer**, a Senior Policy Officer at De Nederlandsche Bank, has joined the Bank for International Settlements' Cyber Resilience Coordination Centre.

In mid-July, the Asian Development Bank announced the appointment of **Ashok Lavasa** as Vice President for Private Sector Operations and Public-Private Partnerships. Lavasa will succeed **Diwar Gupta** when the latter's term expires on 31 August.

The Federal Reserve Bank of Boston has named **James Lovejoy** Lead Engineer of its digital currency research team. Lovejoy joins the Boston Fed from the Massachusetts Institute of Technology's Digital Currency Initiative.



*Richard Doornbosch*



*Maha El Dimachki*



*Alfonso García Mora*



*Cristina Harea*



*Yurii Heletii*



*Ryozo Himino*



*Frederik Jorst*



*Sima Kamil*



*Kazushige Kamiyama*



*Raymond Kleijmeer*



*James Lovejoy*

**Laura Navaratnam** has been named interim Head of Department, Innovate, at the Financial Conduct Authority (FCA). Prior to her appointment, Navaratnam served as Manager of the FCA's Innovation Hub.

**Kathleen Paese** was recently announced as First Vice President, Chief Operating Officer, and U.S. Treasury Product Director by the Federal Reserve Bank of St. Louis. Paese will assume her role on 1 January and replaces the retiring **David Sapenaro**.

Bank Indonesia has appointed **Doni Primanto Joewono** Deputy Governor. Primanto Joewono, whose term runs until 2025, succeeds former Deputy Governor **Erwin Rijanto**.

Dr. **Wayne Robinson** has been named Senior Deputy Governor by the Bank of Jamaica. Currently Deputy Governor, Research Economic Programming Division and Financial Stability, Robinson, who succeeds the outgoing **John Robinson**, will assume his new role on 1 October.

The National Bank of Ukraine (NBU) announced the appointments of two new Deputy Governors. **Oleksii Shaban**, former Director of Payment Systems and Innovation Development, was appointed on 7 August and will oversee payment systems and cash circulation in his new role as Deputy Governor. He replaces **Sergii Kholod**, Deputy Governor since 2018. Also newly appointed as Deputy Governor is **Yurii Heletii**, previously Ukraine's Deputy Minister of Finance, who succeeds **Oleh Churii** following the conclusion of his term on 23 July.

NPCI International Payments Limited (NIPL), a newly established subsidiary of the National Payments Corporation of India, has named **Ritesh Shukla** Chief Executive Officer.

The Central Bank of the Republic of Guinea has appointed a new First Vice-Governor. **Thierno Madjou Sow** replaces **Nianga Komata Goumo**.

**Sethaput Suthiwart-Narueput** was selected in late July to become the next Governor of the Bank of Thailand. A former advisor to Thailand's Prime Minister and an economist with the World Bank, Suthiwart-Nareput's five-year term will commence on 1 October. He will succeed **Veerathai Santiprabhob**, who declined to seek a second term.

The Reserve Bank of New Zealand has appointed **Juliet Tainui-Hernandez** Assistant Governor and General Manager of Transformation and People. She will assume her new role later this year.

Maldives Monetary Authority (MMA) Deputy Governor **Aishath Zahira** has retired. Deputy Governor since 2008, during her 31-year tenure with the monetary authority Zahira also served as Senior Executive Director of the Banking and Payments Settlement Division. 



Laura Navaratnam



Kathleen Paese



Wayne Robinson



Oleksii Shaban



Ritesh Shukla



Thierno Madjou Sow



Juliet Tainui-Hernandez



Aishath Zahira



# Artificial Intelligence for Payments Systems

Harnessing the Power of AI in the Risk Management, Oversight, and Analysis of Payments Systems

By Gerry Gaetz, Executive Advisor, MindBridge,  
Strategic Advisor, Tata Consultancy Services



The fourth industrial revolution has transformed the way we shop, the way we do business, and the way we operate in the global economy. Emerging and growing trends in payments, such as real-time payments (RTP) systems, global data standards, better cross-border connectivity, and digital currencies, are driving the next generation of commerce. Additionally, artificial intelligence (AI) is changing how financial institutions and market infrastructures manage complex market, regulatory, and operational risks.

It is critical to understand AI and its benefits, as well as its application to real-world scenarios in payments. This article identifies key trends in payments, provides a brief background on AI technology, and explains how regulators, payment operators, financial market infrastructures (FMI), and financial institutions (FI) can apply AI to proactively identify risk in payments flows, uncover previously unknown patterns of activity, and improve oversight.

## EMERGING TRENDS IN PAYMENTS—A PLACE FOR ML AND AI

With the rapid pace of globalization, consumer demand, and speed of transactions, organizations want to feel confident to continue digital innovation without sacrificing security, safety, and reputation. As data become more complex and payments and other forms of currency go digital, AI offers the opportunity to monitor and manage the risks that come with the digital age.

In the payments space, there are five broad global trends, all of which can benefit from leveraging advanced technologies such as machine learning (ML) and AI.

### Introduction of Real-Time Payments and Digital Currencies

The momentum behind global RTP systems and digital currencies is growing as the combination of instant funds availability and immediate settlement offers more convenience for consumers, businesses, and FIs.

The rapid advancement of these initiatives introduces regulatory and operational challenges for operators and issuers:

- **Regulatory oversight and compliance:** With the speed at which transactions are processed, data collection mechanisms and methodologies must systematically identify anomalies and departures from regulation and policy objectives.
- **Data format consistency:** Organizations should strive for global ubiquity, not conflicting standards, to avoid system interoperability issues.
- **Solution scalability:** As volumes grow, solutions must be designed, tested, and monitored for high performance to prevent operational failure.

### Adoption of Rich Data

The language of payments transactions is changing. However, modernization efforts are limited by the poor quality of data. Different systems, the challenges of structured versus unstructured data, and incomplete [data] fields make interoperability and compliance more difficult than if systems conformed to a common set of standards and rules.

The largest initiative towards a global data standard is ISO 20022, a rich set of data fields and methodologies that are agnostic of technology. As the main goals of ISO 20022 are to increase the interoperability between jurisdictions, improve the quality of the data, and simplify compliance, it's incumbent on any technology to be able to understand and adapt to specific requirements.

### Increasing Requirements in Privacy and Security Standards

Key to any digital modernization initiative is the adherence to privacy and security standards, such as the General Data Protection Regulation (GDPR). Especially critical for payments systems and digital currencies, where personal data must be protected and data breaches avoided, organizations must implement technical and organizational measures to ensure a level of data security integrity that is appropriate to the level of risk.

### Growing Incidents of Fraud

As business and financial services become increasingly digital and real time, the opportunity for fraud increases, especially as the demand to increase transaction limits for real-time payments grows. This is a trend seen in several countries, including the UK, the US, and Singapore. Fraudsters are quick to adapt and real-time, data-rich payment systems have opportunities for stealing funds and extracting personal information. The rise of mule accounts, where fraudsters [use vast numbers of legitimate accounts to move funds rapidly between institutions](#), is but one example.

The potential for such activities is high and puts the onus on organizations to adopt technology that can continually monitor, identify, and mitigate fraudulent activity.

### Increasing Importance of Operational Risk

With increased globalization and technical sophistication, on top of growing market volumes and values, come more complex and severe risks to financial services and payments. At the core of operational risk is loss due to inadequacy or failure of processes and systems.

Whether through regulation or a desire to protect reputation, organizations must build in operational resilience that reduces the potential for losses. This includes the identification and pre-

# Artificial Intelligence for Payments Systems

By Gerry Gaetz, Executive Advisor, MindBridge, Strategic Advisor, Tata Consultancy Services

vention of unauthorized activities as well as the detection and mitigation of failed transaction processing and systems.

## AI PROVIDES THE ENGINE FOR RISK AND FRAUD DETECTION IN PAYMENTS

Detecting the risks in the trends described above comes down to recognizing anomalous patterns, identifying suspicious transactions in data, and presenting results in a clear, explainable way. There are several ways to implement these goals, but payments organizations must consider these fundamental questions when gauging the effectiveness and usability of AI and ML systems:

1. Does the system help identify risk or simply automate existing procedures?
2. Is the system robust and resilient within the operating environment?
3. Are users able to understand what the AI and ML system is telling them?

### Systems That Identify Risk

By design, risk-based AI and ML tools learn from historical data to understand “normal” behavior and identify patterns that lay outside it, indicating possible risks to the system. This could be the detection of service outages, the prediction of liquidity stress, or the timely reporting of behavior that may indicate fraud.

### Systems That are Robust and Resilient

Accurate and dependable analysis of transaction data requires algorithmic designs that are adaptable to new types of data and act as safeguards against single points of failure. The concept of “ensemble AI” helps achieve this by using multiple techniques in combination to obtain better results than could be achieved from any one technique on its own.

Much like a human applies different methods and experiences to investigate payment transactions, ensemble AI utilizes many different types of analysis across the entire dataset to produce meaningful results. This could be the combination of machine learning and business rules to determine non-compliance or the inclusion of statistical methods to extract outliers in behavior.

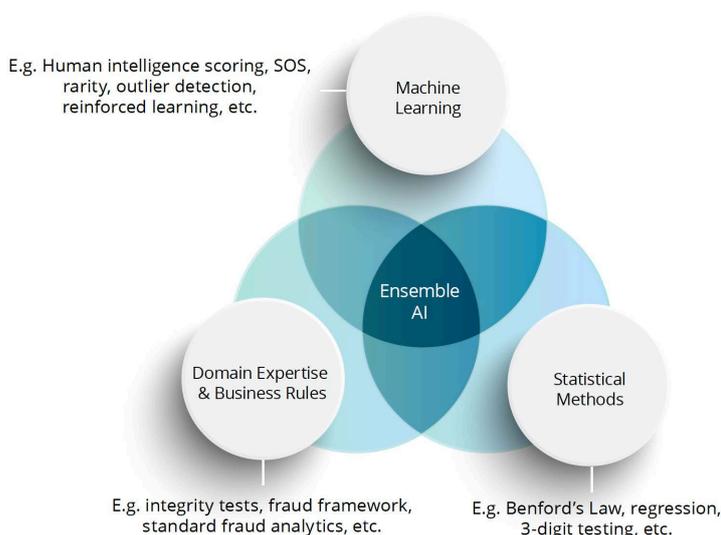


Figure 1: Ensemble AI leverages the best of all techniques

### Systems That are Easy to Understand

Key to AI-based analysis is putting the human at the center of the system. This means that all users of AI-based systems should be able to understand what they are being told and have explanations at each stage of the process. Being transparent and explainable is an essential element in the trust between human and machine and helps avoid the “black box” problem that some AI systems have.

Building explainability into AI systems involves three important criteria to look out for:

1. Helping the user understand the steps involved in the analysis
2. Allowing the user to view results in different ways
3. Providing the user with enough information to take action

## CONCLUSION

For any organization seeking to harness the power of AI, it's important to understand what the technology does and the ways it improves the management of complex market, regulatory, and operational risks.

For regulators, AI helps detect and report on potential non-compliance issues based on data in the system. For FMs and payment system operators, AI minimizes operational risks through the proactive detection and visualization of anomalous behaviors in transaction data sets. For FIs, AI improves risk management and fraud detection with a more thorough understanding of institutional data, both internally and between counterparties and customers.

In all cases, AI improves upon traditional techniques by being able to analyse 100% of the data, identifying risks that were previously undiscoverable, and adapting to shifting data and market conditions. In this way, AI is the ideal choice for the future of risk management, oversight, and analysis of payment systems. 

### ABOUT THE AUTHOR

Gerry Gaetz, Executive Advisor, MindBridge, and Strategic Advisor, Tata Consultancy Services, is the former CEO of Payments Canada and previously the Chief of Currency, Banking Operations and Corporate Services at the Bank of Canada. He currently serves on the CBPN Advisory Board.

### ABOUT MINDBRIDGE

Through the power of human-centric artificial intelligence, [MindBridge](#) helps organizations deliver rapid value to their clients with deeper insights and higher risk assurance for 100% of their data. With MindBridge Ai Auditor, the world's first AI-powered auditing solution, organizations across multiple industries are augmenting human capacity to restore confidence in their financial data.

# Albania—Chasing The Financially Excluded



*By Ledia Bregu, Director of Payment Systems,  
Accounting and Finance Department, Bank of Albania*



Albania has rarely—or probably never—made breaking news in the payments area, and truth be told there has not (yet) been a reasonable argument for the country's payments initiatives to make the front page, but perhaps now it's time for that to change.

One of the emerging economies of south-eastern Europe, aspiring to be part of the European Union, Albania struggles between growing its economy, absorbing the economic “aftershocks” of a deadly earthquake in November 2019 and more recently gathering all its limited forces to face the economic contractions due to a country-wide lockdown and safety measures to halt the spread of COVID-19.

Aside from the latest unfortunate events that will surely change priorities in many areas, the [Bank of Albania](#) (BoA) has been actively focused on a single and very important objective: financial inclusion of the unbanked.

Chasing excluded populations that don't have access to financial services, which add up to around 60% of adult population, is considered to be crucial in addressing the heavily cash reliant economy in Albania and an important key to unlocking opportunities for development. This strategic objective has been gaining much more importance, especially nowadays in fragile economies and in the context of pandemic-driven uncertainties.

## **BUT WHAT DOES FINANCIAL EXCLUSION MEAN FOR ALBANIA?**

Electronic payments in Albania have been growing steadily over recent years, but still lack large volumes of usage. Even though their usage is not yet being fully embraced, there's been a gradual transition to trust in electronic payments over the last five years. And now, due to the pandemic, the last few months have seen a swift change in attitude that has contributed to a sharp increase in usage of such instruments.

Despite this progress, the need to develop an inclusive retail payments market in Albania remains a major national effort and a necessity to modernise. As per the latest World Bank Global Findex data, only around 40% of the adult population in Albania have access to a transaction account with a bank or other regu-

lated payment service provider.<sup>1</sup> Compared to the 70% account ownership average in upper-middle income countries, Albania's account ownership of 40% ranks among the lowest of the Western Balkan countries and Europe.

In addition, the usage of transaction accounts in Albania is lower than peer countries in the region and Europe. The total number of cashless payment transactions per inhabitant in Albania was 4.3 in 2016, whereas on average upper-middle income countries report over 40 cashless transactions per inhabitant.<sup>2</sup>

Albanian consumer and business habits rely on a high use of cash, reflecting a heavily cash-based economy. Of all payments initiated by consumers, 96% are in cash, as compared to 90% of payments received. Meanwhile, businesses in Albania receive 99.2% of all payments in volume terms in cash, while 66% of payments initiated by businesses are in cash.

As is likely the case in many other countries facing similar challenges, different reasons are “to blame” for the low usage of non-cash payment instruments, such as: low financial literacy and low account ownership resulting in high levels of financially excluded people; a high level of economic informality; the lack of a ‘colorful’ range in the design of the various payment products that could make these instruments attractive; limited access points; and low acceptance of electronic payments.

This heavy cash reliance has significant cost implications not only for users but also on the country's overall economy. A study done by the Bank of Albania and the World Bank, [The Retail Payment Costs and Savings in Albania](#), concludes that cash, as the most used payment instrument, is also the most expensive instrument, costing around 1.7% of the GDP to the economy.

An interesting exercise of partial or complete substitution of the most expensive instrument (cash) with less expensive instruments to the economy (like card payments or other electronic payments) is promising and motivating. Savings for up to 0.9% of the country's GDP or almost half of all costs of paper-based payment instruments can be achieved for the Albanian economy by substituting paper-based with electronic payment instruments.

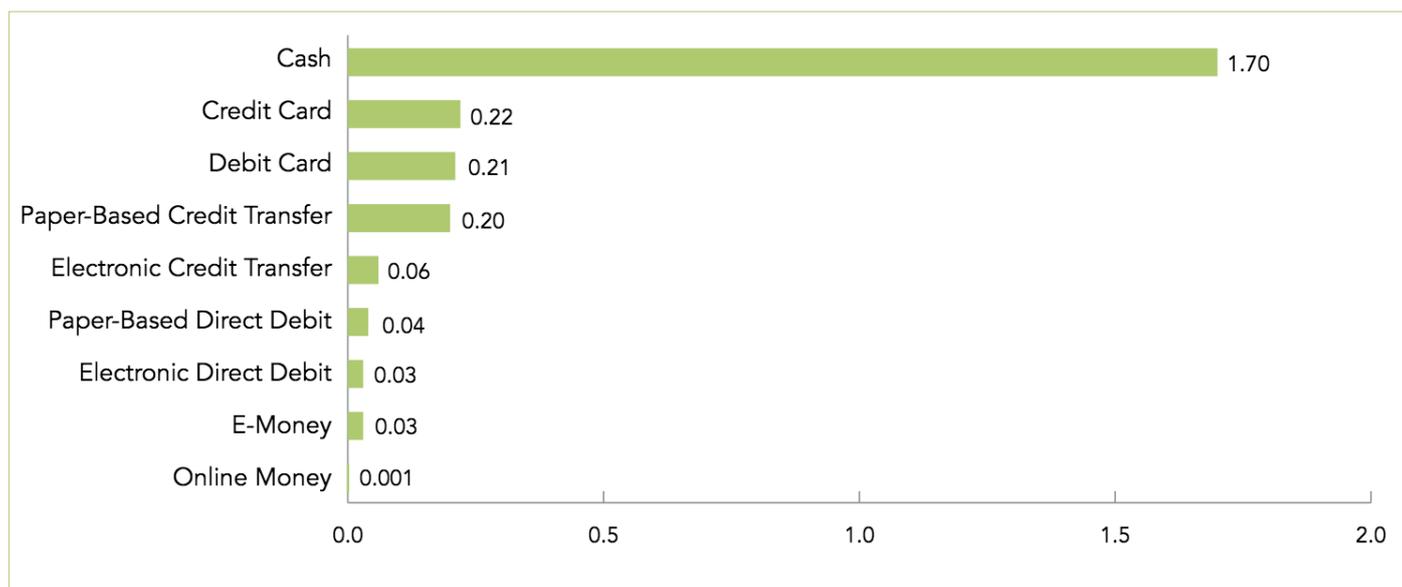
<sup>1</sup> World Bank Global Findex data, 2014.

<sup>2</sup> World Bank 2015 data from the Global Payment System Survey.

# Albania—Chasing the Financially Excluded

By Ledia Bregu, Director of Payment Systems, Accounting and Finance Department, Bank of Albania

Figure 1: Total Economy Costs (Resource) by Payment Instrument as Percentage of 2016 GDP



Source: The Retail Payment Costs and Savings in Albania, June 2018

Figure 2: Substitution Scenarios and Savings at the Economy Level

SUBSTITUTION SCENARIO/ SAVINGS DOMAIN	SAVINGS: 35% CONVERSION RATE			SAVINGS: 70% CONVERSION RATE			SAVINGS: 100% CONVERSION RATE		
	LEK	US\$	% OF 2016 GDP	LEK	US\$	% OF 2016 GDP	LEK	US\$	% OF 2016 GDP
Cash → electronic credit transfer	3.5 billion	30.1 million	0.252	7.3 billion	62.8 million	0.526	11.8 billion	101.5 million	0.850
Cash → debit card	1.9 billion	16.3 million	0.136	3.9 billion	33.5 million	0.280	7.9 billion	68 million	0.570
Cash → electronic direct debit	1.8 billion	15.5 million	0.130	4.2 billion	36.1 million	0.302	7.7 billion	66.2 million	0.554
Cash → credit card	1.7 billion	14.6 million	0.122	3.5 billion	30.1 million	0.252	7.6 billion	65.4 million	0.548
Cash → online money	1 billion	8.6 million	0.072	2.1 billion	18 million	0.150	3 billion	25.8 million	0.216
Cash → e-money	160 million	1.4 million	0.012	362 million	3.1 million	0.026	681.6 million	5.9 million	0.049
Paper-based credit transfer → electronic credit transfer	2.2 billion	18.9 million	0.160	4.3 billion	37 million	0.310	8.2 billion	70.5 million	0.600
Paper-based credit transfer → online money	760 million	6.5 million	0.055	1.5 billion	12.9 million	0.108	2.7 billion	23.2 million	0.195
Paper-based credit transfer → e-money	312 million	2.7 million	0.022	760 million	6.5 million	0.055	1.1 billion	9.5 million	0.080
Paper-based direct debit → electronic direct debit	460 million	4 million	0.033	700 million	6 million	0.050	1.3 billion	11.2 million	0.094
Paper-based direct debit → e-money	296 million	2.5 million	0.020	637 million	5.5 million	0.046	1.2 billion	10.3 million	0.086

Source: The Retail Payment Costs and Savings in Albania, June 2018

# Albania—Chasing the Financially Excluded

By Ledia Bregu, Director of Payment Systems, Accounting and Finance Department, Bank of Albania

## A COMMON VISION AND A STRATEGY FOR ACHIEVING IT

The existence of multiple factors and players in the development of Albania's payment market required the need for a guided roadmap and a structured plan towards concrete objectives. The National Payment Systems Committee (NPSC) is chaired by the Bank of Albania and gathers all stakeholders of the payments market on a regular basis to discuss and embrace propositions for solutions. The Bank of Albania and NPSC, with the assistance of the World Bank, approved in 2018 the [National Retail Payments Strategy 2018-2023](#).

The vision of this strategy is to create a modern and inclusive retail payments market in Albania, supported by safe and efficient payment infrastructures. At the foundation of the strategy is the belief that improvements in the retail payments market will give citizens more choices to conduct their everyday transactions in a convenient and cost-effective manner.

The main objective of the strategy is supporting financial inclusion. Such an objective, though optimistic for a small country with limited resources, is set to be achieved by 2022, when at least 70% of adults will own an account and the utilisation of such accounts for electronic payments will more than double (from 4.3 to 10 cashless payments per capita).

The National Retail Payments Strategy addresses the following areas in a detailed framework that aims to expand access to transaction accounts and accelerate the use of electronic payment instruments:

1. **Stronger stakeholder commitment**, mainly through a broader NPSC under the leadership and coordination of the BoA. The NPSC has proven to be an important driver of change and engagement that includes all stakeholders.
2. **Enhanced regulatory environment for retail payments**, to ensure neutrality and proportionality in the licensing, regulation and oversight of payment service providers (PSPs), to facilitate and boost innovative business models but at the same time ensure transparency and consumer protection.
3. **Improvements to payment infrastructures**, including: instant payments infrastructure implementation at the retail level; national payment card switching infrastructure; open access policy to payments infrastructure; and leveraging fully the existing ID infrastructure identification services for (e)KYC processes.
4. **Customer-centric and affordable payment services**, by designing affordable and attractive payment products for the unbanked; by enabling interoperability of all transaction accounts; and by using pricing as an incentive for increased usage of electronic payments.
5. **Expansion of access points for payments**, by developing the agent banking model to increase reachability; by achieving interoperability of payment channels and outlets; and by incentivising merchants to accept electronic payments combined with transparency of merchant discount fees.

6. **Raising awareness and boosting financial literacy**, to educate existing and potential users on the strategy benefits, on accounts and electronic payments, on pitfalls of being financially excluded and the benefits of having access to financial products, always combined with sound and safe consumer protection frameworks that help to mitigate risks associated with limited financial education.
7. **Leveraging large-volume payment use cases**, by migrating all government payments and collections to electronic payments; by fully leveraging "basic" account products and non-bank models/channels; by accelerating migration from cash to electronic payments of utility bills and mass payments; and by moving to formal non-cash remittance channels through increasing competition and innovation in the Albanian remittance market.
8. **Effective oversight of retail payment market and supervision of PSPs**, by complete legal and policy framework of BoA's oversight on payment services; by regular review of operations and pricing structures to avoid any abusive practices; and by maintaining a publicly available register with relevant information for all market players.

So far in the first two years of the implementation of the strategy, joint efforts from different stakeholders have proven to be efficient. Many more action plans need to be followed with the same energy and dedication for the whole spectrum of benefits to be achieved. The successful implementation of the strategy has required (and will need continuously) specific roles and responsibilities of various actors.

The Bank of Albania, in its capacity as catalyst, regulator, overseer, operator and user of payment services, is a critical actor in coordinating efforts among stakeholders.

On the other hand, the country's association of banks and non-banks coordinates and represents the interests of their members on any matters related to the action plans of the strategy, and also engage in fulfilling strategic objectives agreed upon together.

Important roles and responsibilities are played by government agencies holding regulatory responsibilities. Their weight becomes much more important when substantive payments streamed through these agencies can make a huge difference in achieving large volume use cases. Besides public agencies, PSPs commit to adopting the strategic directions and transparency in carrying out business for their customers.

Meanwhile payment system operators commit to interoperability and to complying with international standards by maintaining fair and open access to their infrastructures. To this extent, only the combined efforts of all actors make the ecosystem work and contribute to a steady evolution towards the strategic objectives.

# Albania—Chasing the Financially Excluded

By Ledia Bregu, Director of Payment Systems, Accounting and Finance Department, Bank of Albania

## A FIRST IN THE REGION—PSD2 FOR A NON-EUROPEAN COUNTRY

Besides being a challenging and unpredictable year, 2020 also marked a very important year for the payments market in Albania. On 30 April, after many years of extensive work, the Law “[On Payment Services](#)” was approved by the Albanian parliament.

The adoption of this Law, a transposition of the European Union’s Second Payment Services Directive (PSD2), is considered to mark a multidimensional achievement and fulfilment of a series of commitments of the Bank of Albania. It marks significant progress in the process of the integration of Albania with the European Union, as well as integration with the Single Euro Payment Area (SEPA). It also proudly marks Albania as the first of the Western Balkan countries to transpose PSD2 into their national legislation.

The new rules enacted by the Law aim to increase the financial inclusion of the population, reduce the costs of payment services by fostering competition and consequently encourage the use of electronic payment instruments. The major concepts being introduced first in the country and region, like open banking and Strong Customer Authentication (SCA), are expected to thrive in the market with new entrants. Competition will also be boosted, with new payment options being offered to a market previously dominated by banks and costly services. Competing to provide the best customer experience and the lowest costs will be quite an attractive niche for many new payment institutions.

The modernisation and development of the domestic payment market now has a solid base, with the Law laying out settled rules for transparency and the licensing and supervision of payment institutions, as well as the established rights and obligations for users and providers of payment services. Albania is now attracting and will support the development of FinTechs and other innovative payment service institutions that are interested in entering the country’s developing market.

## OTHER IMPORTANT DEVELOPMENTS & PROJECTS

PSD2 transposition is certainly a major milestone for the payments market in Albania. But such developments can achieve greater results if they work in line with many other foreseen actions already in process, like the transposition of the PAD (Payments Account Directive).

PAD enables the possibility (or obligation) of the market to offer a “basic account” to the unbanked, without any (or very low) associated fees. This next important milestone would definitely mark a completed mission on chasing the financially excluded. This mission would then evolve to a greater one: to transform the achieved financial inclusion into active account usage with higher adoption of cashless payments, electronic transfers, and access to credits or remittances previously handled with cash.

The COVID-19 pandemic came as an unexpected surprise to Albania, as in many other countries, with health being the primary preoccupation. Nevertheless, prompt measures were taken on

macroeconomic policies to support economies during the pandemic. To encourage the use of internet banking and to reduce the number of people requiring services on physical bank premises, the Bank of Albania waived commissions for transfers in local currency for bank clients and waived the monthly fees for banks using payment systems operated by the central bank.

Such temporary decisions in a crisis time were further reshaped to clearly differentiate cashless payments from cash (or paper-based) transactions. Regulations were revised in June 2020 to waive any commission applied to clients for payments initiated electronically of a value up to 20.000 ALL (~160 EUR). For any values above these amounts, a commission of not greater than 50% of paper-based transactions is applied to electronically initiated payments.

Major projects in process from the Bank of Albania to significantly reduce the cost and time of payments, such as instant payments and payments settlement in euro, are the next efforts to be finalised, along with input from all stakeholders. In a country where active mobile penetration is at 87% of the population and with almost full network coverage of the territory, the greatest “weapon” for winning the battle on financial exclusion is literally in everyone’s hands.

## WHAT WOULD THE FUTURE LOOK LIKE?

Fast forward to June 202X ... the pandemic is just a remote memory. Life that felt bitter and unpredictable for a time is thankfully becoming more normal and much more pleasant.



A senior editor of Central Bank Payments News is visiting Albania for the first time, as he had vowed to do once relative normality resumed. He vividly recalls the article about Albania published in his magazine back in August 2020, mostly remembering its optimistic perspective on the major changes coming for payments in a cash-based economy. After driving to the seashore in a rented car paid for directly via mobile app, he gasps when looking at the pristine waters of the unique beaches in the south of the country. He orders a drink with the tap of a finger and the ease of an instant payment ... the drink that marks the start of his vacation comes accompanied by the welcoming greeting he learned on the plane ride over: “*Mirësevjen në Shqipëri Zotëri!*”



# A Turning Point in Financial Inclusion

By Carole Elias, Business Development Officer, ProgressSoft



Global consumers nowadays seek ultimate convenience as they sign up for services offered by financial institutions, such as opening new bank accounts. With increased trust in digital channels following a global pandemic and a considerable rise in the number of Gen Z and Millennials now entering the financial market, they have come to expect time-efficient, user-friendly and even remote procedures that may otherwise discourage them from engaging with the financial ecosystem.

The case for low-income consumers, however, is more complex. In addition to the current inefficient procedures required to sign up for financial services, these consumers incur high fees resulting from the massive overhead costs shouldered by financial institutions to operate those services. And while digital transformation initiatives such as mobile and internet banking have skyrocketed, many financial institutions have disregarded the most basic step of the process: digitizing Know Your Customer (KYC) and customer onboarding processes. Today, this is among the top reasons low-income consumers are still not financially included in the payments ecosystem.

## A TURNING POINT ON THE HORIZON

Fortunately, the rapid advancement of technologies such as Artificial Intelligence (AI) and Machine Learning (ML) is now presenting financial institutions with new opportunities to remotely identify and verify consumers before provisioning them with financial services, in what is deemed as a turning point in financial inclusion: Electronic Know Your Customer (eKYC).

eKYC utilizes innovative technologies such as AI, ML, biometrics, image analysis and Optical Character Recognition (OCR) to transform the traditional customer onboarding process into a fully digitized and secured one that massively reduces overhead costs and time-consuming efforts, thereby making it more profitable and accessible for financial institutions to offer financial services to low-income consumers.

eKYC also provides financial institutions with prompt, remote assurance that the consumer is who they purport to be, with advanced validations and verifications that mitigate risk and ensure full compliance with central bank regulations and international standards.

## THE ROLE OF THE CENTRAL BANK

While central banks are not directly concerned with customer onboarding processes at financial institutions, their role in providing the overall infrastructure is critical to create a robust and standardized national eKYC process. Such infrastructure not only enhances the financial inclusion rates of unbanked and underbanked segments, but also provides central banks with full control over customer onboarding processes across the financial sector. It also eliminates risks of forged documents and fraud, as well as offers full monitoring and view of consumer data.

## A NATIONAL eKYC REPOSITORY

The infrastructure can be implemented through connecting financial institutions utilizing eKYC solutions to a national block-

chain-based or central eKYC repository deployed at the central bank.

This repository consolidates nationwide consumer records including personal information, biometrics, identification documents and more. It can be accessed by a network of financial institutions authorized to automatically retrieve consumer records including all KYC-related documents to further enhance customer onboarding processes in an efficient and paperless manner.

Accordingly, the information and documents required for customer onboarding will only need to be provided once by the consumer but can be retrieved several times by financial institutions through the national eKYC repository. This eliminates redundant eKYC processes for both financial institutions and consumers while having the national repository provide a single and verified source of truth.

The central bank's eKYC repository will also allow financial institutions to seamlessly update consumer data through open Application Programming Interfaces (APIs) whenever the need arises. This ensures that the records are always accurate and up to date.

## NEXT STEPS FOR CENTRAL BANKS

Facilitating digital inter-usability, retrieval and update of consumer records has never been prioritized by the financial industry. Today, however, introducing a digital, secure and national eKYC repository is a vital and recommended step for unifying Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) compliance as well as Customer Due Diligence (CDD) procedures to strengthen regulatory certainty and empower central banks with enhanced nationwide control.

Finally, a turning point in financial inclusion is here, and its benefits will be reaped by central banks, financial institutions and consumers on a nationwide scale. 

## PROGRESSOFT'S ELECTRONIC KNOW YOUR CUSTOMER

Established in 1989, ProgressSoft is a global payment solutions provider serving over 370 financial institutions including 10 central banks across the globe.

ProgressSoft recently launched its Electronic Know Your Customer solution, PS-eKYC, to provide central banks with a centralized and nationwide repository for eKYC records. The advanced solution utilizes top-notch technologies including artificial intelligence and machine learning, and integrates seamlessly with global sanctions lists, national directories, financial institutions' back-end systems and more, to offer an advanced and digital eKYC process for a more financially inclusive population.

*Interested in developing a better understanding of PS-eKYC and the recommended approach for your central bank's financial ecosystem? Get started by contacting us at [business@progresssoft.com](mailto:business@progresssoft.com).*

# INDUSTRY HAPPENINGS

Please check websites for updates on potential rescheduling or cancellations due to Covid-19.

## Brookings Webcast: BOE on Digital Currency and Stablecoins

On 3 September, the Hutchins Center on Fiscal & Monetary Policy at Brookings will [host](#) a webcast with Bank of England Governor Andrew Bailey, who will discuss the growing role of stablecoins as well as the risks and benefits of innovations such as central bank digital currency.

## The Payments Canada SUMMIT Series

Although this year's Payments Canada SUMMIT has been postponed to 2021, a series of payments webinars are being [offered](#) until 17 November to discuss the current and future state of payments for individuals, businesses, and Canada as a whole. The next edition, Managing Through Change, will be [held](#) on 22 September.

## Bundesbank Autumn 2020 Conference

From 10-11 September, Deutsche Bundesbank's autumn conference will [take](#) a virtual form with the topic "Banking and Payments in the Digital World."

## CEBRA 2020 Annual Meeting

The Central Bank Research Association's (CEBRA) 2020 Annual Meeting will be [held](#) virtually from 1-3 September. Day one features a high-level policy discussion on the future of money and payments, including debate on CBDCs and payment systems.

## Artificial Intelligence in Finance and Industry

The Zurich University of Applied Sciences (ZHAW) [hosts](#) the 5<sup>th</sup> European Conference on Artificial Intelligence in Finance and Industry on 3 September. The virtual event will highlight recent developments in the role of AI technology in finance.

## Financial Innovation: Implications for Competition, Regulation, and Monetary Policy

The Bank for International Settlements, together with the Bank of England and the Centre for Economic Policy Research (CEPR), will [jointly host](#) a two-day workshop on financial innovation, regulation, competition, and monetary transmission from 24-25 September in Basel.

## SEACEN-CPMI Conference and 19th Meeting of Directors of Payment and Settlement

From 1-2 October, the Bank of The Lao PDR will virtually [host](#) the joint SEACEN Centre and Committee on Payments and Market Infrastructures (CPMI) Conference and 19th Meeting of Directors of Payment and Settlement.

## Bank of Lithuania Anti-Money Laundering, Counter Terrorist Financing Conference

On 1 October, the Bank of Lithuania, together with ACAMS Baltics Chapter, ROCKIT Vilnius, FinTechHub and @Association of Lithuanian Banks is [organising](#) a one-day international conference—Anti-Money Laundering, Counter Terrorist Financing: From Challenges to Possibilities—to discuss the latest trends, tools, and topics in this area.

## Central Bank Payments Conference 2020

The fourth installment of the Central Bank Payments Conference (CBPC) is taking a virtual form. From 13-15 October, payment system executives, leaders, and senior experts from around the world will [gather](#) in an online environment to discuss the most relevant payments issues facing central banks. Presenters include Victoria Cleland, Jochen Metzger, Mehdi Manaa, Dirk Bullman, Christian Pfister, and more.

## EBF Innovation and Cyber Thursdays

Every Thursday from 22 October to 19 November, the European Banking Federation (EBF) will [host](#) Innovation and Cyber Thursdays to discuss digital innovation, cybersecurity & operational resilience in finance. More info will be available soon.

## 2020 AFI Inclusive FinTech Showcase

The second Alliance for Financial Inclusion (AFI) FinTech showcase will [take place](#) as a virtual event from 26-28 October. The event will showcase solutions that target low-income populations and contribute to effective COVID-19 crisis response, or build towards the recovery.

## OECD Global Blockchain Policy Forum 2020

The third edition of the Global Blockchain Policy Forum, held from 16-20 November, will [convene](#) government ministers and senior policy makers, industry leaders, academics, and other stakeholders to discuss policy issues, including asset tokenisation, central bank digital currencies, and self-sovereign identity, as well as emerging policy responses and trends in the blockchain ecosystem.

## The Central Bank of the Future: Building a Financial System for a More Inclusive Economy

The University of Michigan's Center on Finance, Law & Policy and the Federal Reserve Bank of San Francisco are [co-hosting](#) the second Central Bank of the Future Conference from 16-17 November. The event will be virtual, open to the public, and free to attend.

## FinTech Abu Dhabi Festival

The Central Bank of the UAE (CBUAE) and Abu Dhabi Global Market (ADGM) are jointly hosting and organising the fourth annual FinTech Abu Dhabi Festival, to be [held](#) from 24-26 November.

## OMFIF Central Banks and Digital Currencies Symposium

OMFIF will [host](#) its inaugural CBDC symposium in London on 8 December. The day-long event will consist of a series of plenary panels and break-out sessions from global central banks, regulators, policy-makers, and market participants.

## Europe Global Payment Summit

The 2020 Europe Global Payment Summit has been [postponed](#) until 2021. 

# REPORTS IN REVIEW

## CARDS

Banco de España has published [Consumption in Spain During the State of Alert: An Analysis Based on Payment Card Spending](#). The Economic Bulletin, published 21 July, explores how the Covid-19 pandemic, and the restrained mobility of the Spanish citizenry, has impacted household consumption since mid-March.

The European Central Bank released on 14 August its [Sixth Oversight Report on Card Fraud](#). With a particular emphasis on 2018 data, the report found that 2018 witnessed a slight increase in card fraud following three consecutive years of decline.

## CBDC

The Brookings Institute has made its contribution to the current CBDC discourse with [Design Choices for Central Bank Digital Currency: Policy and Technical Considerations](#). The report, released on 23 July, focuses primarily on performance, privacy, and security challenges confronting CBDC designers.

Would a CBDC simply enhance existing payments mechanisms or would it constitute a revolution in payments? A recent FEDS Note, [Comparing Means of Payment: What Role for a Central Bank Digital Currency?](#) poses this question, weighing the benefits of a CBDC as a means of payment against those already in existence. Published on 13 August.

A quartet of researchers with the Frankfurt School of Finance & Management have released [The Digital Programmable Euro, Libra, and CBDC: Implications for European Banks](#). Published on 29 July and based on more than 50 interviews with senior experts, the paper's principal objective is to analyze the risks, benefits, and anticipated impact that Libra and CBDCs may have on Europe's commercial banks.

## CONSUMER BEHAVIOR

The Federal Reserve Bank of Atlanta has published the key findings of the [2019 Diary of Consumer of Payment Choice \(DPC\)](#), the sixth such survey measuring the payments behaviour of US consumers. Based on a survey conducted in October 2019, the Diary of Consumer Payment Choice does not reflect changes in consumer payments behavior due to Covid-19. Because of the absence of Covid from the 2019 DPC, the Cash Product Office (CPO) of the Federal Reserve Bank of San Francisco has issued [Consumer Payments and the COVID Pandemic: A Supplement to the 2020 Findings from the Diary of Consumer Payment Choice](#).

## CYBERSECURITY

Addressing the "pervasive" and "systemic" risk posed by cyber threats, the World Economic Forum's FinTech Cybersecurity Consortium has published [Systems of Cyber Resilience: Secure and Trusted FinTech](#). Issued on 23 July.

In July, the World Bank Group released the fifth edition of [Financial Sector's Cybersecurity: A Regulatory Digest](#). This most recent edition adds 20 documents to the 217 contained in the previous version.

## DIGITAL CURRENCY & STABLECOINS

The G30 Steering Committee and Working Group on Digital Currencies has published [Digital Currencies and Stablecoins: Risks, Opportunities, and Challenges Ahead](#), which calls for central banks and finance ministries to take an active role in establishing standards and providing public infrastructure in the coming years. The report, issued on 30 July, also features a "definitive description" of the CBDC currently being developed by the People's Bank of China.

[Could the Poor Bank on Stablecoins?](#) a brief note authored by F. Christopher Calabia of the Bill & Melinda Gates Foundation, examines five open questions about the ability of stablecoins to promote financial inclusion in lower- and middle-income countries. Released in late July.

## DLT

In 2019, the Federal Reserve Board experimented with building a payment system using the Hyperledger Fabric DLT platform. [Observations from the FooWire Project: Experimenting with DLT for Payments Use](#), a FEDS Note published on 13 August, documents the experiment's findings.

## FINANCIAL INCLUSION

[Covid-19: Boon and Bane for Digital Payments and Financial Inclusion](#), an FSI Brief produced by the Bank for International Settlements' (BIS) Financial Stability Institute, examines various approaches taken by countries for expanding fintech and promoting digital payments during the Covid-19 pandemic. Issued on 24 July.

De Nederlandsche Bank (DNB) and the Bank of Canada have collaborated to produce [The Interplay of Financial Education, Financial Literacy, Financial Inclusion and Financial Stability: Any Lessons for the Current Big Tech Era?](#) The DNB Working Paper was published on 14 August.

Despite recent progress, more than one billion women worldwide remain without access to formal financial services. A pair of reports published in late July address issues surrounding financial inclusion for women. [Digital Cash Transfers in Times of COVID-19: Opportunities and Considerations for Women's Inclusion and Empowerment](#) was produced jointly by the Bill & Melinda Gates Foundation, the World Bank Group, CGAP, and Women's World Banking, while [Advancing Women's Digital Financial Inclusion](#) was prepared for the G20 Global Partnership for Financial Inclusion (GPFI) by the Better than Cash Alliance, Women's World Banking, and the World Bank Group. The latter identifies ten policy considerations to assist governments in the digital financial inclusion of all women.

Similarly, the Organisation for Economic Co-operation and Development (OECD) has prepared a report for the G20 GPFI on [Advancing the Digital Financial Inclusion of Youth](#). Published on 24 July.

**FINTECH**

The existence of data gaps has impelled the BIS' Irving Fisher Committee on Central Bank Statistics Working Group on Fintech Data Issues to develop a targeted roadmap for constructing fintech statistics. [Towards Monitoring Financial Innovation in Central Bank Statistics](#) (PDF) was issued in late July.

The International Monetary Fund has produced two fintech-related Working Papers. [Financial Intermediation and Technology: What's Old, What's New?](#), published 7 August, explores the impacts of technological change on financial intermediation. [Privacy Provision, Payment Latency, and Role of Collateral](#), issued on 31 July, examines issues of privacy provision and payments latency through the lens of collateral.

**FRAUD**

[Examining Faster Payments Fraud Prevention](#), the latest white paper from the U.S. Faster Payments Council, examines the major themes, trends, and approaches for mitigating the risk of fraud in a faster payments environment. Issued on 30 July.

**INFRASTRUCTURE**

Seeking to upgrade the country's instant or "immediate" payments capabilities, the Bank of Israel has issued a [Review of the Promotion of an Immediate Payment Infrastructure in Israel's Payment System](#). The report is currently available only in Hebrew, with an English translation underway.

**MOBILE PAYMENTS**

The Reserve Bank of India has published a [Report on the Committee for Analysis of QR \(Quick Response\) Code](#). Convened in December 2019 to review India's QR code landscape, the Committee makes a number of recommendations targeting the expansion of the QR code infrastructure in India.

**REGULATION**

In the wake of the Wirecard scandal, the Emerging Payments Association (EPA) has presented a review paper to the UK's Financial Conduct Authority and HM Treasury. Published on 29 July, [Avoiding a Payments Lockdown](#) examines current vulnerabilities within the payments industry and seeks to advance discussion of future regulatory processes. 

# TALKING POINTS

**Note: Ongoing travel restrictions and the cancellation of global payments events have had an impact on speeches being delivered by central bankers. Please watch this space in future issues as conferences and events resume.**

**Bangko Sentral ng Pilipinas**

[Banking as a "Going Concern" in the Time of Pandemic](#). Delivered by Governor Benjamin E. Diokno on 14 July.

**Bangko Sentral ng Pilipinas**

[Combating Money Laundering During Pandemic](#). Delivered by Governor Benjamin E. Diokno on 21 July.

**Bank for International Settlements**

[Leveraging Technology to Support Supervision: Challenges and Collaborative Solutions](#). Delivered by Head of the Bank for International Settlements Innovation Hub Benoît Cœuré on 19 August.

**Bank Negara Malaysia**

[Welcome Remarks—OSSP-BNM-SEACEN Forum on Central Bank Foreign Currency Operations](#). Delivered by Deputy Governor Abdul Rasheed Ghaffour on 6 August.

**Bank of Mauritius**

[Latest Developments in the Anti-Money Laundering and Combating the Financing of Terrorism Landscape in Mauritius](#). Delivered by Governor Harvesh Seegolam on 7 August.

**Federal Reserve**

[The Future of Retail Payments in the United States](#). Delivered by Governor Lael Brainard on 6 August.

**Federal Reserve**

[An Update on Digital Currencies](#). Delivered by Governor Lael Brainard on 13 August.

**Financial Services Commission (South Korea)**

[Government Support for Innovative Start-Ups](#) (PDF). Delivered by FSC Chairman Eun Sung-soo on 30 July.

**International Monetary Fund**

[Evolving to Work Better Together: Public-Private Partnerships for Digital Payments](#). Delivered by Financial Counsellor and Director of the Monetary and Capital Markets Department Tobias Adrian on 22 July.

**Monetary Authority of Singapore**

[Powering the Next Stage of Singapore FinTech](#). Delivered by Managing Director Ravi Menon on 13 August. 



# Central Bank Payments News

PAYMENTS NEWS FOR THE CENTRAL BANK COMMUNITY

## ABOUT CBPN

Central Bank Payments News (CBPN) is a monthly e-publication dedicated to informing the worldwide central bank payments & market infrastructure community of the most relevant and timely payments issues impacting the central bank today. With a unique and in-depth payments focus tailored to a central bank perspective, CBPN is an independent and comprehensive source of intelligence that helps readers navigate a rapidly changing payments landscape.

CBPN is published by Currency Research, the independent knowledge-based organization and leading global resource for central banks, their suppliers, and the related supply chain for currency and payment systems.

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