

Guy Quaden: CashSSP – the cash single shared platform

Remarks by Mr Guy Quaden, Governor of the National Bank of Belgium, on the occasion of signing the Cash Single Shared Platform contract between Bank of Finland and the central banks of Belgium, Luxembourg and the Netherlands, Bank of Finland, Helsinki, 16 March 2007.

* * *

Dear Governor, dear Erkki,
Dear colleagues,

First of all, let me thank you for your kind invitation and for organising this event.

The Eurosystem is an entity which has no equivalent anywhere in the world. For me, the creation of the ECB did not raise any doubts on the usefulness of the NCBs. In fact, the reverse is true. Luxembourg, the only country which did not have its own central bank, had to create one just before the transition to the single monetary policy.

Nevertheless, our integration into the Eurosystem has obviously influenced the life of our institutions. I think on two changes which are not necessarily apparent to the outside world.

The first is due to the fundamental change in the actual role of our NCBs, which now participate in the management of the world's second most important currency. The decisions taken in Frankfurt are taken on a collegiate basis by the Governing Council. This means that every governor of an NCB must be properly prepared to deal with all the issues considered at that level. They concern not only the single monetary policy but also the Eurosystem's other spheres of activity, such as financial stability and payment systems.

In recent years, our NCBs have therefore extended and strengthened their analysis capacity. A large proportion of our staff is nowadays involved at various levels in the preparation of these decisions "taken in Frankfurt". The investment in resources is substantial, and so is the resulting enrichment of the job content of our employees.

The second change concerns operational aspects. One of the Eurosystem's basic operating principles is a high degree of decentralisation. Our NCBs remain the contact points between financial institutions or economic agents of our countries and the Eurosystem. However, the concept of decentralisation has evolved since the Eurosystem was first formed.

To quote the words of the Eurosystem's mission statement: "We are committed to good governance and to performing our tasks effectively and efficiently, in a spirit of cooperation and team work". This is further elaborated in the Organisational Principles, which state "that potential synergies and economies of scale shall be identified and exploited to the extent feasible". Furthermore the Council Task Force of which Erkki is a member has been mandated by the Governing Council "to prepare proposals for discussion and decision on issues related to the role, objectives, functions and operational modalities of the Eurosystem". In my view, it has a crucial role to play as an independent think tank.

Having said that I believe that if the time is not ripe for a top-down decision, there should be room for NCBs – and in particular for medium-sized NCBs – to initiate voluntary collaboration in the development of joint projects and the exploitation of synergies following a bottom up approach. I think also that the long term vision for the Eurosystem calls for a shift from the pure centralisation and decentralisation models that have been applied in the past towards models of pooling and consolidation. In my view, the CASH SSP partnership fits perfectly into this framework.

The introduction of euro banknotes provided an excellent opportunity for the NBB to modernise and reengineer its IT-application for cash handling. The goal was twofold: first of all, to manage cash flows more efficiently, both within the central bank and between the central bank and its main customers, financial institutions and cash transport firms; and secondly, to improve the security of these cash transactions.

The successful implementation of this new cash application inspired the Bank's cash department to start thinking about the possibility of promoting it to international scale, starting with the neighbouring central banks. So in 2006 CASH SSP was formally born and the first agreements were signed between the Dutch central bank, the Banque centrale du Luxembourg and the NBB. Today the

partnership is extended to a fourth partner, which shows that the scope of the business case is larger. Also on behalf of the Dutch central bank and the Banque centrale du Luxembourg let me warmly welcome you as a full and equal partner in the group.

We find it very important that standards are being developed, because this shows to the commercial banks active in several countries, that we exploit a number of synergies of the single currency for cash handling and maybe, dear friends, could you use your privileged relationship with the Baltic countries to see whether other central banks would be interested in such type of collaboration.

From our side, we will continue at the NBB to try to play a pro-active role in promoting collaboration between central banks within the Eurosystem also in other fields like collateral management and statistics. This also implies that the NBB is open to support or participate in initiatives launched by other NCBs in other fields of activity.

A last remark. It is often said that "IT should follow the business". I agree, but both sides should be in permanent contact with each other and look for efficiency gains on the IT side and on the business side, too. Open communication between business and IT is the cornerstone of the CASH SSP partnership as it results in transparency and mutual trust between all partners. In the move towards closer collaboration between Eurosystem central banks, transparency and mutual trust are of utmost importance in promoting a genuine Eurosystem team spirit. This is something that should be supported and it calls for an improved governance framework in order to fully realise efficiency gains for the whole Eurosystem.

Dear colleagues,

The Eurosystem has established itself as a sound system capable of taking well-founded monetary policy decisions. On the operational level, it is now moving towards more specialisation. Tomorrow, our central banks will probably not be performing all the same tasks anymore. Some decisions will be taken following a top-down approach, others will grow from the bottom up. I am convinced that within the Eurosystem, there is, and there should continue to be, an important role for each and every member.

Erkki, let me conclude by once again thanking the Bank of Finland for the warm welcome I have been given here in Helsinki, and that is not just because of the warm winter weather we are having these days. Let me also thank you once more for sharing the vision that the CASH SSP partnership can boost collaboration between Eurosystem central banks, building on the expertise and know-how available across the whole system, something that is fully in line with the team spirit promoted by the ECB Governing Council.