

Daniel Mminele: South African National Payment System Framework and Strategy document – Vision 2015

Opening remarks by Mr Daniel Mminele, Deputy Governor of the South African Reserve Bank, on the occasion of the launch of the South African National Payment System Framework and Strategy document – Vision 2015, Pretoria, 12 September 2011.

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Good day ladies and gentlemen.

Thank you for accepting our invitation to the launch of the *South African National Payment System Framework and Strategy document – Vision 2015*.

The mandate of the South African Reserve Bank's National Payment System Department (NPSD) to oversee the payment system, emanates from the enabling legislation which is the South African Reserve Bank Act, 1989 (Act No. 90 of 1989 – SARB Act). Section 10 (1) (c) of the SARB Act makes provision for the Bank to perform such functions, implement such rules and procedures and, in general, take such steps as may be necessary to establish, conduct, monitor, regulate and supervise payment, clearing or settlement systems.

During 1995 the Bank published its first *South African National Payment System Framework and Strategy document – Vision 2005*. The *Vision 2005* document spanned a 10-year period and contained strategies to modernise the South African national payment system (NPS) and to align the domestic NPS developments with international best practice. With the achievement of the major milestones and objectives envisaged in this document, a process was embarked upon to re-evaluate the NPS vision, which process culminated in the strategy document published in April 2006, referred to as *Vision 2010*.

The *Vision 2010* focused, *inter alia*, on access for bank and non-bank participants, oversight of the NPS, enhanced security and operational resilience in the NPS, regional and international participation in payment system development, as well as increasing awareness of the features NPS. The key strategic objectives outlined in the *Vision 2010* document have similarly been implemented and achieved.

In late 2009 and early 2010, the NPSD embarked on an extensive consultation and fact-finding process to determine any new challenges facing the NPS, and to establish if refinements to the strategic direction of the NPS were required.

Payment systems are by nature dynamic and fast changing, and various challenges emerged nationally and internationally. It was decided that due to the demands and challenges facing the NPS, a refinement of the strategic direction was required.

The purpose of this framework is to provide a high-level updated strategic direction for the payment system up to 2015. New objectives and strategies have been developed, and some of the *Vision 2010* objectives and strategies have been reconsidered, resulting in a refocus in, and/or redefinition of the *Vision 2015*.

Major strategic objectives and challenges up to 2015 include the following:

- To continue to evaluate opportunities for further access to the NPS and improve the participation of non-bank stakeholders in the clearing system and/or in the formal payment system management structures. The recent financial crisis has re-emphasised the importance of sound risk management policies and practices in the maintenance of a safe and efficient payment system.
- To enhance the oversight of banks and non-banks. As non-bank stakeholders are playing a larger role in the payment system, effective payment system risk management policies need to be considered.

- To enhance communication among stakeholders regarding NPS matters. Better communication improves the understanding of payment system stakeholders of the multifaceted nature of the payment system, which is complex and at times appears to be misunderstood.
- To participate in international workgroups and forums. Continued participation in international forums ensures that South Africa stays abreast of international developments spanning the many dimensions of the payment system universe.
- To enhance human resources capacity in the broader NPS. An intensified focus on human resources development initiatives will enable depth skills and the building of much needed capacity in the industry.
- To ensure high-level operational effectiveness of the payment system infrastructure. Operational effectiveness ensures the circulation of funds in the financial system and efficient liquidity management by participants. Failure of the infrastructure components of the payment system could result in substantial systemic operational risk.
- To facilitate regional payment infrastructure integration that meets the needs of the Southern African Development Community (SADC) region. The emphasis will be on commencing the process towards an integrated infrastructure.
- To formalise and implement an interchange determination process in South Africa that is fair, transparent and sustainable. This process should include all payment streams.

Vision 2015 is the product of inter-organisational brainstorming, debate and consultation between the Bank, the banking industry and various other specific stakeholders. The successful implementation of the strategies will, once again, depend on co-operation between all the payment system stakeholders.

I would like to take this opportunity to thank the bank and non-bank stakeholders for the input provided and their continued co-operation with the Bank.

Finally, allow me to also convey my appreciation to my colleagues from the National Payment System Department, under the able leadership of Dave Mitchell, for their important contribution to the development of this forward-looking Vision 2015.

Thank you.