

Nina Stoyanova: Bank of Bulgaria's latest projects in the area of financial services and payments

Speech by Ms Nina Stoyanova, Deputy Governor (Banking Department) of the Bulgarian National Bank, at the opening of the "Innovations" Financial Forum, Sofia, 14 June 2016.

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Dear colleagues and guests,

I would like to welcome you at the Financial Forum 'Innovations' organised for the third year in a row by the 'Bank of the Year' Association in partnership with the University of Finance, Business and Entrepreneurship (VUZF).

The topic of this forum gives us the opportunity to present and discuss the innovations in the financial sector in the area of technologies, banking products and regulations.

In this regard, I would like to briefly present the latest projects in the area of financial services and payments, on which the BNB is working. Later today our colleagues are going to give you more details on these projects, which will have an impact on the financial sector over the next couple of years.

As you are well aware, the legal and regulatory framework of financial services and payments in Bulgaria is consistent with all European trends and requirements aiming to achieve an integrated European market, to harmonise the rules and conditions for providing payment services, to promote innovative payment methods, to ensure a high level of security for payments and better consumer protection.

- Firstly, in the payment services area this year's focus is the transposition into the Bulgarian law of Directive 2014/92/EU on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features. Amendments to the LPSPS have been prepared and will be given second reading by the National Assembly, together with changes in the regulations. At the same time, the BNB is building a website for comparing fees charged by payment service providers on the most representative services linked to a payment account, and that website will be accessible to all users free of charge. The legal changes will come into effect, in compliance with the Directive, as of 18 September 2016.

- Secondly, Regulation 260/2012 establishing technical and business requirements for credit transfers and direct debits in euro is going to become applicable to us. The deadline for this Regulation to become binding in its entirety and directly applicable to euro-payments in the non-euro area Member States is 31 October 2016. As from that date at the latest all credit transfers and direct debits in euro must be made in SEPA format, using the XML standard. Payment service users will be relieved of the requirement to specify BIC for these payments. Small-value payment systems in euro must ensure that they are operationally compatible with other similar systems in the EU. At the end of 2015, in Bulgaria the share of SEPA credit transfers in the total number of customers' credit transfer orders in euro was 59%, and the migration to the EMV standard for bank payment cards and POS terminals is over 90% and is nearly complete.

- With effect from 1 February 2016, Member States must remove settlement-based national reporting obligations on payment service providers for balance of payments statistics relating to payment transactions of their customers. Soon the National Assembly is going to pass amendments to the Currency Law, introduced with the Law on consumers' real estate loans, and the related changes are going to be made to Ordinance No.27 on the balance of payment statistics. Therefore, payment service providers will no longer be required, for the needs of the balance of payments statistics, to keep registers and provide the BNB with information on transactions and payments between residents and non-residents and on

cross-border transfers of over BGN 100 000. We expect that these changes would be passed by the end of July this year.

- In relation to the agreement reached between the MoF, BNB and market participants, the BNB as the fiscal agent of the government works on a project for the technical implementation of direct connection of the Government Securities Depository with the E-BOND system to the BLOOMBERG PROFESSIONAL platform and the system of the Bulgarian Stock Exchange. Thus, additional development and modernization of the Bulgarian government securities market is expected to be achieved and its further integration into the European Union's single market to be encouraged. This will allow by the end of next year financial institutions to freely select the place where they trade in government securities issued in Bulgaria, in compliance with the requirements under Regulation 2015/61 concerning the assessment of liquid assets in the form of government securities. This would possibly provide the prerequisites for additional diversification of the investors in Bulgarian government debt instruments. These changes are conceived in line with the debt management and financial markets security policy in the context of our future euro area membership and are necessitated by regulatory reforms at EU level.

Finally, I would like to mention a project successfully completed recently. On 31 May 2016 Bulgaria subscribed to the *Special Data Dissemination Standard Plus* of the International Monetary Fund (IMF). Bulgaria is the 11th country worldwide to adhere to this highest tier international data dissemination standard. Adhering to this standard is the result of the joint efforts of the Bulgarian National Bank as coordinator for Bulgaria, the National Statistical Institute, and the Ministry of Finance. The BNB oversaw the adherence efforts and was responsible for developing the so-called National Summary Data Page, which is already available on the BNB website. The greater part of the new statistical indicators included in the standard are compiled by the BNB. Adhering to the *Special Data Dissemination Standard – Plus* indicates to the local and foreign investors, the rating agencies, the international financial institutions and all other users that the quality and reliability of the statistical data that are used to make important macroeconomic and business decisions are up to the highest international statistical requirements.

In conclusion it could be stated that the country has achieved considerable progress in the implementation of financial and payment services innovations. Of course there are still a lot of challenges in relation to the requirements of information and communications technologies development, and the enhanced requirements to the payment infrastructure and payment instruments related to the Single Euro Payments Area. In our work we will keep striving towards these standards and best practices.

I wish successful, interesting and constructive work to the forum participants!