

Maja Kadievska-Vojnovik: Drivers of European Payment Integration - Innovations and Cooperation (opening speech)

Speech by Mrs Maja Kadievska-Vojnovic, Vice Governor of the National Bank of the Republic of Macedonia at the opening of the 10th jubilee edition of the NBRM's Conference on Payments and Market Infrastructures: Drivers of European Payment Integration - Innovations and Cooperation, Ohrid, 5-7 July 2017.

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Ladies and Gentlemen,

Dear guests from home and abroad,

It is a great pleasure to wish you very warm welcome to the annual Conference on Payments and Market Infrastructures.

This year marks the 10th anniversary of the Conference and we are very proud to host it here in Ohrid in front of a group of eminent speakers and distinguished audience. Let me first thank you all for coming as you are the ones who bring the success to the Conference. I hope you find the next couple of days interesting, informative and productive and most of all enjoyable as we celebrate the occasion.

I would like to take this opportunity and extend my sincerest gratitude and appreciation to De Nederlandsche Bank and Banco de Portugal, as institutions with whom we maintain close and fruitful collaboration on many fronts, and particularly with respect to this conference. Your continued support and cooperation is highly appreciated and I believe it will only grow stronger in the future to come.

Ladies and Gentlemen,

We named this 10th jubilee Conference – Drivers of European Payment Integration – Innovations and Cooperation. Innovations indeed move the world with financial technology, transforming the financial services industry as we know it – moving it towards the digital arena. In such an environment, building and maintaining close cooperation becomes essential for sustaining financial stability and protecting consumers from security threats. The Conference will cover various topics related to the latest developments at global, European and national level.

The emergence of FinTech – financial technology marked **the global developments** in recent years by attracting financial institutions attention to its implementation for improving the present financial products and new products development. On the other hand, FinTech companies started offering their own financial services, thus entering into competition against banks. Moreover, digital technologies pose challenges to financial institutions, including the central banks, in the context of digital banking and digital transformations. Implementation of Distributed Ledger Technology, particularly Blockchain, could cause disruption to financial market infrastructures and furthermore, to worldwide financial system. Theoretically, it could facilitate cross-border payments, improve the efficiency of back-office operations, eliminate the need of data reconciliation, facilitate financial inclusion and information sharing, but also, it could reduce the need or completely replace some financial market intermediaries. DLT strongly emphasizes the questions about effective regulation, prudential supervision, oversight and cyber security issues, but it could also catalyze the issuance of digital currencies backed by the central banks and facilitate the implementation of monetary policy.

In the European context, the Second Payment Services Directive (PSD2) is fundamental part of the European payments regulation and significant step towards single digital market in Europe. It encourages introduction of new types of payment services and sophistication of customer

protection and security. Also, much attention is paid on evaluation of SEPA-regulation and further integration via implementation of Pan-European instant payments solution. The innovations in the field of financial market infrastructures are expected to bring synergies between TARGET2 and T2S, which is in the scope of the Eurosystem's Vision 2020.

At the national level, we made significant progress towards fulfilling the European standards in the payment area. A new Law on payment services and systems implementing PSD and some articles of PSD2, E-money 2 and Settlement Finality Directive was drafted with the EU support via IPA project. In the field of payment systems oversight, the Principles for Financial Market Infrastructures were adopted. Furthermore, we aligned our methodology for collecting payment statistics data with the EU regulation on payment statistics. Last but not least is the recent project to enhance euro cross-border payment infrastructure by establishing an alternative payment channel via the Macedonian Interbank Payment System (MIPS) RTGS system, which was connected with the TARGET2, via Banca d'Italia.

I am very glad that all these issues will be discussed by eminent experts from the Bank for International Settlements, European Commission, De Nederlandsche Bank, Banco de Portugal, Commerzbank, Euroclear, ProgressSoft as well as domestic financial institutions. I am particularly pleased that on the last day of the Conference the honored governors, board members and experts from the European Central Bank, De Nederlandsche Bank, Banco de Portugal, Croatian National Bank, Bulgarian National Bank, National Bank of Belgium, Global Sovereign Advisors and the National Bank of the Republic of Macedonia will reflect on innovations and cooperation as the main drivers of the European payment integration as well as on how consumers, firms and government users will pay in the future.

Without further ado, I now declare the 10th jubilee Conference on Payments and Market Infrastructures open.

I wish you pleasant days here in Ohrid and many fruitful discussions.

Thank you!