



EUROPEAN CENTRAL BANK

8 July 2002

## **CONSULTATION ANNOUNCEMENT**

### **OVERSIGHT STANDARDS FOR EURO RETAIL PAYMENT SYSTEMS**

One of the basic tasks of the Eurosystem is to promote the smooth operation of payment systems. In order to carry out this statutory task, the Eurosystem has defined oversight standards with which the relevant payment systems in the euro area must comply. In this respect, it adopted the “Core Principles for Systemically Important Payment Systems” in January 2001 as part of the common minimum standards set under its oversight policy.

The Eurosystem is now in the process of refining its policy stance on retail payment systems. In line with its increasing role in retail payment system issues, the Eurosystem has focused on the importance of providing efficiency and safety standards for retail payment instruments and euro retail payment systems with the aim of fostering the achievement of a single euro payments area. In performing its oversight tasks, the Eurosystem promotes the adoption of standards and best practices for cross-border retail payment systems and infrastructures, ensuring public confidence in the euro. Against this background, the Eurosystem has considered the implications of the Core Principles for euro retail payment systems. By defining its policy line, which is further explained in the attached draft document entitled “Oversight standards for euro retail payment systems”, the Eurosystem is working to ensure that euro retail payment systems function properly.

While systemically important payment systems have to comply with all ten of the Core Principles, the Eurosystem takes the view that six should also apply to certain types of euro retail payment system even if they are not of systemic importance. Retail systems of these types should observe Core Principles I (legal basis), II (understanding financial risks), VII (security and operational reliability), VIII (efficiency), IX (access criteria) and X (governance). In addition, it would be a highly desirable objective for such retail systems to observe Principle IV (prompt final settlement).

The draft document is now issued for public consultation. This will enable the Eurosystem to take account of the views of the banking industry and the interested public on the revised policy line. Interested parties are invited to communicate their views and suggestions. In particular, the Eurosystem would welcome comments on the following questions.

1. What is your view on the application of a sub-set of the Core Principles to certain types of euro retail payment system, even if they are not systemically important? Should other payment systems also comply with the selected Core Principles?
2. What is your view on the proposed selection of Core Principles to be observed for certain types of retail payment system? Is the selection adequate or should other Core Principles also be observed?
3. Please describe any particular issues or difficulties you expect to encounter as these Principles are implemented.

Complementary to this document, national central banks will today issue a list of systems that are to observe the oversight standards for euro retail payment systems in their respective countries. There is currently no cross-border retail system in existence that is deemed to be of such prominent economic importance that it should observe the oversight standards for euro retail payment systems.

**Comments on the new oversight standards for euro retail payment systems and on the relevant lists of systems that are to observe these standards are invited from all interested parties by 30 September 2002. They should be sent to:**

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**or to the respective national central bank.**

The comments received will be made public on the internet, unless it is clearly indicated that the author does not consent to such publication.

**European Central Bank**

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