

Comments on the consultation paper
of the European Central Bank

“Oversight standards for euro retail payment systems”

18 October 2002

By/To

General remarks

We welcome, in principle, uniform oversight standards for euro retail payment systems, to be established and co-ordinated by the European Central Bank in collaboration with the banking industry. The development of uniform oversight standards is a major step towards the creation of the Single Euro Payments Area (SEPA), and thus also highly important for national payment systems.

To support the stability of the overall system, we believe uniform standards for returning credit transfers, such as standard cancellation rules, should also be taken into account.

We support the introduction of pan-European standards such as those mentioned in Core Principle VIII. Corresponding projects have already been initiated for German payment systems. It must lie within national responsibility to implement such projects so as not to put at risk the integrity and efficiency of national systems. With regard to the development of the SEPA, it is important that these national projects are based on the new European standards.

Open questions

After examining the document, we have the following questions:

- What is the definition of a euro retail payment system?
- What is a “hub-and-spoke” system in this context?
- What payment instruments are covered – direct debits, credit transfers, cheques or others?

- Which systems were mentioned by the national central banks apart from the Finnish and French systems?
- In the list of other Core Principles in section 2.2, why is Principle IV marked “highly desirable”?

Question 1 “Application of the Core Principles to systems which are not systemically important”

We firmly support also applying the Core Principles to euro retail payment systems that are not systemically important.

The principle of a level playing field across Europe must apply in this context, however. The Regulation on cross-border euro payments is an example of failure to respect this principle, since countries with an efficient – and thus inexpensive – system for domestic payments are placed at an unreasonable disadvantage.

Furthermore, application of the Core Principles must not be allowed to give rise to additional costs. Automated, and thus inexpensive processing of retail payments must continue to be possible.

Question 2 “Is the selection of Core Principles adequate?”

Yes, the proposed selection of Core Principles is adequate.

Question 3 “Expected implementation difficulties”

We expect no particular difficulties in implementing the Principles as long as the above criteria of a level playing field and the exclusion of additional costs are observed.