

DeNederlandscheBank

EUROSYSTEEM

## **“Prerequisites for flourishing digital payments”**

Opening speech by Inge van Dijk at the Conference on Payments and Market Infrastructure: *Flourishing Digital Payments Future*, organised by De Nederlandsche Bank and the National Bank of the Republic of North Macedonia

Skopje (digitally), 4 October 2022

Good morning everyone! добро утро на сите! Goedemorgen iedereen!

Just as governors Ms. Bezhoska and Ms. Tabaković I also would like to give you all a warm welcome to this conference, jointly organised by the National Bank of North Macedonia and De Nederlandsche Bank. Also this year this conference takes place as a virtual one, but I do hope we will have the opportunity to finally meet each other next year in person.

Today and tomorrow you will be discussing the challenges and opportunities to enable a flourishing future for digital payments. Like in many countries across the world, also in my country and yours we see an ongoing digitalisation of our societies, including in payments. New market players have emerged in the payment chain, including FinTech and BigTech companies. At the same time, a slew of new cryptos has entered the market. Central banks around the world are developing their own digital currencies to complement the declining use of banknotes and coins.

For us as central bankers and supervisors our task is to ensure that society can continue to rely on the payment infrastructure. Without trust, the monetary system – and the growth of prosperity – may falter. This requires keeping a sharp eye on societal, market, technical and legislative developments at national, European and global level.

When heading towards a flourishing digital payments future, please let me touch upon three prerequisites that should deserve our attention to be met.

The first prerequisite is on maintaining a robust and secure payments infrastructure. Digitalisation has greatly increased the dependence on electronic infrastructure. A failure of systems would be unthinkable. Extensive efforts must therefore be made to ensure that the millions of daily payment transactions can be processed securely at all times, including in the increasingly digital era when cybercriminal attacks may be more frequent, sophisticated and disruptive.

The second prerequisite is about ensuring access to payments in an increasingly digital world. Some people in vulnerable groups – at least in my country but no doubt also in many others – find it increasingly difficult to use payment services. They are experiencing a deterioration of accessibility and availability. In some cases cash is becoming harder to obtain and use. In addition, some customer groups find it difficult to open payment accounts and access services because financial institutions exclude them in advance as part of their integrity and compliance policy ('de-risking'). I am curious to hear whether – and if so, to what extent – these issues might also be going on in North Macedonia.

I will take the opportunity here to shortly focus on one important aspect of this second prerequisite on ensuring access to payments. And that is the importance that public money remains accessible, also in a world future where digital payments are flourishing and number of payments that consumers make with public money issued by a central bank, in other words cash, steadily declines. The convertibility of private money into public money is key in order to maintain trust in the monetary system. Therefore, the Dutch Central Bank is, together with the other Eurosystem national central banks and the ECB, preparing for a digital euro so that it can be introduced if required.

Such a digital euro will need to enable citizens to use public money for digital payments – just like they can use cash for physical payments. Bringing central bank money into the digital era is a logical step as payments become increasingly digitalised. A digital euro would contribute to our strategic autonomy and economic efficiency by offering a European means of payment that could be used for any digital payment. It would meet Europe's societal objectives and would be based on a European infrastructure.

Of course, the digital euro should be designed in a way that makes it attractive to users. Giving it legal tender status would also help to achieve the network effects that are key to the success of payment solutions. We will strive for the highest privacy standards and aim to contribute to financial inclusion. As for implementation, short time to market, costs, risks and ecological footprint associated with the digital euro are key. The digital euro will probably be build on the experience of financial intermediaries in consumer-facing payment services, will not crowd out private means of payment, and will preserve financial stability.

Now back to the three prerequisites when heading towards a flourishing digital payments future. The third and last prerequisite is to strengthen European and global payments. The international playing field is fast-moving. Large technology companies are increasingly entering the payment chain, along with specialist FinTech companies. Banks and payment institutions have long played the main roles in the payment infrastructure, along with major international card companies. The arrival of new market players may spur greater competition and innovation, but it also entails risks with respect to privacy

and with regard to market power, and dependence on non-European parties. It places a further strain on the business models of the existing parties in the chain. Harmonisation and standardisation in Europe need to pick up pace to build a stronger internal payments market. This applies also to payments to and from non-EU countries, which are still often costly, slow and inefficient. We are committed in meeting the G20 `s objectives to improve cross-border payments. This requires extensive cooperation between public and private sectors worldwide.

Let me conclude. What unites us and what we should stand for together while heading towards a flourishing digital payments future is maintaining a robust and secure payments infrastructure in the face of greater digital dependence. Furthermore, we must ensure access to payments in an increasingly digital world. And, finally, we need to strengthen European and global payments in a dynamic international playing field.

Thank you for the constructive and ongoing collaboration between our two central banks. Since its first edition, already 14 years ago in 2008, this conference has proven time and again to be worth attending. I am sure this time and future times will be no different.

I wish you all an inspiring two days.

Thank you. Ви благодарам. Dank u wel.