



NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

**PUBLIC PRESENTATION OF THE STRATEGY FOR DEVELOPMENT OF THE
PAYMENT SYSTEM OF THE REPUBLIC OF MACEDONIA
FOR THE PERIOD 2013-2017**

**ADDRESS OF THE GOVERNOR OF THE NATIONAL BANK OF THE REPUBLIC
OF MACEDONIA, MR.DIMITAR BOGOV**

29 May, 2013, NBRM

Honorable Deputy Prime Minister and Minister of Finance, Mr. Zoran Stavrevski,

Honorable Chairman of the Banking Association of the Macedonian Chamber of Commerce, Mr. Gjorgji Janchevski,

Dear representatives of the banking and non-banking sectors

Distinguished guests,

The Republic of Macedonia has been a leader in the region and beyond, in the process of reforms and modernization of the payment system of the Central and Southeast European countries. From today's perspective, not only we can confirm that the reform of the national payment system in 2001 was one of the most successful reforms, but the established payment system of the Republic of Macedonia was and still is a sound foundation for both effective implementation of the monetary policy and for the fiscal policy, and primarily for safe and efficient execution of payments in the Macedonian economy.

What was the role of the National Bank in this area? The role of the National Bank in the national payment system is multidimensional. The National Bank is the operator of the single real time gross settlement system, i.e. it acts as a settlement agent for other payment systems; the National Bank conducts oversight of the payment systems in order to eliminate the possible risks arising from their work, and the National Bank actively participates in all initiatives that mean development and modernization of payment systems. In this context, the National Bank contributes to maintaining a stable financial market infrastructure, to the safe and effective conduct of the transactions of economic agents and to the development of the domestic payment system in line with international trends.

However, the development of the payment system depends on the mutual cooperation and commitment of all parties involved, whereby of critical importance is the coordinated approach.

Dear ladies and gentlemen,

This strategy represents a shared vision of all stakeholders in the national payment system of the direction in which it should be developed. It builds on common perceptions of current conditions in the performance of domestic and external payments and the need to increase the safety and efficiency through the application of the latest technological developments and international standards. The strategic direction in this area results from the **clear orientation of the Republic of Macedonia to join the European Union, and hence of the National Bank of the Republic of Macedonia to become part of the European System of Central Banks.** In this context, there are eight key priorities.

So, let me briefly elaborate on the commonly set strategic directions for the development of the payment system of the Republic of Macedonia, for whose realization the National Bank will provide strong support.

In general,

The implementation of the **European market arrangements, standards, rules and procedures** is an integral part of the Strategy, i.e. the harmonization of the national legal framework with the *acquis communautaire* (legislation of the European Union) is the basis for the implementation of the Strategy. In this context, of crucial importance is the agreed approach for gradual harmonization and coordinated activities of regulators with the economic entities, for the purpose of which the National Bank made an analysis of some of the EU directives, which should contribute to a gradual harmonization of the national legislation with that of the EU.

In the area of **payment instruments and payment infrastructure**, priorities are given to the gradual implementation of the international and European standards and rules that would ensure effective integration of our

payment infrastructure in the **single European Payment Area - SEPA**. Of key importance for their implementation will be the inter-institutional cooperation. In this framework, the working group on direct debits, which is part of the National Council, with active involvement of KIBS, conducted a number of activities for introducing an instrument for direct borrowing in the country and setting up a national scheme, based on the standards and rules of SEPA.

Furthermore, the strategy contains provisions for the **promotion of the national payment statistics and compliance with the methodology for payment statistics of the European Central Bank**. In this area, the National Bank has already taken the first steps. In this respect, a "Comparative analysis of the payment statistics of the ECB and the payment statistics of the NBRM" has been developed which, among other things, contains a review of the draft measures to be taken to harmonize the national payment statistics with that of the European Union.

Further harmonization with the new international standards regulating the operations of the payment systems and securities settlement systems is also a medium-term strategic commitment.

In this area the National Bank in collaboration with the Central Bank of the Netherlands has already implemented the function of overseeing payment systems in accordance with the approach of the ECB, so that the international standards for the operations of systemically important payment systems, the so called Core Principles of BIS were accepted and implemented as national.

The Strategy envisages coordinated actions toward **increasing the efficiency and external payments**, for the first time. On the basis of an analysis of the necessary resources and capacity to shift from indirect to direct method of collecting data for compiling the balance of payments, the National Bank will commence the gradual phasing out of the obligation of banks to report on international payment transactions for statistical needs. These changes are aimed at preparing the Republic of Macedonia for the

application of the latest EU measures for increasing the efficiency of cross-border payments, through the abolition of such statistical reporting system.

In the Strategy, a special attention is paid also to the **strengthening of the institutional capacity** by providing technical assistance and professional development of staff through various forms of international cooperation and EU accession instruments. In this area, the National Bank has an active role. The organization of international conferences on payment and securities settlement systems in collaboration with the Central Banks of the Netherlands and Portugal, this year for the sixth time in a row, is a good basis for effective implementation of the planned strategic directions by using the practical experience of our colleagues from the central banks of the EU Member States.

Dear ladies and gentlemen,

Experience worldwide shows that there is no single recipe for the development of payment systems. However, the issues that arise in the process of development and reforms in this area are largely similar. For example: Who should be involved and who should initiate this process? What are the priorities of where to invest? What are the various infrastructure needs and what are the institutional arrangements to support them?

Regarding all these issues the National Bank, the Ministry of Finance and the Banking Association have provided a **modern approach toward defining the development of the national payment system through the establishment and participation in the National Council of Payment Systems** and the establishment of working groups within the Council, following the example of the European Payment Council, which again provides inter-institutional cooperation and involvement of all institutions relevant for safe and effective carrying out of payments.

Finally, I would like to applaud the act of signing the joint statement of acceptance of the Strategy by the three institutions carrying the development of the payment system, which sends a clear signal of readiness for mutual cooperation and support of the institutions for its implementation.

Thank you for your attention and presence.