

**Closing remarks by Ms Emilija Nacevska, Vice Governor of the National Bank of the Republic of North Macedonia, at the 13th Conference on Payments and Market Infrastructures, 9-10 December 2021**

**Payments in the Digital Era: Inside out**

Distinguished guests,

Ladies and gentlemen, good afternoon

I am very honored and delighted to address you at the end of the 13th Conference on Payments and Market Infrastructures - **Payments in the Digital Era: *Inside out***.

This Conference was traditionally organized in cooperation with De Nederlandsche Bank, and over the years has grown into a source of knowledge and information about the current topics in the payments, and in particular, in the context of rising application of technological progress in payment processes and services. Holding a successful virtual conference was a challenge for all of us and I am sincerely convinced that our first virtual conference is yet another confirmation of our readiness not to be just observers, but rather initiators, supporters and generators of the digital changes.

This year, we have raised many interesting issues, but let me summarize and build on the things we have said and concluded in the past two days:

During the **opening address**, we heard from our esteemed governors and minister of finance about the importance of digitalization as a global trend and the most important engine of innovation, competitiveness and economic growth. The payment digital revolution, accelerated in the COVID-19 pandemic period, is changing the payment habits and the culture of payments of the consumers, increasing the importance of electronic and digital payment transactions while containing social contact. Hence, the digital payments are fundamental to the creation of a more integrated, competitive and innovative modern economy. With digitalization and globalization on the rise and the potential offered by the new fintech technology as well as open banking, fast payments, CBDC and other digital payment solutions, the payment industry has enhanced its significance. On the other hand, the rise of digitalization is followed by an increase in cybercrime. Regarding this threat, substantial investments are necessary to safeguard the security of online payment service providers applications and payment systems.

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In this context, Ms Céu Pereira from DG Fisma elaborated that last year the European Commission ("EC") adopted a new Digital Finance Package, and developed "**A Retail Payments Strategy for the EU**" containing specific policy measures needed in relation to payment services given their key role among digital financial services. Furthermore, she explained that the implementation of this Strategy will contribute to achieving the objectives defined in the broader digital finance strategy, by providing the following four pillars: increasing digital payment solutions with pan-European reach; innovative and competitive retail payments markets; efficient and interoperable retail payment systems and other infrastructures supporting payments and efficient international payments including remittances.

We are witnesses that **open banking** fundamentally changes the landscape of the modern financial sector, stimulating all types of traditional and innovative companies to provide better high-tech payment services, with ultimate aim to enhance the market innovation and competition. Mr Coen ter Wal from DNB explained that the open banking as a global trend introduced by PSD2, becomes a significant challenge for regulators, that should face all cost and benefits of data sharing and unlock new opportunities for every financial ecosystem participant: third party providers (TPPs) that integrate with bank channels, banks and companies that use TPP services to offer innovative solutions. Mr Maciej Kostro from ING bank, gave a special contribution in this field of open banking, concluding that the way to the optimal solution for open banking leads through the harmonization and unification of regulations and standardization at the technical level common to the whole of Europe.

Mr. Lennert Branderhorst from DNB stressed the need of **cyber resilience** at central banks and cooperation with the financial sector elaborating TIBER-NL programme for the large banks and payment institutions, main pension providers and insurers, and the critical sectors - healthcare, telecom and energy.

The mutual presentation from Mr Jay Tikam from Vedanvi and Ms Tanja Jakimova from the National Bank of the Republic of North Macedonia was designed to explain that developing the **National Fintech Strategy** in practice is only possible with strong industry engagement and commitment by all stakeholders in the ecosystem. Enhancing public-private dialogue (PPD) between regulators and industry participants can enhance mutual understanding of Fintech innovation and risk profiles, their role in financial inclusion, and can help to strengthen compliance with international standards.

Mr. Paul Vong from Federal reserve Board explained the meaning of **Central Bank Digital Currency** (CBDC) defining it as new form of money that is a central bank liability and is distinct from banknotes and reserve deposits. He emphasized that, CBDC has been promoted as a way to lower transaction fees, help financial inclusion, facilitate cross-border payments, encourage innovation in the form of new services and features, improve the conduct of monetary policy, reduce financial crimes, and enhance privacy of digital transactions.

In the last session of the Conference, discussion has been focused on the new type of payment service, fast payments, which emerged as result of a paradigm shift driven by technological innovation and changes in customer needs for faster, cheaper, and more convenient means of making payments. In this context, Mr Holti Banka emphasized that the fast payment systems implementation in the world in the last 7 years has reached 66%, hence we can conclude that the instant payments will become the new normal in our digital economy. Furthermore, he shed light on fast payment toolkit developed by the World Bank for closely monitoring the development of fast payments by central banks and private actors across the world. The opportunities and benefits of instant payments as a new normal was additionally elaborated by Ms Sandra Peute from ABN AMRO.

We could briefly **summarize** that fintech, open-banking, CBDCs, fast payments and other technological solutions are just a number of innovations promising to revolutionize financial services and affecting the payments landscape. As central bankers and supervisors, we welcome any technological innovation that has the potential to make payments more convenient and accessible for everyone; the potential to contribute to our societies' welfare; the potential to contribute to a trustworthy and stable financial system. Therefore, the regulators in many countries in the EU and in the region, including North Macedonia, are focused on easing access for new market players by establishing the innovation hubs and/or regulatory sandboxes aiming to advise and support their entrance. To benefit from, we need both a national and an international approach, taking into consideration that the digitalisation and cybersecurity are „two sides of the same coin“.

In this context, at national level we are finalizing the activities related to the adoption of new regulatory framework transposing a broad set of EU directives and regulations in the payment area, which we believe will support and encourage innovations and competition leading to higher level of digitalization of payment services.

At the end, I would like to express my sincere gratitude to the speakers for sharing their expertise with us and to thank you all for participating in the conference and the fruitful discussions that we had. Also, I express my deepest appreciation and gratitude to the Dutch central bank and its representatives, Ayse, Coen and Lennert, for their unreserved support and contribution in organizing this important event. Last, but not the least, allow me to express my sincere recognition to the National Bank team that supported the Conference with strong dedication.

Thank you all!