Non-banks in the Dutch retail payments system: a central bank perspective

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Dutch retail payments market

Very dynamic!

• From zero to 125 nonbanks
• Unbundling
• SEPA + PSD = Opening up national payments markets
Dutch retail payments market

Entry nonbanks = Positive

• More competition
• More innovation \[\rightarrow\]

Increased cost efficiency

• But also new risks

Balancing efficiency gains against new risks
DNB’s basis and goal for the oversight of retail payments

Legal basis (EU-Treaty and Bank Act 1998)

Goal: Safeguarding financial stability

- Limiting systemic risk
- Promoting smooth operation of the payments system
Major new players Dutch retail payments market

- Establishment Currence as scheme owner
- Dutch ACH Interpay (now called Equens) focusing on processing
- Payment service providers (example of nonbanks), intermediaries between web-retailers and acquiring
Why a role based model for oversight?

Future proof

- Keep in touch with market
- Easy to incorporate new roles and make new oversight standards
- Create level playing field
Scheme oriented organization retail payments system
Why more self-assessment?

In case of innovations/changes in the payments market

• More pro-active reaction market players
• Market players can make quick assessments of efficiency gains and new risks
Oversight – role based model

Oversight = blue
Scheme owner = yellow
Balancing efficiency, safety and accessibility

• All three equally important

• First responsibility balancing: market players

• If not done correctly: rebalancing by DNB
Has nonbank participation altered DNB’s payment policy?

Yes and No

Implementation objectives

• Analysing new risks
• Specifying oversight standards for new roles
How much regulation do nonbanks need?

- Tough question
- Nonbanks need regulation
- Licensing structure important
- Balancing again!

Regulation should be proportional to new risks and should not be an entry barrier
Coordination among authorities?

• Yes!
  Conflicting views can be very confusing for market parties

• Balancing conflicting objectives by authorities
Closing remarks

• Retail payments market: very dynamic
• Nonbanks: more efficiency, but also new risks
• Regulation non-banks: case by case approach balancing safety risks and accessibility
• Focus oversight on scheme oriented organization
• Discussion and coordination among public authorities: less confusion market parties
I thank you for your attention

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