

European Central Bank

Secretariat Division

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**re: Oversight standards for euro retail payment systems**

Dear Sirs,

In response to the consultation that you have announced we would like to support the approach taken in the Oversight standards for euro retail payment systems, regarding the application of a sub-set of the Core Principles to euro retail payment systems, even if they are not systemically important, and the proposed selection of the Core Principles to be observed.

What we see as a problem which may cause serious difficulties as these Principles are implemented, are the assessment criteria for being SIPS or non-SIPS, and their paramount role in competition within the single euro payments area (SEPA).

First of all we strongly believe, that euro retail payment systems, operating within the single market and processing the same currency, sooner or later will start to compete. When it will be certainly beneficial to the general public, as citizens and businesses will have the possibility of choosing the provider of payment services, it is particularly important to ensure, as early as possible, the level playing field in this respect.

From this perspective the serious problem is the lack of precise, pan-European criteria for assessment of individual systems as SIPS or non-SIPS. The current rules are of rather general nature and national central banks are responsible for deciding about the status of systems they oversight. As this nomination defines the necessary safety requirements, which strongly influences the costs of a given system (generally the more safe is the system, the more expensive it is), the lack of coordination on the European level in this field leads to inevitable competition distortions, as similar systems may be differently qualified by respective central banks, especially that the border between systematical importance or not-importance is often very blurry.

Furthermore the assessment process should be treated more dynamically as a switch between being SIPS or non-SIPS should work in both directions. An assessment done by a central bank that a system is the SIPS should be in fact conditional, in the meaning that some actions (e.g. significant reduction of value of processed transactions, hence the reduction of systemic risk) could change the status of the respective payment system. That would help to avoid a situation where a whole set of Principles is applied to a system with the level of the risk significantly lower than in a system qualified as non-SIPS.

Therefore we believe, that the establishment of precise criteria for identification of SIPS would be beneficial both to healthy rules of competition within SEPA and also to more rational policy within countries, where payments systems nominated as SIPS would have the possibility to choose between fulfilling SIPS requirements (all Core Principles) or lowering the risk they raise in aim to lose the SIPS status. Of course the non-SIPS status would still be connected with the necessity of meeting the selected criteria, as proposed in the consulted paper. In that light it should be stated, that additional, not obligatory requirements, which are proposed in the paper, should be avoided, as it widens the area of potential differences of interpretations and related competition distortions.

Yours Faithfully,

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Michał Szymański