



Covid-19: Fintech, Policy and Market Infrastructures

1st Meeting of Heads of Financial Market Infrastructures, CEMLA

Virtual Meeting, 30 September – 2 October 2020

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DISCUSSION TOPICS



01

BEFORE COVID-19

02

COVID-19 IMPACT

03

DIAGNOSE

04

IMPLEMENT/
CONTINUITY

05

RECOVER



01

BEFORE COVID-19



COVID-19 FACTS



MINISTRY OF
**HEALTH &
WELLNESS**

JAMAICA COVID-19 DASHBOARD as at Thursday, September 10, 2020; 6:00 p.m.



NUMBER OF CONFIRMED CASES
WORLDWIDE +

27,738,179

VISIT jamcovid19.moh.gov.jm
FOR THE LATEST INFO
ON COVID-19



NUMBER OF DEATHS WORLDWIDE +

899,916



NUMBER OF CONFIRMED CASES
IN JAMAICA

3,511



///CORONAVIRUS (COVID-19)

HOW DO I PROTECT MYSELF AND PREVENT THE SPREAD OF COVID-19?

Wash your hands as often as possible

Always wash before/after you:

1. Eat
2. Touch your eyes, nose or mouth
3. After using the restroom
4. Sneeze, cough, blow or wipe your nose
5. Touch animals or pets



NUMBER OF DEATHS IN JAMAICA

40



NUMBER OF NON-COVID-RELATED DEATHS
IN JAMAICA

4



NUMBER OF PERSONS IN ISOLATION IN
JAMAICA

2,342



NUMBER OF PERSONS RECOVERED AND
RELEASED

1,051



NUMBER OF PERSONS IN GOVERNMENT
QUARANTINE FACILITY

3

What are the steps of handwashing?

1. Wet hands with water.
2. Apply enough soap to cover all areas of your hands.
3. For 20 seconds, scrub the middle and back of both hands, wrists, between fingers and under fingernails.
4. Rinse hands properly.
5. Dry hands with a paper towel.

Ministry of Health and Wellness | 888 883 5683 | 888 754 7790 | covid19@moh.gov.jm
HOTLINE CONTACT REFORMATRHW | 878 542 5886 | 878 542 8006 | 878 542 6007 | jacob@190@gov.jm

CONTACT US

Ministry of Health & Wellness
10-16 Grenada Way, Kingston 5
Jamaica
888-ONE-LOVE (663-5683)
covid19@moh.gov.jm
Website: jamcovid19.moh.gov.jm

+ Source: Coronavirus Disease 2019 (COVID-2019)
WHO Dashboard, dated September 10 2020

BEFORE COVID-19 - *Statistics*

FMI LEVEL STATISTICS		
<u>RTGS:</u>	<u>ACH:</u>	<u>MULTILINK:</u>
<i>Q3-2019</i>	<i>Q3-2019</i>	<i>Q3-2019</i>
Vol: 261,360	Vol: 2.87 (mn)	Vol: 8.44 (mn)
Val: 5.43 (tn)	Val: 297.89 (bn)	Val: 59.45 (bn)
%: 5% : 8%	%: 6% : 5%	%: 4% : 6%
<i>Q4-2019</i>	<i>Q4-2019</i>	<i>Q4-2019</i>
Vol: 272,936	Vol: 2.93 (mn)	Vol: 8.90 (mn)
Val: 5.17 (tn)	Val: 301.56 (bn)	Val: 63.95 (bn)
%: 4% : -5%	%: 2% : 1%	%: 6% : 8%


CASH USAGE STATISTICS		
<u>CIC:</u>	<u>ATM/ABM WITH:</u>	<u>CASH BILLS PAID:</u>
<i>Q3-2019</i>	<i>Q3-2019</i>	<i>Q3-2019</i>
Vol:	Vol: 3.79 (mn)	Vol: 2.32 (mn)
Val: 127.11 (bn)	Val: 31.61 (bn)	Val: 24.11 (bn)
%:	%: 1% : 4%	%: -6% : 2%
<i>Q4-2019</i>	<i>Q4-2019</i>	<i>Q4-2019</i>
Vol:	Vol: 4.02 (mn)	Vol: 2.32 (mn)
Val: 148.99 (bn)	Val: 34.11 (bn)	Val: 20.70 (bn)
%: 17%	%: 6% : 8%	%: -0.2% : -14%

ELECTRONIC INSTRUMENT USAGE STATISTICS			
Means of Payments Data	% change	Vol	Val
Cheques	1% : 0.2%	1.46 (mn)	203.02 (bn)
Credit Cards	4% : 4%	5.77 (mn)	142.76 (bn)
Debit Cards	4% : 3%	15.42 (mn)	328.73 (bn)
Online Banking	4% : -4%	950.57 (th)	54.11 (bn)

- # of ATM/ABM installed as at end 2019: 755 (6%)
- # of POS/mPOS issued as at end 2019: 40,030 (17%)
- # of Branches as at 2019: 157 (-2%)

BEFORE COVID-19

FMI Operations prior to impact:

- The Systems were fully operational with minimal incidents and operating at normal hours.
 - RTGS System had down time for less than two hours at an availability rate of 99.29%.
 - There were no issues for the Payment Origination Module.
 - CSD System had zero (0) downtime, 100% availability.
- 

BEFORE COVID-19

System modernization project was running smoothly

RTGS	CSD	FXTF	FITP
1. Enhanced reporting options, dashboard, real-time monitoring, etc...	1. B-FXITT and liquidity providing auctions	1. Finalized business requirements for this new platform for inter-dealer FX trades	1. A deep dive had recently started and is under construction
2. Tiered participation for GOJ Treasury	2. Overnight Standing Liquidity Facility (SLF)	2. Phase-2 implementation was on schedule for March 2021	
	3. Yield Curve module		
	4. Improved efficiencies in the processes for the Bank's liquidity operations		



02

COVID-19 IMPACT



COVID-19 IMPACT - *Statistics*

FMI LEVEL STATISTICS		
<u>RTGS:</u>	<u>ACH:</u>	<u>MULTILINK:</u>
<i>Q1-2020</i>	<i>Q1-2020</i>	<i>Q1-2020</i>
Vol: 281,630	Vol: 2.87 (mn)	Vol: 8.29 (mn)
Val: 4.86 (tn)	Val: 293.84 (bn)	Val: 58.95 (bn)
%: 3% : -6%	%: -2% : -3%	%: -7% : -8%
<i>Q2-2020</i>	<i>Q2-2020</i>	<i>Q2-2020</i>
Vol: 331,398	Vol: 2.77 (mn)	Vol: 6.51 (mn)
Val: 3.63 (tn)	Val: 234.00 (bn)	Val: 51.96 (bn)
%: 18% : -25%	%: -3% : -20%	%: -22% : -14%

CASH USAGE STATISTICS		
<u>CIC:</u>	<u>ATM/ABM WITH:</u>	<u>CASH BILLS PAID:</u>
<i>Q1-2020</i>	<i>Q1-2020</i>	<i>Q1-2020</i>
Vol:	Vol: 3.72 (mn)	Vol: 2.59 (mn)
Val: 145.81 (bn)	Val: 31.29 (bn)	Val: 23.59 (bn)
%: -2%	%: -7% : -8%	%: 12% : 14%
<i>Q2-2020</i>	<i>Q2-2020</i>	<i>Q2-2020</i>
Vol:	Vol: 2.94 (mn)	Vol: 2.38
Val: 151.88 (bn)	Val: 27.36 (bn)	Val: 20.51
%: 4%	%: -21% : -13%	%: -8% : -13%

ELECTRONIC INSTRUMENT USAGE STATISTICS			
Means of Payments Data	% change	Vol	Val
Cheques	-24% : -31%	1.02 (mn)	133.49 (bn)
Credit Cards	-28% : -25%	4.00 (mn)	112.25 (bn)
Debit Cards	-23% : -11%	11.31 (mn)	301.01 (bn)
Online Banking	15% : -6%	1.11 (mn)	49.83 (bn)


- # of ATM/ABM installed as at end 2019: 798 (2%)
- # of POS/mPOS issued as at end 2019: 42,589 (2%)
- # of Branches as at 2019:

COVID-19 IMPACT



Impact on FMI Operations:

FMI operators were committed to deliver on their mandate of **providing efficient services** to stakeholders and an infrastructure that was **safe and reliable**. Some of the measures taken were:

- **Opening Hours:** Critical FMIs (RTGS, CSDs, ACH, Multilink and Trading platforms) **operating hours were consistent** early in the pandemic. As national **curfews tighten** the operators **closed systems earlier**. For example, operating hours for one system moved from 5pm to 1:30pm then to 3:30pm.
 - **Fees Waived**
 - **Incident Reported** - cheque encashment
 - **Staff Rotation**
- 

COVID-19 IMPACT

Impact on System Modernization Project



Slower response
time from vendor




Internal quality assurance
took longer

COVID-19 IMPACT



General Impact

- 01 Maintained highly accommodative monetary policy stance by holding the policy rate unchanged at 0.50 per cent per annum.
 - 02 Continued to support the foreign exchange needs of businesses in the real sector through direct sales to authorized dealers.
 - 03 Provided liquidity assistance via short-term lending facilities and its asset purchase program which amounted to \$57B. Facility to early encash and redeem BOJ instruments and purchase GOJ instruments.
- 



03

DIAGNOSE



DIAGNOSE

Continuous Monitoring and Supervision of Market Infrastructures



Maintain oversight and supervision of critical infrastructures.



Ensuring that critical FMIs provide all documents required for implementation monitoring of the PFMI.

DIAGNOSE



Formulated **Policies** and **Strategies** to guide **payment system infrastructure developments**:

01

Retail Payment Strategy

02

Retail Payment Security Guidelines

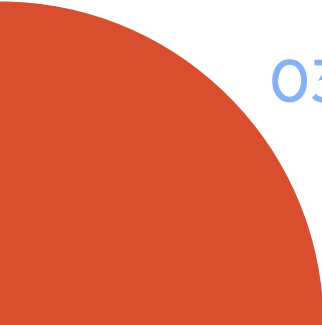
03

Review with intention to update existing policies:

- Oversight Policy, and
- Risk Policy

04

Conducting research to update our PCSA and draft the enabling Regulatory Framework for Payment Service Providers (PSPs).



DIAGNOSE



Establish Fintech Regulatory Sandbox and Requisite Guidelines

- The Sandbox was setup to facilitate regulator-provider engagement and mutual learning on new products, services, and business models, as well as associated customer risks and outcomes.
- Updated Sandbox Guidelines to facilitate access by Fintech companies with eKYC or remote account opening ideas or other related innovations.
- Sandbox Implementation



04

IMPLEMENT/CONTINUITY



IMPLEMENT/ CONTINUITY



Implementation of Business Continuity Plans

For Central Bank owned infrastructures the business continuity/emergency response plan was initiated. The Bank had setup a Committee/Task Force to assess the impact of covid-19 on core operations to include that of FMIs. The Committee/Task Force focused on among others:

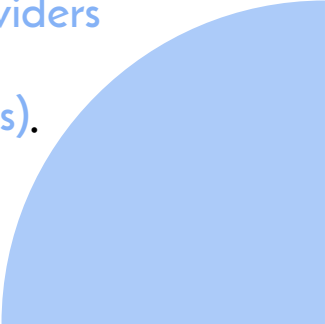
- Protecting the staff and ensuring morale is kept up.
 - Ensuring back-office functions could continue smoothly.
- 

IMPLEMENT/ CONTINUITY



During the pandemic **Government Payments** played a critical role especially in **lockdown period**. The Jamaican Government provided the **vulnerable population and sector subsidies** in the form of 'subsidized credits'.

Additional information on Government Payments include:

- **Covid Allocation of Resources for Employees (CARE) Programme** was disbursed to the vulnerable.
 - The Bank was approached to determine the most appropriate **services providers to allocate Government funding on a retail level**, these included authorised **Payment Service Providers (PSPs)** and **Remittance Service Providers (RSPs)**.
- 

IMPLEMENT/ CONTINUITY



01

AML/CFT Regulations & FIs implementation.

02

Are banks and other providers thinking about eKYC?

03

FITS action plan - centrally speaking and under the law.





05

RECOVER



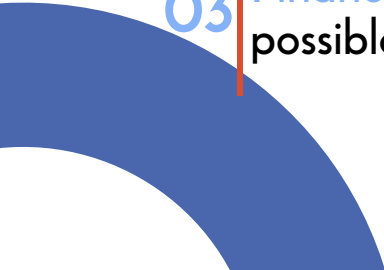

COVID BEFORE & AFTER

Before	After
1. Transactional activity was on the rise.	1. Transactional activity declined significantly.
2. System operated normally.	2. System operations were impacted and fees waived.
3. System Modernization Projects were moving apace steadily.	3. The pace of System Modernization Projects slowed.

RECOVER



In **adapting to the new normal**, that is operating with Covid-19, the Bank decided to:

- 01** Continue to have **dialogue with payment system operators and providers**, other associations and representatives, **in crafting responses to the crisis and the impact on FMIs**.
 - 02** Approach **policy and regulations** by **thinking ahead**, looking at **sustainability** and applying **risk-based regulations**, e.g. (KYC).
 - 03** **Financial Market Infrastructures** stay open and operate as **efficiently** as possible at **low or no risk**.
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RECOVER



Feasibility of designing and developing a Central Bank Digital Currency with various technology solution providers.

- a. Published an EOI and received 43 submissions from entities globally;
- b. Assessed all 43 submissions and have shortlisted 6 entities to partner and test in the Sandbox;
- c. Vendor demonstration has ended and the Sandbox environment is under construction;
- d. Ongoing Stakeholder Engagement with key stakeholders such as telecoms, banks, PSPs and Government Ministries; and
- e. Testing in the Sandbox will commence January 2021.

04





THANKS

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