



PORTUGAL - NATIONAL PAYMENT SYSTEMS

World Bank Global Payments Week 2012

23 October



Banco de Portugal

EUROSISTEMA



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 - . Role of Banco de Portugal and Stakeholders**
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 - . Single Euro Payments Area (SEPA)**



I. PAYMENT SYSTEMS IN PORTUGAL



I. PAYMENT SYSTEMS IN PORTUGAL

. Role of Banco de Portugal



REGULATOR

OVERSEER

“It shall be incumbent on the Bank to regulate, oversee and promote the smooth operation of payment systems, namely within the scope of its participation in the ESCB”

Article 14: Central Bank functions in Banco de Portugal Organic Law

OPERATOR

CATALYST

I. PAYMENT SYSTEMS IN PORTUGAL

. Role of Banco de Portugal



REGULATOR

. Guarantees the adequate regulation of Portuguese payment systems.

OVERSEER

. Promotes the security, confidence and technical availability of individual systems and the reliability of the market as a whole, with special focus on systemic risk prevention.

OPERATOR

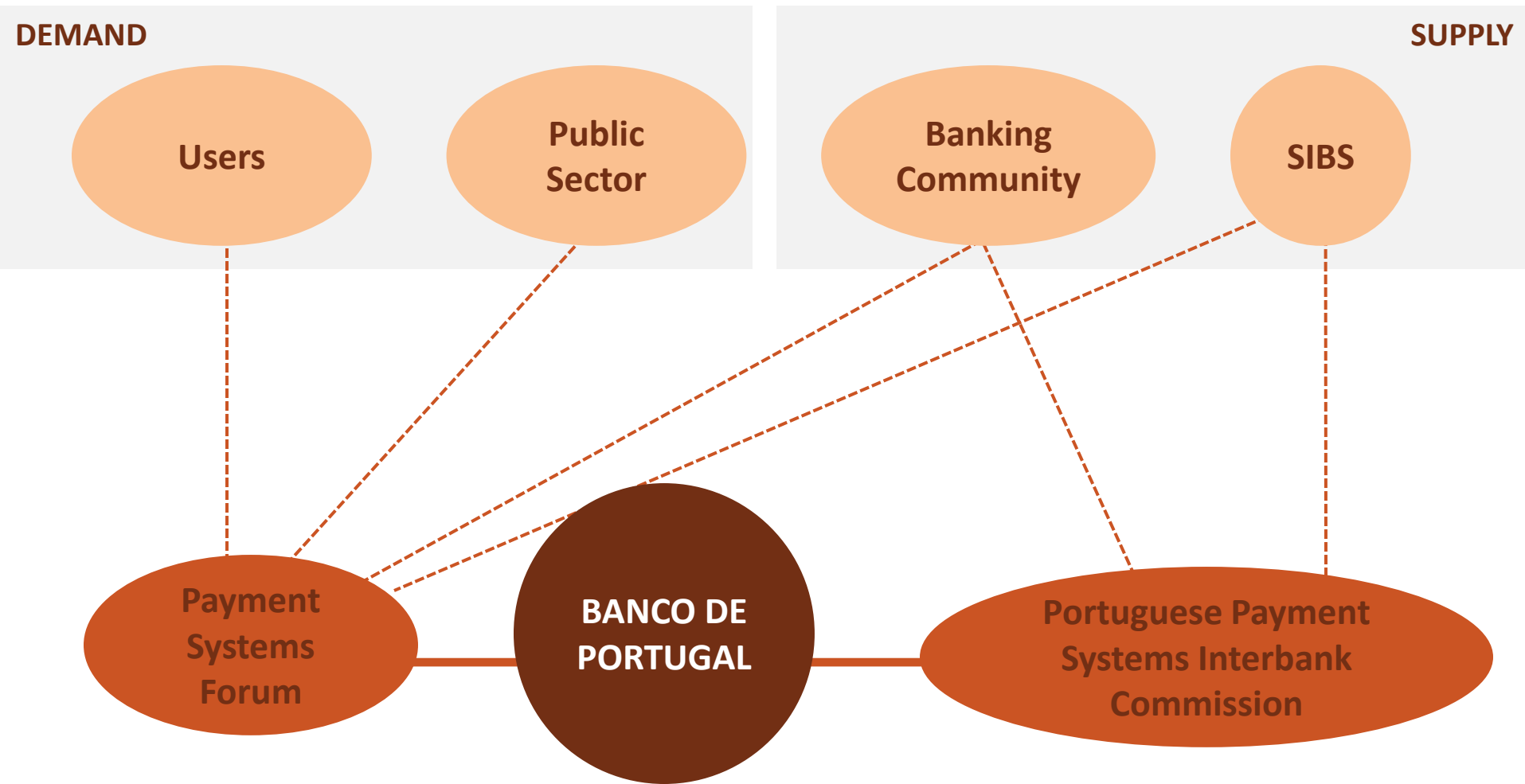
- . Manages the retail payment system - SICOI (Interbank Clearing System).
- . Operates the national component of TARGET2 (TARGET2-PT), the Real Time Gross Settlement System for payments in euro.
- . Operates AGIL, a central bank Proprietary Home Account Application.
- . Implements TARGET2-Securities.

CATALYST

- . Facilitates financial system initiatives, whenever these promote the development of payment systems or more efficient and transparent market practices.
- . Encourages cooperation among all financial system players, especially aiming the creation of relevant payment services and infra-structures, their operation and development.

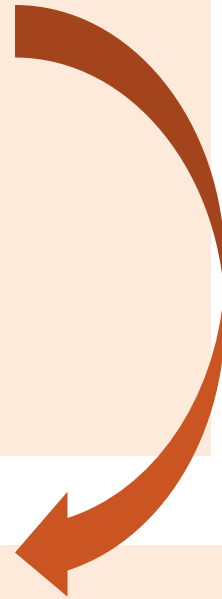
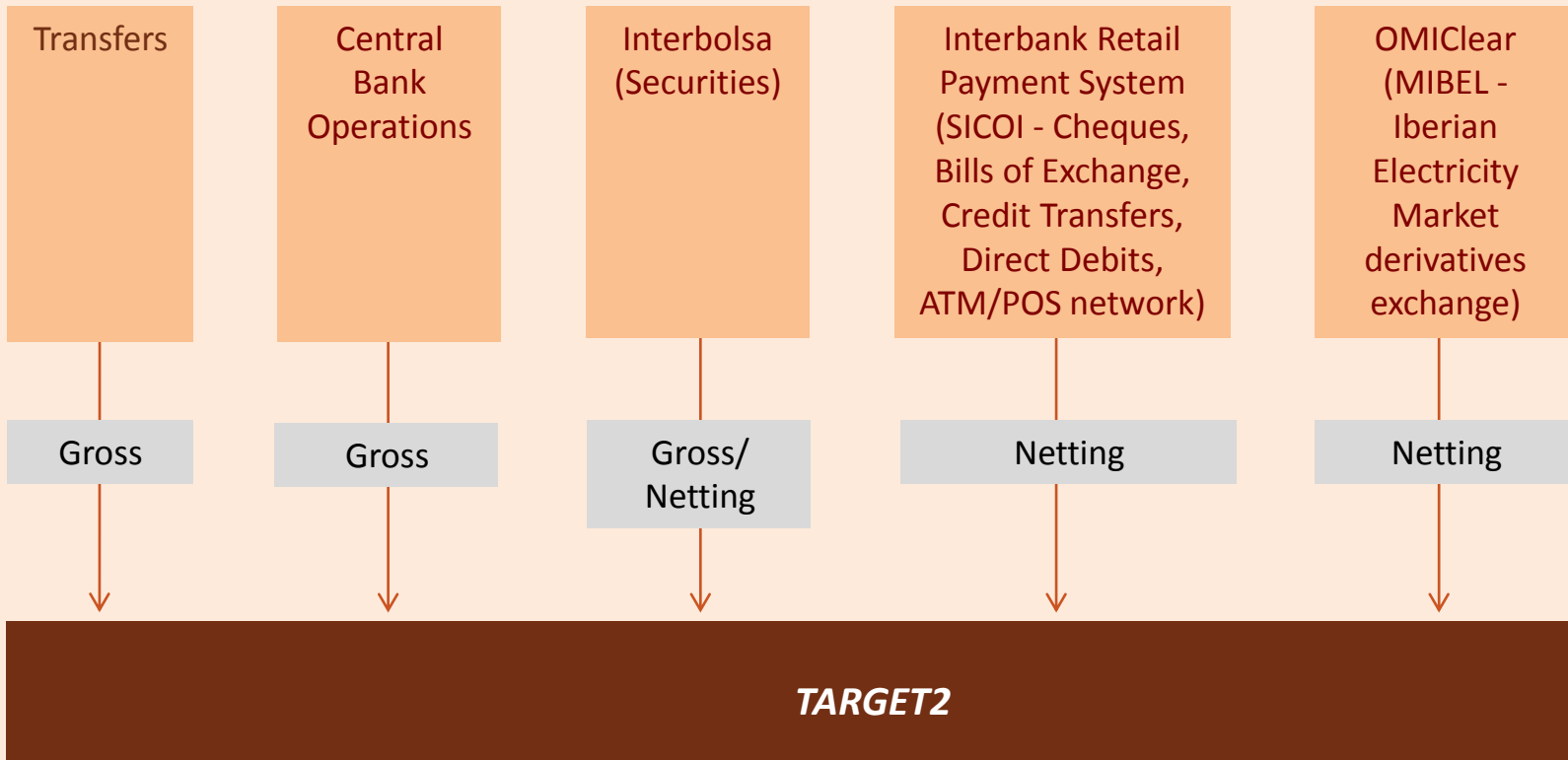
I. PAYMENT SYSTEMS IN PORTUGAL

. Role of Banco de Portugal and Stakeholders



I. PAYMENT SYSTEMS IN PORTUGAL

. Interbank Settlement Systems



Others...

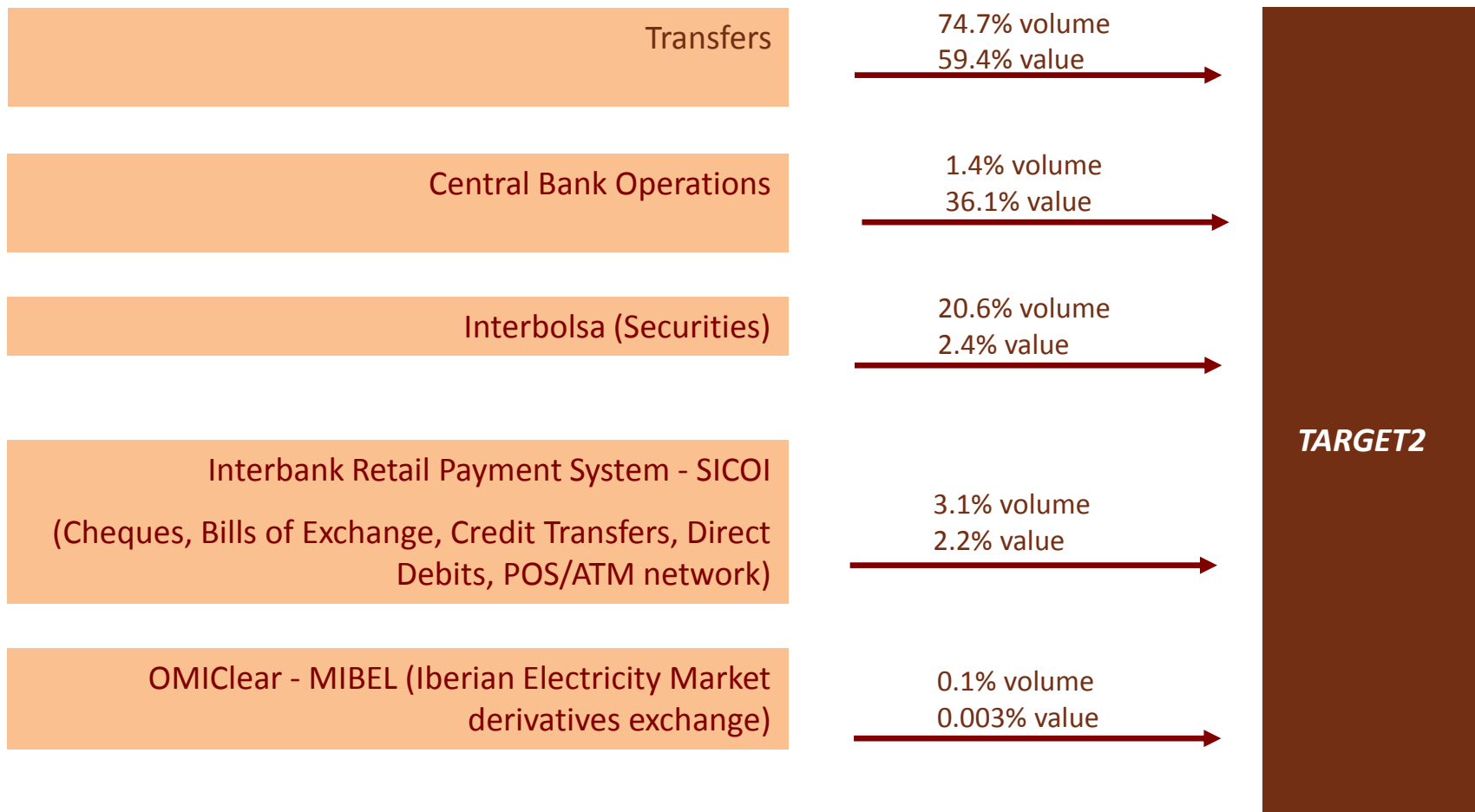
Cross-border links

I. PAYMENT SYSTEMS IN PORTUGAL

. Interbank Settlement Systems



2011



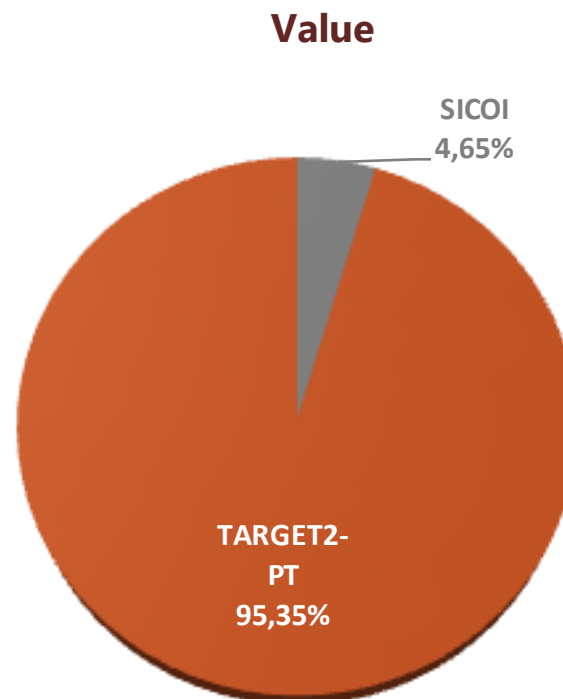
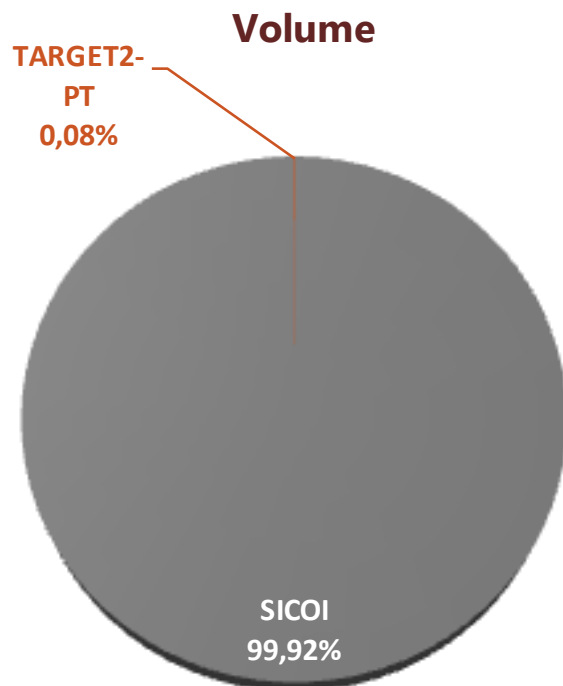
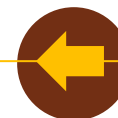
I. PAYMENT SYSTEMS IN PORTUGAL

. Interbank Settlement Systems



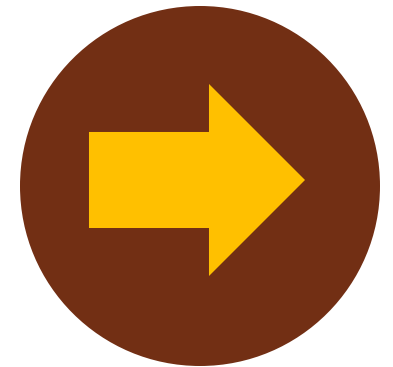
TARGET2-PT and SICOI

Structure in 2011



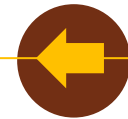


II. MAIN FIGURES





TARGET2-PT



The national component of TARGET2 - **gross settlement system in real time for euro payments.**

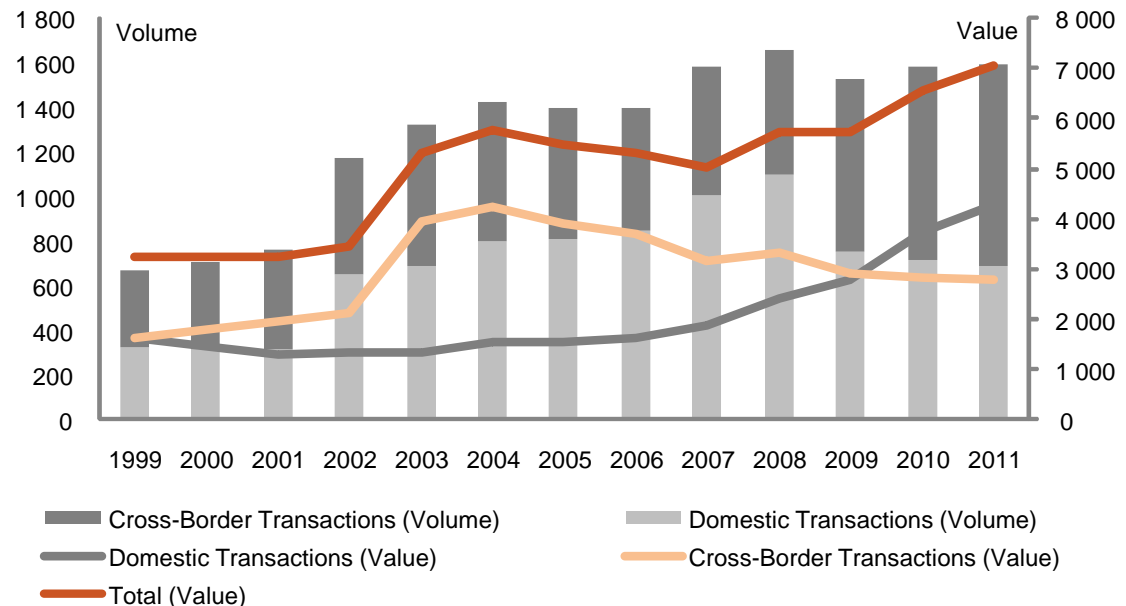
Large value payments are settled in central bank money through this system.

TARGET2 was developed to meet the needs of a single **monetary policy**. Contributes to the **integration and stability of financial markets in the euro area.**

The monetary policy operations are settled through this system.

TRANSACTIONS PROCESSED THROUGH TARGET2-PT

Volume in thousands and Value in billions of euros

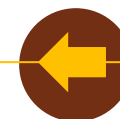


II. MAIN FIGURES

. Payment Systems Report 2011



TARGET2-PT



	Unit	2011	2007-2011 Annual Average Growth Rate
Volume			
Number of transactions	10 ⁶	1,59	0,2%
Daily averages	10 ³	6,19	0,0%
Value			
Value of transactions	10 ¹² euros	7,1	8,8%
Daily averages	10 ⁹ euros	27,4	8,5%

In 2011, TARGET2-PT processed 1.59 million transactions, worth 7.1 billion euros, **the equivalent to about 44 times the value of GDP in that year.** Every 6 days, a value equivalent to the Portuguese GDP was processed in TARGET2-PT.

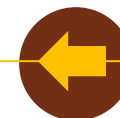
II. MAIN FIGURES

. Payment Systems Report 2011



Interbank Retail Payment System – SICOI

2011

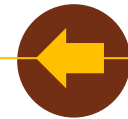


	Volume (Thousands)		Value (€ Millions)	
		<i>Daily Average</i>		<i>Daily Average</i>
Cheques	79 718	320	106 646	428
Credit transfers Legacy	101 320	393	126 192	489
Credit transfers SEPA	1 193	5	4 133	16
Direct Debits	127 747	495	16 938	66
ATM/POS Network	1 695 640	4 646	88 543	243
Bills of Exchange	188	1	1 375	6
Total	2 005 806	5 859	343 827	1 247

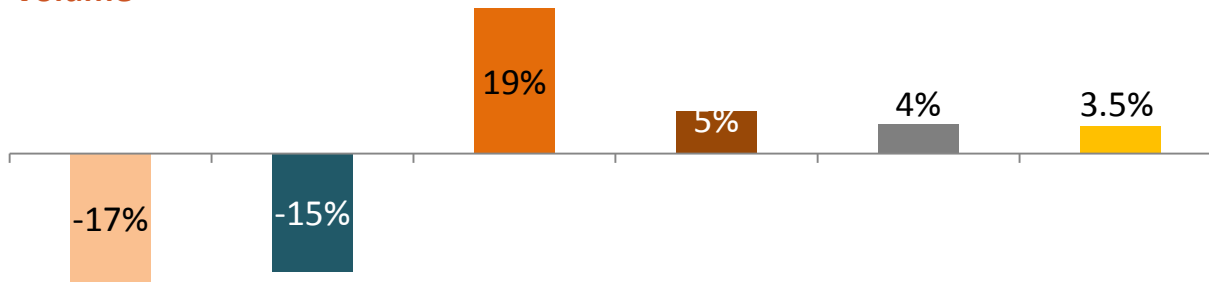


Interbank Retail Payment System – SICOI

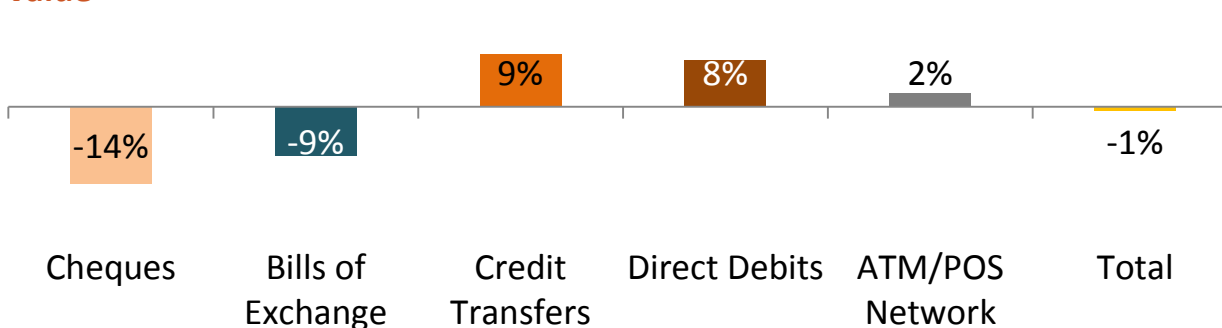
2010/2011 - Growth Rate



Volume



Value



Increased use of electronic payment instruments and reduction in the use of paper-based instruments, in both number and value.

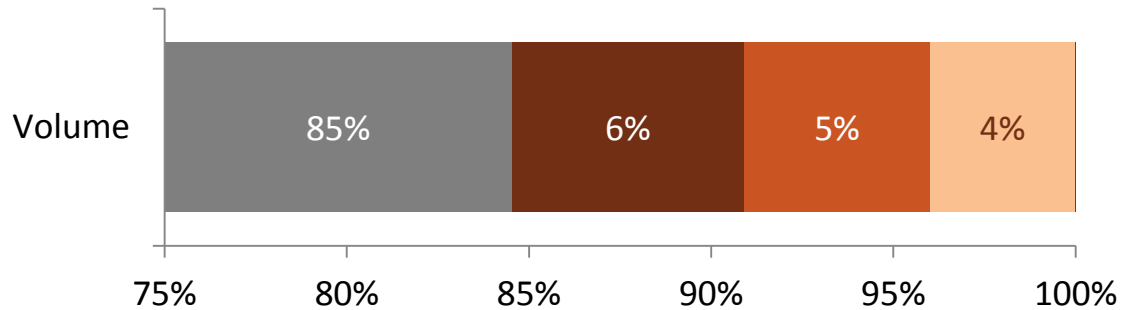
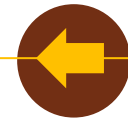
II. MAIN FIGURES

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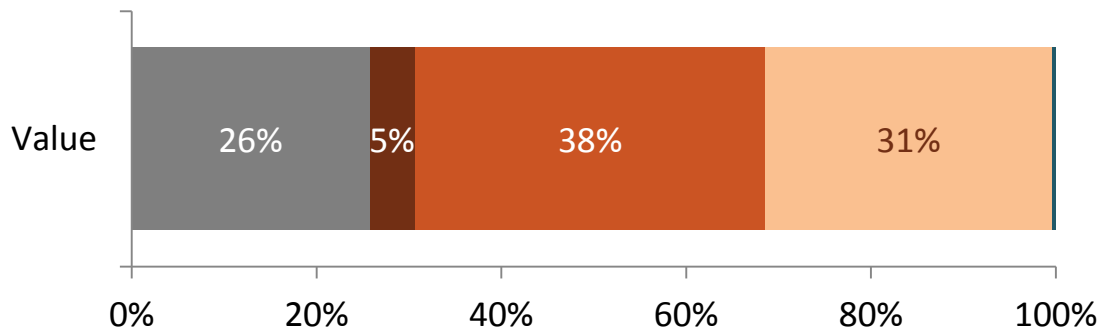


Interbank Retail Payment System – SICOI

Structure in 2011



ATM/POS network continued to show the highest relative weight. Direct debits also maintained the relative position as the second mostly used subsystem.



For the first time, Cheques are no longer the most relevant in value terms. Credit transfers are now predominant.

- ATM/POS Network
- Direct Debits
- Credit Transfers
- Cheques
- Bills of Exchange

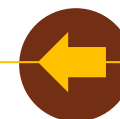
II. MAIN FIGURES

. Payment Systems Report 2011



ATM/POS Network

2011



	Volume	Change 11/10 (%)	Cards per inhabitant
Cards in use	19 315 360	2.3	1.9
Debit cards	10 005 509	-3.7	1.0
Credit cards	9 309 851	9.7	0.9
Terminals	287 988	-1.6	
ATM	13 911	-2.8	
POS	274 077	-1.6	

The decrease in the number of ATMs and POSs represents a turning point compared to the upward trend in recent years.

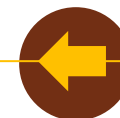
II. MAIN FIGURES

. Payment Systems Report 2011



ATM/POS Network | a cross-country comparison

2011



	ATM Terminals (per million inhabitants)	POS Terminals (per million inhabitants)	Payment Cards (per inhabitant)
Portugal	1 624	25 733	1,89
Germany	1 030	8 693	1,60
Finland	533	37 681	1,45
France	893	22 151	1,27
Spain	1 241	29 546	1,50
United Kingdom	1 026	21 688	2,35
Euro Area	966	19 391	1,42
European Union	870	17 584	1,44



III. CHALLENGES AHEAD



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. Oversight



Oversight aims to promote the smooth operation of payment and securities settlement systems, ensuring its security, reliability and availability.

EMIR (*European Market Infrastructure Regulation*) – Regulation 648/2012 on OTC derivatives, central counterparties and trade repositories



CCP operating in Portugal – **LCH.Clearnet SA**

CCP of the Iberian Electricity Market – **OMIClear**

CSD Regulation – Proposal for a Regulation on improving securities settlement in the European Union and on central securities depositories



Central Securities Depository – **INTERBOLSA**

Principles for Financial Market Infrastructures, CPSS/IOSCO, April 2012



FMI Assessments

III. CHALLENGES AHEAD

. TARGET2-Securities (T2S)



Aims to promote the integration of securities markets in Europe, eliminating the differences between national and cross-border transactions; technical platform for securities settlement in central bank money, that can be used by central securities depository and their clients (end users).

- | | |
|----------------------|---|
| November 2011 | Completion of the contractual framework of TARGET2-Securities (Framework Agreement to be signed by the major players, national central banks and the Central Securities Depositories) |
| June 2012 | 24 European Central Securities Depositories signed the Framework Agreement (including the Portuguese CSD Interbolsa) |
| June 2015 | T2S Go-live date |

During this time span, implementing T2S in Portugal...

III. CHALLENGES AHEAD

. Single Euro Payments Area (SEPA)



SEPA enables customers to make cashless euro payments to anyone located anywhere in Europe, by credit transfer or direct debit, using a single bank account and under the same conditions, rights and obligations.

March 2012

Regulation n. 260/2012 of the European Parliament and of the Council establishes technical and business requirements for credit transfers and direct debits in euro and defines the end-date for SEPA migration

February 2014

End-date for SEPA migration

During this time span, working for a timely and smoothly migration together with the relevant stakeholders



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