

General Discussion

Session 7

Mr. Weiner: Very interesting paper and comments. Ron, do you want to respond at all to Jonathan?

Mr. Berndsen: I think having the user voice heard more is a very good recommendation. When we come up with new standards, it is standard practice to have a user consultation. So, for three months, we put the standards on our website. Everybody is free to join and give comments. Do we attract a user with that? Sometimes we do, but maybe sometimes not, and it would be good to solicit more of the user's views. That was a good suggestion.

Mr. Weiner: Great. Let's open it up now.

Mr. Bolt: A question for Ron about accessibility to, let's say, common infrastructures. You said the infrastructure needs to be open so that other users can exploit the infrastructure. Is then oversight also concerned with the access pricing of those infrastructures? The owner of that common infrastructure can be a private entity, which can be invested in that infrastructure for a long time and everything is up and running, and then suddenly somebody else in the infrastructure needs to be open for everybody. Of course, the owner wants to have a return, so he asks an access price to use that infrastructure, and his oversight is also concerned then with the access pricing of those networks.

In the telecom business, that is an open issue and is a difficult problem. If the access price is too high, you cannot really compete as an entrant. If it's too low, perhaps inefficient competitors enter the market, so you need to strike a balance there. Is oversight also concerned with debt or just making sure infrastructures are open, but that is then the end of the story? What about network access pricing?

Mr. Berndsen: That's a very good question. In the oversight world, it is important there is open access, especially to systems where there is no alternative. For instance, the example we have is the Switch in the Netherlands. You have to have access if you want to do something there. It is not customary to talk about pricing or what pricing would be good. The standards would say you have to admit everybody who has a certain type of low risk as a participant. If you have a proper payments system, everybody who is a participant and who is compliant with the access rules, those access rules cannot be discriminatory against nationality but can be discriminatory only for the risk level the participant brings. For big systems, that risk should be low. So, this is the same for the Switch, for all types. So, we do not go and say the price should be such and such.

Mr. DeCicco: Ron, this is a question for you. Although it's a little outside the paper, I'd be interested in your views around central banks' role in terms of global oversight. From here I mean global cooperation or collaboration, as there could be common interest in requirements that cut across markets, for example, with respect to anti-money laundering (AML) mitigation and oversight and the information requirements we carry from market to market and across border.

From a practitioner's perspective, I know many would argue we are not seeing consistent requirements across different markets, or their requirements are interpreted differently from market to market, which leads to some inefficiency at the very least as we conduct our payments practices in markets. From your perspective, is there any dialog within the central bank community on looking at the aspects of the global nature of our business and the need for some more cooperation and collaboration?

Mr. Berndsen: There is, to a large extent, global cooperative oversight on established systems like SWIFT or CLS or other international systems like central counterparties, which operate cross-border. That is now a well-established practice. But oversight is not everything. You mentioned AML: That is not something that is in oversight standards or in the oversight sphere. In those committees, we do not consider AML, for instance, as data privacy is not an issue in the oversight sphere.

Of course, I can feel sympathetic to the idea that central banks should be able to align on that, but that's not something in systems oversight. But there is global oversight on the systems I mentioned.

Mr. Weiner: I don't want to put anyone on the spot, but it would be interesting to hear the perspective of the other side—those networks that do cross-border business—on what their views are of global oversight, whether they think what is in place now is sufficient, burdensome, or not burdensome. Are there any thoughts on that?

Mr. Gove: If we take the last question a step further, one of the biggest issues I find going around the world is the consistency of data and quality of data, interpretation of data fields, and what have you. We're seeing a lot of work going on now in diaries in different countries. There is probably different data being collected

in each of those diaries. Different bodies are collecting data—the Reserve Bank in Australia, the APACS in the United Kingdom, a lot of the data in the United States come from merchant publications, which are most important. Is there a role for the central banks in coordinating and, on a global basis, in setting some standards for what data should be collected, because the better the quality of the data, the better decisions everybody can make?

Mr. Berndsen: That is a very interesting question. The central banks need a lot of data in order to be able to make assessments, for instance, but also for other functions in the oversight function. As a facilitator or as a policymaker, you have to have access to enough data in order to base your judgment or your policy. I would say this seems a little bit broader than just the oversight information that would be needed to be gathered. In the Eurosystem, we are trying—but it's only Europe of course—to align on data and to see how we can collect it in a more efficient way. That goes from payments data to balance of payments. That's a very broad area. To some extent, that would be very beneficial to have.

Another example that comes to mind is the new oversight group on the central counterparties for credit and default swap clearing. That is a whole new business. These are new companies, which have been around only for one year now, and from the start, the overseers have said, “Okay, we are trying to cooperate from zero on,” when they are trying to operate and to see what the data needs of the central banks were. They have all been aligned, so on that small part—but it's a new part—we already have alignment of data. Going back to well-established things as in the payments area, it becomes more difficult to align on that. But that would, of course, be a good idea.

Mr. Williams: To add to what Ron said, as a user of that sort of data—transactional statistical data—I must admit I find it very difficult to get a single worldwide picture for the same period of time using the same sorts of definitions. It is difficult to do, and central banks are in an excellent position to try to capture that information in addition to their oversight work. I suppose the question is, Who is going to fund the doubling in size of each of the oversight or statistical departments to enable that?

Mr. Gove: The type of data being collected around the world by various bodies is not in any standardized format. Given that there are attendees present from a number of government bodies from various parts of the world, I'd like to know if these bodies might get together and agree to some standardized method of data collection, definitions, and reporting. For example, data from the United States often includes signature debit with the credit data, whereas the PIN debit is reported separately as “debit.” Fraud data is also inconsistent in its format from country to country. This makes it very difficult to compare one country with another. Better quality data will mean better decision making by all parties involved in the payments industry.

Mr. Weiner: I think that is a really good point, John, especially to the extent

you hope central banks are viewed as a trusted third party, where proprietary data could be trusted. It would be a nice way to pull all that together. Certainly, the researchers in the room would appreciate it, not to mention those with policymaking and overseer responsibilities.