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Speech by Leonardo Villar, Governor of *Banco de la República*

- Four months ago, we met in this same room to communicate the decision of *Banco de la República* to promote a system of immediate transfers. Today, I am pleased to be here again to share the progress made in this project, which we are confident will contribute to deepen digital payments in Colombia, and thus strengthen financial inclusion, formalization, and competitiveness in the country.
- As we announced last August, we decided to discuss the design, functionalities and standards of the system with the industry. Therefore, following international practices, we set up the Payment Systems Forum and adopted a methodology to guide this public-private dialogue and make the most of it. At this point, I am grateful for the valuable technical assistance we received from the firm Marulanda Consultores sponsored by the Economic Cooperation Program - Seco of the Swiss Embassy in Colombia.
- This conversation was guided by the guiding principles that we believe should characterize the immediate payment infrastructure: ensuring broad access for all players and full interoperability between different technologies and systems; offering a safe, cost effective and user experience-focused operation available 24/7; and, finally, ensuring a scalable capability that integrates various use cases, promotes innovation and competition in the provision of payment services.
- The Forum was very well received. We had a very active participation of the private sector, which I would like to highlight and thank. More than 150 entities, including payment system administrators, financial institutions, cooperatives, fintechs, technology providers, among others, joined us throughout these months in various plenary sessions and working subgroups.

From this stage of the Forum, we extracted relevant contributions regarding the components and functionalities of the system proposed by *Banco de la República*, as well as general reflections on the architecture of the ecosystem. I would like to share with you the three main conclusions that emerged from this stage of the forum:

- There is a consensus in the industry about the importance of moving towards a universe of digital payments more rapidly. There is an agreement that this is a path that should unite us as a country.
- The Forum identifies in *Banco de la República* an orchestrating role in the definition of rules and technical and operational standards for the industry, in the building of the roadmap for the promotion of the market and in the consolidation of a scheme for monitoring the progress and challenges in achieving the proposed objectives.
- There is less unanimity on the bases on which the immediate payment ecosystem should be deployed. Some note structural frictions and complexity in the adaptation of current systems. Others are willing to build on what has been built, agree on improvements to existing infrastructures and strengthen the service offer.

- Based on this last point, we went deeper into the analysis of international experience, specifically in those cases where immediate payments have been implemented on pre-existing infrastructures. Thus, with the technical support of the United Nations Better Than Cash Alliance, we had the opportunity to learn about the models of Australia, Philippines, Jordan, Ghana, India and Peru. This review, in addition to the one we have carried out on the PIX model in Brazil, gave us a more complete picture of the international context in this regard.

- The particularities of each market are manifested in different regulatory approaches and operating models. However, all of them have promoted full interoperability and have adopted rules that aim at simplicity in the user experience. Thus, in most of the jurisdictions reviewed, there is a common brand, a universal QR code standard and uniformity in the mechanisms for initiating and receiving transactions.
- However, a transversal look at these experiences allows us to conclude that the development of payment ecosystems is the result of a combination of regulatory interventions and the provision of infrastructure, where the interaction between the State and the private sector becomes crucial. Hence the relevance contained in the recommendation made by FSAP of the year 2021 led by the World Bank and the International Monetary Fund regarding the establishment of a permanent body for this purpose.
- Based on all these inputs and references, an interdisciplinary team from *Banco de la República* evaluated different design alternatives for the immediate payment system. This was a comprehensive exercise in which different analysis variables were considered from the areas of technology, operation, and risks. It also included legal, user, and business aspects.
- At the end of the study, we concluded that, in order to achieve the greatest impact and speed in the construction of the ecosystem, *Banco de la República* will implement an immediate payment system that not only addresses the access problems faced by the market today, but also serves to achieve full interoperability in the industry. This decision implies that the clearing house we are going to promote will allow the connection of all the stakeholders in the system and will be additionally interconnected with the private networks that offer immediate payments.
- Therefore, the architecture we have designed incorporates three essential technological components: a 24/7 clearinghouse for immediate wire transfers, a centralized directory with the capacity to host different types of usernames to facilitate the user experience and a real-time gross settlement model that will provide significant efficiencies in the performance of the entire ecosystem.
- This infrastructure will act as a digital public good, generating market contestability to drive constant innovation and improvement in the provision of payment services in the country.
- This effort has been made together with a working group with authorities in which the Financial Regulatory Unit (URF in Spanish) of the Ministry of the Treasury and Public Credit and the Office of the Financial Superintendent of Colombia have participated. We would like to particularly thank the teams of these authorities, whose contributions have been decisive in identifying the regulatory aspects required to achieve a regulatory framework conducive to the proposed architecture, especially the interconnection between networks.
- We will continue to move forward with the implementation of this project as quickly as possible in order to ensure its timely deployment as we know it is required.
- I would now like to invite you to listen to the speeches of the Vice Minister of the Treasury and Public Credit, Mr. Gonzalo Hernández, and the Superintendent, Mr. Jorge Castaño, whom I would like to thank very specially for being here today.
- Following their speeches, Mrs. Ana María Prieto, Director of the Bank's Payment Systems Department, will explain the architecture of the Immediate Payment System that we have designed.

Fuente: https://www.banrep.gov.co/en/news/banrep-presented-proposal-architecture-colombia-payment-systems