CBRT’s Experience with Oversight and Role of New Technology Tools

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3-7 DECEMBER 2018 | Kuala Lumpur-MALAYSIA
OVERVIEW

- Basics Concepts on Oversight of Payment and Securities Settlement Systems in Turkey
- Oversight Activities of the Central Bank of the Republic of Turkey (CBRT)
- Role of New Technology Tools in Oversight
Basic Concepts on Oversight of Payment and Securities Settlement Systems in Turkey
Legal Basis

- CBRT is the primary responsible authority in terms of payment systems and securities settlement systems
  - The Law on the CBRT
    “... to establish payment, securities transfer and settlement systems, to ensure the uninterrupted operation and oversight of the systems established and to be established and to make the necessary regulations, to determine the methods and instruments including electronic environment that shall be used for payments”
  - The Payment Systems Law
    “The Bank is authorized to oversee the systems established or to be established in order to ensure their uninterrupted operation”
- Secondary regulations
  - Regulation on the Oversight of Payment and Securities Settlement Systems
  - Regulation on the Operation of Payment and Securities Settlement Systems
The Oversight Framework for Payment and Securities Settlement Systems published in November 2016

According to the Framework:

- Three-level classification
- All levels obtain a license
- Each level comply with the regulations
- Differentiation in implementation of standards
Stages of Oversight Activities

Central Bank Function

Safety

Efficiency

Monitor

Assess

Induce Change
Experience on Oversight of Payment and Securities Settlement Systems in Turkey
Oversight Reports

- Oversight Report of Interbank Card Center (30.06.2017)
- Oversight Report of Mastercard Payment Transaction Services Turkey (26.06.2018)
- Oversight Report of the CBRT Payment Systems (29.06.2018)

- Oversight Report of Garanti Payment Systems (Being Prepared)
- Oversight Report of Mastercard Payment Transaction Services Turkey (Being Prepared)
Takeaways

- Importance of on-site visits
- Cooperation and Coordination
- Approaches for regulations
- Effective communication platforms
- Organizational structure
The Role Of Technology Tools in Oversight
The Role of Technology Tools in Oversight

- **In use**
  - Collecting of Systems’ Data (EVAS)
  - Registered Electronic Mail (KEP)

- **Research**
  - Big Data
  - DLT
Thank you
CBRT’s Experience with Oversight and Role of New Technology Tools

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CBRT’s main objective is
• to ensure the safe, uninterrupted, efficient and effective functioning of the payment and securities settlement systems

Main policies and activities pursued by the CBRT:
• Making necessary regulations
• Conducting oversight
• Ensuring systems’ operation in compliance with PFMI s issued by the CPMI and IOSCO
• Monitoring the national and international developments
• Ensuring and maintaining the confidence in the systems
• Carrying out cooperative activities with other relevant authorities
The Scope of the Oversight Activities in Turkey

- According to the Regulation on Oversight in Turkey, the CBRT could:
  - Classify systems according to their significance levels
  - Set different standards and principles for systems in different categories
Stages of the Oversight Activities - Monitor

- Publicly available information
- Official system documentation
- Regular or ad hoc reporting
- Self assessments
- On-site visits
- Information from other regulators
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<th>Stages of the Oversight Activities - Assess</th>
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X: Applied
/: Partially applied
O: Not applied
Stages of the Oversight Activities – Induce Change

With respect to assessment results:
- Moral Suasion
- Public statements
- Statutory power to require change
- Sanctions
- Other means of inducing change
What CBRT can do:
- Gives reasonable time
- Requires the system operator to take necessary precautions
- Requires the participants to be taken out from the system
- Suspends the operating permission
- Cancels the operating permission
- Takes over the management
- Imposes administrative fine
Oversight of Payment and Securities Settlement Systems

Primary Authorities

CBRT
-PSs
-SSSs

Capital Markets Board (CMB)
-CCPs
-TRs
-CSDs

Banking Regulation and Supervision Agency (BRSA)
-Banks
-Other PSPs
Payment and Securities Settlement Systems in Turkey

**BKM**
Interbank Card Center (ICC)

**TAKAS ISTANBUL**
İstanbul Settlement and Custody Bank (Takasbank)

- Electronic Funds Transfer System - EFT
- Electronic Securities Transfer System - ESTS

**TMB**

**Garanti Ödeme Sistemleri**
Garanti Payment Systems (GÖSAŞ)

**MasterCard**
Mastercard Payment Transaction Services Turkey (MPTS)

**MERKEZİ KAYIT İSTANBUL**
Central Registry Agency (CRA)
Oversight of Payment and Securities Settlement Systems

Primary Authorities

- CBRT
  - TIC-RTGS
  - TIC-CPS
  - TIC-ESTS

- CMB
  - CRA as SSS
  - CRA as CSD and TR
  - Takasbank
  - ICC

- BRSA
  - Banks
  - Non-Bank PSPs

Non-Bank PSPs - Banks