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## PRESS RELEASE

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### **The NBB publishes its first report on financial market infrastructures and payment services**

Belgium hosts several financial market infrastructures (FMIs), custodians, payment service providers (PSPs), such as payment institutions and electronic money institutions, as well as critical service providers (CSPs). Some of them have a systemic relevance internationally like SWIFT, Euroclear, Bank of New York-Mellon, Mastercard Europe and Worldline.

The FMI and Payment Services Report provides a comprehensive overview of the National Bank of Belgium's oversight and prudential supervision on these systems and institutions headquartered in, or relevant for, Belgium. In its capacity as overseer, the Bank focuses on the safe and efficient end-to-end functioning of payment, clearing and settlement systems, and their interdependence with other financial market actors. The prudential supervisors watch over the financial robustness at micro level of this industry's institutions, thus helping to maintain the confidence of their counterparties and users. Both approaches aim to promote financial stability.

The Bank considers such disclosure necessary for a number of reasons. Firstly, as financial authority, it should be transparent and accountable about its role towards FMIs and the public at large as users of payment services. Secondly, as the systems and institutions covered in this Report are an important, or even systemic, component underpinning financial markets as well as the real economy, it is particularly relevant for their users to be aware of the Bank's assessment of their relevance to financial stability, inherent risks and priorities for risk mitigation where appropriate. Thirdly, as some internationally active FMIs or CSPs are also systemically relevant on a global scale, the Bank reaches out to financial regulators, beyond those with whom it is working closely already, that might have an interest in understanding the applicable regulatory framework, the Bank's supervisory approach and priorities. Finally, in reporting on these activities, the Bank is meeting the international disclosure requirements for financial regulators as laid down in the principles of the BIS Committee on Payments and Market Infrastructures and the International Organisation for Securities Commissions (i.e. relevant authorities' responsibility for the disclosure of policies with respect to FMIs).

The FMI and Payment Services Report provides a detailed overview of the changes in the regulatory environment for FMIs, custodians, PSPs and CSPs, the development of their activities, the Bank's oversight and prudential supervisory approaches, and its main priorities for 2017. The Report also takes a look at specific issues such as cyber crime and FinTech.

Cyber crime has been on an exponential rise in the last decade, a significant part of which has focused specifically on the financial sector, particularly on financial market infrastructures and the payment services sector. This underscores the importance of best practices, proper policy measures and regulatory initiatives to acquire reasonable assurance on the effectiveness of an organisation's protection, detection, response and recovery capacities, and the need to share information to cooperate with partners in the financial ecosystem. Recent cyber events have pointed up the importance of end-to-end security in the transaction chain, i.e. as the global financial system is strongly interconnected, each node within this network should harden its stance on cyber security with the aim of keeping transactions secure at each stage of their processing cycle.

The future of the payment services industry is very challenging. Regulators strive to promote innovation, security and competition, while guaranteeing financial stability and a level playing field for all market participants in terms of risk mitigation and oversight through a risk-based approach that is technology-neutral. On the one hand, new European legislation (revised Payment Services Directive) has introduced new payment services and harmonised security rules. On the other hand, the current wave of disruptive technologies and start-ups may open up significant opportunities. At the same time, innovations come with their own set of risks and challenges, like operational, cyber, third-party, governance, legal and settlement risks.

### [Report on Financial Market Infrastructures and Payment Services](#)