Dear colleagues,

It is both an honor and a pleasure for me to be able to participate in this Regional Payment Systems Workshop for Latin America and the Caribbean, with a focus on retail payment systems. I would like at the outset to thank the Central Bank of Trinidad and Tobago, for their kind hospitality and for their hard and efficient work in the organization of this event. Let me also thank Marc Hollanders. This Workshop is to a large extent the result of his long experience with the issues under discussion and his personal interest in supporting our region. I also want to express my appreciation to the speakers, who have kindly agreed to share their knowledge of this important topic with all of us.

The BIS and CEMLA have been cooperating closely on issues related to payment systems for several years. In 2001, CEMLA and the World Bank launched the Western Hemisphere Payments and Securities Clearance and Settlement Initiative, whose objective was to contribute to the development of the payment and settlement systems of Latin America and the Caribbean, on the basis of the standards developed by the Bank for International Settlements. The success of this Initiative, evident in the functioning of what we know today as the Payments Forum, owes much to the invaluable advice and support of the BIS.
Throughout the existence of the Forum, we have contributed to the efforts of your national central banks to strengthen the region’s financial infrastructure. I am convinced that meetings like this one are fundamental to support these efforts.

In today’s world, financial infrastructures must be prepared to face the challenges resulting from globalization, which include among others a constant process of innovation and the risk of external shocks. As a matter of fact, the global financial crisis evidenced the need to have in place proper mechanisms to cope with periods of turbulence, several of which depend on the adequate functioning of payment systems. Naturally, central banks play a fundamental role both in strengthening the financial infrastructure, including the payment systems, and in fostering an adequate balance between development, stability and competition in this sector.

Retail payment systems, the central topic of this Workshop, are a vital piece of the financial infrastructure. They facilitate and reduce transaction costs among individuals and firms, while contributing to bancarization and financial inclusion. Furthermore, although these systems were not initially considered to be systemically important, their sharp growth in recent years has raised concerns about their potential implications for the stability and confidence of the financial system in many countries. These fears are accentuated by the fact that a number of transactions carried out through retail payment systems are not currently under the authorities' oversight.

Retail payment systems in Latin America and the Caribbean have witnessed significant changes in recent years. In particular, important advances have been made in strengthening the physical infrastructure in the region, in improving the legal framework and in the use of retail payment instruments such as electronic credit transfers, payment cards or direct debits.

Notwithstanding these efforts, the room for progress is huge. To start with, development of the retail payment infrastructure lags that observed in advanced economies by wide margins. Also, there is a lot to be made to increase the
utilization of retail payment instruments other than cash, and to use retail payment systems as a means to enhance financial inclusion. In addition, progress and the priority attached to these issues vary substantially from one country to another. To this one must add the challenges resulting from a rapidly increasing involvement of the private sector in the retail payment market, and from the absence of a clear or broad mandate to allow central banks and other authorities to have a proper oversight role.

In this context, it is crucial that the region’s authorities identify and set in motion the actions needed to ensure that retail payment systems contribute to an adequate functioning and development of financial markets.

The agenda for this Workshop will allow an exchange of views on many issues of utmost importance in this regard, namely, the interdependencies between large and low value payment systems, retail payment systems oversight, the supervision of non banking entities as payment systems providers, the use of innovative instruments, the relationship between innovation and financial inclusion, the role of the central bank in the development of retail payment systems, and the international experience in these and other areas.

In view of the carefully selected agenda, the excellent list of speakers, and the well qualified audience, I have no doubt that this Workshop will be of great help in our endeavors to understand the actions needed to strengthen retail payment systems in Latin America and the Caribbean.

In closing, I just want to reiterate CEMLA’s commitment to continuing to work jointly with your central banks in pursuit of the objective of achieving more stable, efficient and competitive payment and settlement systems in our region. I am sure that the BIS will continue to support our efforts in this regard.

Thank you.