

16th Meeting of the SAARC Payments Council

March 2015



Developments in Payment & Settlement Systems in Maldives

Financial Sector of Maldives

- The financial sector in the Maldives is dominated by the banking sector.
 - The banking sector consists of seven banks:-
 - *one locally owned commercial bank – the Bank of Maldives*
 - *five foreign owned commercial banks*
 - *one sharia compliant Islamic bank*
 - Non-bank financial institutions in the country consist of insurance companies, a finance leasing company, a specialized housing finance institution, money services businesses and securities market intermediaries.
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Payment System Statistics

Volume / Monthly Average

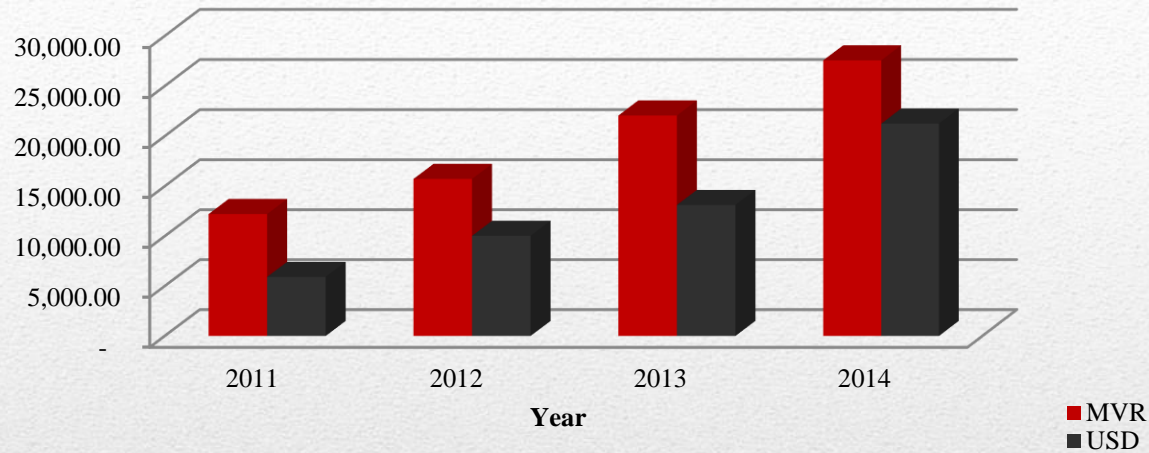
Year	MRTGS		ACH	
	MVR	USD	MVR	USD
2011	1,357	657	-	-
2012	1,311	835	3,706	1,480
2013	1,838	1,093	4,325	2,504
2014	2,297	1,770	5,576	3,773

Value / Monthly Average

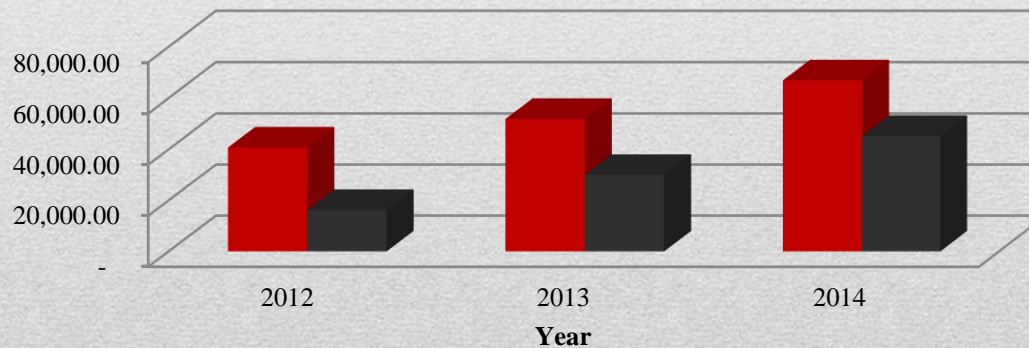
Year	MRTGS (In billions)		ACH (In millions)	
	MVR	USD	MVR	USD
2011	19.89	0.16	-	-
2012	22.50	0.20	51.06	1.55
2013	30.70	0.26	46.54	2.90
2014	57.83	0.38	70.83	4.36

Statistics... Transaction volume

MRTGS



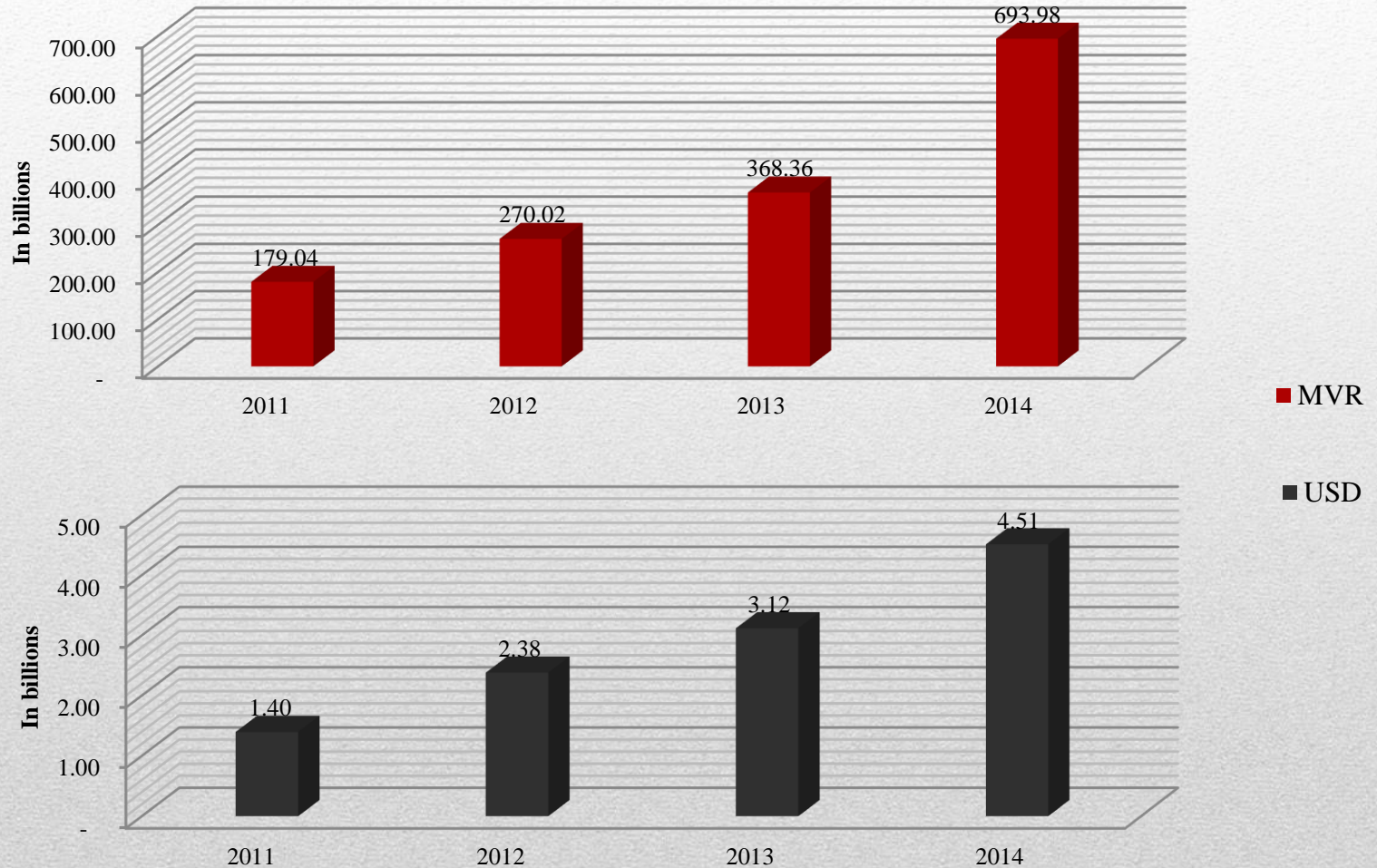
ACH



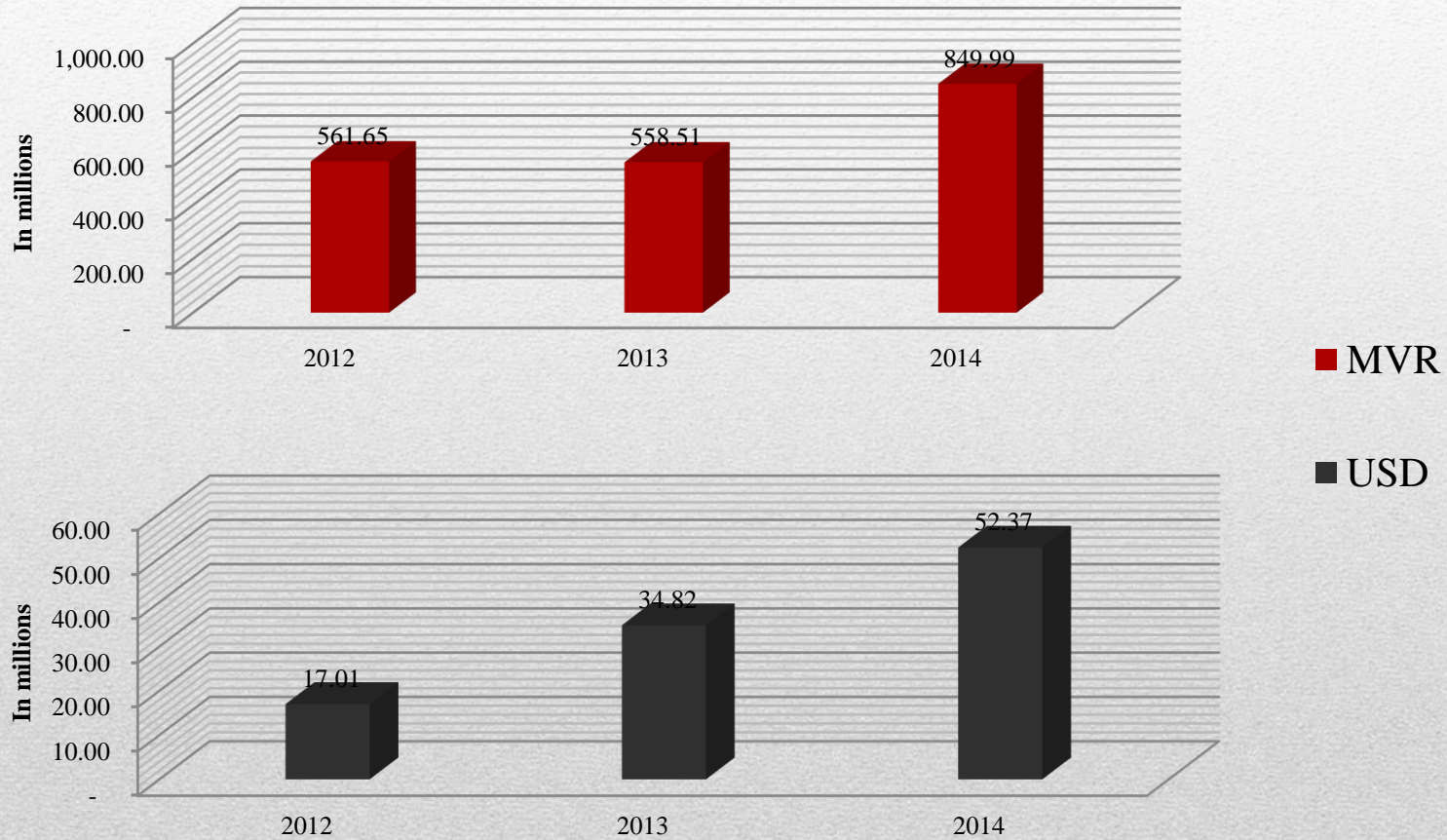
Notes

- *MRTGS was implemented in Apr 2011*
- *ACH was implemented in Feb 2012*

Statistics... Total value of transactions processed via MRTGS System



Statistics... Total value of transactions processed via ACH



Payment System Statistics...contd

- The total volume of transactions processed through MRTGS and ACH system has increased on average by 39% each year.
 - The total value of transactions processed through MRTGS and ACH system has increased on average by 57% and 42% each year respectively.
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Introduction of charges

- The implementation of MRTGS and ACH system has led to improvement in the banking system of the Maldives by facilitating a secure and efficient means of payments and settlement services to the banks and the general public.
 - The growth in the volume & value of payments made through the systems since implementation reflects its popularity as well as increasing customer acceptance.
 - MMA has decided to introduce a transaction fee in 2015, for the payments made through MRTGS and ACH which would assist MMA in the following ways:
 - *recover a part of the operational costs*
 - *bring in further efficiency in operations*
 - *and sustainable development of the payment system*
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Progress of Implementation of Payments Systems - Cheque Truncation

- With the implementation of MRTGS and the Direct Credits under ACH in 2011 and 2012 respectively, MMA is working to speed up the implementation of Cheque Truncation in the Maldives
 - MMA has procured a new scanner model for the project and some changes has been brought to the Scanner Interface System (SIS).
 - MMA is currently testing the new version of SIS.
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Legal and Regulatory Framework of PSS

- MRTGS and ACH are operated with an interim Payment System Regulation adopted under Banking Law:
 - *Payment System Regulation is an interim solution that secures the overall legal and soundness of the payment systems until the Payment System Law is enacted.*
 - *This regulation provides for finality of payments and insolvency issues, cheque truncation and legal status to the system rules*
 - A Payment System law has been sent to the Attorney General's Offices and is expected to submit to the Parliament this year.
 - *This law seeks to promote the safety, soundness and efficiency of the Payment Systems in the Maldives.*
 - *It sets forth rules governing the regulation, licensing and oversight of Systems and protection of Systems and Financial Collateral Arrangements.*
 - *It also stipulate the rules concerning the regulation, licensing and oversight of Payment Schemes.*
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Recent Developments

MMA acts as a banker to the government. Therefore, all the government payments are processed by MMA.

- As an initiative to promote electronic payments in the country, MMA has decided to limit the usage of cash and cheques as much as possible in making government payments.
 - Furthermore, we are working with Maldives Inland Revenue Authority to establish a mechanism to collect tax payments via MRTGS system. This would also reduce the usage of cheques and cash in payments and settlement.
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Future Initiatives

- As an initiative to achieve STP, MMA has started the work to fully integrate the General ledger of the accounting system to the payment systems and it is expected to be completed during the last quarter of 2015.
 - To gain efficiency in processing government payments it is planned to establish a secure VPN connection between MMA and Ministry of Finance and Treasury to receive government payment instructions.
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Thank you...
