

**15<sup>th</sup> Meeting of the SAARC Payments Council**  
**Katmandu, Nepal**  
**9<sup>th</sup> May 2014**



**Developments in Payment & Settlement  
Systems in Maldives**

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# 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

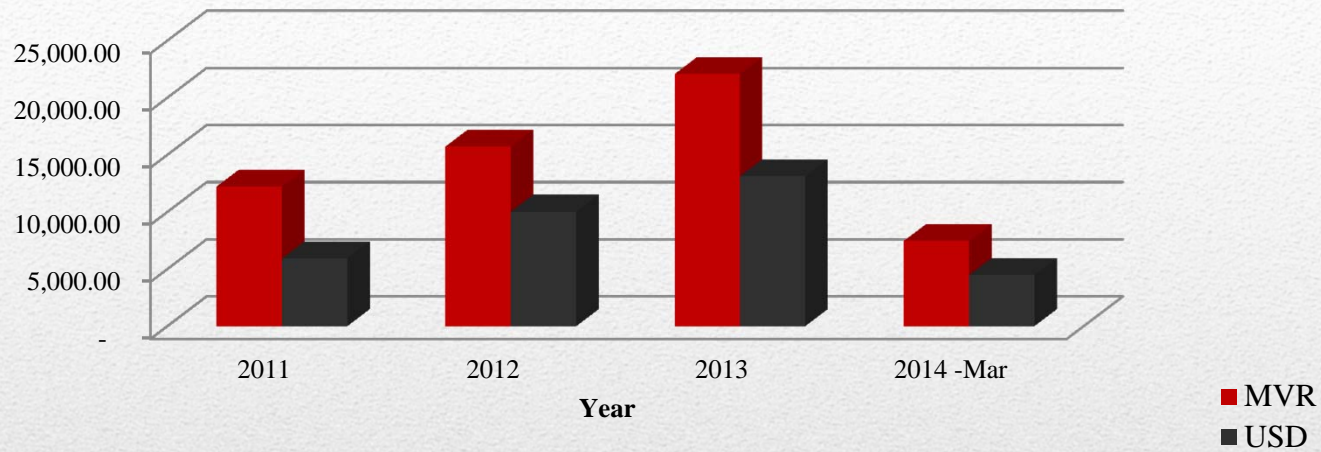
Year	MRTGS		ACH	
	MVR	USD	MVR	USD
2011	1,357	657	-	-
2012	1,311	835	3,706	1,480
2013	1,838	1,093	4,325	2,504
2014 - Mar	2,480	1,489	5,102	2,977

## Value / Monthly Average

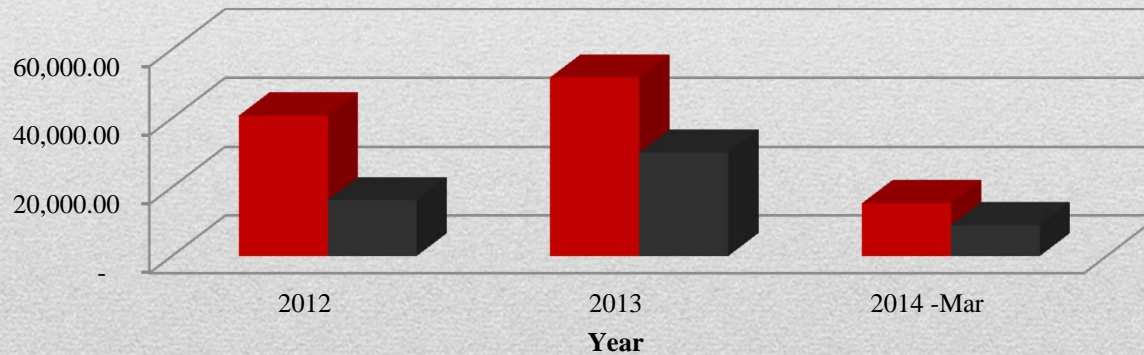
Year	MRTGS (In billions)		ACH (In millions)	
	MVR	USD	MVR	USD
2011	19.89	0.16	-	-
2012	22.50	0.20	51.06	1.55
2013	30.70	0.26	46.54	2.90
2014 - Mar	34.17	0.43	62.79	5.82

# Statistics... Transaction volume

MRTGS



ACH

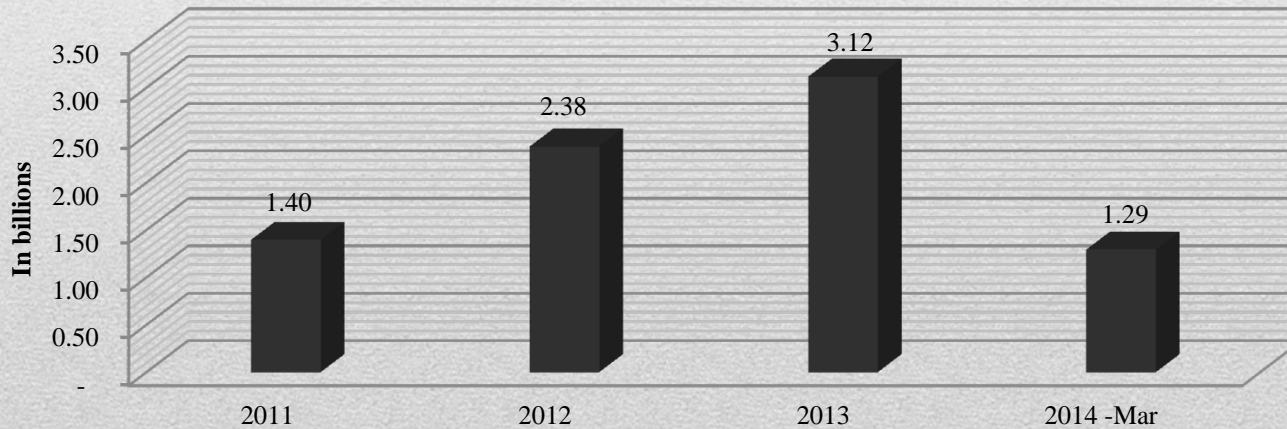
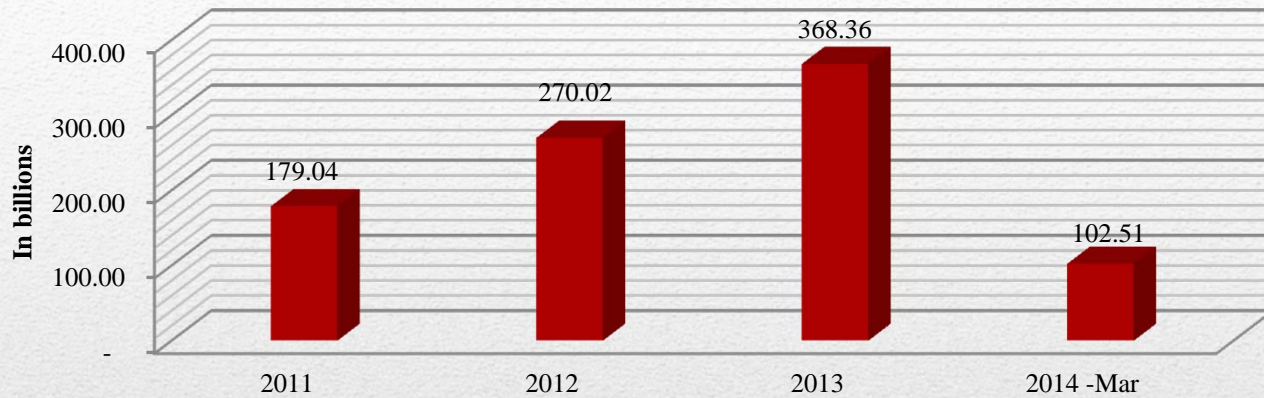


**Notes**

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



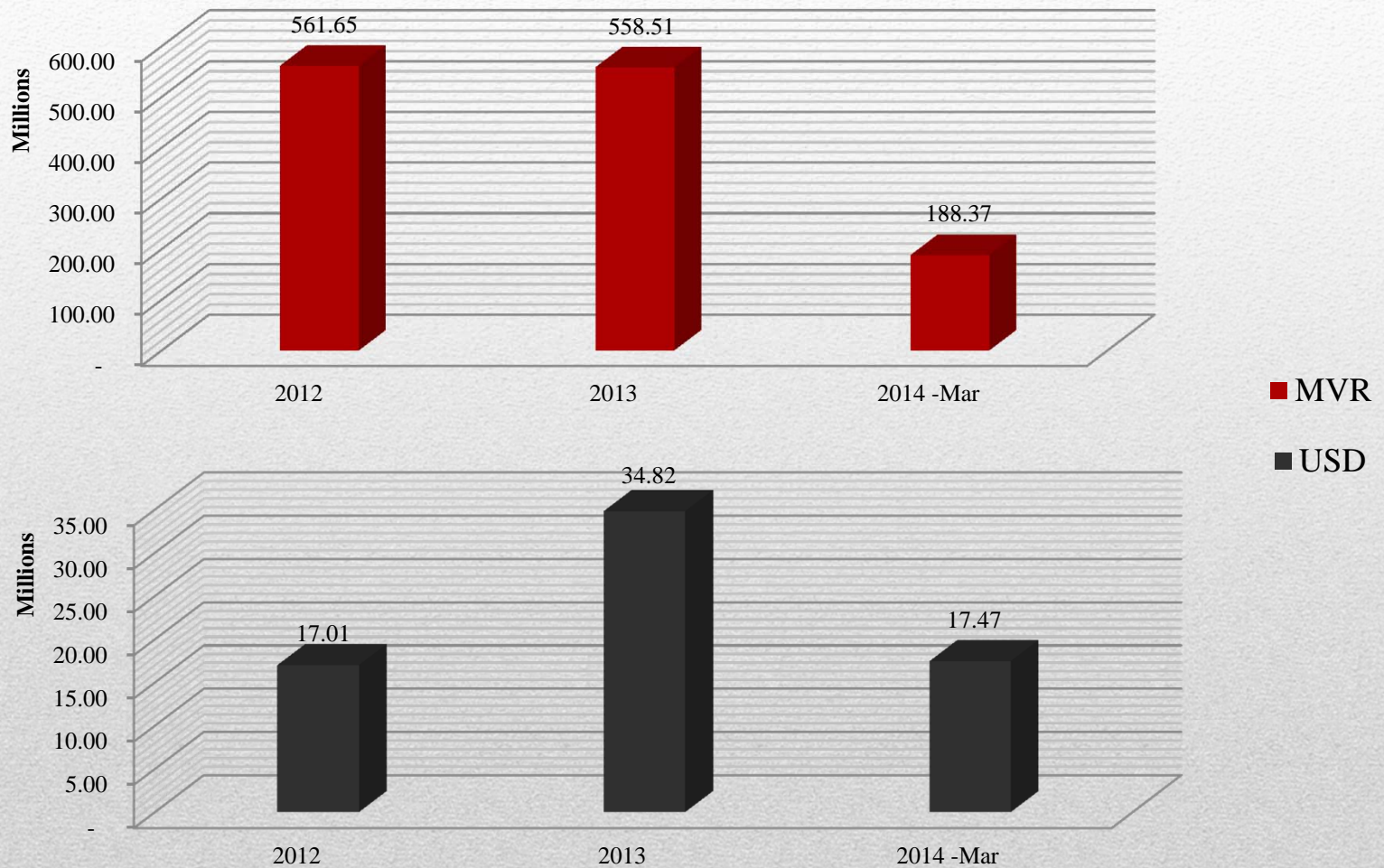
# Statistics... Total value of transactions processed via MRTGS System



■ MVR

■ USD

# Statistics... Total value of transactions processed via ACH





# 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
  - Due to the huge delay in the project, the scanners that were recommended by the vendor at the early stages are currently out of the market
  - Decided to acquire a new scanner model. We are in the latter stages of procuring the scanners required for the project
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## Progress ... Contd.

- Due to this some changes had been brought to the Scanner Interface System (SIS). The new version of the SIS was delivered during April.
  - The testing and training sessions will start once the scanners are delivered to MMA.
  - Currently, we are in the process of finalizing the Operational Guideline for Cheque Truncation.
  - Work towards implementation of Direct Debit will start as soon as Cheque Truncation is implemented.
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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 drafted and it is currently under review.
    - *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 recently automated and centralized the accounting function by implementing Oracle E-Business Suite.
  - It is planned to fully integrate the General ledger of the accounting system to the payment systems in a near future.
  - 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...**

