

Convergence Romania Financial Sector Modernization

Special Projects Initiative Public-Private Steering Committee



Technical and regulatory requirements for improving clearing and settlement of checks, drafts and promissory notes

Project Objective

To prepare a document that would represent a solution acceptable to all stakeholders for transition to final solution on paper-less check and other debit instrument processing on a time-compressed schedule

Main Problem to Solve

To convince all banks, irrespective of their DI market share, on the necessity and opportunity to get to the electronic processing of DI and to agree on a comprehensive technical and regulatory framework for implementation

Project Management Team

Project Owner (PO): Gabriela Tudor (RBA Vice President)

Project Manager (PM): Mirela Palade (TransFonD, Deputy General Manager)

Deputy Project Manager (DPM): Constantin Rotaru (BCR, Director)

Minutes

First Meeting

November 10 2006 - RBI

Attendees: Mirela Palade, PM
Constantin Rotaru, DPM
Maria Sheikh-Ahmad, member (BRD – GSG)
George Carabasan, member (Alpha Bank Romania)
Ramona Bratu and Oana Nedelescu, SPI Secretariat

Agenda

1. Discussions on the draft document prepared by PM on the electronic processing of debit instruments;
2. Discussions on the proposed action plan;
3. Agree on the working procedure;
4. Presentation of the document prepared as a start point for RIA questionnaire;
5. Next meeting.

1. PM presented the main issues of the draft document on the electronic processing of debit instrument: the evolution and trends of DI use in Europe (detailed in Appendix 1) and in Romania, the Romanian legal framework, the current system of DI processing, the description of the electronic processing of DI, options for reducing risks induced by the electronic processing, the amendment requirements of the current regulatory framework, the electronic processing advantages and the costs involved for both banks and TransFonD. In PM's opinion, this document should be a policy document and in its final version is to be presented to the banks' management and to the SPI Committee members.

As for the technical requirements (processes, messages, images, paper DI) PM pointed out that drawing up these will take a lot of work and time and illustrated her statement with a 200 pages document prepared when the electronic payments system was projected. The banks' specialists have to review the entire document. The IT requirements will depend on the solution chosen by the banks: truncation of DI at the branch level or at the headquarters level. DPM mentioned that BCR already thought to adopt a centralized truncation of DI, the estimated cost being of EUR 500,000.

Regarding the regulatory amendment requirements, all the regulatory framework needs to be revised, not only the laws. As for the laws, DPM described the steps for their enforcement.

2. Taking into consideration all the above mentioned and the history with the intermediary solution (when banks agreed on a solutions after many rounds of discussions), PM proposed an action plan with the following major steps:
 - December 20th, 2006 – a report on the progress of the project and an action plan to be approved in the SPI Committee meeting;
 - December 2006 - the draft technical requirements to be forwarded to banks for comments
 - March 16th, 2007 – the technical requirements to be approved by banks;
 - End of March 2007 – the final policy document (after two rounds of consultations with banks) and the draft laws to be approved by the SPI Committee (legal advisors to join the PWG for this second phase of the project).
3. Regarding the working procedure, PM emphasized that a TransFonD team of 6 persons is currently involved in preparing the documents. PM will oversee their work and have an input.

The PWG will rely also on the specialists in their banks and will provide inputs for the document.

PWG member representing NACP will provide an opinion on the consumers' view in respect of a check-less environment.

DPM will take the draft document for discussions in the RBA Technical Committee. The draft document will be sent to all the banks for approval and to RBA board. Banks' opinions will be either included in the document or not (with arguments provided in the last case).

4. PWG validated the business lines described in the document prepared by SPI Secretariat, the activities and the types of costs for the current processing and for the electronic processing case. PWG gave indications on the data that banks would be willing to provide for the RIA.
5. PWG members agreed to have the next meeting on November 24th for approving the final version of the document in order to present it to the banks for consultations.