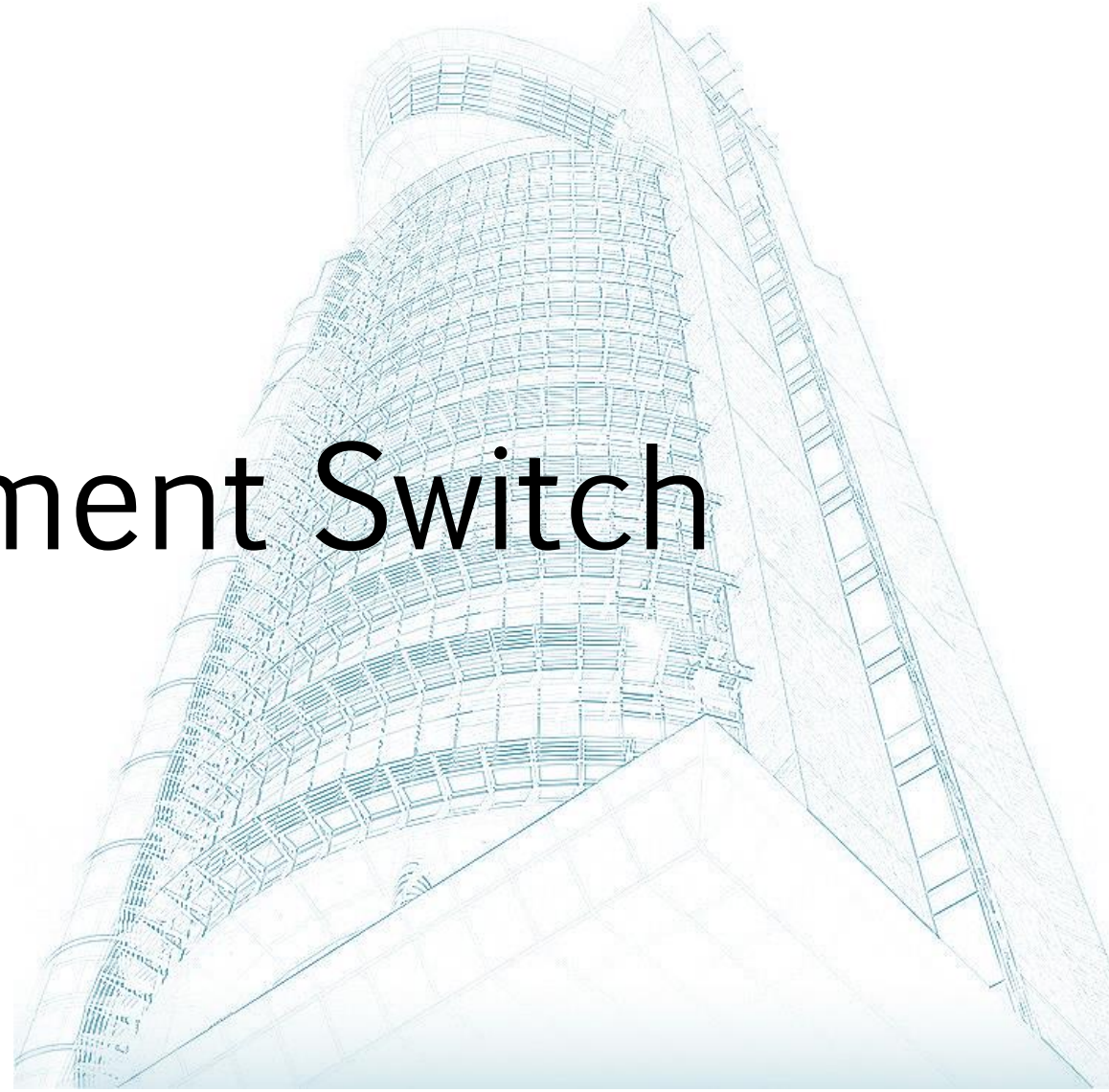


# National Payment Switch



23 APRIL 2019

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**ASSISTANT DIRECTOR – PAYMENT SYSTEMS**



# Agenda

- › **Concept of Payment Switch**
  - Retail Payments
  - The current payment landscape
  - The case for a National Payment Switch
- › **Key Benefits**
  - For Customers
  - For Operators
- › Value added services

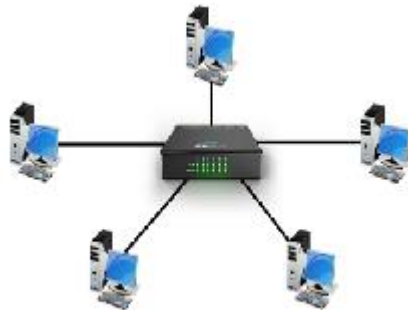


# What is a switch?

› It is not a power switch



› It has a network switch connotation

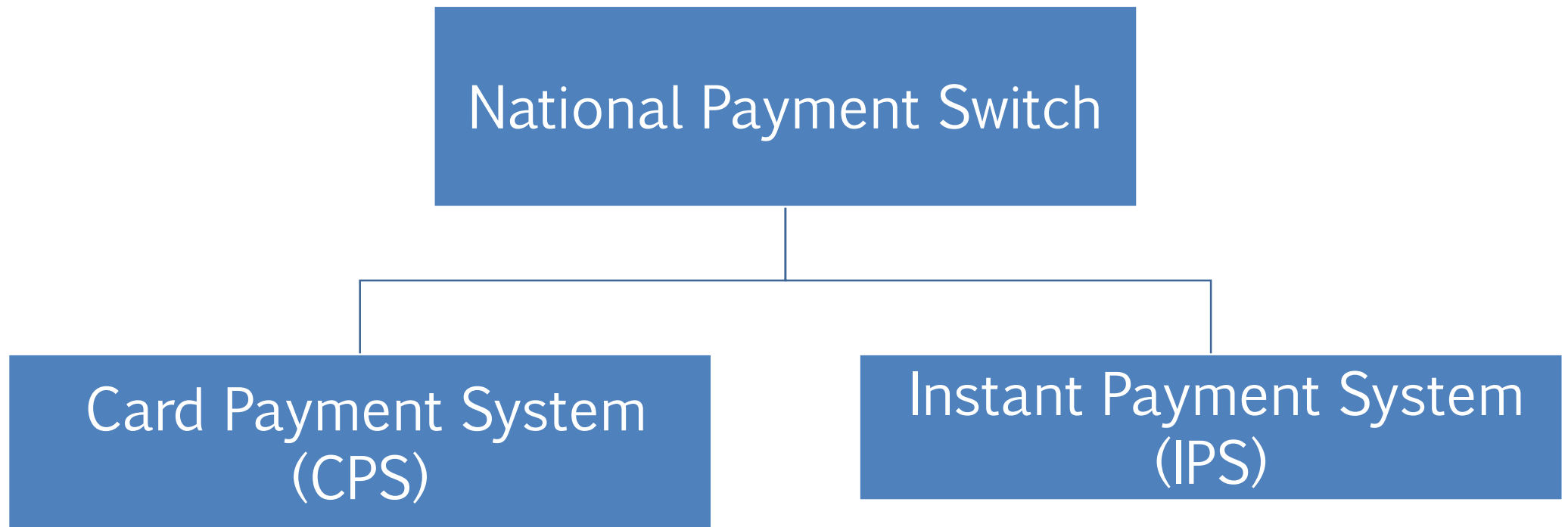


A device where messages are centrally routed

A Switch is a central domestic point where all electronic payment messages will be routed from one bank to another.



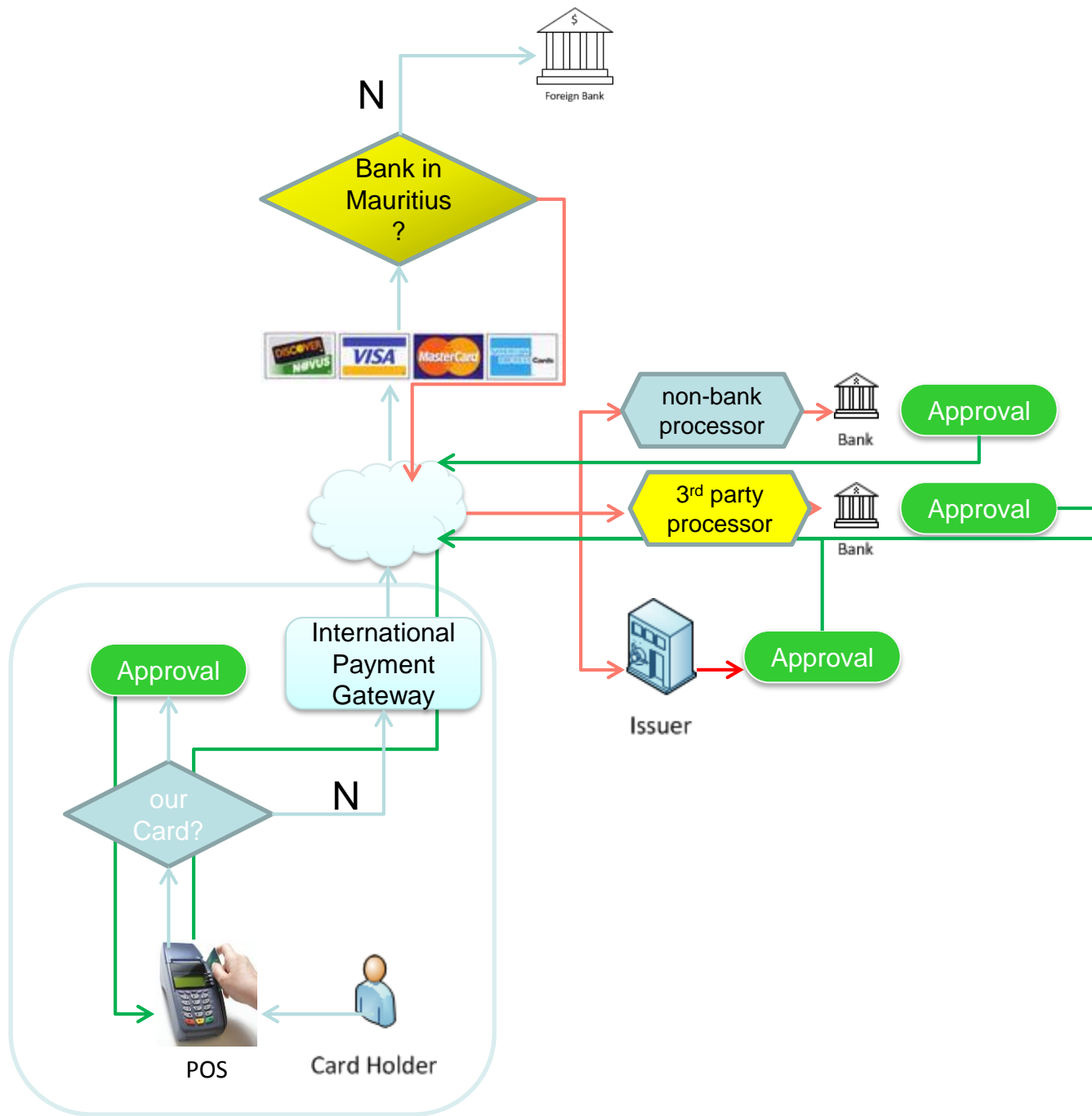
# National Payment Switch



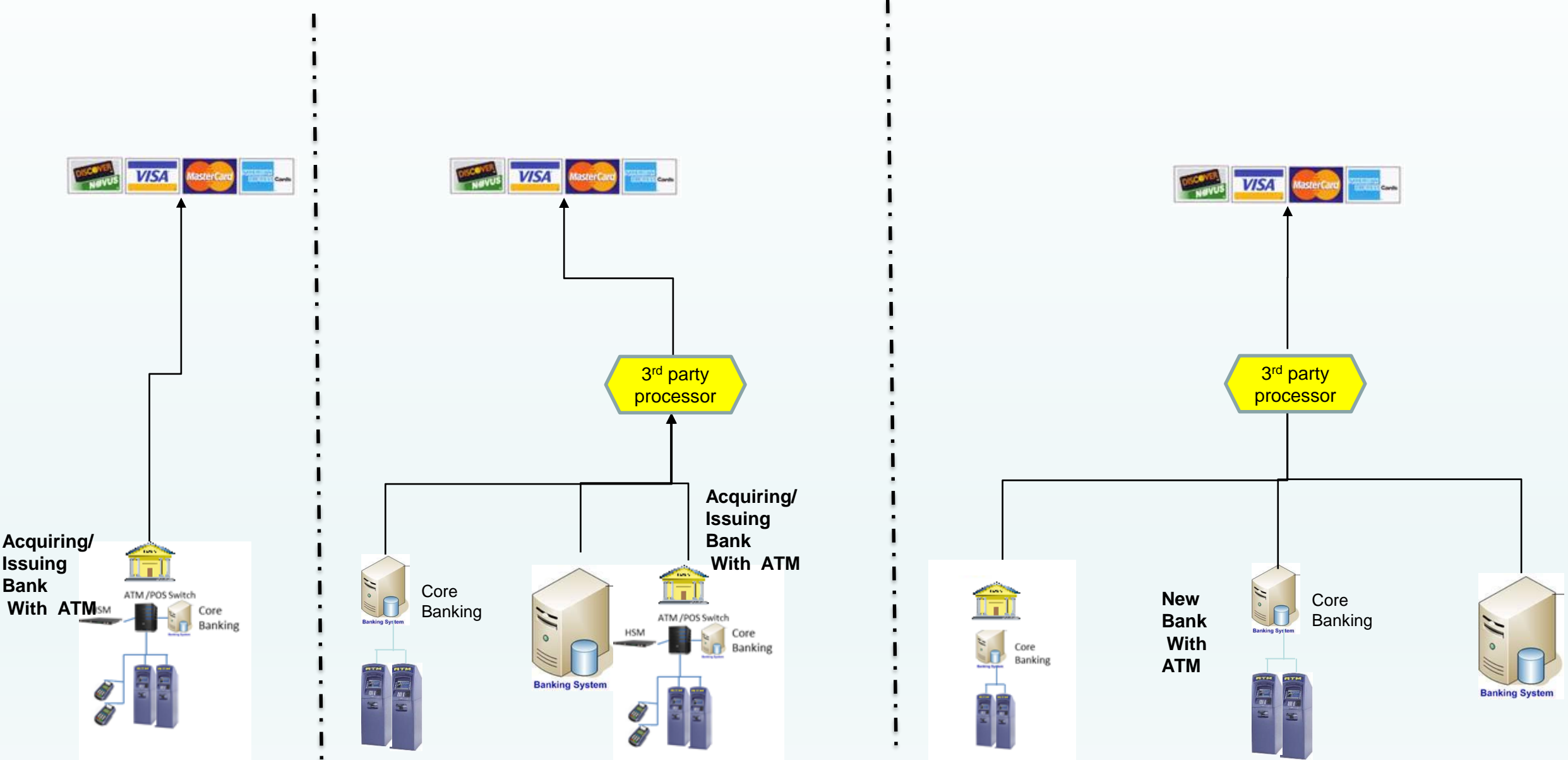


# Retail payments

- › Cash, cheques, cards and mobile payments
- › Cash in circulation
  - Rs 36.4 billion
- › Cheques
  - 4.1 million cheques for value Rs254 billion per year
- › Card payments
  - At POS: Rs69 billion per year
  - Cash withdrawal at ATM: Rs 102 billion per year



# The current card payment landscape



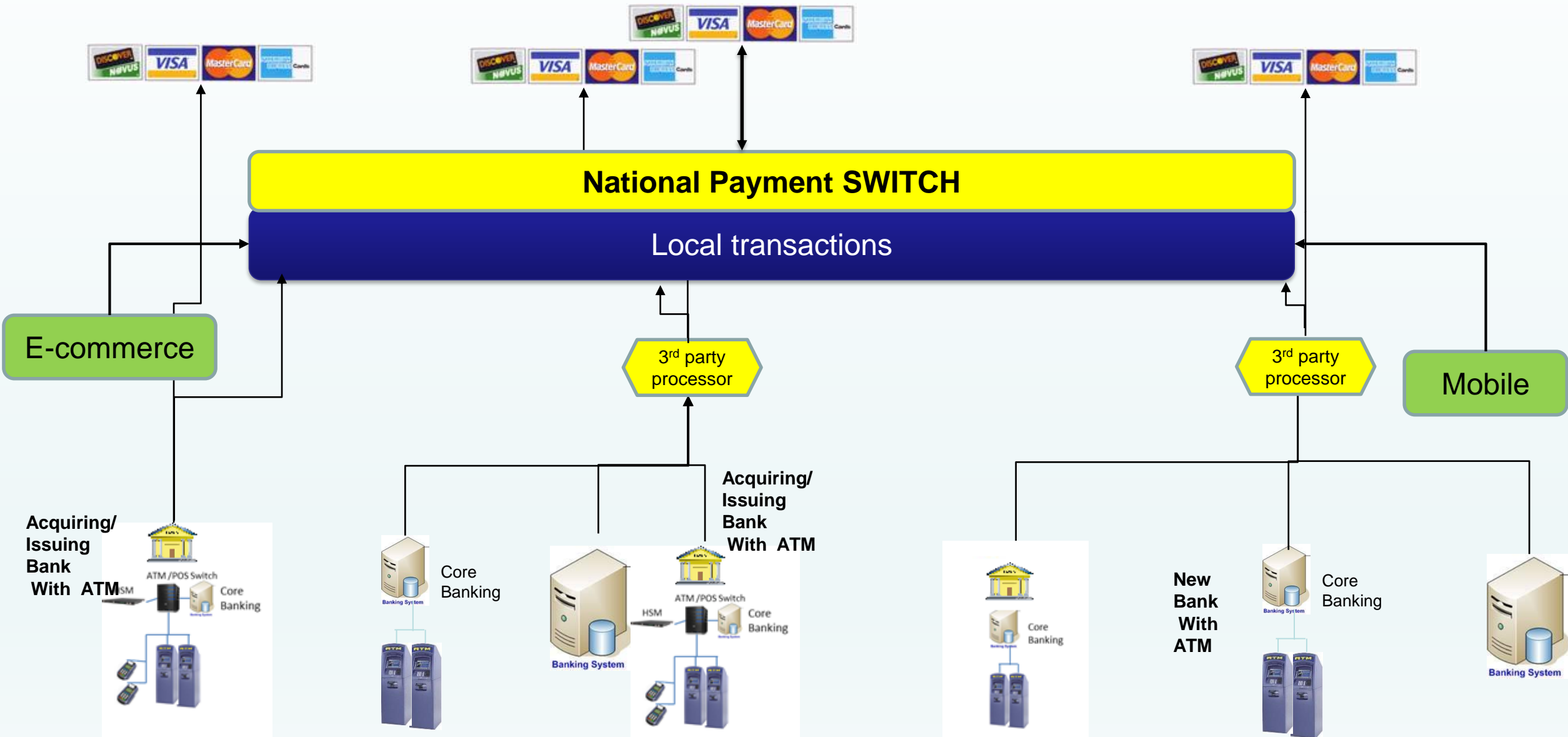


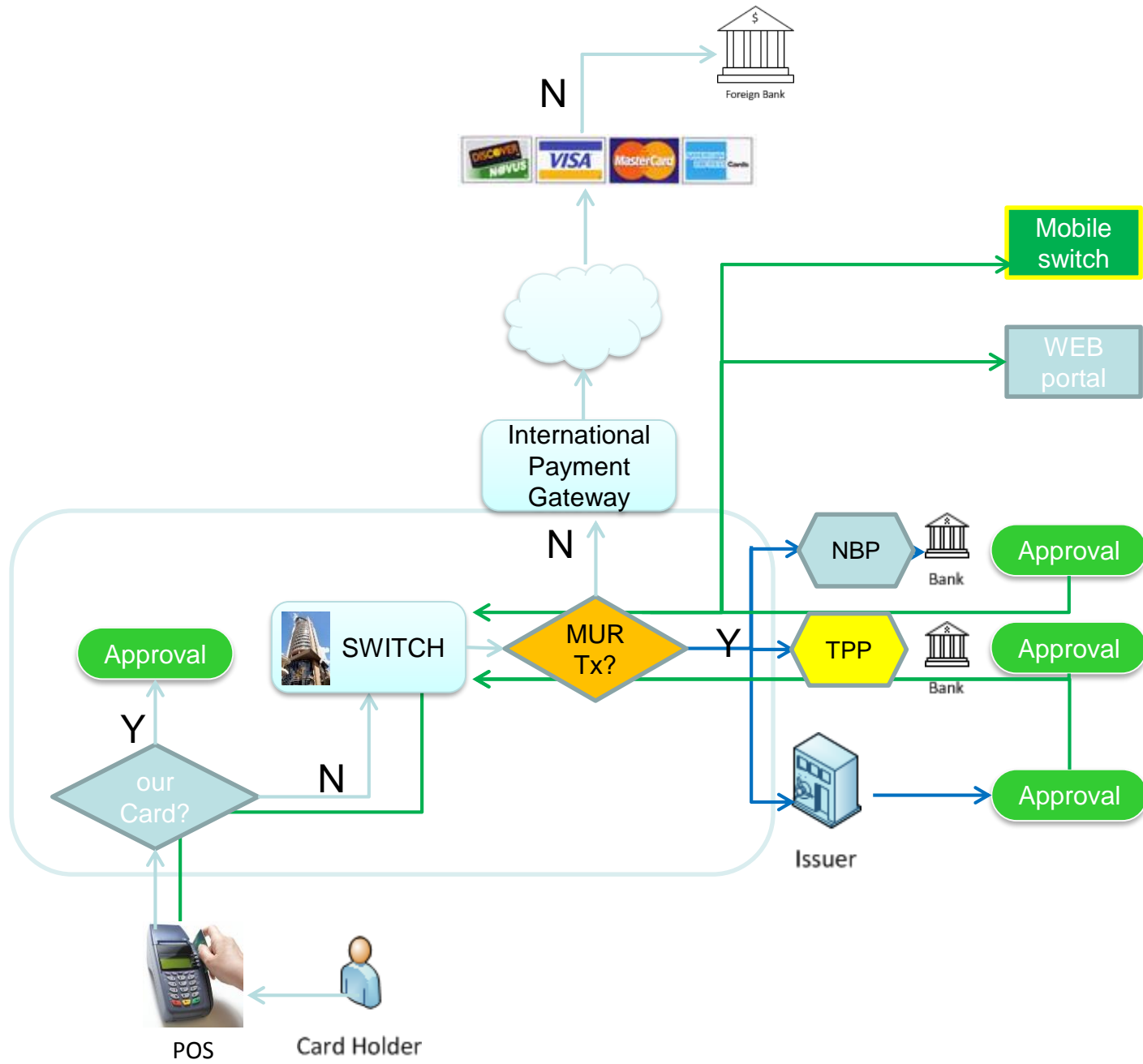
# Current retail payment setup

- Silo Approach
- Institutions operate on a 'stand-alone' setup
- Multiplication of resources: network, terminals as well as support services
- Fees are paid to card schemes for MUR transactions in USD
- Direct involvement with card schemes result in royalty fees being paid multiple times
- Barriers to entry for new banks
- Does not cater for the integration of electronic payments made through other means
- Challenging for Government

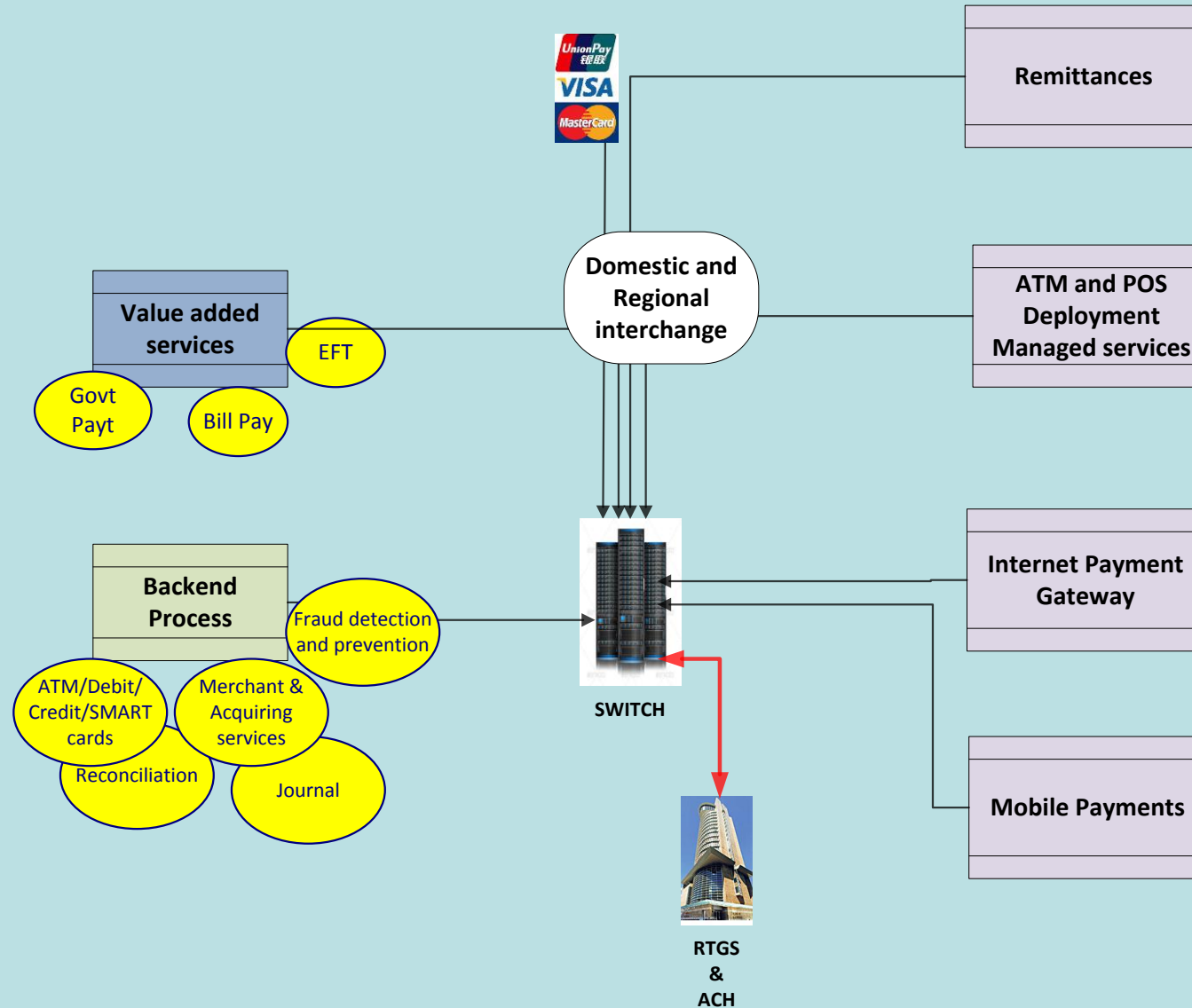


# The current card payment landscape





# The digital payment landscape



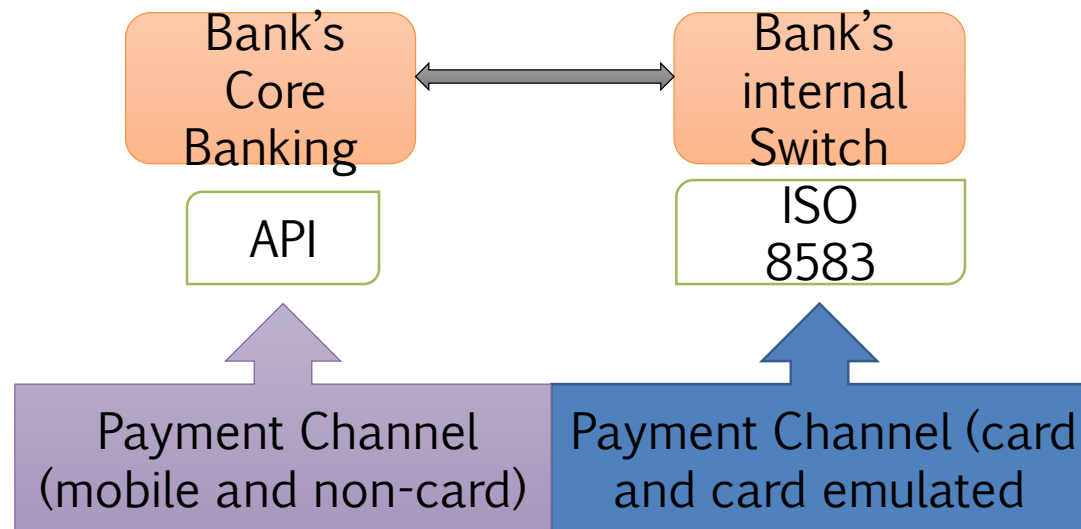


# National Payment Switch Concept

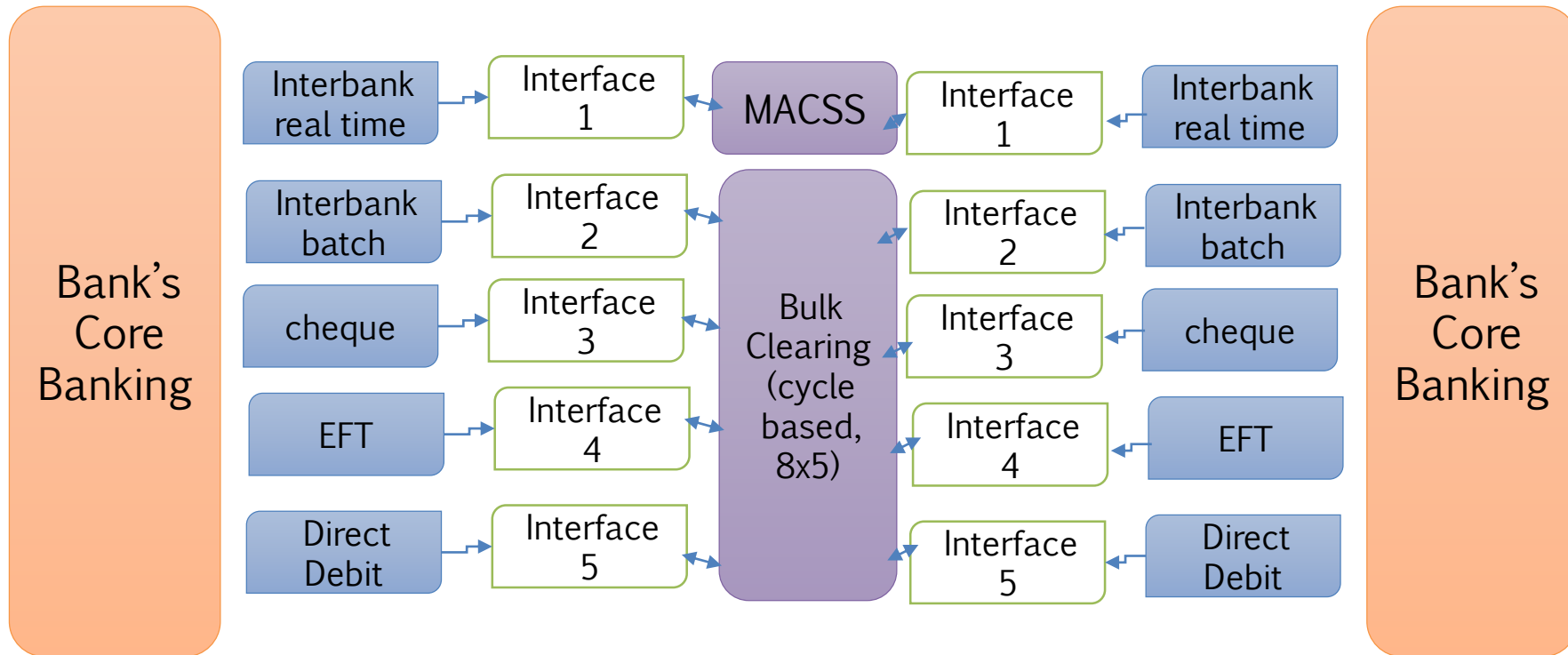
- › Streamlined process
- › Economies of scale
- › Optimized use of resources
- › Level playing field for banks and new players
- › Switching of mobile payment transaction and e-payment gateways
- › Increase electronic transactions and reduce cash issuance
- › Low cost sharing of ATMS
- › Room for added services (National Card, Pre-paid cards, pension cards, fidelity cards, etc.)

# The National Payment Switch – Instant Payment System

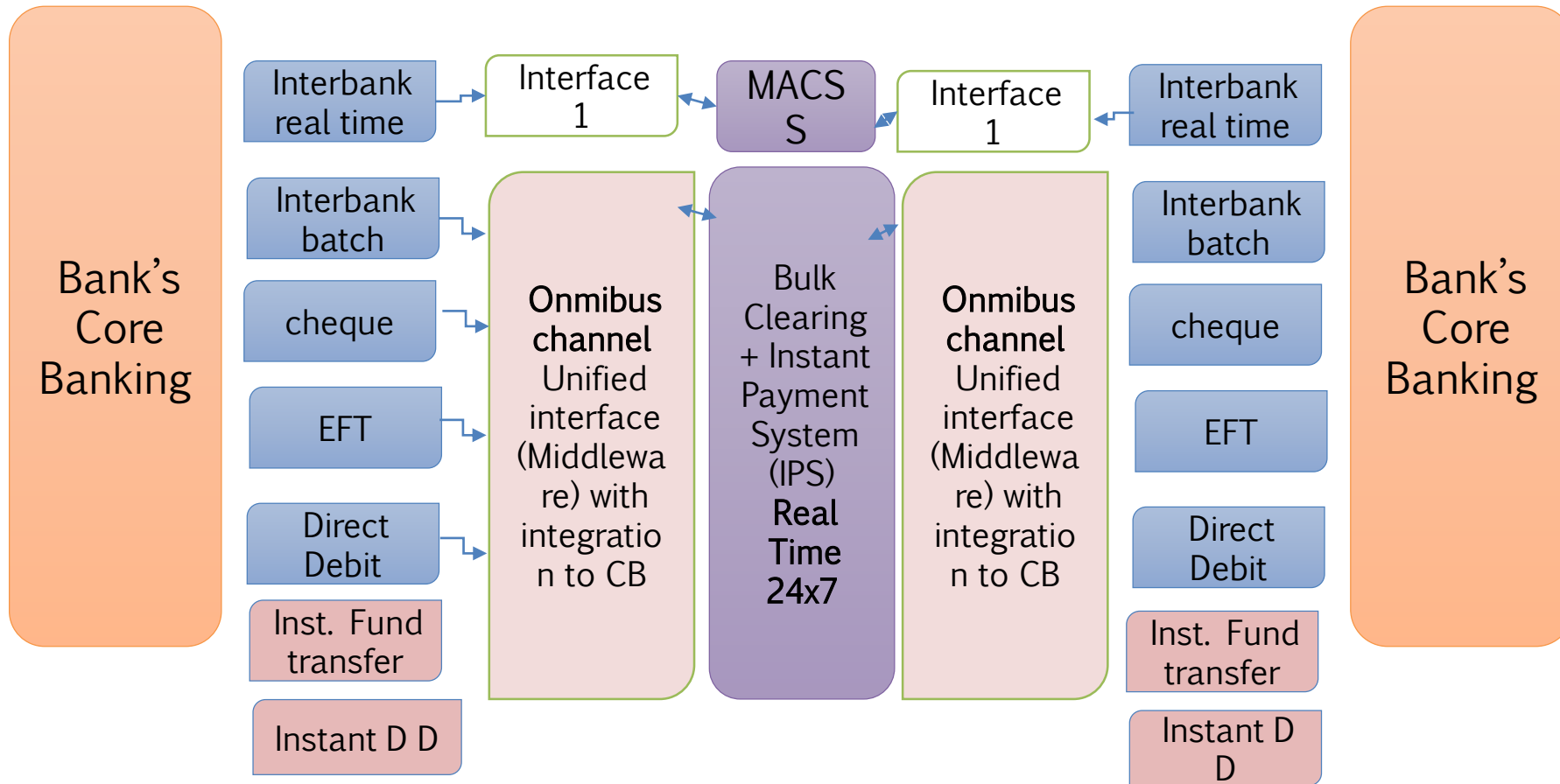
- › One of the objectives of the NPS - inter-bank switching platform for various payment channels
  - Switch was designed on the ISO 8385 message format (card messages)
  - Demand from banks to have direct interface with core banking



# Current landscape



# Proposed landscape





# Main features

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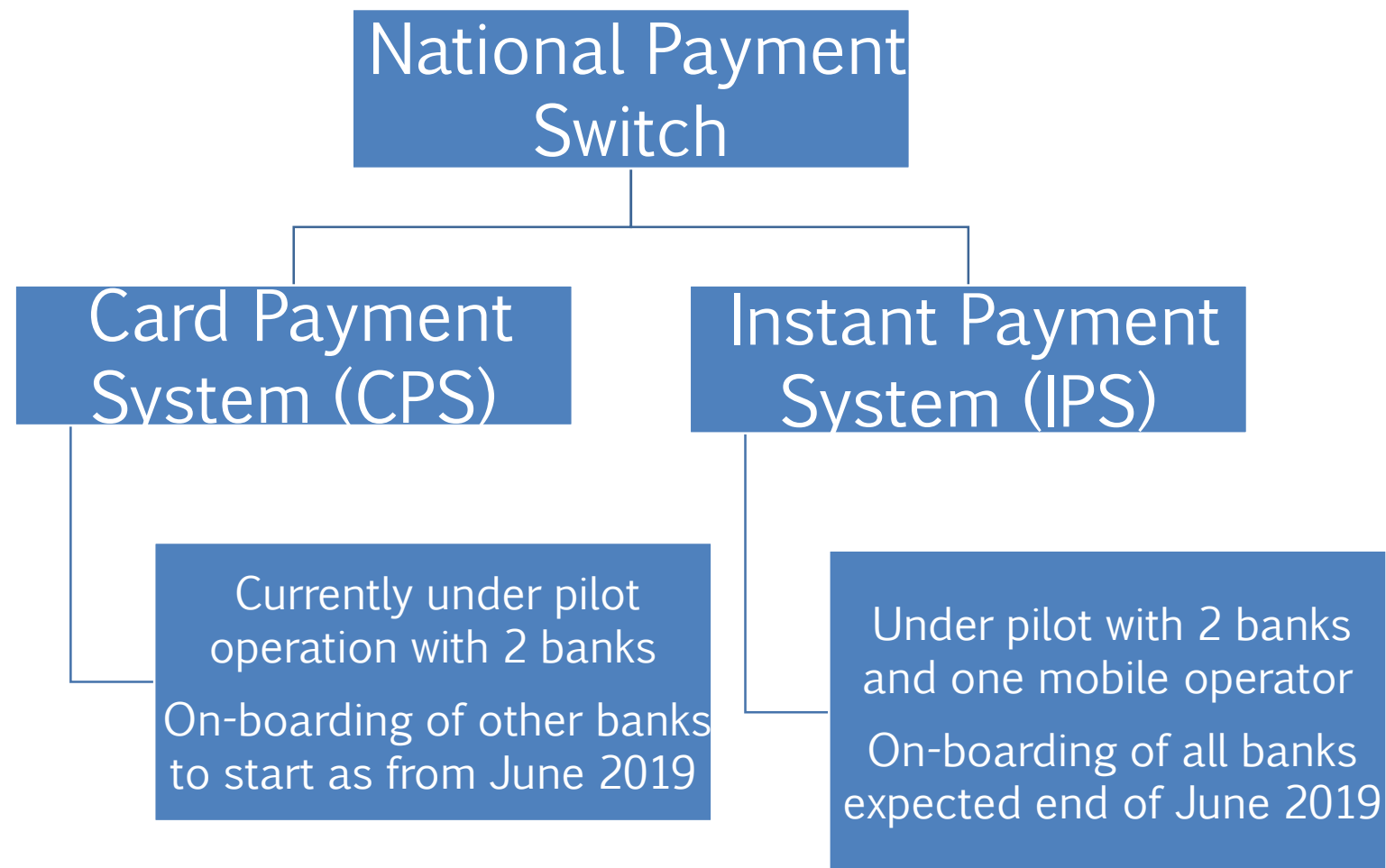
- › Real time, 24x7 instant fund transfer system
- › Standard interface with all banks to ensure standard response times.
- › Real time direct debit and direct credits
- › Payment by alias
- › An implementation of the European PSD2
- › Rapid integration with any Core Banking to be carried out by the service provider







# National Payment Switch – complete picture





## Benefits of the NPS

- › Common state of the art technology
- › Direct interface with Bank's Clearing System (reduce concomitant floats)
- › Unified interface to International Payment Networks
- › Differential pricing for Debit and Credit cards
  - Standardised fee structure
  - Standard operating rules set by BOM
  - Reduce infrastructure acquisition, ownership or participation costs for all players
  - Reduction in merchant fees and POS installation costs



# Value added services of the NPS

- › Revenue Generation opportunities
  - POS become active devices and merchants to propose switch supported payment services such as phone cards, gift card trees
- › Administrative efficiencies
  - Centralized reporting, integrated POS
- › Low cost sharing of ATMs
- › National Cards and Store Value
  - Pension cards, transport cards and other social benefits
- › Digital integration services



# Benefits to corporates

- › Shift from a product centric to customer centric approach
- › Ability to choose the service of another operator without changing bank
- › Wider choice of payment options – Direct Credit and Direct Debits, Instant Credit and Debits
- › Bill payments, Person to Person payments
- › Wider choice of payment acceptance options (POS, QR code, online payment gateways)
- › Avenue for other players such as POS providers, network providers, value added switch enabled services



# Thank you

› Questions