Standing Committee
for Economic and Commercial Cooperation
of the Organization of Islamic Cooperation (COMCEC)

Proceedings of the 5th Meeting of the COMCEC Financial Cooperation Working Group

"RETAIL PAYMENT SYSTEMS IN THE OIC MEMBER COUNTRIRES"

COMCEC COORDINATION OFFICE
October 2015

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PROCEEDINGS OF THE 5TH MEETING OF THE
COMCEC FINANCIAL COOPERATION WORKING GROUP
ON

"RETAIL PAYMENT SYSTEMS IN THE OIC MEMBER COUNTRIES"

(October 15th, 2015, Ankara, Turkey)

COMCEC COORDINATION OFFICE

October 2015

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Introduction

The 5th Meeting of the COMCEC Financial Cooperation Working Group was held on October 15th, 2015 in Ankara, Turkey with the theme of "Retail Payment Systems in the OIC Member Countries". The Meeting was attended by the representatives of 12 Member States, which have notified their focal points for the Financial Cooperation Working Group namely, Burkina Faso, Cameroon, Indonesia, Jordan, Kuwait, Niger, Nigeria, Pakistan, Qatar, Tunisia, Uganda and Turkey. Representatives of COMCEC Coordination Office, SESRIC, IDB, IMF, World Bank and Interbank Card Center (BKM) have also attended the Meeting.[1]

At the outset, the representative of the COMCEC Coordination Office informed the participants about the financial outlook of the Member Countries. It was followed by the presentation made by the Idea & Idea Ltd representative on global trends and projections in retail payment systems.

The participants considered retail payment systems in the Member Countries through focusing on the Analytical Study titled "Retail Payment Systems in the OIC Member Countries" commissioned by the COMCEC Coordination Office specifically for the Meeting with a view to enriching the discussions.

The Representatives of the Member States have shared their experiences, achievements and challenges regarding retail payment systems in their respective countries. The international institutions and private sector efforts for retail payment systems were also reflected to the discussions. The participants had the chance to discuss the policy options for enhancing the cooperation in this important field. The Room Document based on the findings of the Analytical Study submitted to the Financial Cooperation Working Group Meeting and the answers of the Member Countries to the policy questions sent to the Member States by the COMCEC Coordination Office were the main inputs for the discussions during moderation session.

Lastly, the COMCEC Coordination Office presented the COMCEC Project Funding Mechanism, introduced by the COMCEC Strategy, and informed the participants of its details.

[1] The list of participants is attached as Annex 4.

1. Opening Session

In line with the tradition of the Organization of the Islamic Cooperation (OIC), the Meeting started with the recitation from the Holy Quran. At the outset, Mr. M. Metin EKER, Director General of the COMCEC Coordination Office introduced the COMCEC and its activities briefly.

Mr. Ali ARSLAN, Director General in Undersecretariat of Treasury was elected as the Chairperson of the Meeting. Mr. ARSLAN introduced himself and thanked all the participants for electing him as the Chairperson of the Meeting.

2. The Financial Outlook of the OIC Member Countries

Mr. Ender TANRIVERDI, expert from the COMCEC Coordination Office made a presentation regarding recent financial developments in the global financial system, financial outlook of the OIC Member Countries and Islamic Finance.

Mr. TANRIVERDI stated that governments have implemented unprecedented and growth friendly fiscal and monetary policies in order to support growth, job creation, and reach sustainable debt level after the global financial crisis. As a result of these measures, global recovery continues, although at a moderate and uneven pace because of the further slowdown in emerging markets and weak recovery in advanced economies. In this context, IMF updated its global growth rate projection to 3.1 percent for 2015 and 3.8 for 2016. OIC countries are showing strong performance in terms of growth rates but they are lagging behind the emerging economies.

He stated that, US economy showed stronger growth than expected thanks to the stronger consumption, dynamic job markets, lower oil prices and improved consumer confidence. In line with this improvement it is expected that Fed would increase its main interest rate before end of the 2015. On the other hand, Fed may delay its action because of weaker global outlook. Additionally, growth in the Euro Area has progressed more rapidly than expected because of the depreciation of the euro, declining oil prices, record-low interest rates, and monetary expansion. On the other hand, Government debt, unemployment and low nominal growth remain downside risks for Euro Area and particularly Greece debt crisis raises question about integrity and overall policy orientation within the Euro Area.

He argued that potential growth for emerging markets will decline for the coming years as a result of weaker economic growth, aging population, structural problems and lower factor productivity in these countries. Also, China has been restructuring its economy that's why we may not hear good news from china next years. He emphasized that India would take the leadership in terms of economic growth in the following years.

Mr. TANRIVERDI concluded first part of his presentation by indicating geopolitical tensions, stronger dollar, and lower asset prices as downside risks and declining oil prices as a significant upside risk for global economy. Also he stressed on possible adverse effect of the interest rate hike from FED on the emerging markets and developing economies. In this context he stated that emerging markets and developing economies need to deal with the US dollar-denominated corporate and government debts before the FED's action.

After the summary of the recent financial developments, Mr. TANRIVERDI gave detailed information regarding financial outlook of OIC Member States.

Mr. TANRIVERDI stated that World Bank benchmark methodology and World Bank financial development database were used in order to measure financial development of OIC countries. Within this context, Member States had been classified regarding their income levels and evaluated/analyzed accordingly. 19 countries are in OIC-Low Income Group (OIC-LIG); 15 are in OIC-Lower Middle Income Group (OIC-LMIG); 16 were in OIC-Upper Middle Income Group (OIC-UMIG), and 7 are in OIC-High Income Group (OIC-HIGH).

He also evaluated the Member Countries in four fields; namely financial depth, financial access, financial efficiency and financial stability and shared some figures to demonstrate how well financial institutions and markets of these states performed.

With respect to financial depth, Mr. TANRIVERDI demonstrated three indicators: Domestic Credit to Private Sector by Banks ratio, Market Capitalization to GDP ratio and Stocks Traded, Total Value (% of GDP). In Domestic credit to private sector by banks ratio, OIC low income country group suffers from insufficient access to credit but high income group countries made some progress between 2012 and 2014. On the other hand, there is a serious gap between Rest of World average and OIC Member States average.

Mr. TANRIVERDI expressed that, market capitalization to GDP ratio measures the power of the security market in the economy between 2012 and 2014 average rates of stock market capitalization in OIC States declined on the other hand the Rest of World experienced same trend in the same period.

Mr. TANRIVERDI also said that Stock market total value to GDP ratio is another indicator in this field. The graphic shows that the ratio is very low in OIC countries compared to Rest of World and there was not meaningful improvement between 2010 and 2012.

In terms of financial access, Mr. TANRIVERDI expressed that financial access includes education, consumer protection and financial inclusion. Recently, financial access has been gaining momentum not only in emerging and developing economies but also in the developed countries. And financial access has become one of the main agenda items among international institutions and platforms.

Mr. TANRIVERDI presented two indicators: Bank Account per 1,000 adults and Adults Saving at a Financial Institution. Regarding first indicator he pointed out that the ratio slightly decreased for low income country group between 2011 and 2013 but in the same period middle and high income group countries made progress compared to Rest of the world. For the second indicator, he said that adult saving in every group increased in 2014. Additionally, High income countries' rate was so close the World average.

Regarding financial efficiency, Mr. TANRIVERDI stated that efficient financial systems increase economic activity and welfare. Also high efficiency in financial markets increases profitability of financial institutions. In the financial efficiency, he presented two indicators:

Bank Return on Asset (ROA) and Bank Return on Equity (ROE) ratios. Bank Return on Asset (ROA) shows how a bank can convert its asset into net incomes. The ratio in low income country group is considerably higher than other income groups. Uganda is the main contributor for this strong performance in the group. Also, OIC average is very close to Rest of World average.

Bank Return on Equity (ROE) is another profitability ratio in this field. The OIC countries are at very good position regarding this ratio. OIC countries have better ratio than Rest of World average.

Financial stability was also handled by Mr. TANRIVERDI. He expressed that financial stability is a vital condition of a well-functioning financial system on the way of financial development. In addition, it is closely related with financial depth, access and efficiency in the financial system. With regard to financial stability, he presented two indicators: Non-Performing Loans and Regulatory Capital to Risk-Weighted Assets ratios.

Mr. TANRIVERDI informed the participants that, regarding non-performing loan ratio, only high income group countries have lower ratio than world average so OIC countries are at risky position in terms of non-performing loans, on the other hand, OIC countries is at good position comparing to Rest of World between 2012 and 2014 in terms of risk weighted asset ratio.

Mr. TANRIVERDI finalized the second part of his presentation by indicating that accessing finance is critical for further development in OIC countries, the member states need more effective financial markets in order to channel domestic and global funds to the their real sector. Also, financial inclusion should be one of the important topics in the OIC Member states agenda because there is significant gap to fill in this area and non-performing loans are critical for some OIC countries in order to get financial stability and effective risk management.

Finally, Mr. TANRIVERDI talked about Islamic Finance as a special topic. He stated that Islamic finance has become an important part of the international financial system over two decades. Islamic finance has accelerated its growth momentum particularly after the global financial crisis but Islamic finance has still serious challenges such as;

- Issues relating its foundation,
- Providing new products,
- Integration with global economy,
- Enhancing operational efficiency to sustain the growth trend.

Additionally he gave statistical information regarding Islamic finance industry in this context he said that:

- Total Islamic finance assets reached to 2 trillion US dollars in 2014 and it is expected to pass 3 trillion US dollar by end of the 2018.
- As the largest segment of the global Islamic finance industry, the total asset of the Islamic banking sector was around 1.5 trillion US dollars in 2014.
- There has been a dramatic growth in sukuk market in the past years. Annual issuances have passed 100 billion US dollars benchmark last three years, including 2014.
- The global Takaful gross contribution has been continuing to growth over the last decade.

He concluded his presentation by expressing that Islamic finance industry needs to overcome some serious road blocks to be an alternative and an inclusive system.

3. Developments in Retail Payment Systems Worldwide and Mobile Retail Payment Systems

Dr. Jonathan LIEBENAU, a Professor from the London School of Economics and Director of Idea & Idea Ltd made two presentations on retail payment systems. The first presentation on, "Retail Payments: Global and Mobile Systems", provided an overview of the current situation and recent trends worldwide. That presentation was shared with Mr. Nofie IMAN, an expert on mobile payment systems and a late-stage doctoral candidate at the London School of Economics. Mr. IMAN provided an overview of the particular situation with regard to mobile payment systems. Since retail payment systems vary greatly on numerous criteria it is necessary to discuss the different types of payment systems, the differences in systems architecture and functionality, and the differences in participants and stakeholders. This presentation was followed by a talk which addressed the commissioned report: "Retail Payment Systems in the OIC Member Countries: Challenges, Obstacles and Recommendations".

Dr. LIEBENAU reminded the audience that retail payment systems date from the origins of commerce and some categories are ancient, such as barter, which dates from the distant past, and some are very new, including crypto-currencies such as bitcoin which are based on very recent technologies such as blockchain software. Our focus is on the modern payment methods that supersede cash, including checks, credit and debit cards, value storage cards, online purchasing instruments and related systems. The reason for the focus on retail payment systems is that they form the "front end" of the critical infrastructure that constitutes financial services, they have direct significance for policy objectives regarding inclusion, and they contribute to economic growth.

Retail payment systems differ from large volume payment [LVP] systems by character of both payor & payee, scale, urgency, regulatory engagement. There are some instances, however, where the regulatory engagement overlaps, either as a matter of general policy or because the distinctions with regard to scale are not regarded as of primary importance. Retail systems are intended mainly for consumer payments with relatively low value and urgency, typically for the purchase of goods and services by customers and businesses. Since they are executed using a greater variety of payment instruments than LVP, they make more extensive use of private sector systems for processing than do large-value payments for which real time gross settlement [RTGS] systems are largely used.

Leaving aside barter and payments by non-legal tender such as bitcoin, Dr. LIEBENAU pointed out that payment systems can be summarized into five categories:

▪**Purchase of goods and services:** which can be at the point-of-sale (PoS) (e.g., in person at a merchant location, through the internet, or by telephone) such as with traditional retailers, and through unattended payment transactions, as with vending machines.

▪**Bill payment:** where the customer may choose to pay recurring or nonrecurring bills and invoices via electronic bill payments (paid individually or set up automatically to a payment schedule).

▪**P2P payments:** the vast majority of consumer-to-consumer payments are conducted with cheques and cash, but some transactions using electronic person-to-person (P2P) payment systems.

▪**A2A payments:** where the consumer moves funds from his/her account at a financial institution to the account of another individual or business at the same or a different financial institution.

▪**Cash withdrawals and advances:** used to obtain cash from merchants or automated teller machine (ATMs/cash machines) or receive cash back at some PoS locations.

Dr. LIEBENAU described the current trends in terms of the move to decreasing visibility of transactions, partly thanks to mobile technologies. This has promoted financial mobility and faster consumer uptake linked with the popularity of mobile telephones and especially smartphones. The growth of e-commerce has gone through recent phases of exponential growth to the point where many advanced industrial economies experience a high proportion of overall payments through online shopping sites and apps.

Dr. LIEBENAU stressed the significance of governance requirements, and their international variation especially with regard to the adoption, standards setting, integration and role of central banks as lender of last resort. The specific balance between formal regulation and unregulated market mechanisms differs among countries and between technologies. Increasingly, however, the technology is creating the opportunities for the separation of payments systems that involve banks as owners and facilitators, with revenue generating payment systems of other kinds. The role of customers is especially important with regard to this, in particular with the trends towards the proliferating choices of payment methods.

New technologies formed the focus of the rest of Dr. LIEBENAU's presentation, with an emphasis on systems integrated with mobile functions. Location and mobile technologies including mobile point of sale equipment, 2-D bar codes (or QR codes) are increasingly popular, stimulated by popular retailers such as Starbucks. Contactless cards, typically using near field communication [NFC] technologies, sometimes combined with biometric data processing, also excite those who seek innovation in retail payment systems.

Following a brief technical discussion of economic features of these trends, Dr. LIEBENAU used his interpretation of the significance of network and bandwagon effects on the likely outcomes from the current proliferation of systems. While there is not yet any clear convergence of methods, there are certain kinds of isomorphism arising that tend to bring systems and their controlling organizations together. This helps us to understand the variation that we observe and to express the significance of idiosyncrasies among countries, especially where differences in gross domestic product is not closely correlated with payment systems choices. The fact that cash continues to prevail means that moving from cash to cashless payments, whether mobile or online, remains a significant challenge in many developing countries.

Dr. LIEBENAU returned to the larger picture where retail payment systems are related to financial inclusion policy objectives. For this mobile systems have become especially important and whereas he returned to this theme in his second talk, Mr. IMAN continued this presentation with an overview of mobile payment systems.

Special characteristics distinguish mobile payment systems from other retail payment systems; these include the fact that they do not always require an account with a traditional financial institution because other players, such as internet services providers, telecommunication companies and retailers have been able to establish successful systems.

The network effects associated with telecommunications apply very directly to mobile systems, but it has also aggravated the tendency towards natural monopolies.

The ecosystems of mobile payments consist of a network of organizations and individuals that must be in place and they can span a wide range of different players. Nevertheless, a pattern of maturity has emerged such that:

(i) vertical initiatives begin the process (the pioneering company alone)

(ii) strategic alliances and partnerships with some agents, and finally

(iii) a regulated and interoperable eco-system among the other (3rd party) institutions.

Mr. IMAN explained that mobile technologies are important in the configuration because they can either inhibit or allow different topologies and resource services. However, simply broadening the coverage/capillary of the mobile networks in a geographical region would allow financial services to succeed. Mr. IMAN illustrated these features with numerous examples, showing how in some cases mobile network operators such as Vodafone, Airtel and others initiated payment systems, how internet firms such as Apple, Square and others levered their position to attract participants such as Amazon and Starbucks, and how regulators responded by shifting the boundaries of regulated services, especially among telecommunications, financial services and consumer protection.

To illustrate this, he worked through three comparative cases of mobile payment projects: Oi Paggo (Brazil), T-Cash (Indonesia), M-PESA (Kenya). These show contrasting business and economic characteristics and their experiences demonstrate why many mobile payment projects fell short. They also emphasize why it is that there is no one-size-fits-all formula.

Questions and Remarks

Question: What should the status of bitcoin be?

Answer: Crypto currencies are potentially very useful and viable forms of payment but they challenge not only vested interests in banking but also counter numerous legal assumptions. For example, since there is no national jurisdiction there is no clearing system and nothing that functions as a central bank does as a lender of last resort. Even more worryingly for many regulators such as the UK Financial Conduct Authority, the assumption that any contract can be subject to legal redress is not applicable because even if in principle desirable, the blockchain technology makes it virtually impossible to reverse or even to trace transactions.

Question: How do asset-based Islamic microfinance schemes relate to retail payment systems?

Answer: To the best of our knowledge, very little, or perhaps, no research has been conducted on this question. However, given that Islamic finance principles relate primarily to the use of capital rather than to the details of retail transactions, there is no apparent consensus on what effect it has, or should have, upon retail systems. For microfinance schemes the application of Islamic finance principles are unlikely to differ from other financing methods. Dr. LIEBENAU did point out that payment services such as SWIFT do operate parallel reporting guidelines and procedures differ for Islamic banking operations. While this relates to large volume payment systems, they may hold some significance for retail reporting practices.

4. Retail Payment Systems in the OIC Member Countries: Challenges, Obstacles and Recommendations

In his second talk, Dr. LIEBENAU presented the report on retail payment systems in the OIC countries, with a focus on comparative analysis and in-depth discussion based on eight case study countries: Egypt, Indonesia, Ivory Coast, Morocco, Nigeria, Pakistan, Turkey and UAE. He reported that the key findings of the study can be summarized as:

- The study shows a wide range of systems with no consensus regarding standards or common (or best) practice
- We observe a rapid, imbalanced, growth of advanced systems
- Some state of the art technologies are well integrated into retailing
- Regulatory practices range widely among Member Countries
- Incumbent firms need to adapt to new forms of retail payment in order to keep up with trends
- Credit access can be linked to retail systems better in most countries
- Retail systems benefit economies as a whole, financial inclusion & add value to the new technologies.

After a review of the study's structure, methodology and sources, Dr. LIEBENAU described the limitations of this work. He described it in terms of the focus on retail systems currently in use with little emphasis on consumer preferences, as discussed in the current World Bank/Bank of International Settlements exercise. He explained the structure of the report as follows:

1. **Introduction** to systems in OIC Member States
2. **Background** to retail payment systems, actors & key players; classification of types; economic context
3. **The Payment Landscape**; lock-in & network effects; innovation & e-money; drivers & impediments; supply & demand; standards & coordination; regulation; risk & liquidity; exemplary systems
4. **Case Studies**: Egypt, Indonesia, Cote d'Ivoire, Morocco, Nigeria, Pakistan, Turkey, United Arab Emirates
5. **Analysis**: general outlook & emerging issues; legal bodies
6. **Policy Implications & Recommendations**: users, systems, standards, architecture & controls, authorities

This was followed by a review of the eight country cases, emphasizing the banking and regulatory context of each and showing why their retail practices differed so greatly. These differences were presented in a table that contrasted the use of cash and other payment systems among the countries. The subsequent table enumerated the usage of each major form of payment and Dr. LIEBENAU discussed why certain variations occurred, as described in detail in the report's text.

The rest of the presentation was dedicated to the analysis of the findings as summarized in four implications:

1. Public education for financial literacy and risk awareness is necessary both to ensure smoothly functioning retail systems and to promote financial inclusion. The reasons were expressed as:
    - To counter low financial literacy and lack of awareness
    - To promote financial inclusion
    - Because financial literacy creates knowledge & demand for payment instruments
    - Considering the value of systems such as mobile & pre-paid cards to benefit the low-paid
    - To coordinate with credit/loan schemes, providing capital access to unbanked
    - To reap benefits to small businesses & improve living standards via financial inclusion

Any program must provide education about basic financial controls & prudence. Public education should include basic numeracy skills, record-keeping techniques & awareness about risks associated with overspending & debt.

2. Promote interoperability between systems and among countries: Expenses incurred by consumers discourages people from using some retail payment systems when they travel among OIC Member States. However, good practices can be found in some Member States, such as Gambia's Gamswitch system that is country wide, web based and coordinated with the West African region.

Better interoperability can reduce costs to operators as well as consumers & encourage wider use to promote financial inclusion & reduce payment risks.

3. Establish and maintain an OIC payment systems data collection and reporting framework:A common reporting system is useful both for the establishment of interoperability & to assist in future policy formation. A basic framework, such as that used in the OIC Retail Payments Report would be the starting point to a standardized monitoring system.

4. Coordinate systems with microfinance promotional activities in central banks: Many central banks offer promotional activities to enhance microfinance schemes & these could be better coordinated with retail payment systems oversight and promotion. Some have developmental programs in addition. One good example from an OIC Member State is that of Nigeria, which has a well worked out framework scheme. One project focusing on Egypt, Jordan and Palestine is currently in progress.

Dr. LIEBENAU concluded with six action points that emerged from the study and its interpretation. He called for a comprehensive strategy to develop sound retail payment systems that achieve financial inclusion & stability. He expressed the need for central banks to pay more attention to retail issues. He called for innovative retail payment systems to be aligned with financial inclusion goals and for the governments to lead the way through their own payments and procurement practices. Finally, he stated that an integrated database system should be established to provide transparency of credit data that will greatly assist OIC Member Countries who could use that to establish a consultancy body to monitor, evaluate & guide policy.

5. Policy Options for Retail Payment Systems in the OIC Member Countries

The session was moderated by Mr. Shoukat BIZINJO, Senior Joint Director, State Bank of Pakistan. At the outset, Mr. BIZINJO stated that "the Room Document for the Moderation Session of the 5th Meeting of the Financial Cooperation Working Group", prepared by the COMCEC Coordination Office in light of the findings of the analytical study prepared specifically for the Meeting and the answers of the Member Countries to the policy questions which have already been sent by the CCO, would serve as the basis for the discussions in the moderation session.

At the beginning of the session, Mr. Okan POLAT, expert from the COMCEC Coordination Office, made a brief presentation on the responses of the Member Countries to the policy questions on retail payment systems sent to the Financial Cooperation Working Group focal points by the CCO. In his presentation, Mr. POLAT gave brief information on policy questions. He stated that the purpose behind these policy questions was to strengthen policy dimension in the discussions of the Financial Cooperation Working Group. After presenting the questions and responses of the Member Countries, he introduced the draft policy advices included in the Room Document.

After the CCO presentation, Mr. BIZINJO gave the floor to all delegations asking their opinions and comments for each policy advices as well as the experience of their respective countries in this regard. The participants discussed on the following policy advices given in the room document.

- **Policy Advice 1.** Increasing awareness of the benefits of modern retail payment systems through providing education on basic financial controls and prudence.
- **Policy Advice 2.** Promoting inexpensive interoperability among member countries' payment systems
- **Policy Advice 3.** Establishing/ maintaining OIC payment systems data collection and reporting framework

It was expressed that CCO will circulate the draft document, which reflects the main points of agreement by delegations, to all members of Financial Cooperation Working Group for their views and comments to be conveyed to the CCO by November 10th, 2015 at the latest. After incorporating the Member States' contributions, CCO will submit it to 31th Session of the COMCEC to be held on 23-26th November, 2015 as an outcome of the 5th FCWG Meeting for further action.

6. The Experience of International Institutions and Private Sector

6.1. World Bank- "Payment Aspects of Financial Inclusion (PAFI)"

Dr. Lois QUINN, made a presentation titled "Payment Aspects of Financial Inclusion (PAFI)." At the outset, Dr. QUINN mentioned that in recent years, a number of reports have been prepared by organizations on financial inclusion, a topic whose importance is increasingly being recognized. However, few of these reports have addressed what may be called the "payment aspects" of financial inclusion. In cases where the topics of payment systems and payment services have been raised in the context of financial inclusion, discussion has focused only on specific aspects of payments, such as mobile payments, rather than on the payment system in its entirety. Understanding payments in a holistic sense, including how individual elements relate to one other, is crucial to understand financial inclusion and promote broader access to and usage of financial services.

Dr. QUINN informed the participants that financial inclusion efforts - from a payment perspective - should aim at achieving a number of objectives. Ideally, all individuals and businesses should have access to and be able to use at least one transaction account operated by a regulated payment service provider, to (i) perform most, if not all, of their payment needs; (ii) safely store some value; and (iii) serve as a gateway to other financial services.

She also informed that the CPMI-World Bank Group Task Force on the Payment Aspects of Financial Inclusion (PAFI) started its work in April 2014. The task force was mandated to examine demand and supply side factors affecting financial inclusion in the context of payment systems and services, and to suggest measures that could be taken to address these issues. The Committee on Payments and Market Infrastructures (CPMI) and the World Bank Group issued a consultative report on Payment aspects of financial inclusion on 9 September 2015 for public consultation until 7 December 2015.

She expressed that the report is premised on two key points: (i) efficient, accessible, and safe retail payment systems and services are critical for greater financial inclusion; and (ii) a transaction account is an essential financial service in its own right and can also serve as a gateway to other financial services. For the purposes of this report, transaction accounts are defined as accounts (including e-money accounts) held with banks or other authorised and/or regulated payment service providers (PSPs), which can be used to make and receive payments and to store value.

Dr. QUINN underlined that the report recommends that financial inclusion efforts undertaken from a payments angle should be aimed at achieving a number of objectives. Ideally, all individuals and micro- and some small-sized businesses – which are more likely to lack some of the basic financial services or be financially excluded than larger businesses – should be able to have access to and use at least one transaction account operated by a regulated payment service provider:

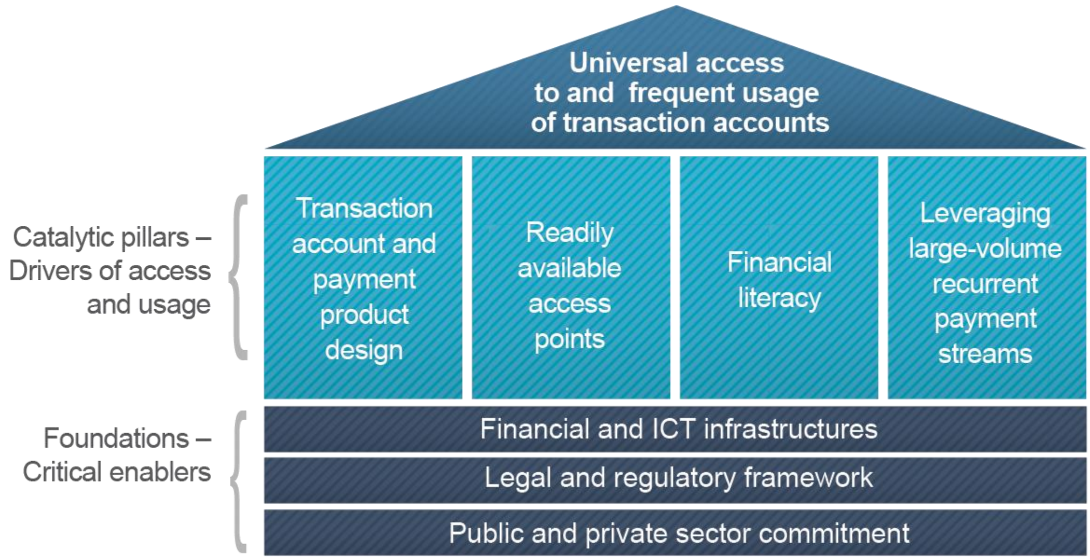
(i) To perform most, if not all, of their payment needs;

(ii) To safely store some value; and

(iii) To serve as a gateway to other financial services.

She argued that the guiding principles for achieving these objectives of improved access to and usage of transaction accounts are structured around foundations and catalytic pillars.

Foundations are critical enablers for payment systems and the provision of payment services in general, as well as, for expanding access to and usage of transaction accounts. Catalytic pillars are based on the foundations and form the drivers for access and usage.



Dr. QUINN stated that the report outlines seven guiding principles designed to assist countries that want to advance financial inclusion in their markets through payments:

- Commitment from public and private sector organisations to broaden financial inclusion is explicit, strong and sustained over time.
- The legal and regulatory framework underpins financial inclusion by effectively addressing all relevant risks and by protecting consumers, while at the same time fostering innovation and competition.
- Robust, safe, efficient and widely reachable financial and ICT infrastructures are effective for the provision of transaction accounts services, and also support the provision of broader financial services.
- The transaction account and payment product offerings effectively meet a broad range of the target population's transaction needs, at little or no cost.
- The usefulness of transaction accounts is augmented by a broad network of access points that also achieves wide geographical coverage, and by offering a variety of interoperable access channels.
- Individuals gain knowledge, through financial literacy efforts, of the benefits of adopting transaction accounts, how to use those accounts effectively for payment and store-of-value purposes, and how to access other financial services.
- Large-volume and recurrent payment streams, including remittances, are leveraged to advance financial inclusion objectives, namely by increasing the number of transaction accounts and stimulating the frequent usage of these accounts.

She pointed out that the report also suggests key actions that might be considered to implement or achieve each guideline. Finally, the report addresses a number of issues in connection with measuring the effectiveness of financial inclusion efforts in the context of payments and payment services, with a particular emphasis on transaction account adoption and usage.

6.2. IMF- "Oversight Issues in Mobile Payments"

Mr. Tanai KHIAONARONG from the International Monetary Fund made a presentation on Oversight Issues in Mobile Payments, which was based on research published by the institution under the same title in July 2014.

Mr. KHIAONARONG expressed that, mobile payments have gained wider acceptance as an emerging payment method in both advanced and emerging economies. Financial authorities have been faced with oversight challenges in protecting consumers and the payment system with many central banks having made mobile payment regulations more explicit. The development of effective oversight frameworks can help maintain public confidence and payment systems stability, particularly in low income countries where mobile payments are seen as a major tool of financial inclusion. The presentation noted five key oversight issues as follows:

Legal regime: Legal uncertainty existed if new payment methods were unlicensed, and multiple laws and authorities were involved. A sound legal basis helps establish an effective oversight framework to monitor and mitigate potential risks with reforms under review in some advanced economies.

Financial integrity: AML/CFT risks must be adequately addressed. The effective and proportionate application of the AML/CFT framework would help mitigate the risks associated with new payment methods.

Fund safeguarding: Customer funds held by nonbanks may be at risk if unprotected. Many low to moderate income households are vulnerable to financial losses if risk controls for new payment methods are weak. Some new payment methods are store-valued facilities and are different from deposits. Deposit insurance laws differ or may be less common across jurisdictions (eg. U.S. "pass through" deposit insurance).

Operational resiliency: Operational risks can undermine public confidence. Cyber risk, which is a potential source of systemic risk that has wide economic impact, is an emerging issue faced by financial authorities. Roaming risks also exist for international remittances through mobile phones. There are also issues arising from the use of cloud computing infrastructure and the outsourcing of critical operations.

Payment system: Aggregate value of mobile payment flows can be significant relative to regulated payment systems in some countries where activity has heightened. Adequacy of default arrangements to cope with faster payments and settlement speeds are needed. The impact on credit and liquidity risks needs to be managed. Access criteria for nonbanks should be considered.

He underlined that the IMF provides technical assistance in strengthening the oversight framework for payments and financial market infrastructures, focusing on risks and stability issues.

6.3. BKM- "Road to Cashless Society"

Ms. Pelin GÜVEN, Vice President, Strategy and Information Management BKM (Interbank Card Center) made a presentation on Card Payment Market in Turkey. The presentation covers brief overview of BKM; statistics regarding Turkish card payment market; initiatives that Turkish card market is currently focused on and regulative outlook.

She informed the participants that BKM is the payment systems service provider of Turkey. It was established in 1990 with the partnership of Turkish banks. Today BKM has 28 members and 10 shareholders all having equal rights in management. Ms. GÜVEN mentioned that the first goal for BKM when it was established was to give clearing and settlement service of not-on us domestic card transactions. However, today BKM operates in different areas including clearing and settlement services, message switching system, collecting industry statistics, managing central databases and data ware houses, providing 3D secure services and payment gateways to international card schemes for foreign card payments, training services for members.

Ms. GÜVEN mentioned that Turkish card payment market is very mature and very successful compared to benchmarks. Today, there are almost 58 Million credit cards and 112 Million debit cards, which make Turkey the second largest market just after UK. 2,5 million POS terminal network is by far the most extensive one among European countries. She shared that card usage among household consumption progressed a lot, in 2002 it was 9%, in 2014 it resulted as 38%. She mentioned that Turkish card payment market is relatively a credit card heavy market due to high inflation background. In 2014, 94% of $210 Billion total card payments is made by credit cards, where 79% of 3,5 Billion total card payments is made by credit cards. She expressed that installment on credit card was a successful transformation of risk from merchants to banks, for a common Turkish behavior of paying within installments to merchants.

Regarding the initiatives for future of Turkish card payment market, Ms. GÜVEN told that they focus on digitalization on every area. BKM Express is launched as first national digital wallet with market penetration of banks 99%, of merchants 48%. Online and mobile payments are available for the biggest e-commerce sites within Turkey. P2P money transfer is available for 7 days 24 hours. For gas, restaurant and retail industries, first pilot in-store and face-to-face payments are in production. They are still working on wearable technologies, biometrics, HCE and tokenization for future. In their road to cashless society, expanding the acceptance of contactless is also another important item for digital payments. They also help to e-government transformation by providing payment gateway as a single integration point between public utilizes and banks. Later, Ms. GÜVEN shared the shadow economy statistics and argued that card usage is a liver in their fight against shadow economy. She mentioned that they are working closely with government to define necessary actions and regulations to promote debit card usage instead of cash.

Ms. GÜVEN also shared that Turkish national card scheme has been launched and will be on market in 2016. She mentioned how the idea evolved, the stages that they have passed through and major lessons learnt.

In the last part of her presentation, Ms. GÜVEN gave a brief overview of regulative outlook. Turkish card payment market is mainly regulated by two parties. Banking regulator BRSA publishes all debit and credit card regulations. Central Bank is mainly responsible for payment systems. Payment Systems Law is published by Central Bank in 2013 and all financial institutions including BKM are in the transition period to comply with the law. Turkish banking system and card payments are highly regulated. Interest rates are capped, min dues are higher than benchmark countries, and limits are regulated all over the industry. She mentioned the unexpected consequences of these regulations. She concluded her presentation by expressing some recommendations to improve regulation outcomes.

7. Member Countries' Presentations

7.1. Indonesia

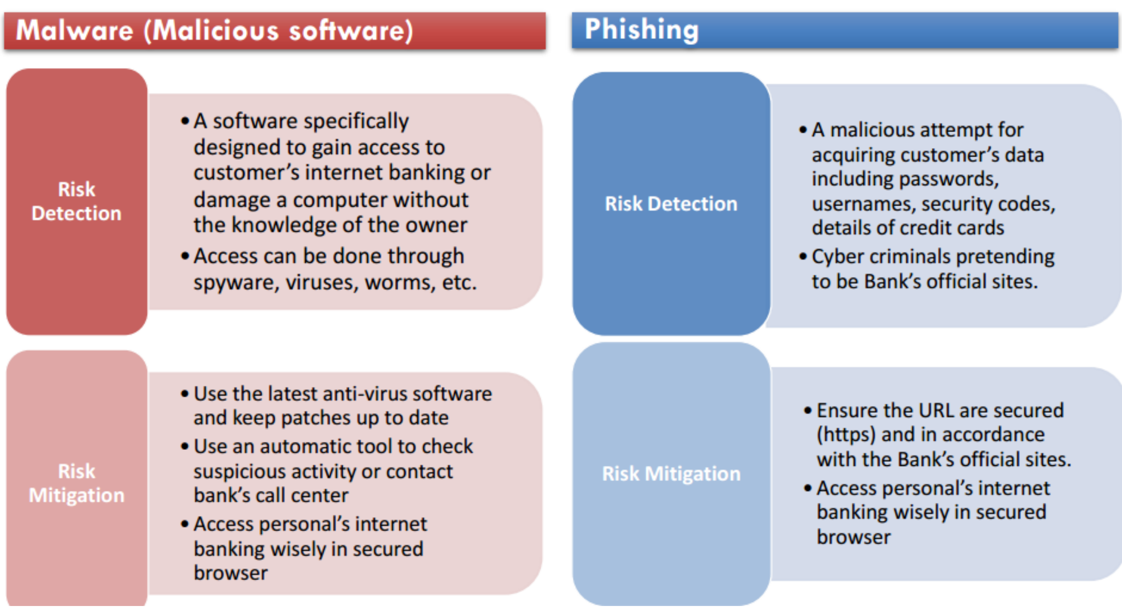
On behalf of the Republic of Indonesia, Ms. Ida NURYANTI, Director in Central Bank of Indonesia shared her country's experience in retail payment systems with the participants.

At the outset, she informed the participants regarding the payment structure in Indonesia. She stated that Bank Indonesia has completed and measured several steps to increase retail payment transactions with attention on the national interests and consumer protection. She summarized the driving factors of growth in retail payment systems in two sub-items:

- **Demand-side:** Provide certainty and support through the issuance of policy and regulation, as well as to work in partnership with private sectors, where it needs to.
- **Supply-side:** Healthy competition between institutions across various industries to create innovation of payment services

She pointed out that Bank Indonesia's regulations and circular letter includes: card-based payments, electronic money, fund transfer and anti-money laundering and counter terrorist financing.

Ms. NURANTI concluded her presentation by informing participants on fraud trends in payment systems.



7.2. Pakistan

Mr. Shoukat BIZINJO, Senior Joint Director, Payment Systems Department at State Bank of Pakistan, the central bank of the country, made a presentation on Payment Systems Landscape in Pakistan with special reference to Retail Payment Systems. At the outset, he emphasized that safe, efficient and ubiquitous payment systems help in achieving the financial stability, increasing access, lowering access to financial services, increasing financial inclusion and ultimately in effective implementation of monetary policy.

He informed the participants that the Payment System and Electronic Fund Transfers Act (PS&EFT Act), 2007 provides legal framework for the regulation of payment systems and electronic fund transfers in the country. It empowers SBP to regulate and supervise Payment and Settlement Systems. SBP is playing major roles, as regulator, operator and facilitator in achieving its public policy objectives of safety and efficiency regarding payment systems.

- **SBP's Role as Regulator:** SBP regulates and oversees payment systems to ensure growth with safety and efficiency. Under Section 3 of PS&EFT Act, SBP has authority to issue rules, guidelines, circulars, bye-laws, standards or directions with the objective to reduce systemic and operational risk and to promote monetary stability and a sound Payments infrastructure in Pakistan.

  SBP's Role as Operator: SBP plays a major role by operating Pakistan Real-time Inter-bank Settlement Mechanism (PRISM), the Real-time Gross Settlement System of Pakistan. It acts as settlement institution for interbank funds transfers, government securities and retail clearing batches.

- **SBP's Role as Facilitator:** SBP plays a crucial role in the development of retail payment systems by assessing and authorizing financial institutions of their payment products, channels, services and instruments. SBP also coordinates with the government and private institutions to implement various initiatives and to address specific issues relating to payment systems. Payment Systems Department (PSD) of SBP also conducts research on domestic and international payment systems developments and provides necessary guidance to the industry.

  Moreover, SBP is also working to enhance regional cooperation and coordination in Payment Systems arena. In this regard, SBP is managing the Secretariat for SAARC Payment Council (SPC), which is a forum for Central Banks of SAARC countries to collectively develop strategies and roadmaps for the improvement of Payment Systems in the SAARC region.

He informed the participants that after the establishment of a separate Payment Systems Department, SBP formulated PS&EFT, Act, 2007 and implemented its Real-Time Gross Settlement System in 2008 and very recently SBP launched its Strategic Plan 2016-20, named as "**SBP Vision 2020**", in which it has underlined development of a modern and robust payment systems as one of its key strategic goals. The functions of PSD encompass establishing Policy Framework; Oversight of Retail & Large Value Payment Systems along with operating RTGS and coordination with regional countries of SAARC Region for development of Payment System function.

He underlined that the role of Payment Systems in the financial sector of Pakistan is greatly evolving. The growth in technology with respect to Payment Systems such as Automated Teller Machines (ATMs), Point of Sale (POS) machines, Internet & Mobile Banking and electronic banking products etc. are resulting in effective, convenient & efficient banking services that are offered by financial institutions today. In his presentation, Mr. BIZINJO shared some of the major developments in payment systems with participants.

He also shared some statistics related to e-banking infrastructure Pakistan:

- Payment Cards and ATMs have almost doubled during the period 2010 to 2015. The network of Automated Teller Machines (ATMs) continued to show a growth reaching to 9,597 and payment cards have reached to 27.2 million as on 30th June 2015. Debit cards comprise the major part of total payment cards i.e around 25 million.
- Similarly, ATM, POS and Internet transactions have also showed a quantifiable increase in both volume and value over the same period.
- By the end of June 30, 2015, the total number of Point of Sale (POS) machines has reached to 41,183 installed by banks in Pakistan.
- The registered users of Internet, Mobile and Call Centre banking have reached to 20.7 Million by 30th June 2015.

He also informed the participants that although a number of milestones have been achieved for a safe and efficient payment system, however, a number of challenges are still there in the arena of Payment Systems. SBP views low cost payment mechanisms as a key enabler for increasing the financial inclusion rate in the country. Hence this public policy objective can be achieved by making payments ubiquitous by enabling masses at the bottom of the economic pyramid use financial services at low cost. Further, the growth of payment infrastructure like ATMs, POS and EFT channels and EMV compliance for Payment Cards are also the areas for concern for SBP.

7.3. Turkey

Mr. M. Alper BATUR, Head of Department at the General Directorate of Financial Sector Relations and Exchange in the Undersecretariat of Treasury, made a presentation regarding Turkey's retail payment systems.

Mr. BATUR started his presentation by summarizing payment systems in Turkey. Mr. BATUR stated that there are 5 different channels by which payments are made in the Turkey's payment systems namely "customer payments", "Borsa Istanbul (BIST), "cards (debit and credit)", "cheqes" and "banking payments". Central Bank of the Republic of Turkey (CBRT) is responsible for settlement of the all payment transactions.

With respect to legal framework of country's payment systems, Mr. BATUR gave information regarding the "Law on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions" (the Payment Systems Law, PSL) which regulates all type of payment systems including the retail ones in Turkey. He stated that the Law has clauses for

- Licensing and operations of systems operators,
- Oversight of systems,
- Settlement finality provisions,
- Payment services and payment institutions
- Electronic money institutions and issuance of electronic money.

In addition to these, the Law differentiates between the payment systems and payment services in terms of relevant authorities and regulations. In this context the PSL grants authorization to CBRT for licensing, oversight and regulation of payment and settlement systems while the Banking Regulation and Supervision Agency (BRSA) has the authority for licensing, supervision and regulation of payment institutions and electronic money institutions. Additionally, the BRSA has power to issue regulations on payment services.

He said that Turkey has a special legislation for credit cards which regulates credit card issuers and provides protection for cardholders. The Law aims at ensuring the efficient and effective functioning of the card payments system by setting down the principles and procedures applicable to the issuance, use, clearing and settlement of bank cards and credit cards.

In his presentation, Mr. BATUR focused on retail payment system (RPS) in Turkey as well. Mr. BATUR stated that retail payment system of Turkey designed to handle according to payments transactions entrance order to the system.

Mr. BATUR pointed out some similarities between the Country's interbank payment system (IPS) and retail payment system such as;

- Turkish lira payment systems
- Similar technical and operational infrastructures
- Similar regulations
- Both work in RTGS principle.

Additionally, in his presentation he compared the two system, in this context IPS has under shorter average settlement time (under 1 seconds), IPS has 11,869 average daily volume while RPS has 1,215,461 in 2015 and IPS has 176,188 billion TRY average daily value on the other hand RPS has 39 billion TRY in 2015.

Mr. BATUR gave some statistical information about Turkey's cheques and card payments in his presentation. Mr. BATUR stated that number of cheques was 17.3 million and the value of cheques processed reached 400 billion TRY also total number of credit cards issued reached 57 million and total number of debit cards reached 106 million in 2014.

In the final part of his presentation Mr. BATUR touched upon Turkey's financial inclusion strategy and macro prudential policies regarding cards. He said that Turkey's Financial Inclusion Strategy is based on three main pillars namely "Financial Consumer Protection", "Access to and Usage of Financial Services" and Products and "Financial Education" as a reflection of holistic approach. Strategy was prepared by Financial Stability Committee members in coordination and cooperation with stakeholders and it was signed by Prime Minister and came into force with a Prime Ministry Circular on June 5th, 2014.

With respect to the Country's macro prudential policies regarding credit cards he stated that minimum payment ratios were gradually increased, credit card limits granted by income levels of credit card holders, credit cards will be closed for cash advances if card holder would not pay minimum payment amount three times within a calendar year and installment period cannot go beyond nine months for certain goods and services in order to mitigate risks. Mr. Batur put great emphasis on the links between payment systems, financial inclusion and financial stability.

8. Utilizing the COMCEC Project Funding

Mr. Hasan YENİGÜL, Expert at the COMCEC Coordination Office made a presentation on the COMCEC Project Funding introduced by the COMCEC Strategy.

First, Mr. YENİGÜL informed the participants about where the COMCEC Project Funding stands in the COMCEC Strategy.

Mr. YENİGÜL underlined the basic qualifications of the COMCEC Project Funding as "simple and clearly defined procedures and financial framework", and mentioned that CCO provided continuous support to the member countries during the all stages of the COMCEC Project Funding Mechanism.

After briefly explained the Project Cycle Management (PCM) concept, Mr. YENİGÜL highlighted the potential project owners. It was emphasized that relevant ministries and other public institutions of the Member Countries and the OIC Institutions operating in the field of economic and commercial cooperation could submit projects. He also underlined that member countries have to be registered to respective working group in order to submit their project proposals.

He continued his presentation by explaining the "Project Selection Criteria" namely, compliance with Strategy's Principles, and targeting strategic objectives of the Strategy, focusing on output areas and pursuing multilateral cooperation among the OIC Member Countries. He mentioned that CCO had revised project selection criteria for third call for project proposals and regular participation of member countries and OIC institutions to relevant working group meeting had been added as a new criterion. Mr. YENİGÜL also emphasized that project proposals submitted by the member countries should be compliant with the sectorial themes for the third call stated in the Program Implementation Guidelines.

Mr. YENİGÜL pointed out the importance of the multilateralism for project appraisal and stated that project proposals should focus on common problems of at least two member countries and also should offer joint solutions for these problems.

During the presentation, three key actors and their responsibilities under the COMCEC Project Funding were identified; Project Owner (Project Submission and Implementation); the CCO (Program Management) and the Intermediary Bank (Project Monitoring and Financing). Moreover, steps and roles of these key actors throughout the project application process were defined.

Monitoring of projects was another issue explained in the presentation. Mr. YENİGÜL presented that the Bank would be mainly responsible for financial and technical monitoring of projects while the CCO would oversee the overall implementation of the PCM.

With respect to the financial framework, Mr. YENİGÜL emphasized that the funds are grant in nature and would be provided by the CCO. From the illustration of the indicative grant limits and co-finance rates for the COMCEC projects, it was seen that Member Countries could submit a project with a budget up to USD 250.000 with the condition that they have to cover at least ten percent of project total budget (cash or in kind). This amount would be USD 100.000 for the OIC Institutions and at least twenty five percent should be covered by the project owner.

Mr. YENİGÜL also gave information on 2015 Projects. He stated after the second call for project proposals made in September 2014, that member countries and OIC institutions had shown great interest to the second call and 62 project proposals were submitted by 20 member countries and 3 OIC institutions. He also stated that within the framework of the second call, two successful financial cooperation projects are being implemented under the COMCEC Project Funding in 2015, namely "Islamic Capital Market Capacity Building Programmes submitted by Malaysia" and "Enhancing Financial Literacy and Capacity Building on Islamic Financial Instruments submitted by Gambia".

Mr. YENİGÜL shared brief information with participants regarding several changes made in the mechanism for the third call. He underlined that CCO had set up a new online project submission system and member countries could submit their project proposals easily by using this user-friendly system. He continued his presentation with demonstration of project proposal submission by using new online project submission system.

Lastly, Mr. YENİGÜL reminded participants that third call for project proposals was started as of early September 2015 and completed as of 31st September, 2015. He also invited all esteemed countries and OIC institutions to submit their project proposals in the fourth call.

9. Closing Remarks

The Meeting ended with closing remarks of Mr. Ali ARSLAN, Director General in Undersecretariat of Treasury and the Chairperson of the Meeting and Mr. M. Metin EKER, Director General of the COMCEC Coordination Office. Mr. EKER underlined that the next (6th) Meeting of the Financial Cooperation Working Group will be held on March 17th, 2015 in Ankara with the theme of "Developing Islamic Finance Strategies in the OIC Member Countries."

Annex 1: Agenda of the Meeting

AGENDA

5th MEETING OF THE COMCEC FINANCIAL COOPERATION WORKING GROUP

(October 15th, 2015, Crowne Plaza Hotel Ankara)

"Retail Payment Systems in the OIC Member Countries"

Opening Remarks

1. Financial Outlook of the OIC Member Countries
2. Retail Payment System in the Global Economy
3. Retail Payment System in the OIC Member Countries: Challenges, Obstacles and Recommendations
4. Discussion on the Policy Options for Improving Retail Payment Systems in the OIC Member Countries
5. The Experience of International Institutions/ Private Sector
6. Member Country Presentations
7. Utilizing the COMCEC Project Funding

Closing Remarks

Annex 2: Program of the Meeting

COMCEC

PROGRAMME

5th MEETING OF THE COMCEC FINANCIAL COOPERATION WORKING GROUP

(October 15th, 2015, Crowne Plaza Hotel, Ankara)

"Retail Payment Systems in the OIC Member Countries"

08.30-09.00 **Registration**

09.00-09.15 **Opening Remarks**

09.15- 09.35 **Financial Outlook of the OIC Member Countries 2015**

Presentation: *Mr. Ender TANRIVERDİ*
Expert, COMCEC Coordination Office

09.35- 09.45 - *Discussion*

09.45-10.25 **Retail Payment System in the Global Economy**

Presentation: *Dr. Jonathan Liebenau & Nofie IMAN*
Idea & Idea LTD

10.25- 10.45 - *Discussion*

10.45-11.00 Coffee Break

11.00-11.40 **Retail Payment System in the OIC Member Countries: Challenges, Obstacles and Recommendations**

Presentation: *Dr. Jonathan Liebenau*
Idea & Idea LTD

11.40- 12.00 - *Discussion*

12.00-14.00 **Lunch**

Discussion on the Policy Options for Improving Retail Payment Systems in the OIC Member Countries

There will be a moderation session under this agenda item. The main inputs of the session will be the findings of the analytical study and the member states' responses to the policy questions circulated by the COMCEC Coordination Office.

14.00- 14.15

Presentation: Mr. Okan POLAT
Expert, COMCEC Coordination Office

14.15- 15.30

- *Discussion*

15.30-15.45 Coffee Break

15.45- 16.30 **The Experience of International Institutions and Private Sector**

Presentation: "Payment Aspects of Financial Inclusion (PAFI)"
Dr. Lois Quinn, Senior Payment Systems Specialist
Secretariat of the CPMI, World Bank

Presentation: "Oversight Issues in Mobile Payments"
Dr. Tanai KHIAONARONG, Senior Financial Sector Expert
Monetary and Capital Markets Department, IMF

Presentation: "Road to Cashless Society"
Ms. Pelin GÜVEN,
Vice President of Strategy and Information Management
Interbank Card Center (BKM),

16.30- 17.15

- *Discussion*

17.15-18.00 **Member Country Presentations**

- *Presentation(s)*
- *Discussion*

18.00-18.20 **Utilizing the COMCEC Project Funding**

Presentation: Mr. Hasan YENİGÜL
Expert, COMCEC Coordination Office

- *Views and Comments*

18.20-18.30 **Closing Remarks**

Annex 3: The Policy Recommendations

ROOM DOCUMENT FOR THE MODERATION SESSION OF THE 5TH MEETING OF THE COMCEC FINANCIAL COOPERATION WORKING GROUP

This room document was prepared for enriching the discussions during the moderation session to be held during 5th Meeting of the Financial Cooperation Working Group on *"Retail Payment Systems in the OIC Member Countries"* and to come up with some policy advices for approximating policies among the Member Countries in this important field. The document was prepared in accordance with the main findings of the analytical study conducted specifically for the 5th Meeting of the COMCEC Financial Cooperation Working Group and the answers of the Member Countries to the policy questions which have been communicated by COMCEC Coordination Office.

Policy Advice 1. Increasing awareness of the benefits of modern retail payment systems through providing education on basic financial controls and prudence.
Rationale:

Low financial literacy and lack of awareness in many Member Countries are major challenges that diminish the potential benefits of financial inclusion. Financial literacy is the main element that creates knowledge and demand for payment instruments. Especially for the low-paid and others who are unbanked, certain retail payment systems such as mobile and pre-paid card systems provide significant benefits. These benefits include greater security and convenience than cash payments, easier control over personal accounts, and greater mobility options. Retail payment systems can also be coordinated with credit/loan schemes, providing capital access to those who cannot avail themselves of banking services. This can bring significant benefits to small businesses and help improve living standards by enhancing financial inclusion.
Any programme to promote awareness of the benefits of modern retail payment systems need to provide education about basic financial controls and prudence. They should also instruct on the use of instruments such as checking/savings accounts, automatic teller machines (ATM), etc. Moreover, public education should include basic numeracy skills, record-keeping techniques and awareness about risks associated with overspending and debt.

Policy Advice 2. Promoting inexpensive interoperability among member countries' payment systems

Rationale:
Expenses incurred by consumers discourage people from using some retail payment systems when they travel among OIC Member States. Better interoperability can reduce costs to operators as well as consumers and encourage wider use to promote financial inclusion and reduce payment risks. Good practices can be found in some Member States, such as Gambia's Gamswitch system that is country wide, web based and coordinated with the West African region. This kind of good practices can be disseminated among the member countries. 2

Policy Advice 3. Establishing/ maintaining OIC payment systems data collection and reporting framework
Rationale:

An integrated database system should be established to provide transparency of credit data. Governments need to focus on the fragmented, stand-alone, or non-existent credit bureaus. Standards and practices in credit data management must be developed. Credit worthiness should also be examined and, at a national level, there must be payment data available to credit bureau services.
A common reporting system is useful both for the establishment of interoperability and to assist in future policy formation. A basic framework, such as that used in the analytical study prepared for this Meeting would be the starting point to a standardized monitoring system.

Instruments to Realize the Policy Advices:

- ***COMCEC Financial Cooperation Working Group:*** In its subsequent meetings, the COMCEC Financial Cooperation Working Group may elaborate on the above mentioned policy areas in a more detailed manner.

- ***COMCEC Project Funding:*** Under the COMCEC Project Funding, the COMCEC Coordination Office calls for project each year. With the COMCEC Project Funding, the Member Countries participating in the Financial Cooperation Working Group can submit multilateral cooperation projects to be financed through grants by the COMCEC Coordination Office. For the above mentioned policy areas, the Member Countries can utilize the COMCEC Project Funding and the COMCEC Coordination Office may finance the successful projects in this regard. The projects may include seminars, training programs, study visits, exchange of experts, workshops and preparing analytical studies, needs assessments and training materials/documents, etc.

- ***Meetings of the OIC Central Banks and Monetary Authorities and COMCEC Capital Markets' Regulators Forum:*** In its next meetings, the OIC Central Banks and Monetary Authorities and COMCEC Capital Markets' Regulators Forum may focus on the above mentioned policy areas.

Annex 4: List of Participants

LIST OF PARTICIPANTS OF
5TH MEETING OF THE COMCEC FINANCIAL COOPERATION WORKING GROUP
(October 15th, 2015, Ankara)

A. INVITED STATES

REPUBLIC OF BURKINA FASO

- Mr. SIE PHILIPPE AIME PALENFO
  Director of Monitoring of Financial Programs, Ministry of Economy and Finance

REPUBLIC OF CAMEROON

- Mr. ARONGAGBOR DONATUS EKURI TAMBE
  Inspector of Treasury, Ministry of Finance

THE REPUBLIC OF INDONESIA

- Ms. IDA NURYANTI
  Director, Central Bank

THE HASHEMITE KINGDOM OF JORDAN

- Mr. YOUSEF ABDELGHANI
  Minister Plenipotentiary, Embassy of Jordan in Ankara

THE STATE OF KUWAIT

- Ms. SARA AL JASMI
  Economic Analyst, Ministry of Finance

THE REPUBLIC OF NIGER

- Mr. IRO ABOUBACAR
  Chef of Division, Ministry of Economy

- Mr. AJIROU NAMAMOU
  Economist, Ministry of Finance

THE FEDERAL REPUBLIC OF NIGERIA

- Mr. ABDUL FATAH ABDULSALAM
  Assistant Director, Federal Ministry of Finance

THE ISLAMIC REPUBLIC OF PAKISTAN

- Mr. SHOUKAT BIZINJO
  Senior Joint Director, State Bank of Pakistan

THE STATE OF QATAR

- Mr. KHALID AL MUFTAH
  Director Credit Policies and Debts Management, Ministry of Finance

THE TUNISIAN REPUBLIC

- Mr. ALI OUERGHI
  Director General, Ministry of Finance

THE REPUBLIC OF UGANDA

- Mr. COLLINS ISHIMWE
  Economist/Finance Officer, Ministry of Finance

THE REPUBLIC OF TURKEY

- Mr. ALİ ARSLAN
  Director General, Undersecretariat of Treasury

- Mr. MEHMET ALPER BATUR
  Head of Department, Undersecretariat of Treasury

- Mr. SELAMİ ERBAŞ
  Senior Expert, Capital Market Board of Turkey

- Ms. ELİF AÇIKPORTALI
  Expert, Borsa İstanbul

- Mr. SERKAN TEKBACAK
  Expert, Central Bank of the Republic of Turkey

- Ms. ELVAN GÖÇMEN ERTEM
  Engineer, Central Bank of the Republic of Turkey

B. INVITED INSTITUTIONS

ISLAMIC DEVELOPMENT BANK (IDB)

- Mr. SABRI ER
  Senior Technical Cooperation Specialist, Turkey Country Gateway Office

STATISTICAL, ECONOMIC AND SOCIAL RESEARCH AND TRAINING CENTRE FOR ISLAMIC COUNTRIES (SESRIC)

- Mr. CEM TİNTİN
  Researcher, International Economics

IDEA&IDEA LTD

- Dr. JONATHAN LIEBENAU
  Prof & Director

- Mr. NOFIE IMAN
  Researcher

INTERNATIONAL MONETARY FUND (IMF)

- Mr. TANAI KHIAONARONG
  Senior Financial Sector Expert, International Monetary Fund

INTERBANK CARD CENTER

- Ms. PELİN GÜVEN
  Vice President

WORLD BANK

- Ms. LOIS E QUINN
  Senior Payment Systems Specialist

C. COMCEC COORDINATION OFFICE

- Mr. M.METİN EKER
  Director General, Head of COMCEC Coordination Office

- Mr. SELÇUK KOÇ
  Director

- Mr. MUSTAFA TEKİN
  Director

- Mr. FATİH KAYA
  Director

- Mr. ALİ İŞLER
  Expert, Drafting

- Mr. ENDER TANRIVERDİ
  Financial Sector Specialist

- Mr. ALPER BAKDUR
  Financial Sector Specialist

- Mr. OKAN POLAT
  Expert, Drafting

- Mr. EREN SÜMER
  Expert

- Mr. MUSTAFA ADİL SAYAR
  Expert, Drafting

- Mr. HASAN YENİGÜL
  Expert, PCM

- Ms. HANDE ÖZDEMİR
  Coordination of Registration Office

- Ms. HAVVA KÖSEOĞLU
  Coordination of Registration Office

- Mr. OZAN LİF
  Coordination of Documentation Center

- Mr. KEMAL ARSLAN
  Coordination of Meeting Rooms

- Mr. ERCAN İBİK
  Coordination of Transportation

- Mr. ALİ VURAL
  Coordination of Meeting Rooms

- Ms. NAZİFE GÜLGEN
  Coordination of Social Programme
