



Payments System Bulletin



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This is the first of a series of weekly articles that will be used to inform you, the public, about the recent developments under the National Payments System Reform Project.

Each of us use the payments system every day. The payments system consists of all the arrangements that we use to transfer value, whether using notes and coins, paper instruments such as cheques, or an electronic payment option such as a credit or debit card.

At the request of the Government of Jamaica, an IMF - World Bank led team carried out an assessment of the payments system in Jamaica in 2005.

Generally, the recommendation coming out of the assessment highlighted the need to reform

the national payments system to bring it in line with international best practice. Specifically, the assessment called for priority attention to be given to the implementation of a real time gross settlement (RTGS) system and an electronic central securities depository (CSD).

The Payments System Reform Project was therefore launched, and in February 2009, the Bank of Jamaica commissioned the new RTGS system and introduced the electronic CSD in May 2009. All of this was done in consultation with the members of the National Payments Council. The National Payments Council is made up of representatives from the financial institutions as well as representatives from the Ministry of Finance and the Public Service, the Financial Services Commission, and the Jamaica Stock Exchange.

Collectively, the new RTGS system and the electronic CSD is called JamClear. JamClear is the short name for Jamaica Clearing and Settlement Assured in Real Time. **The two components of JamClear are therefore called the JamClear-RTGS and the JamClear-CSD.**

JamClear-RTGS is the new electronic real time gross settlement system where commercial banks, primary dealers, and other financial

institutions are now able to transfer funds between themselves, for their own account or on behalf of clients, in real time on a safe and secure basis.

JamClear-CSD is the new electronic central securities depository which serves as the registrar for securities issued by the Government of Jamaica and the Bank of Jamaica. With the implementation of JamClear-CSD, paper certificates are no longer required, because ownership, and transfer of ownership, of all securities is electronically recorded in the depository.

Together JamClear-RTGS and JamClear-CSD afford rapid settlement, finality, and irrevocability of payments. These features will enhance the security and efficiency of the financial system infrastructure, while ensuring compliance with international standards of safety and reliability.

The next article in the series will focus on the information that persons wishing to invest in Government Securities and Bank of Jamaica Certificates of Deposit will need to provide to their preferred securities dealer in order to open a JamClear-CSD account. The opening of your JamClear-CSD account will be necessary to register the ownership of your securities in JamClear-CSD.