

Functions and Objectives of the Payments System Board

The Payments System Board has a mandate to contribute to promoting efficiency and competition in the payments system and the overall stability of the financial system. The Reserve Bank oversees the payments system as a whole and has the power to designate payment systems and set standards and access regimes for designated systems. It also sets financial stability standards for licensed clearing and settlement facilities.

The responsibilities of the Payments System Board are set out in the *Reserve Bank Act 1959*, under which it is the duty of the Payments System Board to ensure, within the limits of its powers, that:

- the Reserve Bank's payments system policy is directed to the greatest advantage of the people of Australia
- the powers of the Reserve Bank set out in the *Payment Systems (Regulation) Act 1998* and the *Payment Systems and Netting Act 1998* are exercised in a way that, in the Board's opinion, will best contribute to controlling risk in the financial system, promoting the efficiency of the payments system and promoting competition in the market for payment services, consistent with the overall stability of the financial system
- the powers of the Reserve Bank that deal with clearing and settlement facilities set out in Part 7.3 of the *Corporations Act 2001* are exercised in a way that, in the Board's opinion, will best contribute to the overall stability of the financial system.

Under the Payment Systems (Regulation) Act, the Reserve Bank has the power to designate payment systems and set standards and access regimes for designated systems. The Payment Systems and Netting Act provides the Bank with the power to give legal certainty to certain settlement arrangements in order to minimise the risks of systemic disruptions from payment systems.

Under Part 7.3 of the Corporations Act, the Reserve Bank has a formal regulatory role with the objective of ensuring that the infrastructure supporting the clearing and settlement of transactions in financial markets is operated in a way that promotes financial stability. The Bank's powers under that part include the power to determine financial stability standards for licensed clearing and settlement facilities.

This Report discusses the activities of the Board during 2018/19.

