

Empowerment through the National Payments System: GOJ's Journey

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- Central Treasury Management System (CTMS)
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Introduction

“Even the simplest tools can empower people to do great things”. Biz Stone, an American entrepreneur and co – founder of Twitter. Stone is known for developing large scale systems that facilitate the open exchange of information.

Objective

- The presentation will look at:
 - GOJ's CTMS
 - BOJ's involvement in the implementation of GOJ's CTMS
 - Critical services provided by BOJ through the Systemically Important Payment Systems (SIPS), JamClear[®] RTGS and the ACH
 - Plans for the future

Government Operations (Prior to 2012)

Decentralized control over accounts at BOJ and the commercial banks

Numerous accounts for Ministries, Departments and Agencies (MDAs)

Idle cash balances in accounts due to inefficient cash management strategies

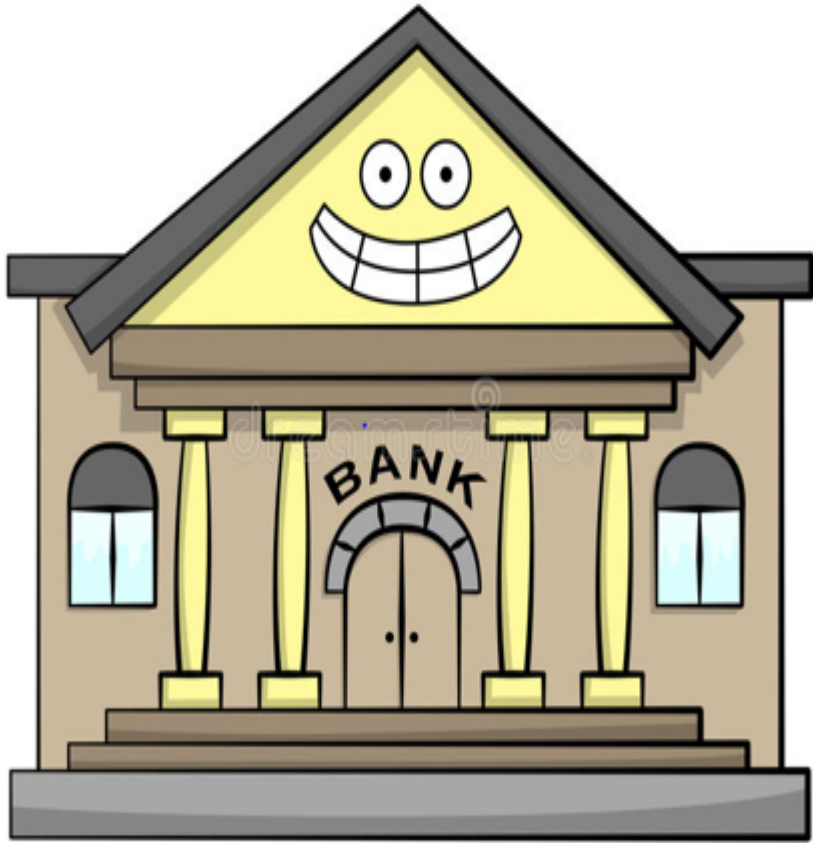
Government Operations (Prior to 2012)

Lack of real time information for decision making

Unnecessary borrowing

GOJ did not earn from the idle cash balances

Government Operations (Prior to 2012)



Government Operations - RTGS (Prior to 2012)

- BOJ, in its capacity as banker to the government originated payments to RTGS participants on behalf of the GOJ
- Arrangement was inefficient as the processes were manual and involved several personnel which led to delays in processing transactions
- The central bank was responsible for monitoring GOJ accounts prior to executing a payment in RTGS

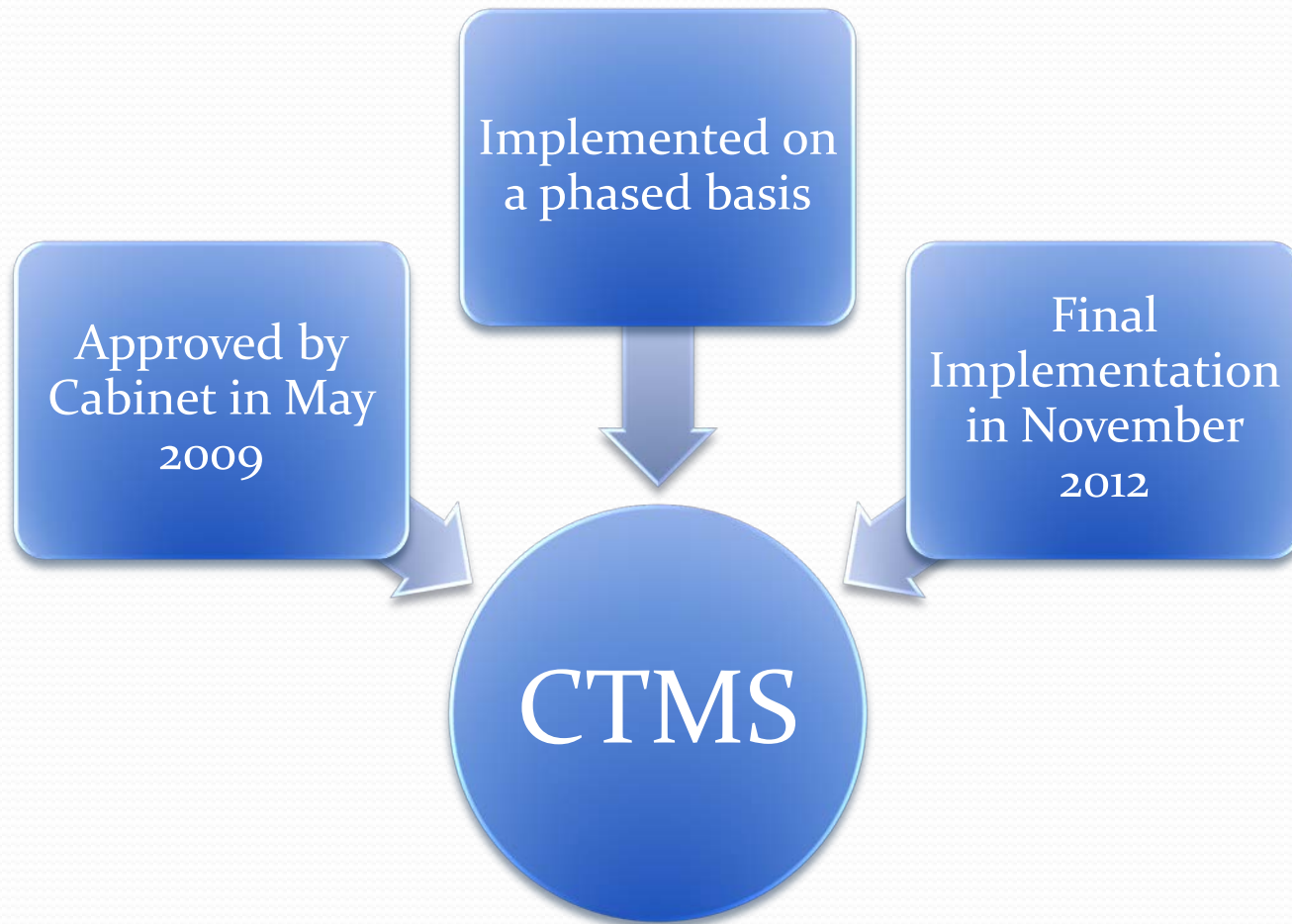
Government Operations - ACH (Prior to 2012)

- Cheques were the main means of payment for the GOJ
- BOJ processed large volume of cheques on behalf of the GOJ
- Method of payment was inefficient due to time delays between issuance, encashment and clearing of a cheque
- Float on accounts and the possibility of overdraft

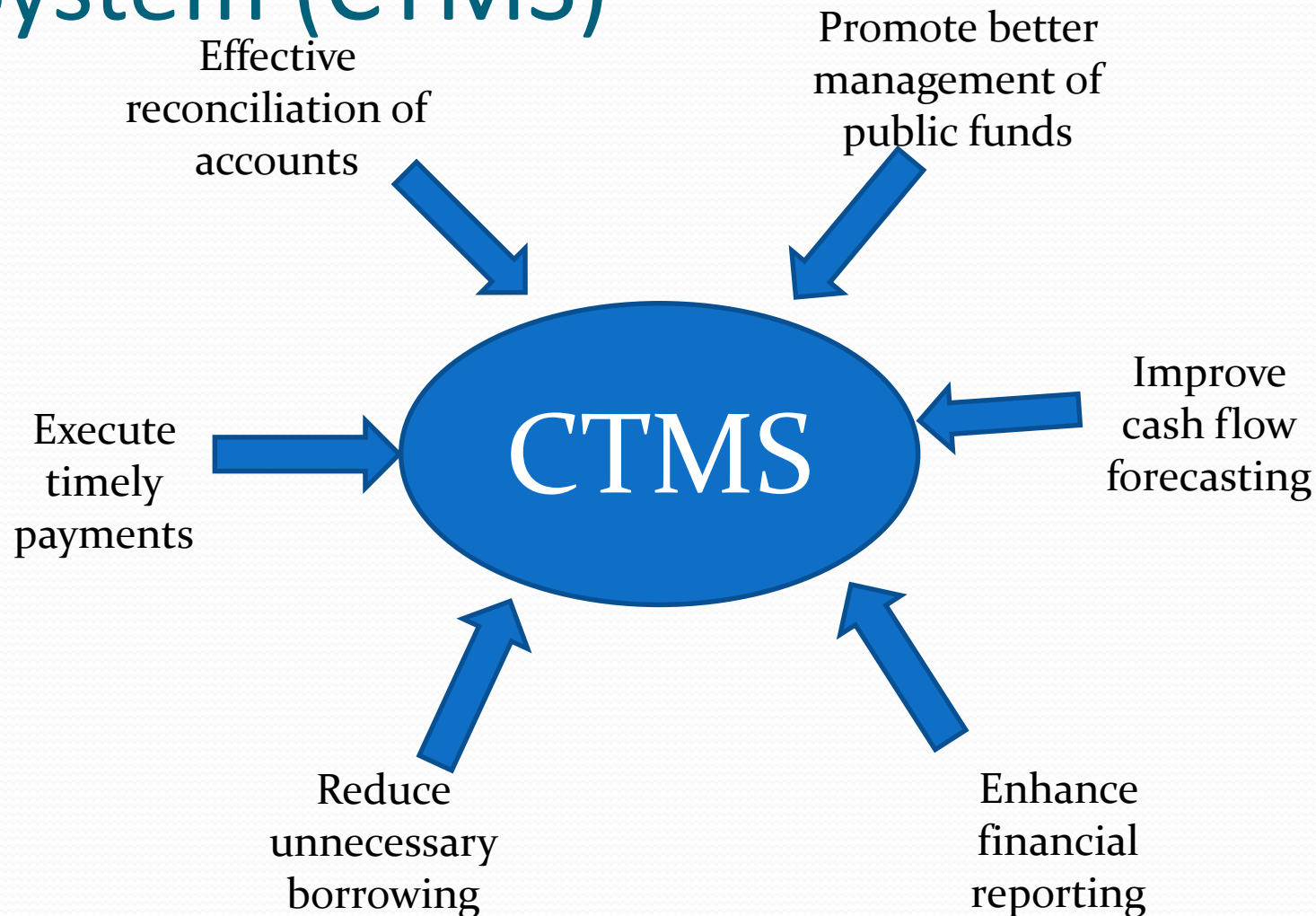
Government Operations-ACH (Prior to 2012)

- High administrative costs associated with the printing and storage of cheques
- Risk of fraud
- GOJ relied heavily on the commercial banks to make payments to public sector workers, suppliers/creditors (service associated with high fees)

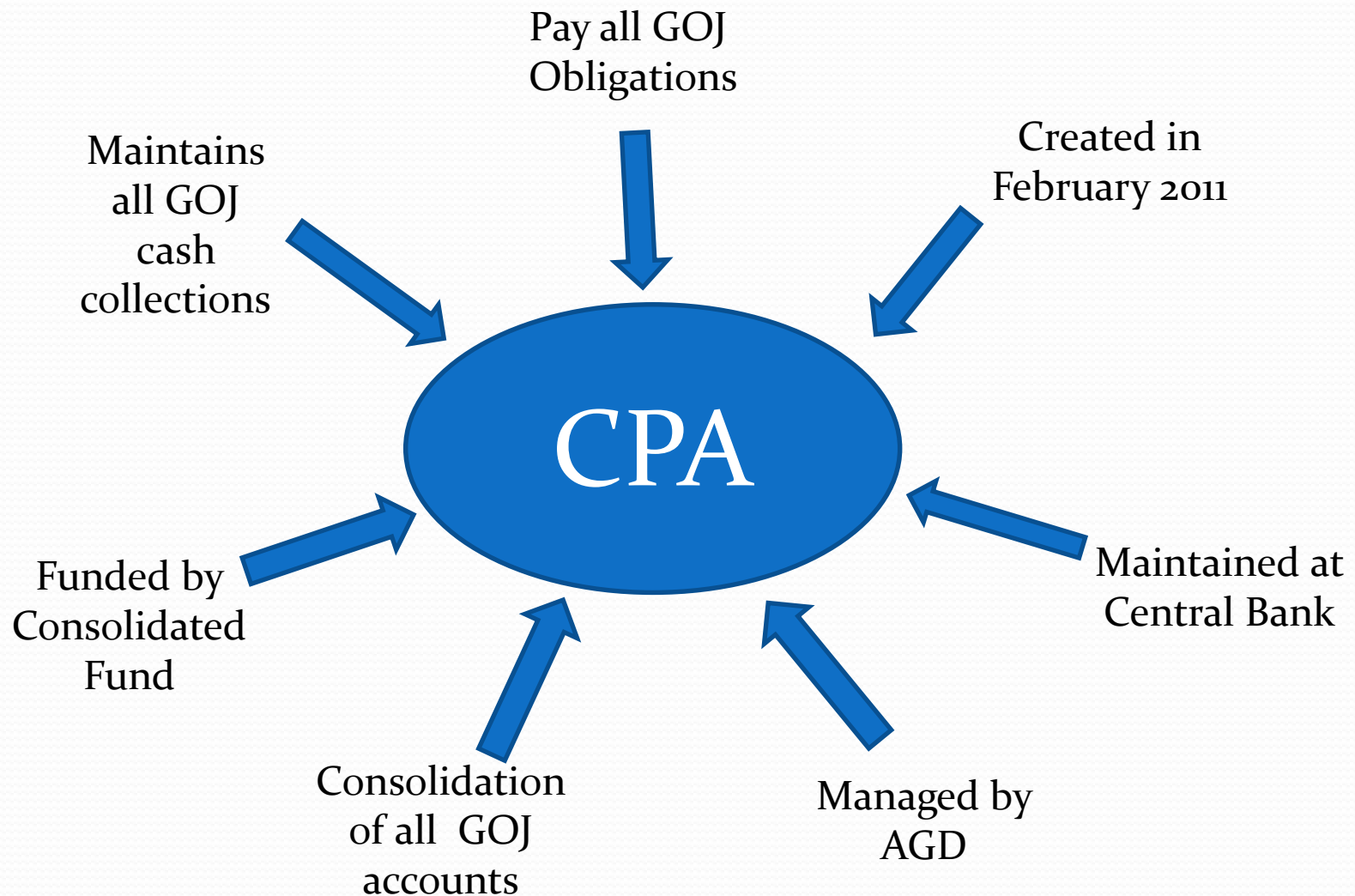
Central Treasury Management System (CTMS)



Central Treasury Management System (CTMS)



Central Payments Account (CPA)



JamClear® RTGS

JamClear® RTGS

- Designed to process large-value or time critical payments
- Owned and operated by the central bank
- Implemented in February 2009
- Implemented to reduce settlement risk posed by the ACH
- Improve financial stability through the reduction of systemic risk and increase system efficiency

GOJ Representative

- Accountant General's Department (AGD)

GOJ as a Participant in RTGS

Direct access to RTGS in September 2012

Greater control over treasury management operations

Significant cost benefits and efficiency gains

Automated Clearing House (ACH)

ACH

- Batch processing system for the exchange of electronic retail payments.
- Values less than a million Jamaica Dollars
- Owned and operated by the commercial banks.
- Implemented in October 2002.

GOJ Representative

- Accountant General's Department (AGD)

GOJ as an Originator in the ACH

Began originating in January 2013

Accounting systems interface (AGD and BOJ)

Payment of salaries, allowances, pension and obligations to suppliers and creditors

Legalisation

The Financial Administration and Audit (FAA) Act, 2013

- States the basic principles for the management of public funds
- Operational date: June 15, 1959

BOJ's Involvement in the CTMS

Custodian for the
CPA

Process EFT via
ACH, RTGS &
SWIFT

Provide daily
statement of
account balances

BOJ's Involvement in the CTMS

Technical Assistance

Provided assistance pertaining to installation, operation and maintenance of equipment.

Training

Training sessions and manuals provided to key personnel.

BOJ's Involvement in the CTMS

Consultation

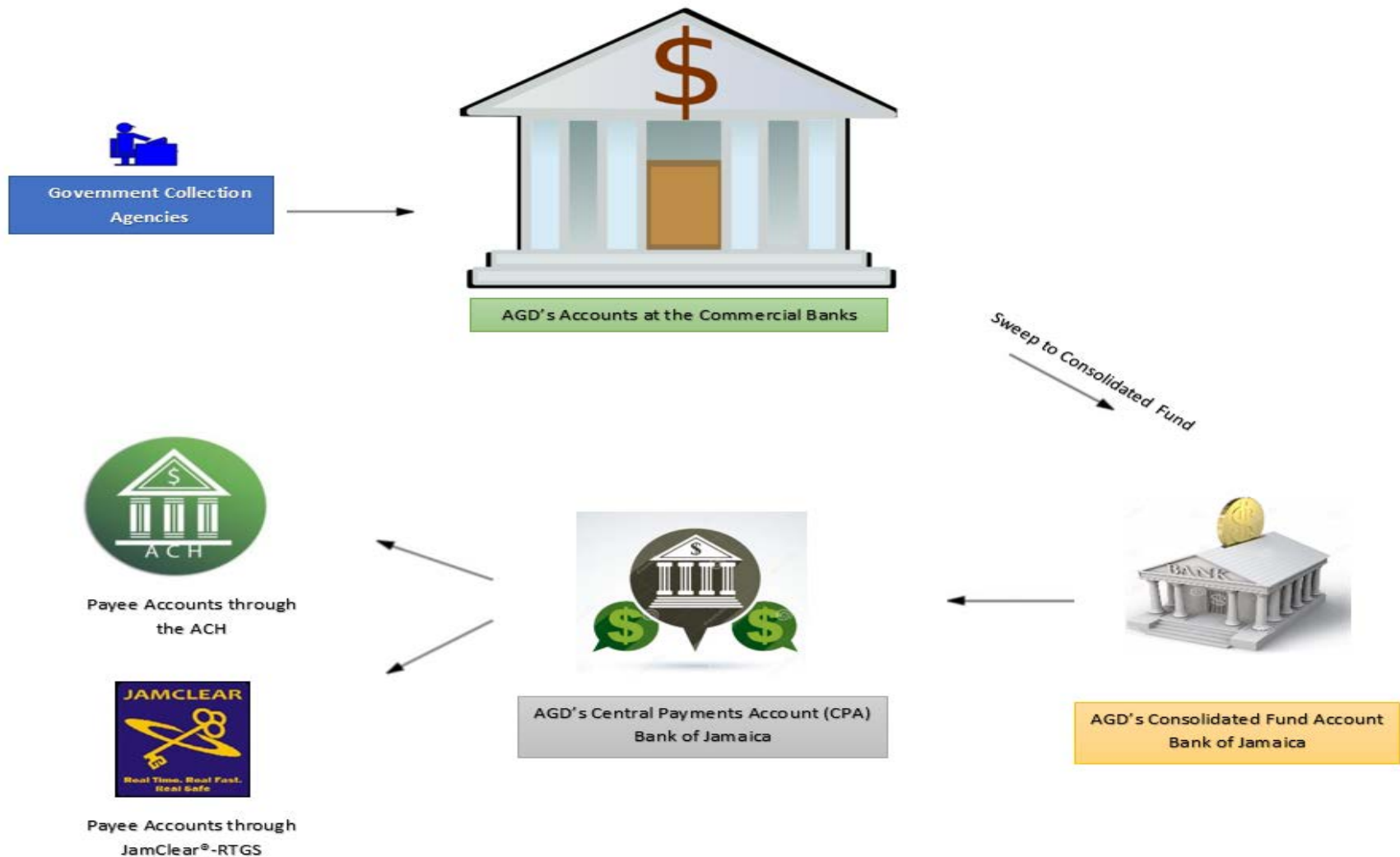
Advise on matters relating to ACH and RTGS.

Document of Consultation

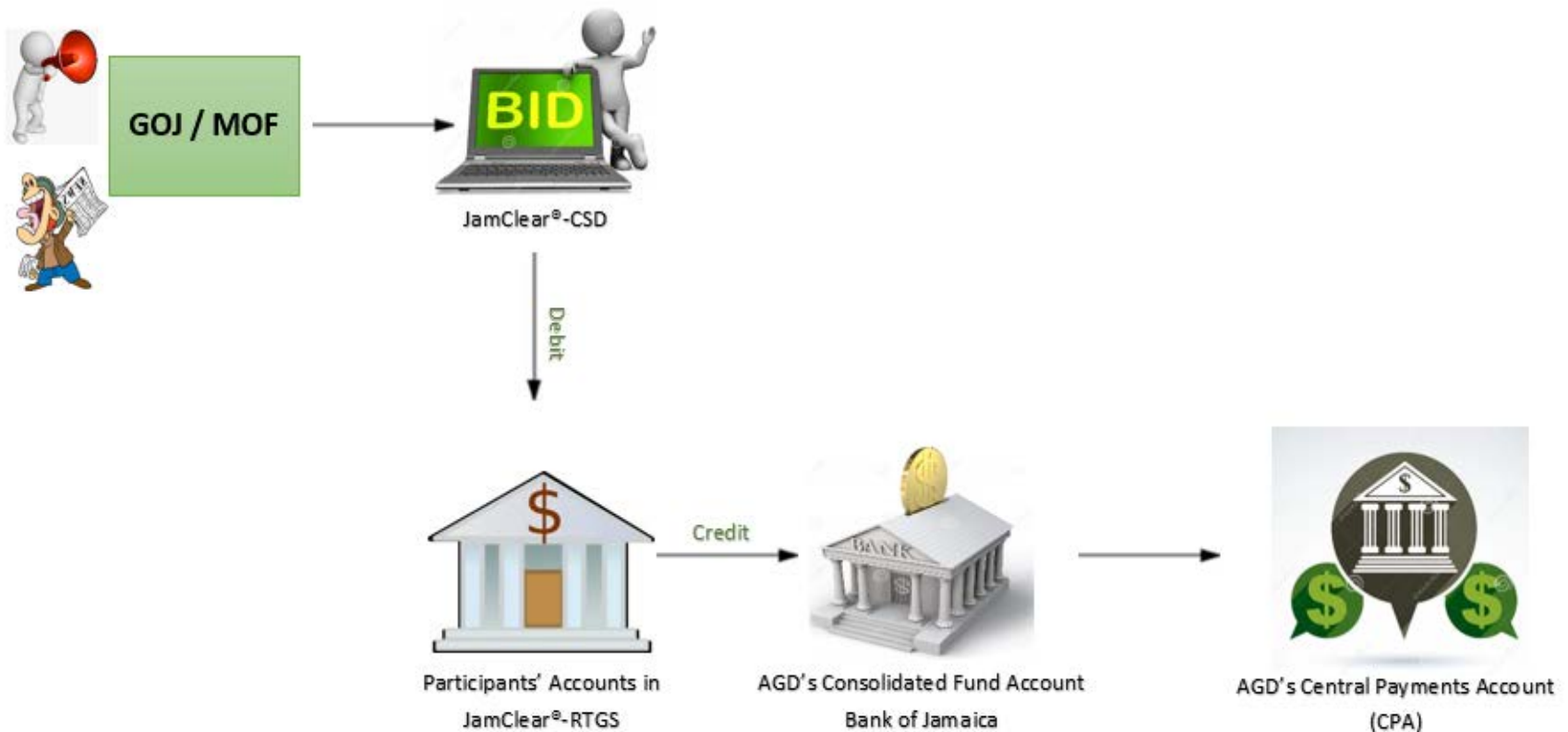
Service Level Agreement (SLA)

Document outlining roles and responsibilities of BOJ and the AGD.

Operationalization under the CTMS



Operationalization under the CTMS – Debt Raising Activities



GOJ as a Participant in RTGS

Benefits:

- Large value and time critical payments processed efficiently in real time
- Real time information for decision making
- Facilitated Straight-through processing
- Reduction in administrative and operational expenses (no charge as a participant in the RTGS)
- Reduced settlement cycle so that funds are immediately reusable (no holding period)
- Enhanced reconciliation processing
- Improved customer service

GOJ as an Originator in the ACH

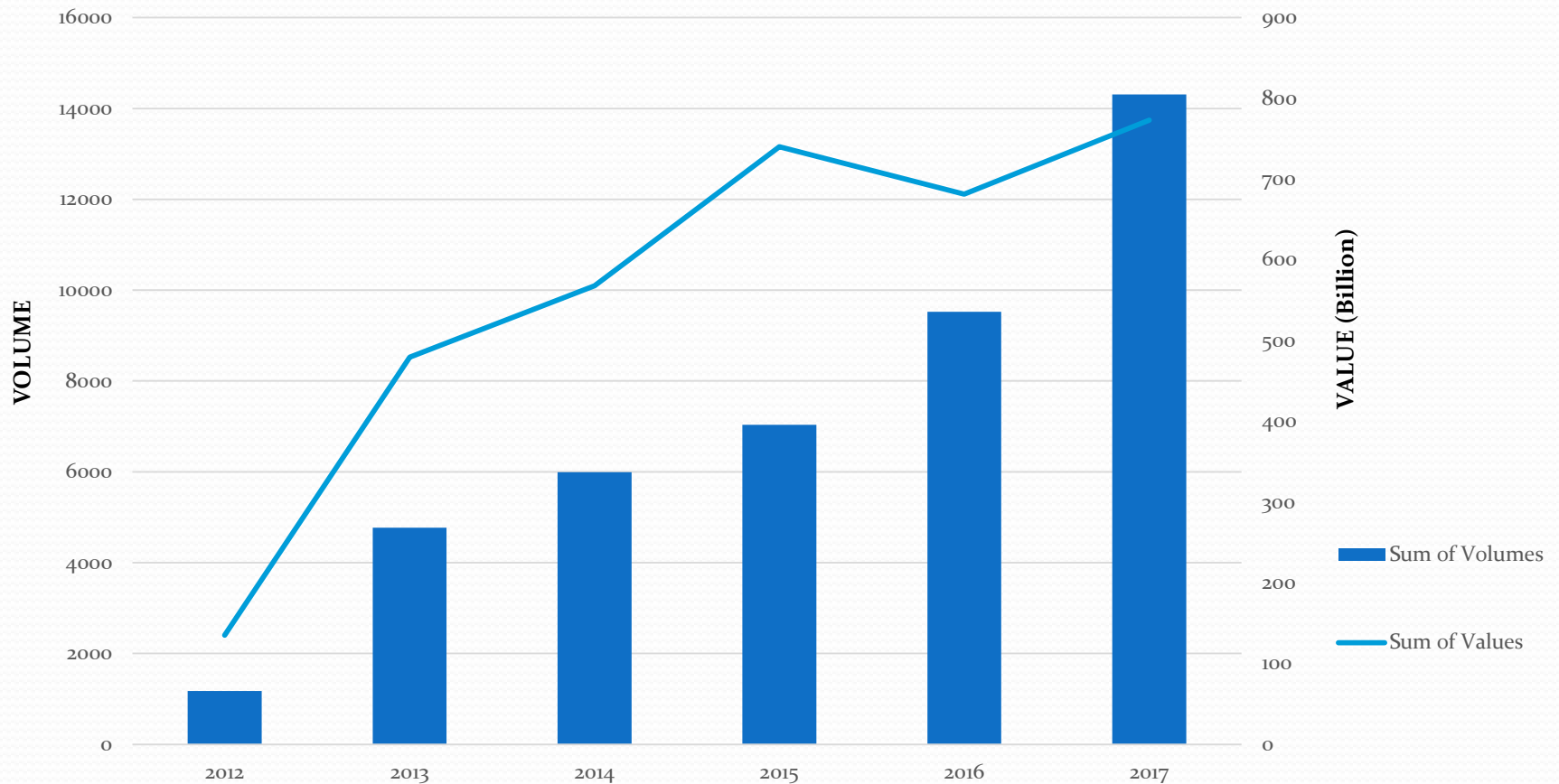
Benefits

- Control over processing transactions
- Straight-through processing of transactions
- Significant cost savings (commercial banks no longer process transactions)
- Elimination of time and costs associated with cheque processing
- Elimination of lost or stolen cheques and cheque fraud
- Improved reconciliation process
- Reduction in risk of fraud (sound internal controls with automated systems, e.g. restricted physical and logical access)
- Improved customer service

GOJ's Performance in the RTGS

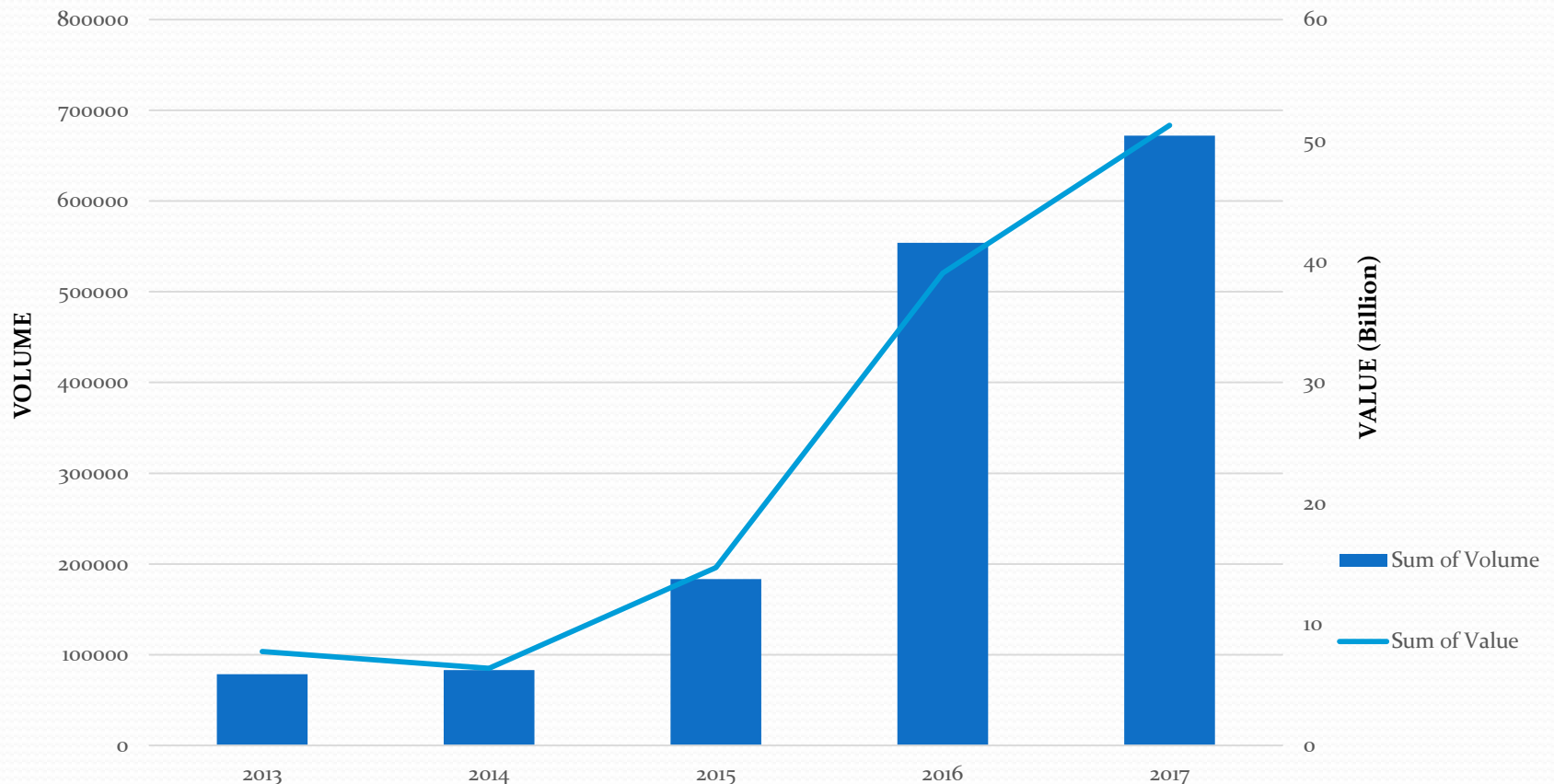
Volumes and Values of Government Payments

JamClear®-RTGS



GOJ's Performance in the ACH

Volumes and Values of Government Payments ACH





AGD's Year in Review 2016

Success: Cost savings of over \$100 mil

Time savings of over 150 man hours per week

Increase in the number of salary payments processed through CTMS, from 16,000 employees to 57,000 employees



AGD's Year in Review 2016

Success: Pension payments to more than 30,000 pensioners were processed through CTMS

Overall improvement in customer service

Plans for the Future

- ACH: New application to give GOJ greater control over processing transactions.
- Possibility of GOJ earning from idle cash balances by lending to the financial sector overnight or longer.

Conclusion

Past	Current
Inefficient processes	Safe and efficient systems
Numerous accounts	Single account
Idle cash balances	Centralize cash inflows and disbursements
Lack of real time information	Real time access
Costly operations	Significant cost savings
Reliance on Central Bank	Empowered

Conclusion

- BOJ recognizes the need to collaborate and create synergy with GOJ. In this regard, BOJ has supported the GOJ and will continue to assist the GOJ in ensuring that GOJ's systems and infrastructure are efficiently integrated with the National Payments System.

Question & Answer

