



BANCO CENTRAL DO BRASIL

**SPB (*Sistema de Pagamentos Brasileiro*)
The Brazilian Payments System**

COMMUNIQUE NUMBER 32,927, OF DECEMBER 21st, 2018

Communiqué on the Brazilian instant payments system guidelines.

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BANCO CENTRAL DO BRASIL

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BANCO CENTRAL DO BRASIL

COMMUNIQUÉ NUMBER 32,927, OF DECEMBER 21st, 2018

Communiqué on the Brazilian instant payments ecosystem guidelines.

The Deputy Governor for Monetary Policy makes public that the Board of Governors of Banco Central do Brasil, in an ordinary session held on December 20th, 2018, approved the guidelines for the Brazilian instant payments ecosystem. The guidelines set out the basic ecosystem features, including rule-making governance, forms of participation, centralized settlement infrastructure, connectivity services and liquidity provision.

2. Banco Central do Brasil will lead the instant payments development in Brazil, with the objective of creating, from a neutral perspective in relation to specific business models or market participants, the necessary conditions for the development of an efficient, competitive, safe, and inclusive instant payments ecosystem, that accommodates all use cases.
3. Banco Central do Brasil will define the instant payments ecosystem rules. In the process of forming these rules, Banco Central do Brasil will count on a permanent advisory committee, under its coordination, whose composition shall be defined opportunely, including participants, connectivity service providers and end-users representatives.
4. Ecosystem specific rules of strictly operational nature may, at Banco Central do Brasil discretion, be defined through a governance structure created specifically for that purpose, composed of market agents and under the coordination of Banco Central do Brasil, with the premise of transparency and adequate representation of all involved in the ecosystem operationalization.
5. The ecosystem will have a flexible and open participation structure in order to guarantee the access and the emergence of participants offering innovative and differentiated services that meet end-users needs, thus admitting three different ways for payment service providers participation:
 - i. direct participation: financial or payment institution that offers a transaction account (current account, payments account, etc.) to end-users and that, for the purpose of settlement between institutions, have an account at Banco Central do Brasil and a connection with the centralized settlement infrastructure;
 - ii. indirect participation: financial or payment institution that offers a transactional account to end-users and that, for the purpose of settlement between institutions, neither have an account at Banco Central do Brasil, nor have a connection to the centralized settlement infrastructure; in this case, the indirect participant makes its settlements through a direct participant, by means of a service contractual relationship; and
 - iii. payments initiation service provider (this form of participation is conditioned on specific regulation): an institution that does not offer end-users a transaction account,



BANCO CENTRAL DO BRASIL

but offer payment services based on the transaction account that users hold at a financial or payment institution. For settlement purposes between institutions, the institution in which the end-user owns his/her transaction account may operate in the ecosystem as a direct or indirect participant.

6. The centralized settlement infrastructure (set of rules and computational structure for the processing and settlement of instant payments transactions between participating institutions) will be operated by Banco Central do Brasil and will be available 24 hours a day, seven days a week and on every day of the year. Transactions will be settled one by one at the time the settlement order is accepted by the infrastructure (real time gross settlement).

7. Connectivity between direct participants and the centralized settlement infrastructure will be flexible, performed either directly or through switch companies. These specialized companies may even aggregate several participants to their connectivity structure (aggregator). Within the context of the connectivity service, these companies may offer standard translation functionality in which the connectivity service provider receives the payment instructions in a certain format and translates those instructions into the ecosystem communication standard. Finally, in addition to the services directly related to connectivity, these companies will be able to offer additional services to their clients, such as anti-fraud solutions.

8. Multiple agents can offer the connectivity service (switch), similarly to what happens today with the providers of information technology services that provide data processing services to access the National Financial System Network. There will be, however, technical requirements that must be met by these companies and which may be the subject of a certification process.

9. The liquidity provision for the settlement of instant payment transactions between participating institutions, within the centralized settlement infrastructure, can be provided in two forms:

- i. reserves: during the STR¹'s regular operating hours, direct participants may freely move resources between their Reserves Account or their Settlement Account and the account they will hold in the centralized settlement infrastructure; and
 - ii. federal government securities: it will be possible to use federal government securities under custody in the Special Settlement and Custody System (Selic), outside the STR's regular operating hours, through a mechanism to be created for this purpose.
10. The attached figure summarizes the Brazilian instant payments ecosystem.

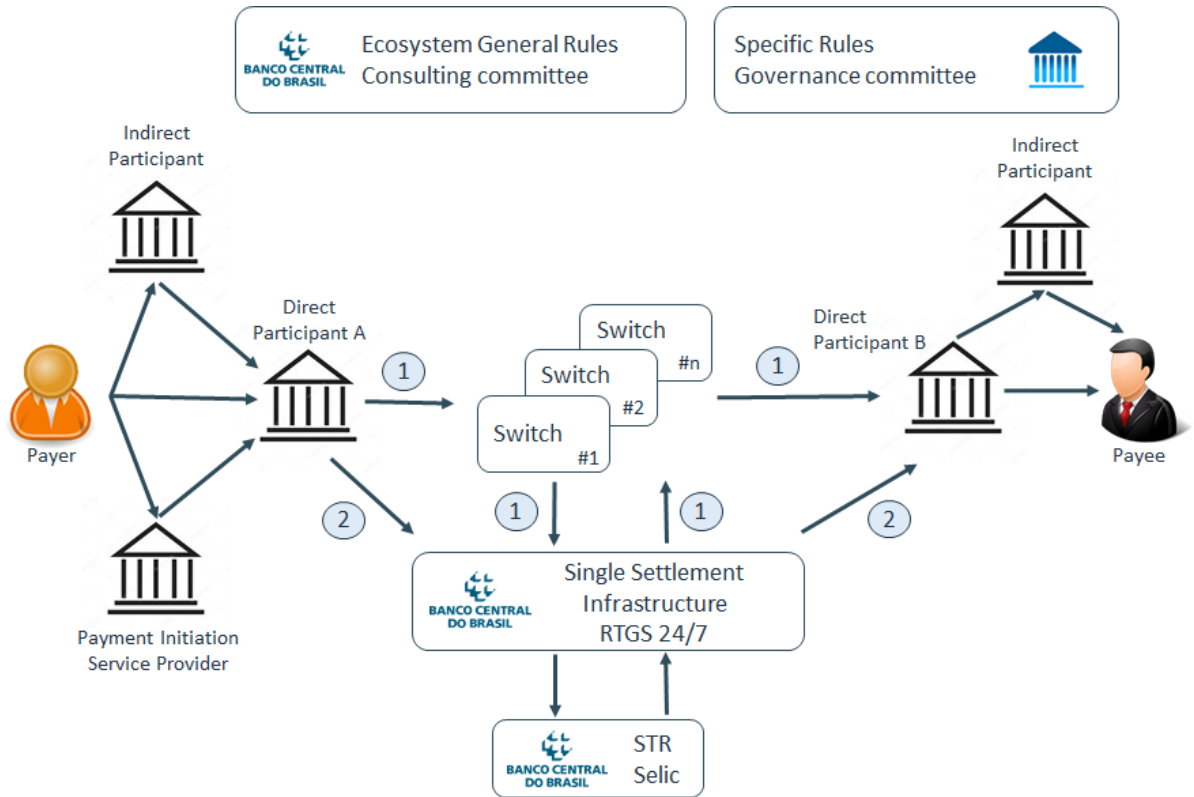
Reinaldo Le Grazie
Deputy Governor for Monetary Policy

Annex: 1

¹ Translator's note: STR – Brazilian RTGS operated by Banco Central do Brasil.



BANCO CENTRAL DO BRASIL



STR – Brazilian RTGS operated by Banco Central do Brasil

Selic – Brazilian central securities depository and settlement system for Government securities