

17 March 2015

BY EMAIL (slchan@legco.gov.hk)

Bills Committee on Clearing and Settlement Systems (Amendment) Bill 2015
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Sir/ Madam,

Views on the Clearing and Settlement Systems (Amendment) Bill 2015 (the “Bill”)

As a global payments technology company and the world’s largest retail electronic payments network, Visa welcomes the opportunity to contribute to the discussion of the Bill and applauds the significant work that has been carried out by the Hong Kong Monetary Authority (the “HKMA”) and the Financial Services and the Treasury Bureau on the development of the payment landscape in Hong Kong.

About Visa

Before presenting our views, we would like to explain Visa’s business. Visa operates VisaNet, a global payments system that securely, reliably, and conveniently connects consumers, merchants, financial institutions, governments and partners in more than 200 countries and territories. Visa does not issue payment cards nor does it keep cardholders’ money. It provides processing services to financial institutions, facilitating payments between Visa cardholders and merchants.

Visa’s participation in consultations

Visa supports Hong Kong’s leadership in the financial services industry through fostering global payment innovation. Visa has participated and engaged in constructive dialogue with the HKMA in both industry and public consultations. We support the new legislation as we believe the regulations would enhance the efficiency of the payment industry, improve consumer protection and provide international standards and a level playing field.

Regulatory regime for RPS

We note that the HKMA follows a risk-based approach to monitor designated systems under the existing Clearing and Settlement Systems Ordinance (the “CSSO”). The Bill serves to extend this approach to retail payment systems (“RPSs”).

The Bill provides that the HKMA shall gazette its intention to designate a system as an RPS and to declare the activities that are allowed to be carried out through the designated RPS. The HKMA is required to give system operators of prospective RPSs an opportunity to make representations before it makes a designation or declaration decision. We trust that the HKMA will take into account the experience and capabilities of potential RPSs, and will allow ample time for candid exchange of views with prospective RPSs before a decision is made.

The Bill requires the HKMA to consult the system operators and settlement institutions of RPSs and issue guidelines setting out the manner in which the HKMA proposes to regulate RPSs. We have every confidence that the HKMA will continue with its transparent regulatory approach and strike a good balance between implementing regulation and encouraging competition and innovation when regulating RPSs.

The HKMA powers conferred by the Bill regarding RPSs appear to be consistent with the approach adopted by regulators in many jurisdictions. Constructive engagement with industry players for the setting of clear guidelines and appropriate procedures on how the HKMA will designate RPSs and decide the permissible activities would be most welcome. We look forward to having a process that takes into account the international experience and capabilities of payment system operators, and promotes innovation and fosters continued competition for the evolution of Hong Kong's payment landscape.

We remain committed to fully cooperating with the HKMA and other government agencies of Hong Kong, with a view to contributing to the development of the world-class payment environment in Hong Kong. Please feel free to contact me should you have any questions.

Yours faithfully,



Tom Tobin
Country Manager, Hong Kong and Macau
Visa Hong Kong Limited