

**WELCOME REMARKS BY  
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AT THE  
OPENING CEREMONY OF THE  
SEACEN CONFERENCE OF DIRECTORS OF  
PAYMENT AND SETTLEMENT SYSTEMS OF ASIA-PACIFIC CENTRAL BANKS  
AND  
14TH MEETING OF SEACEN DIRECTORS OF  
PAYMENT AND SETTLEMENT SYSTEMS  
*Bengaluru, India, 28 – 30 May 2015***

Mr. Harun R. Khan  
Deputy Governor  
Reserve Bank of India

Senior Officials from Reserve Bank of India

Distinguished Resource Persons

Conference and Meeting Delegates

Course Participants from the Advanced Course on Payment and Settlement Systems for Emerging Economies

Ladies and Gentlemen

Good afternoon,

It gives me great pleasure for me to welcome all of you to the **SEACEN Conference of Directors of Payment and Settlement Systems of Asia-Pacific Central Banks and 14th Meeting of SEACEN Directors of Payment and Settlement Systems (PSS)**.

First of all, I wish to express our profound gratitude to Dr. Raghuram Rajan, Governor, Reserve Bank of India for his kind consent to host the (i) 14<sup>th</sup> SEACEN Advanced Course on Payment and Settlement Systems for Emerging Economies; (ii) the SEACEN Conference of Directors of Payment and Settlement Systems; and the **14th Meeting of SEACEN Directors of Payment and Settlement Systems**. I would also like to extend our deepest appreciation to the Reserve Bank of India for hosting these three learning events. Our sincere appreciation also goes to Deputy Governor Harun R. Khan for his gracious presence to deliver the keynote address.

Ladies and Gentlemen,

On this opening day of the **SEACEN Directors of Payment and Settlement Systems Meeting/ Conference**, with the theme ***“Resilience of Payment Systems to Cyber Crime,”*** I would like to share with you some of my thoughts on this topic in the context of financial stability in SEACEN economies.

As we are well aware, payment systems in many countries are facing rapid changes arising from innovations in information and communication technologies, and these changes in the payment system landscape implies a potentially serious financial stability concern of cyber security. Traditionally, overseeing the safety, security, and efficiency of payment systems has been a major responsibility of central banks in most countries. In this internet era, ordinary people facing a wide range of options for their transaction settlements do not care about whether behind the scenes technologies, accounting and bookkeeping functions of these options are really in good order. However in fact, those options ultimately involve traditional banking and payment process. Indeed, despite the benefits to consumers and businesses from rapid innovation in payment systems, there are growing vulnerable entry points for those looking to commit cyber-attack to payment systems and other FMIs. I am sure many of these concerns were dealt with during the advanced course that had just successfully concluded earlier today.

In order to protect potential weak linkages of payment systems from threats of cyber-criminals, central banks need to take initiatives in the collaboration and cooperation with other public and private sectors which have diffuse roles and responsibilities in the various types of payment systems. Underlying infrastructures need to better ensure that payment providers exercise sufficient precautions to minimize the likelihood and impact of cyber- attacks. This will require quick information sharing by regulators, supervisors, operators and even national defense

agencies. Today's Central banks indeed need to pay sufficient attention even to the likelihood of organized cyber- terrorism.

Central banks in many advanced countries including the US Fed, BOE, and ECB have already begun to take significant measures to protect their payment systems from cyber- attacks. The US Fed's initiatives for the full sharing of cyber-threat information by and among small and medium sized banks, EU-wide Network and Information Security Policy, BOE's Contingency RTGS infrastructures are good examples of such efforts. Central banks in this region should also prepare for the build- up of effective measures and approaches to make their systems more resilient to cyber- attacks, by sharing expertise and experience among regional peers and with central banks in advanced nations as well. Moving forward, we need more insights and perspectives on effective mitigation efforts of central banks in encountering cybercrimes.

SEACEN has continued to strengthen its role of facilitating regional collaboration by improving the quality and relevance of the learning programs in this area of payment and settlement systems and spearheading the 2014 SEACEN Cyber Security Summit, which had significant implications on the safety of payment and settlement systems. Entering this year, to further enhance member banks' awareness of the critical importance of payment systems resilience to cyber- crimes, SEACEN has included this issue for the first time in advanced SEACEN PSS Course and DPSS Conference. In this context, I would sincerely hope that our distinguished delegates would take initiatives in conducting more thorough assessment of resiliency and safety of payment systems and other systemically important FMI in their nations.

Ladies and Gentlemen,

In order to provide strong support for an effective payment infrastructure to combat cybercrimes, it is important that central banks continuously enhance staff critical skills, knowledge and experience in improving policy effectiveness to be ahead of the threats.

The SEACEN Conference/ Meeting of Directors of Payment and Settlement Systems provides a good forum to exchange views and experiences on issues relating to payment and settlement systems policies and strategies and to further improve SEACEN programs in the PSS.

We are pleased to inform that the Conference will be represented by 29 distinguished delegates from 17 economies.

Ladies and Gentlemen,

Allow me to say a few words about The SEACEN Centre. Our vision is “To be the Regional Learning Hub for Central Banks in the Asia-Pacific Region“. As a Learning Hub, SEACEN aspires to drive central bank excellence in learning for the region, by providing a platform for collaboration for members to synergise efforts in central bank learning among themselves, and across SEACEN’s network base. The vision would be achieved through SEACEN’s mission in building capacity in central banking and fostering networking and collaboration. With strong commitments from our stakeholders as seen in this learning event, we are confident that our vision will become a reality.

I am pleased to conclude my remarks by once again thanking Deputy Governor Harun R. Khan for delivering the keynote address for the Conference and Meeting, and resource persons for the valuable contributions and support, and all our member and invitee institutions for being represented by senior officials in these Conference and Meeting.

I wish you a productive and rewarding discussion.

Thank you.