**EXERCISE ON OVERSIGHT POLICY**

Zemunda has a fairly developed payments system infrastructure comprising of an RTGS system, automated clearing house and a national switch. All the banks have integrated their ATM and POS devices to the national switch. The country also has two major network providers offering non interoperable mobile payment solutions. Currently, 60% of the population subscribe to mobile payment services. Until two years ago, the country did not have specific legislation on payments and was relying on the Banking Act of 1950.

Leveraging on the Payments System Act, the Bank of Zemunda wishes to engage a consultant to come up with a formal policy on oversight. Assuming you are the consultant:

1. Highlight the key issues you would include in the Oversight Policy
2. Detail the steps you would recommend, and the justification thereof, in the actual conduct of oversight in Zemunda payments system
3. What other advice can you give to Governor Kitiibwa of the Bank of Zemunda in relation to further improvements on the safety and efficiency of the payments system in the country?
4. You are free to make further assumptions provided they are justified.

GOOD LUCK