Financial Sector Assessment Program

Assessment of payments and securities settlement systems
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Developments

- FSAP-updates
- New standards
- Upgrading of best practices
- Crystallizing out of the oversight Function
New Standards
Recommendations for CCPs

- Background
- Central Focus
- Importance
- Procedure

Upgrading of best practices
security policy
New challenges and threats

- Year 2000 issue
- 11 September Attack
- Use of Internet technology
Upgrading of best practices
security policy

Major changes
- Formulizing of clear objectives for Security Policy
- From reactive to proactive
- Upgrading of business continuity plans and higher requirements for secondary sites and back ups
- Attention for interoperability of systems
- Improvement of testing procedures
- Development of Crisis management

Oversight function

- More and more central banks consider oversight of payment and security settlement systems as an explicit central bank task
- Explicit legal basis and formulation of objectives, scope and instruments
- Adaptation in the organization
- CPSS-principles for effective oversight
Outcome of the FSAP assessments

Core Principles
63 countries
93 systems assessed

Recommendations for SSSs
12 countries
22 systems assessed

Main vulnerabilities in Payment systems worldwide

- Legal basis (CP 1)
- Management of liquidity and credit risks (CP 3)
- Protection of netting systems (CP 5)
- Governance (CP 10)
- Responsibilities (C)
### Main vulnerabilities in Payment systems worldwide

<table>
<thead>
<tr>
<th></th>
<th>fully observed</th>
<th>non observed</th>
</tr>
</thead>
<tbody>
<tr>
<td>CP 5</td>
<td>25%</td>
<td>43%</td>
</tr>
<tr>
<td>Resp. C</td>
<td>32%</td>
<td>39%</td>
</tr>
<tr>
<td>Resp. B</td>
<td>37%</td>
<td>22%</td>
</tr>
<tr>
<td>CP 1</td>
<td>30%</td>
<td>14%</td>
</tr>
</tbody>
</table>

### What scores high worldwide

<table>
<thead>
<tr>
<th></th>
<th>Full</th>
<th>Non</th>
</tr>
</thead>
<tbody>
<tr>
<td>CP 6 (settl. Assets)</td>
<td>93%</td>
<td>2%</td>
</tr>
<tr>
<td>CP 9 (access)</td>
<td>71%</td>
<td>3%</td>
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</table>
### Comparison WHI- World Wide

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>5%</th>
<th>25%</th>
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</thead>
<tbody>
<tr>
<td>Legal basis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Protection of netting systems</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>Oversight</td>
<td>18%</td>
<td>44%</td>
</tr>
</tbody>
</table>

### Main vulnerabilities in Securities Settlement Systems

- Legal basis (rec. 1)
- Protection of netting systems (rec. 9)
- Oversight (rec. 18)
Relative high scores

- Settlement cycles (rec 3)
- Protection of customers securities (rec. 12)
- Communication procedures and standards (rec. 16)