What is FSI Connect?

A web-based information and learning tool for bank supervisors

- **Comprehensive and interactive content**
  - *Extensive coverage* – wide variety of banking supervision topics
  - *Dynamic content* – frequent course additions and updates
  - *Interactive learning* – graphics, examples, case studies, evaluations, forum

- **Flexibility**
  - *Adaptable usage* – as a structured learning resource or a simple reference
  - *Self-paced learning* – based on individual needs and circumstances
  - *Ready access* – through Internet or CD ROM
How is FSI Connect used?

- A tool that can be used in combination with other forms of training

- Examples:
  - Pre-requisite for face-to-face training (Federal Reserve)
  - Integrated component of internal training (MAS, APRA)
  - Seminar support (FSI)
What courses are available in FSI Connect?

- 102 tutorials
- 116 hours
New tutorials for payment systems

- Designed for supervisors and staff from payment system departments in central banks – introductory level
- Advanced tutorials for payment system experts
- Based on the experience of the CPSS (Committee on Payment and Settlement Systems) central banks and CPSS reports
- Flexible and cost effective
- First tutorials available Q4 2006
Committee on Payment and Settlement Systems

- Sets standards for payment and securities settlement systems
  - Core Principles for SIPS (2001)
  - Recommendations for SSSs (2003)
  - Recommendations for CCPs (2004)
  - Central bank **oversight** of payment and settlement systems (2005)

- Analyses developments in payment and settlement systems (reports)
- Statistics for CPSS countries (Red Books)
- Other countries Red Books
Tutorials on payment systems: scope (1/2)

- **Design and operations** of different types of payment systems
  - **large-value** payment systems
  - **retail** payment systems
  - **domestic** and **international** payments
  - **securities settlement** systems (SSSs) and **central counterparties** (CCPs)
Tutorials on payment systems: scope (2/2)

- **Liquidity** and liquidity management
- **Risks** and risk management
- Payment systems **oversight**
- **Developments** in payment and settlement systems
Why do public authorities get involved in payment systems?

- Safe and efficient **circulation of money** in the economy
- Important for **financial stability**
- **Monetary policy** implementation
- Payment system **overseers** and **supervisory authorities** have common goal
Who uses FSI Connect?

- Status

127 subscribing institutions
108 countries
+8,000 staff having access
Forms of Money

In the payment process money may take different forms. The history of payments and payment systems has been driven by the pressures to facilitate the execution of transactions.

As a result, the barter economy has been replaced by the monetary economy and subsequently ‘commodity money’, such as gold, has been abandoned in favour of ‘fiat money’.

While commodity-based money is international by its nature, in the world of fiat money, it is important to preserve two conditions: confidence in the currency and singleness of the currency (One dollar is one dollar regardless of whose liability it is).

The confidence in and the singleness of the domestic currency mainly depends on the overall economic conditions in the respective country and the soundness of the financial (and, in particular, the banking) system. In addition, the central banks need a payment system which is able to support the confidence in the national currency and its singleness.
Credit and Debit Transfers

The Payee deposits a request (e.g. checks). Debit collection systems are check-based systems, direct debit systems and debit card payments. The required documents move from the Payee’s bank to the Payer’s bank and result in a debit to the Payer’s account (the funds are pulled out from its account).

Click Next for more.
Question 4 of 8

Which of the following is the correct definition of a settlement institution in an interbank payment system?

A settlement institution is:

- the institution responsible for transmitting, reconciling and confirming payment orders and establishing the final positions for settlement
- the institution across whose books transfers between participants take place in order to achieve settlement within a settlement system
- the institution which sends payment instructions to the interbank payment system

Select your answer, then click Submit.