



Central bank of the Russian Federation

Payment systems in Russia: Development of the payment system of the Bank of Russia

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BESP system of the Bank of Russia

BESP system (Banking Electronic Speed Payments) is a RTGS of the Bank of Russia with «hybrid» system elements for time-critical payments in the currency of the Russian Federation.



BESP regulatory framework:

- Statute of the Bank of Russia of April 25, 2007 №303-P «On Real Time Gross Settlements System of the Bank of Russia»
- Directive of the Bank of Russia of April 25, 2007 №1822-U «On Procedures for Payments and Settlements in the Real Time Gross Settlements System of the Bank of Russia»
- www.cbr.ru/analytics/standart_acts/p_system/ (*in Russian only at the moment*)



BESP key characteristics :

- Centralized system architecture
- Gradual and smooth integration into the existing Bank of Russia payment system
- Parallel operating with other Bank of Russia settlement services («urgent» payments in addition to «electronic», «post» and «telegraph»)



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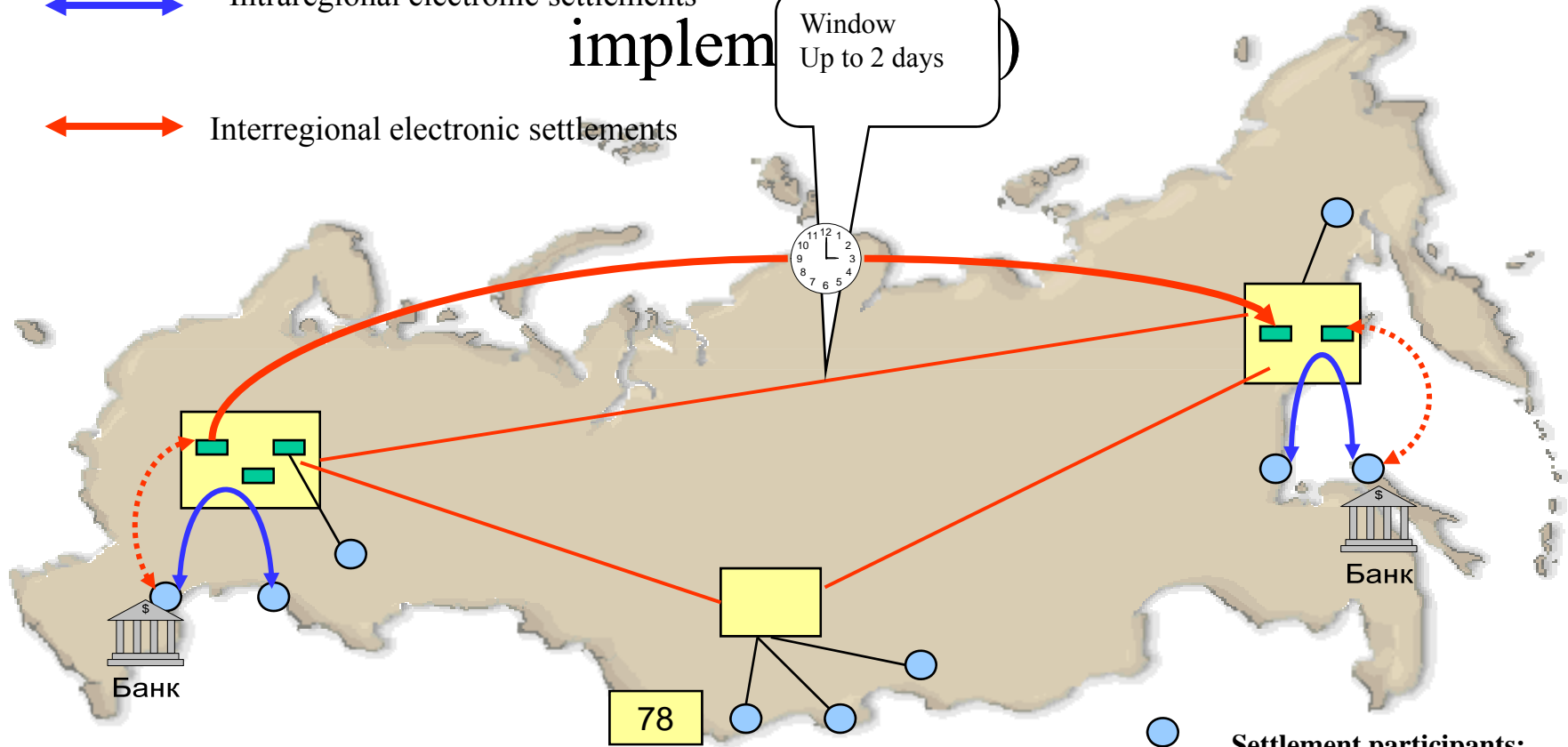
Payment system of the Bank of Russia (before BESP)

Intraregional electronic settlements

Interregional electronic settlements

implem

Window
Up to 2 days



Payment System of the Bank of Russia - 78 regional segments



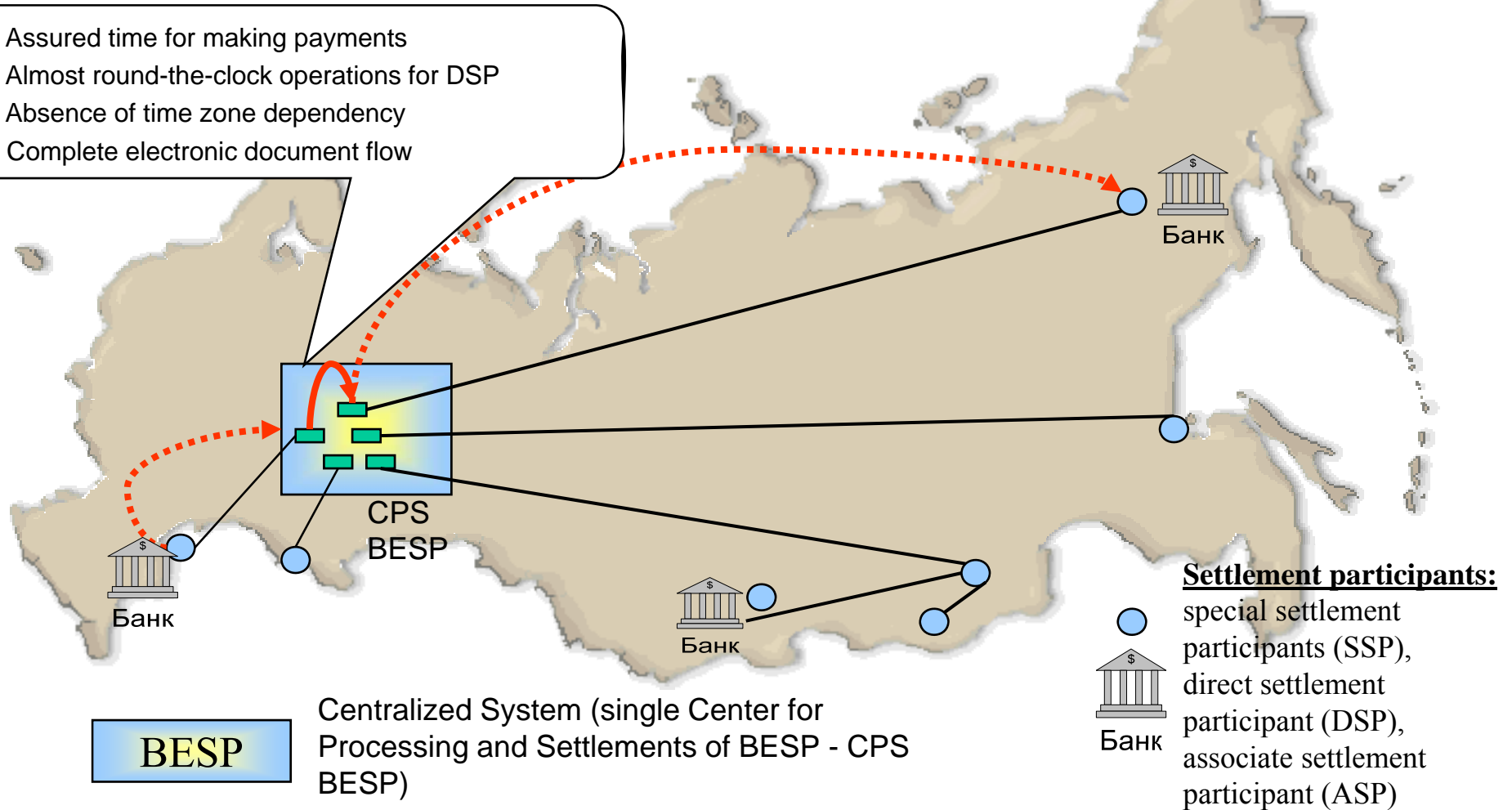
Settlement participants:
Bank of Russia subdivisions,
credit institutions, Federal
treasury, customers



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BESP in the payment system of the Bank of Russia

- Assured time for making payments
- Almost round-the-clock operations for DSP
- Absence of time zone dependency
- Complete electronic document flow



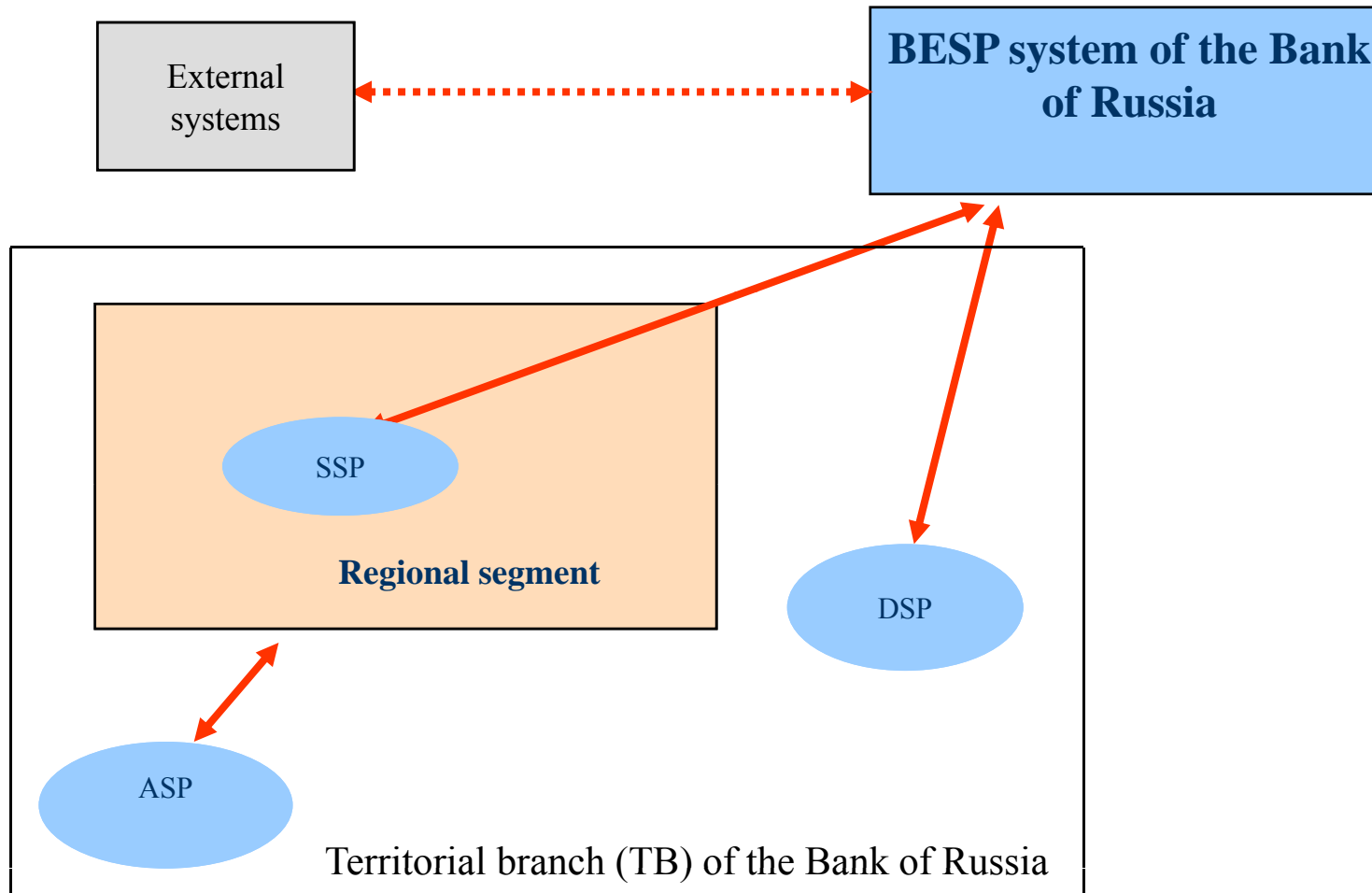


BESP key characteristics:

- Two-tier structure of participation - direct (for DSP, SSP) and associate (for ASP):
 - direct participation - direct access to all services (advanced service)
 - associate participation - access to services via local Bank of Russia subdivisions (minimal service)
- Voluntary participation in the system - customers of the Bank of Russia determine on their own necessity and form of their participation (DSP /ASP)



BESP access and participation





Key features of BESP (continued):

- Complete electronic document flow by means of electronic messages
- Usage the Bank of Russia transportation system and formats (in future - SWIFT via mapping formats)



Conditions for BESP implementation:

- 97% of BR subdivision are “electronic”
- 97% of credit institutions support an electronic exchange with Bank of Russia
- 97,7% of payment documents are delivered to the Bank of Russia electronically via communication channels
- 96% of the Bank of Russia territorial branches use unified banking messages format



Key features of BESP (continued):

● Settlements take place:

- Continuously and immediately during the day
- On gross base with “hybrid” elements (mutual limits, offset)
- Using payments orders (with priorities)
- For full value (no partial payments)
- Providing real-time payment irrevocability and finality

In case payment does not comply with conditions for immediate settlement – it is placed in to centralized queue

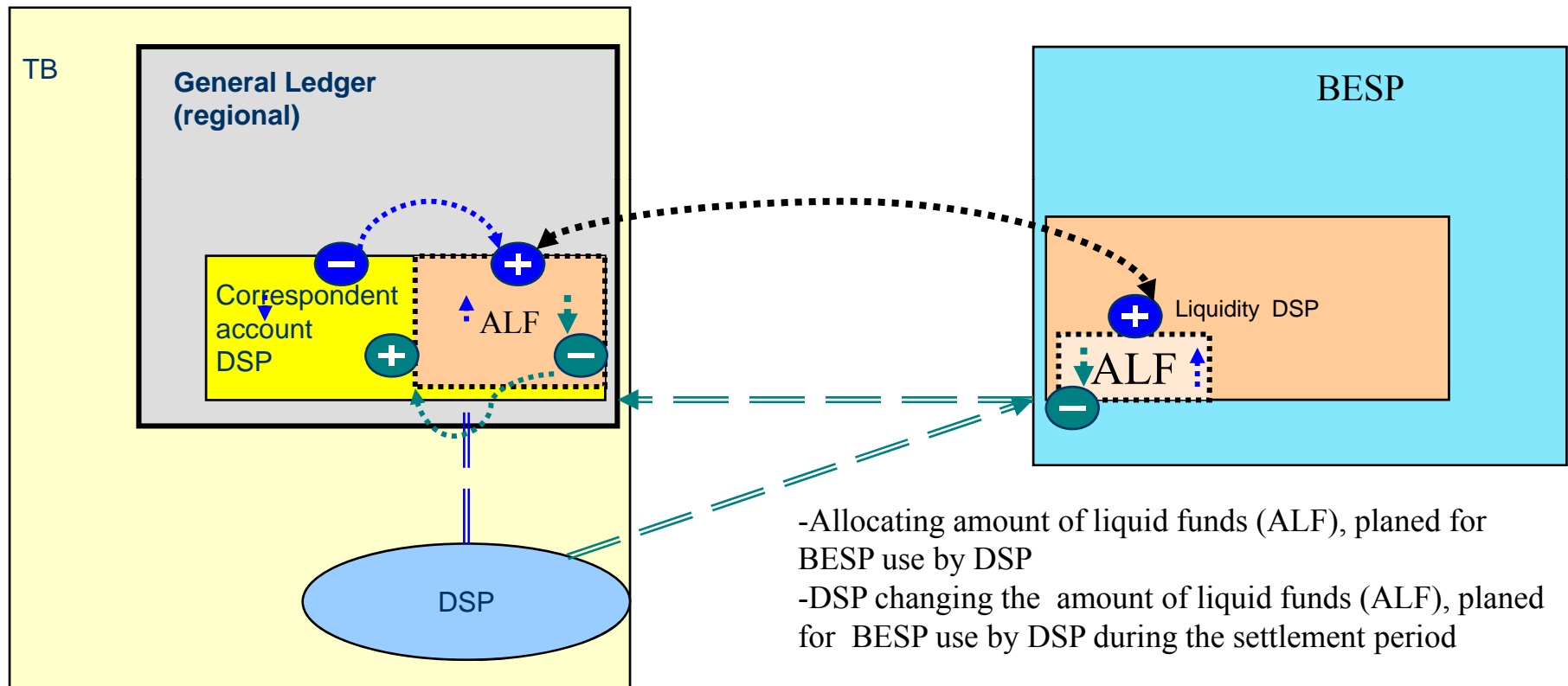


Key features of BESP (continued):

- Direct participant manages its liquidity **in real time** :
 - Within correspondent account balance value + intraday «overdraft» limit
 - Allocating liquidity at the start of day
 - Optimizing liquidity distribution during the day
 - Setting limits (common, bilateral, multilateral)



DSP allocating/ changing amount of liquid funds





Key features of BESP (continued):

Queue management (for direct participants only)

- monitoring and management
- revoking
- changing payment sequence
- changing priority
- canceling limits



Key features of BESP (continued):

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Bank of Russia liquidity management facilities

- multilateral offset and optimization (gridlock resolution)
- cancellation of limits



Key features of BESP (continued):

- Real time information services available to direct participant regardless of its territorial location and time zone
- Broad information services, available to direct participant for control over settlements, query-based, non query-based or scheduled (payment status, debit/credit confirmation, system liquidity with credits issued etc.), and also for system participation level management

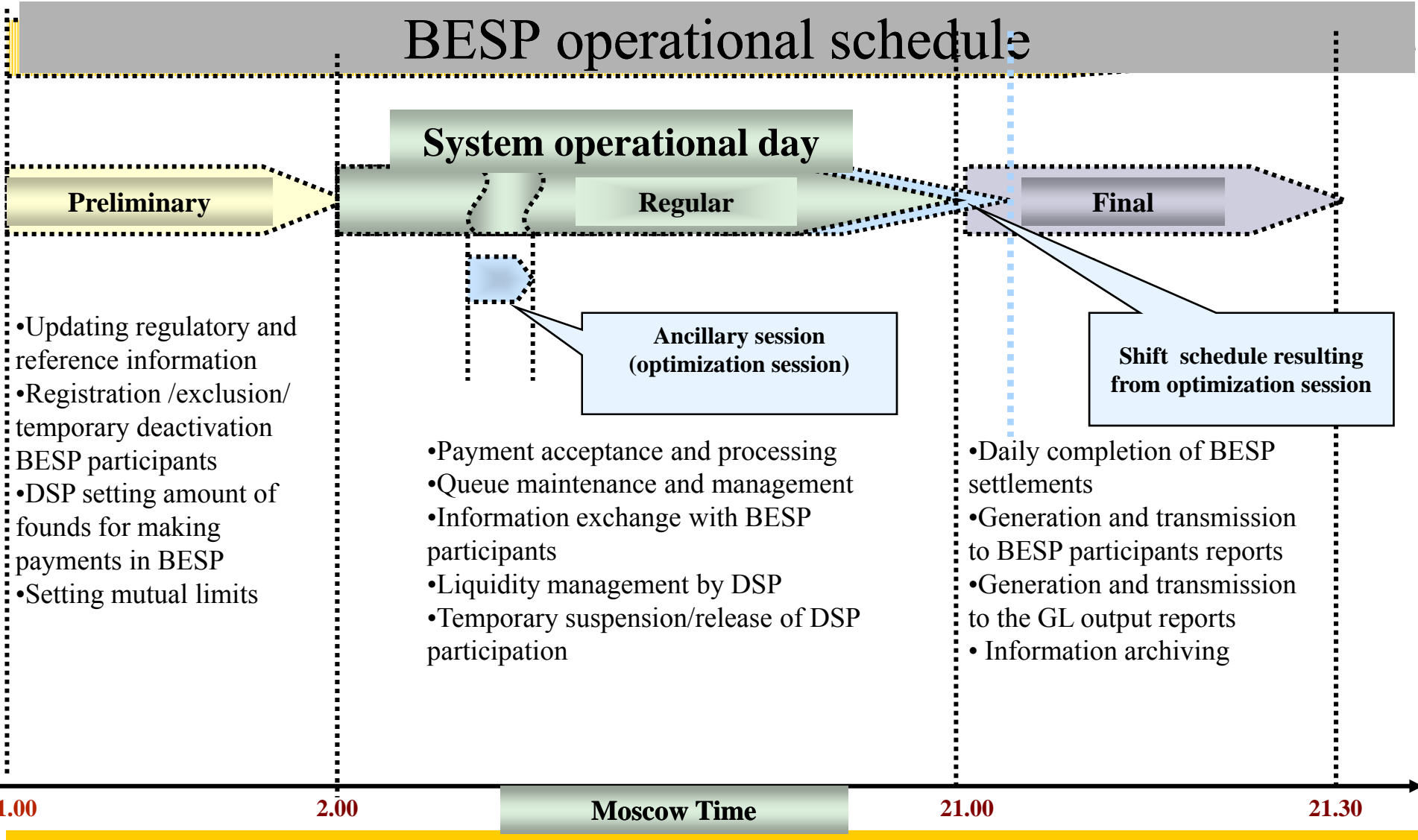


Key features of BESP (continued):

- Almost round-the-clock system operation in the existing 11 time zones of Russia (from 01-00 to 21-30 hours Moscow time)



BESP operational schedule





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Thank you for your attention !