



# 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

	fully observed	non observed
CP 5	25%	43%
Resp. C	32%	39%
Resp. B	37%	22%
CP 1	30%	14%

## What scores high worldwide

	Full	Non
CP 6 (settl. Assets)	93%	2%
CP 9 ( access)	71%	3%

## Comparison WHI- World Wide

### weaknesses

legal basis	5%	25%
protection of netting	25%	50%
oversight	18%	44%

## 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)