

Discussion of

**From PNS to TARGET2: the cost  
of FIFO in RTGS payment systems**  
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22 Aug 2006

# Analysis & limitations

- Analytical testing of alternative algorithms
- Angle to efficiency of systems
- French LVPS to be merged in TARGET2
- Crisis handling - Flow map as a tool for the crisis manager?
- Important contributions to Preliminary Oversight assessment of future TARGET2

- Snapshot nature
- How pertinent are observations over one system in another?
- Over how long a period should one test?

# How different are systems?

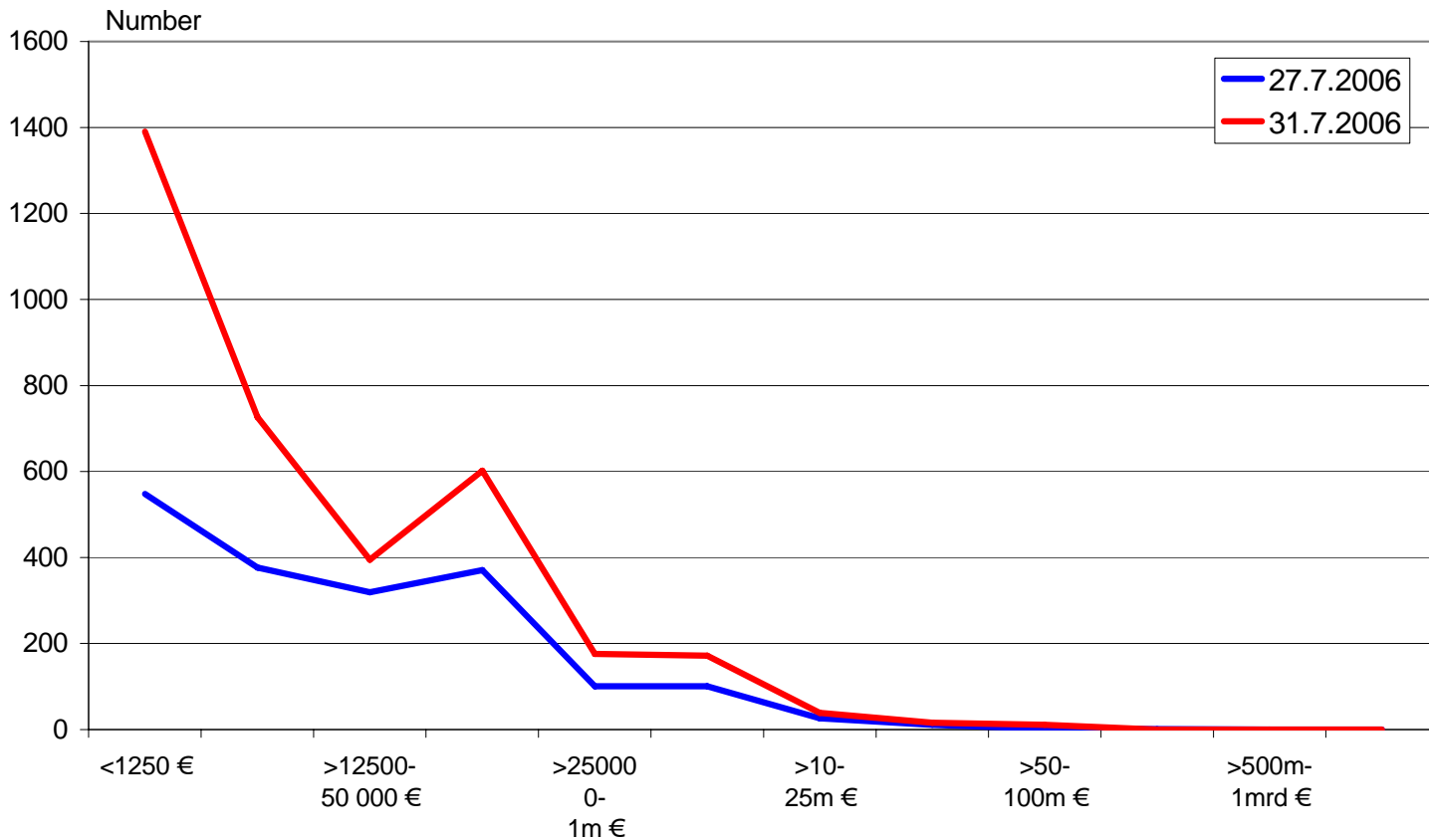
## Top five sending participants

System	Share/volume	Share/value
PNS	62,8 %	59,0 %
POPS	94,6 %	92,2 %
TBF *	47,1 %	52,2 %
BoF-RTGS *	83,9 %	77,0 %
ELLIPS *	84,0 %	89,0%
EURO 1	25,5 %	45,4%
TARGET	25,5%	21,4 %

\* denotes TARGET component

# How different does system look from one day to another ?

FINNISH LVPS POPS: DOMESTIC PAYMENTS BY VALUE BAND



Source: Bank of Finland.

# When in Crisis

- Urgent Ancillary system - Urgent for whom?
  - In the end, degree of urgency depends on net receivers' stakes in relation to their overall liquid assets.
- The largest participant is not necessarily in the knot
- What resources/capacity available? What do you want to settle in AS in the event of a crisis?
  - Maybe rather the masses
  - Process largest transactions in TARGET manually!

# Further remarks

- Introducing à la carte algorithms
  - How transparent will the system be for participants?
  - How fair are they? Can someone exploit them?
- What does abandoning FIFO principle philosophically mean?
  - Would it have an impact on participants' risk management?

