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Discussion of "Simulating the impact of hybrid  
functionality on CHAPS banks" by Kemal Ercevik &  
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## Analysis & policy questions

- ◆ Growing adoption of "hybrid" designs to improve liquidity efficiency (continuous net settlement, queue augmented RTGS – balance reactive, receipt reactive queue release methods)
- ◆ Would CHAPS banks benefit from the introduction of a hybrid system design?
- ◆ Simulation methodology and real/synthetic payment data
- ◆ Simulating RRGs on CHAPS: a system where intraday overdrafts are free but collateralised -> RRGs could reduce collateral posting in CHAPS.
- ◆ Generated data: liquidity savings when payments queued but drop in volatility is greater.

## Further remarks

- ◆ Results give some weight to the idea that the introduction of hybrid functionality would be beneficial to CHAPS users (the smallest banks get most benefit from RRGs)
- ◆ Magnitude of RRGs impact depends on the characteristics of existing system.
- ◆ Possible extensions:
  - Impact of RRGs under stressed circumstances
  - Balance-reactive functionality (TARGET2, RTGS+)