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Comments on "Exploring the link between RTGS systems and money market: a simulation approach"

7th Payment and Settlement System Simulation
Seminar and Workshop

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Summary

Purpose: quantify the impact of a monetary market
shocks on the RTGS system performance

Method: Measure the effect of simulated shocks on a
set of indicators of bad RTGS performance

Results: RTGS operates smoothly also after
sizeable shocks in money market

Comment 1: Purpose

Why should we be interested in quantifying the impact of a monetary market shock on the RTGS system performance?

➢ Efficiency in payment systems a key policy issue for central banks
➢ Most previous research has tested the impact of the RTGS system on liquidity (money market).
➢ money market⇨RTGS⇨money market⇨RTGS...

Comment 2: Method

RTGS system performance =

1. Unsettled payment indicators
2. Queued Payment Indicators
3. Intraday Liquidity Need Indicators

➢ Performance indicators at bank or aggregate level
➢ Feedback between liquidity, volatility and volume

Comment 3: Results

Money market shrinkages have mild effects on RTGS performance

➢ What is the substitution between the money market and other sources of liquidity? (extention)

➢ Why should the money market affect the RTGS performance on an aggregate level? (liquidity is only redistributed)

➢ Robustness: do results change if the period before 2007 is used? (role of the money market was larger?)