

FMI: a new TLA

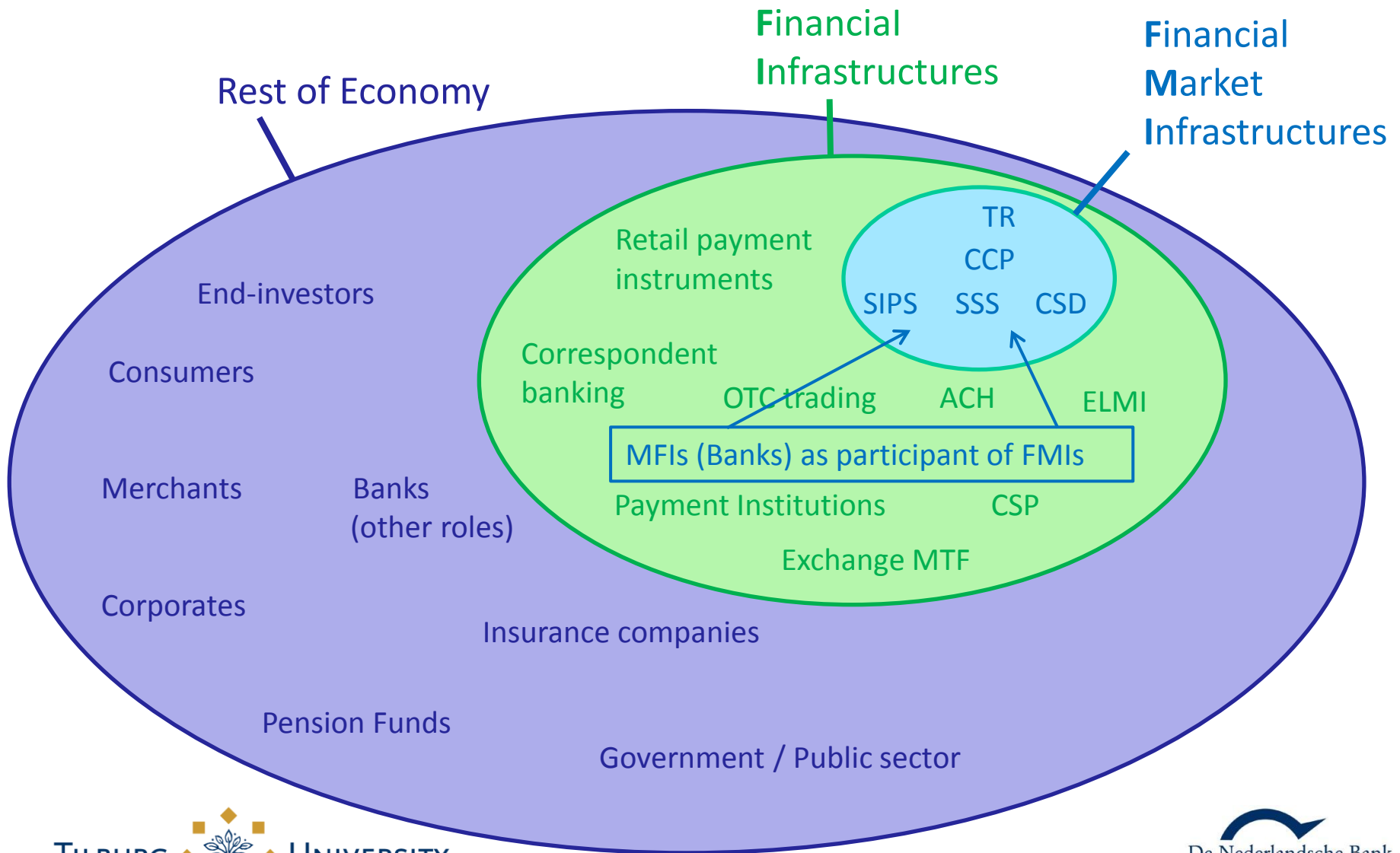
On the impact of the new Principles for FMIs
on Payment and Settlement Systems Research

Ron J. Berndsen

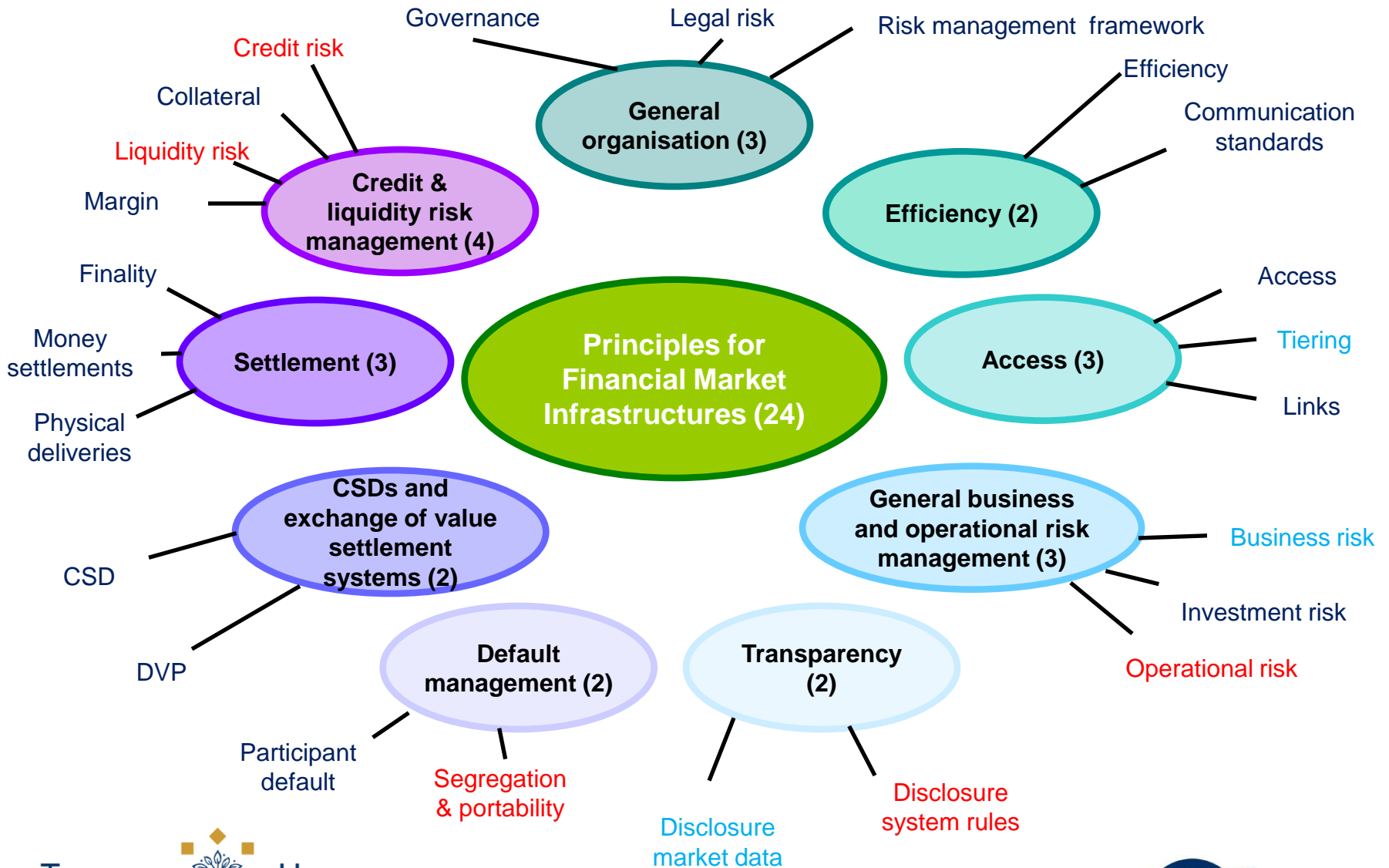
Tilburg University and De Nederlandsche Bank

10th Bank of Finland Payment and Settlement Simulator Seminar
Helsinki, 30-31 August 2012

FMI Venn diagram



CPSS-IOSCO Principles for FMIs



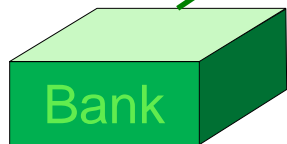
FMI Warehouse

End customer

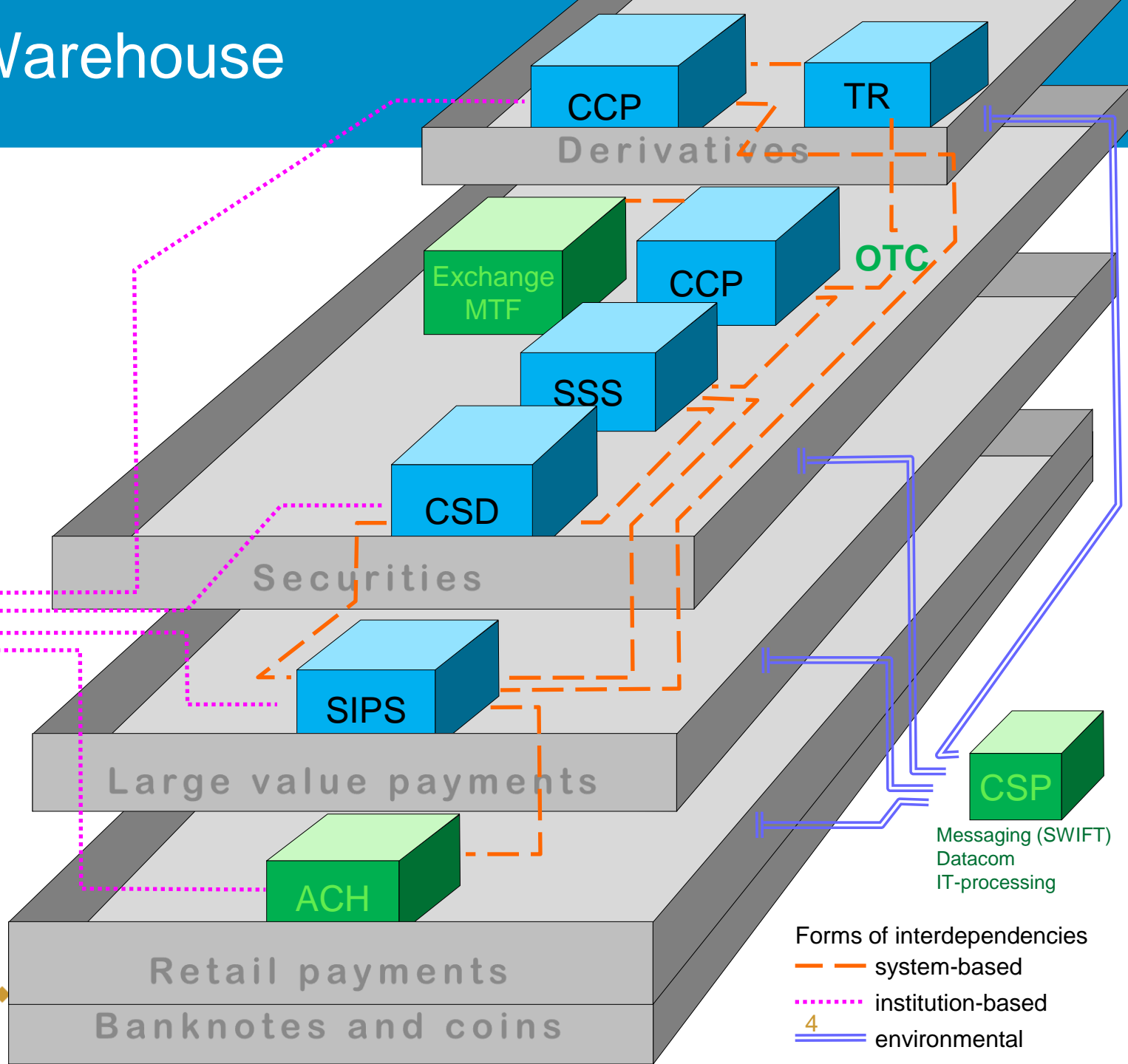


Indirect participant of F(M)I

Correspondent banking



Direct participant of F(M)I



CSP
Messaging (SWIFT)
Datacom
IT-processing

Forms of interdependencies

— system-based

⋯ institution-based

4 environmental

TILBURG



A new TLA by elimination

FMI

Financial
Market
Infrastructure

MFI

Monetary
Financial
Institutions

FIM

Finnish
Markka

MIF

Multilateral
Interchange
Fee

IFM

Interdependent
Functional
Modelling

IMF

International
Monetary
Fund

Interdependent Functional Modelling

- More work on non-SIPS FMIs
- Intra-FMI: CCPs, SSSs
- **P4-7** → stress testing
 - A. Normal operation but extreme plausible market conditions
 - B. Contingency operation but normal market conditions
 - C. A. and B.
- Inter-FMI: functional dependencies (system)
 - **P12,19,20** : interoperability CCPs, interoperability SSSs
- Endogenising behaviour of system participants (Lucas Critique)
- **Scope of FMI**: When is an ACH a SIPS; when is a SP a CSP?

New data source from SWIFT Institute

End september 2012 (pending SWIFT Board approval):

- SWIFT FIN message data: volume (backdata 2003), value (backdata 2010)
- all message types (e.g. payment instructions, foreign exchange, trade finance related, securities settlement instructions, corporate action messages)
- Anonymised by consolidating sender and receiver traffic by country
- Data availability delayed by one year (hence now up to September 2011)
- Monthly data
- Data requests through the SWIFT Institute (www.swiftinstitute.org).
- NDA's will be put in place
- Publication of research paper after check by SWIFT Institute

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