



# ***Strengthening the global Financial Infrastructure: Link between payment and securities settlement systems***

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**PAYMENT SYSTEMS  
DEVELOPMENT GROUP**



**THE WORLD BANK**

# *Financial Infrastructure (FI)*

FI comprises institutions, information, technologies, rules and standards which enable a sound and efficient financial intermediation



Sound and efficient interbank money market



Link between the payment system and the security settlement systems

# *Financial Infrastructure*

Efficiency in the interbank money market:

Link between payment and securities settlement systems

- Liquidity management
- Use of collaterals
- Monetary policy
- Development of the markets
- Efficient registry mechanism
- Mitigation of risk

# *Financial Infrastructure*

Efficiency in the interbank money market:

Link between payment and securities settlement systems

- Interbank money market acts as a distributor of liquidity
- Market has less volatility if loans are collateralized
- Efficient markets needs electronic book-entry securities system

# *Financial Infrastructure*

Link between  
payment and  
securities  
settlement systems:

Benefit

- RTGS systems integrated with CSD allows electronic book-entry securities system that enables the on-line recording of pledges on securities and/or changes in ownership
- Access to a broader range of counterparties for liquidity (different that central bank)
- Access to a broader range of collateral

# *Financial Infrastructure*

Link between  
payment and  
securities  
settlement systems:

Focus

- Link between RGTS and CSD
- Legal reforms
- Development of the markets
- Coordination and cooperation:
  - Authorities
  - Private and public sector

# *Financial Infrastructure*

## Role of the World Bank

- Participation in standard setting groups.
- Diagnostic:
  - Regional Initiatives
  - FSAP
  - Surveys
- Implementation:
  - Projects to support comprehensive reforms
  - Technical assistance
- Knowledge dissemination

Thank you

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