

Niklaus Blattner: System stability and security of the systems

Summary of a speech by Prof Dr Niklaus Blattner, Vice-Chairman the Governing Board of the Swiss National Bank, at the Luzerner Tage für Informationssicherung (LUTIS, conference on information security), Lucerne, 25 May 2004.

The references for the speech can be found on the Swiss National Bank's website.

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The stability of the banking system and the security of the financial market infrastructure - including the stock exchanges and especially payment and securities settlement systems - have become an important concern of central banks all over the world in recent years. This has notably happened against the background of the numerous financial crises witnessed during the past decades. Moreover, events such as 9/11 have heightened awareness for the security of the financial markets and other infrastructures.

In Switzerland, the growing importance of system stability has also been reflected in the new National Bank Act, which entered into force on 1 May 2004. Within the framework of its principal mandate of pursuing a monetary policy in the interests of the country as a whole while at the same time ensuring price stability, the Swiss National Bank (SNB) is legally obliged to make a contribution to system stability and to facilitate and secure the operation of cashless payment systems. In implementing its mandate, the SNB takes preventive measures as well as measures aimed at overcoming crises. For instance, in a crisis the National Bank plays an important role in providing liquidity. With the new Act, the SNB specifically bears the responsibility of overseeing the systemically important payment and securities settlement systems. The operators of such systems will in future have to meet certain minimum requirements, which will also include requirements with regard to information security. Secure and reliable information and communications structures are an essential precondition for the smooth functioning of the financial system. In the context of its mandate, the SNB limits itself to systems-relevant aspects in these areas. Systems-irrelevant problems concerning individual banks or payment systems, by contrast, are explicitly not a part of its mandate. This is based on the conviction that the problems in the financial system must be solved by the market itself whenever possible.