

Should the Riksbank's payment system be open 24/365?

Sveriges Riksbank 12 June 2019

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Deputy Governor

The Riksbank's tasks



Maintain price
stability



Promote a safe
and efficient
payment system

“The Swedish payment infrastructure must be at least as safe and efficient as the payment infrastructure available abroad”

The Riksbank now

Cash

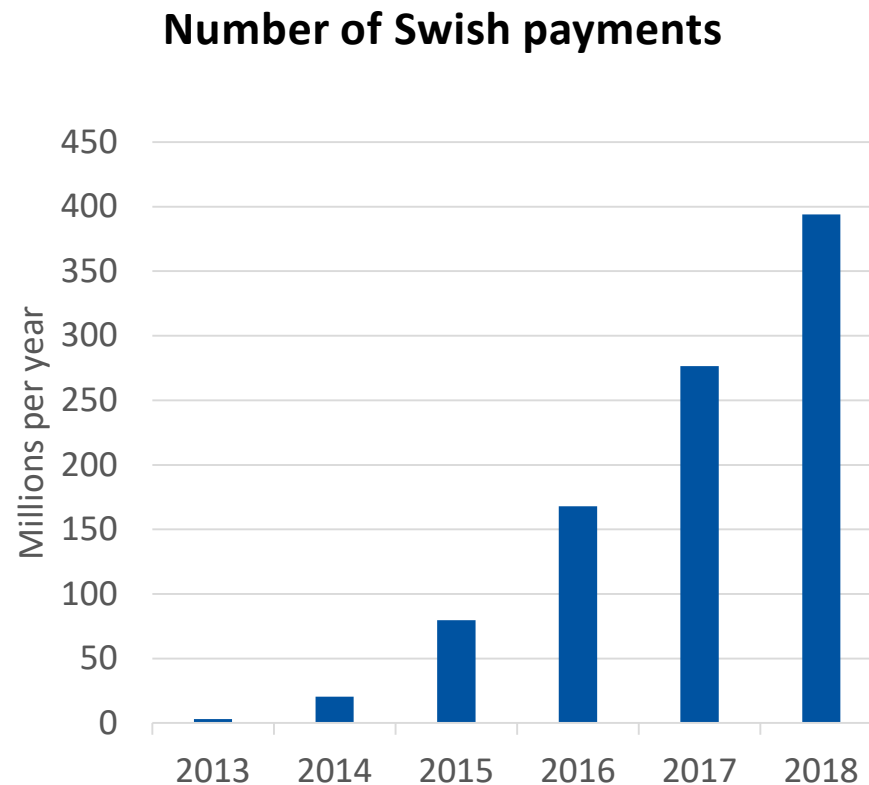
- Functions 24 hours a day

RIX

- Open 0700-1700 for interbank payments
- Payments in central bank money between 34 participating financial institutions
- Designed for large amounts, few transactions

Payment market undergoing rapid change

- Cash usage decreasing
- Payments expected to be instant
- Swish and BiR
 - Instant settlement 24/7 at Bankgirot (BiR)
 - Can manage many transactions
 - Hybrid solution, problems if the amounts are large



The difference between money and money



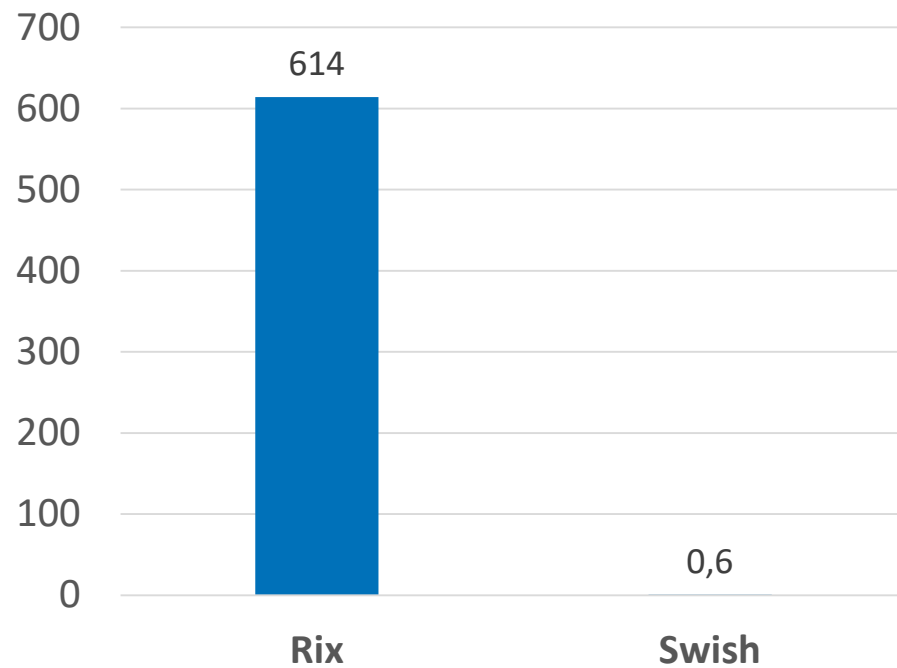
**Central bank
money**



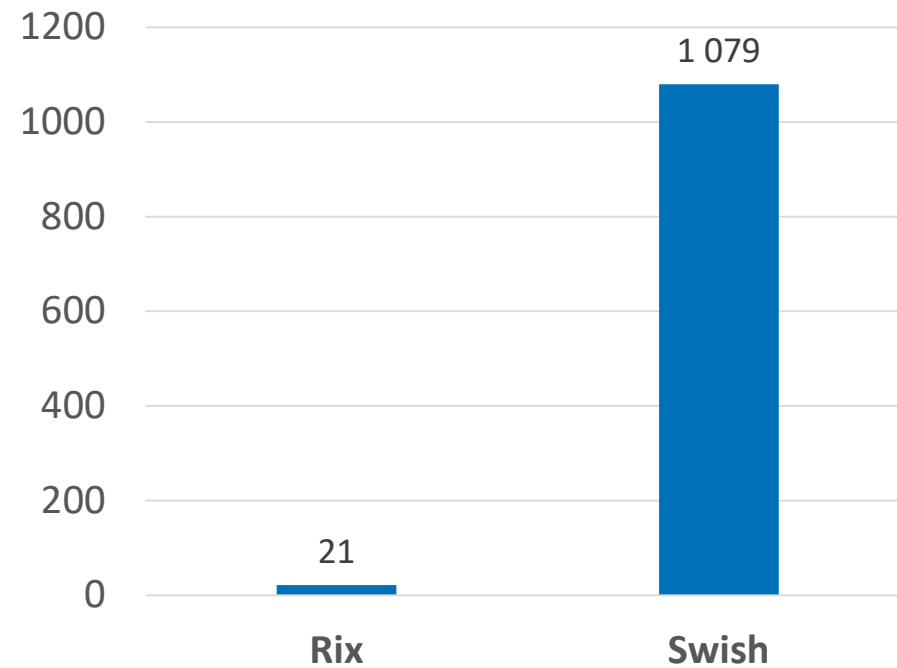
**Commercial
bank
money**

RIX and Swish

Turnover



Transactions



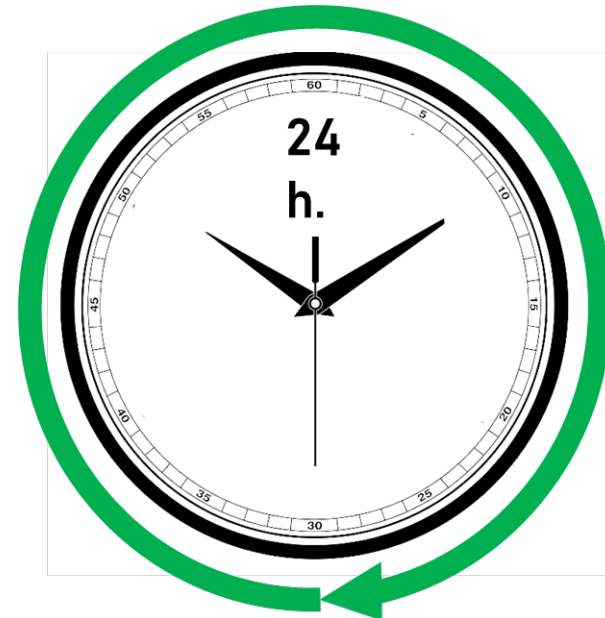
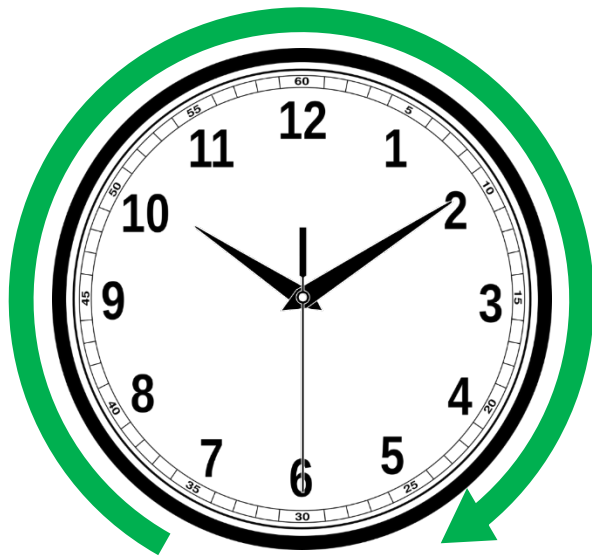
Turnover: SEK billion per day. Transactions: Number of thousand per day.

Shall the Riksbank offer settlement 24/365?

- Today RIX is open **weekdays 0700-1700**

(0700-1800 with effect from October)

- **24 hours a day, every day of the year?**



Yes!

Settlement should be in central bank money

- Safest means of settlement
- Follows international principles
- Cost-efficient liquidity management

The payment system is a critical infrastructure

- The Riksbank is a neutral supplier
- Economies of scale, natural monopoly

The Riksbank in the future

RIX_{RTGS}

- Open 0700-1800 for interbank payments
- Open almost around the clock for
 - Transfers to/from RIX_{INST}
 - Intraday credit

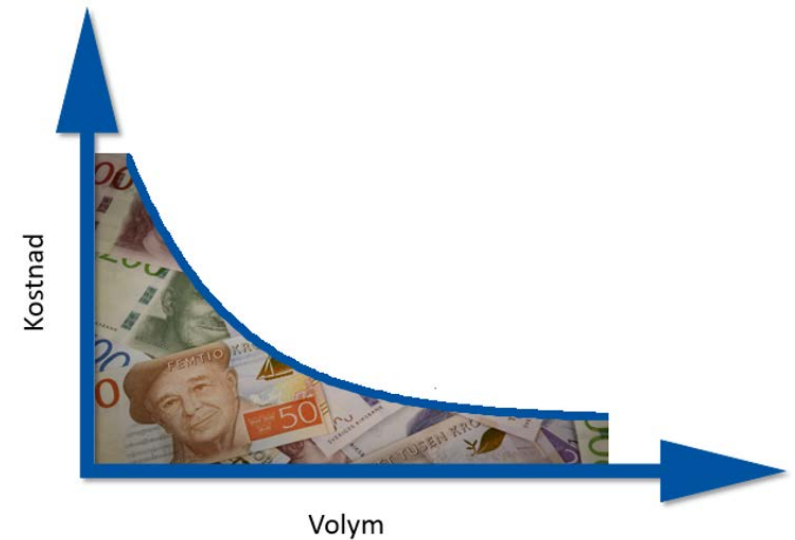
RIX_{INST}

- Open 24/7
- Can manage retail payments

Cash

Platform sharing with other central banks is cost-effective

- Expensive and complex to develop
- Expensive to run
- If more share the fixed costs the cost per transaction will be lower

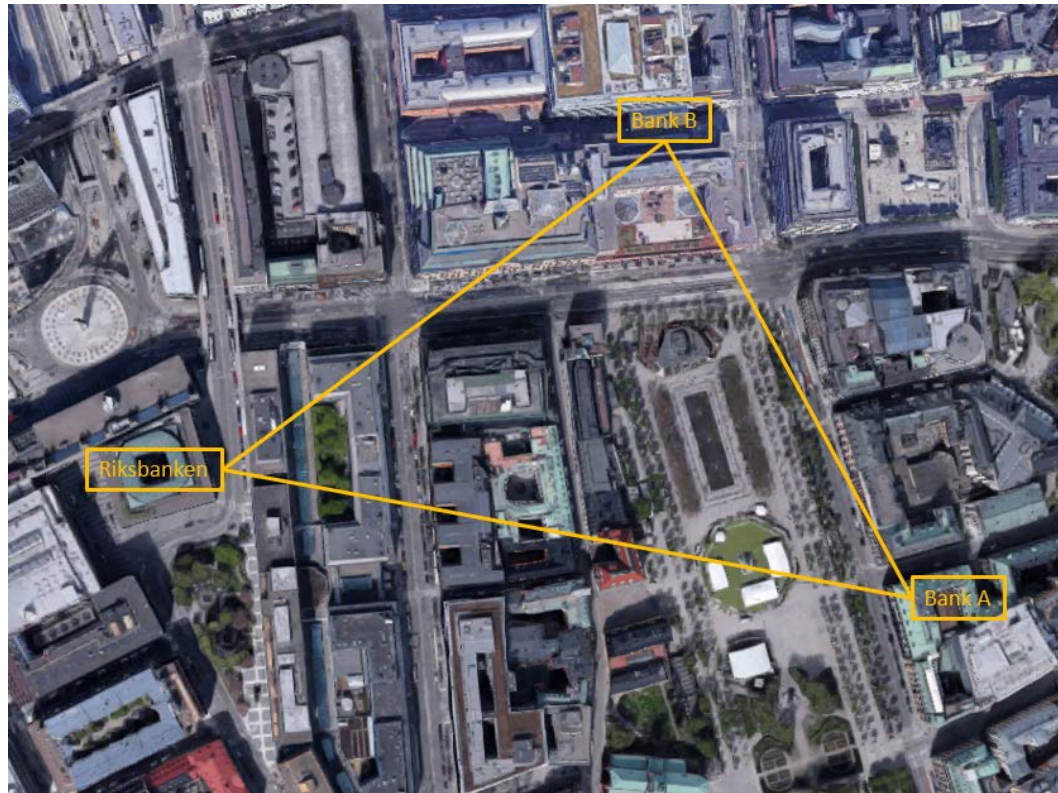


Platform sharing with the Eurosystem

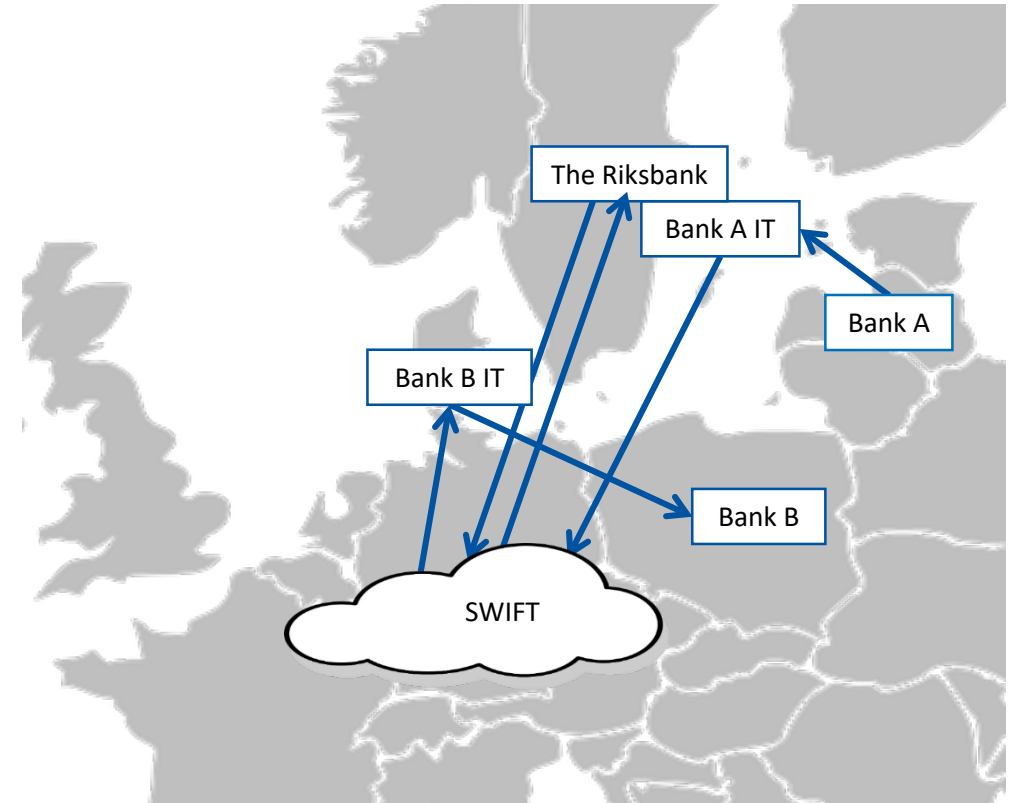
- Target Instant Payment Settlement, TIPS, since November 2018
- Platform for the settlement of instant payments
- Developed and run by the Eurosystem
- No start cost or fixed charge for the Riksbank, only transaction fee
- Designed to manage more currencies than the euro
- Central banks wanting to use the platform enter into agreements with the ECB and the Eurosystem

Financial infrastructure outside of Sweden?

Payment from Bank A to Bank B



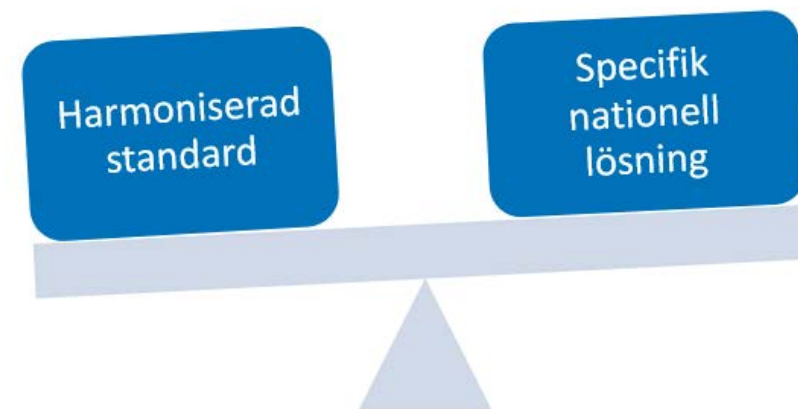
Physical distance Bank A to Bank B via the Riksbank ~ 0.7 km



Communication distance Bank A to Bank B via the Riksbank ~ 6,000 km

How does RIX_{INST} affect the Swedish payment market?

- Participants will need to adapt their processes and message formats
- Processes and message formats that apply in most of Europe
- Harmonisation reduces thresholds for cross-border services



What happens next?

- Negotiate TIPS agreement with the Eurosystem and the ECB
- The Riksbank makes demands regarding security
- Prepare implementation project in close dialogue with the market
- We will return to the forms for consultation in the autumn



**Central bank
money**