



BANK FOR INTERNATIONAL SETTLEMENTS

Recent work of the CPMI

11th Conference on Payments and Market Infrastructures

Ohrid, Macedonia

6 June 2018

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Committee on Payments and Market Infrastructures

The views presented do not necessarily reflect those of the BIS



Outline

1. Introduction to CPMI

2. Recent work

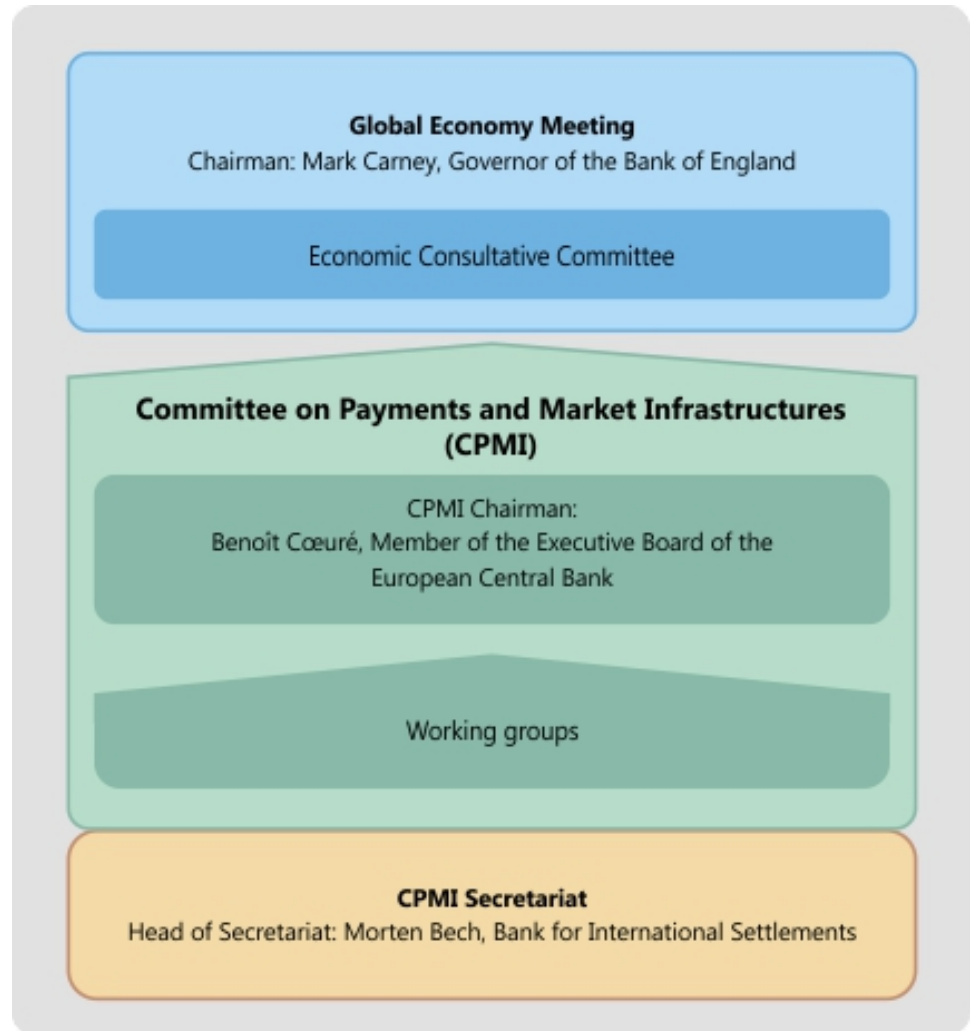
- Digital innovations
- Cyber resilience
- Wholesale payment security
- Implementation monitoring

3. Other work

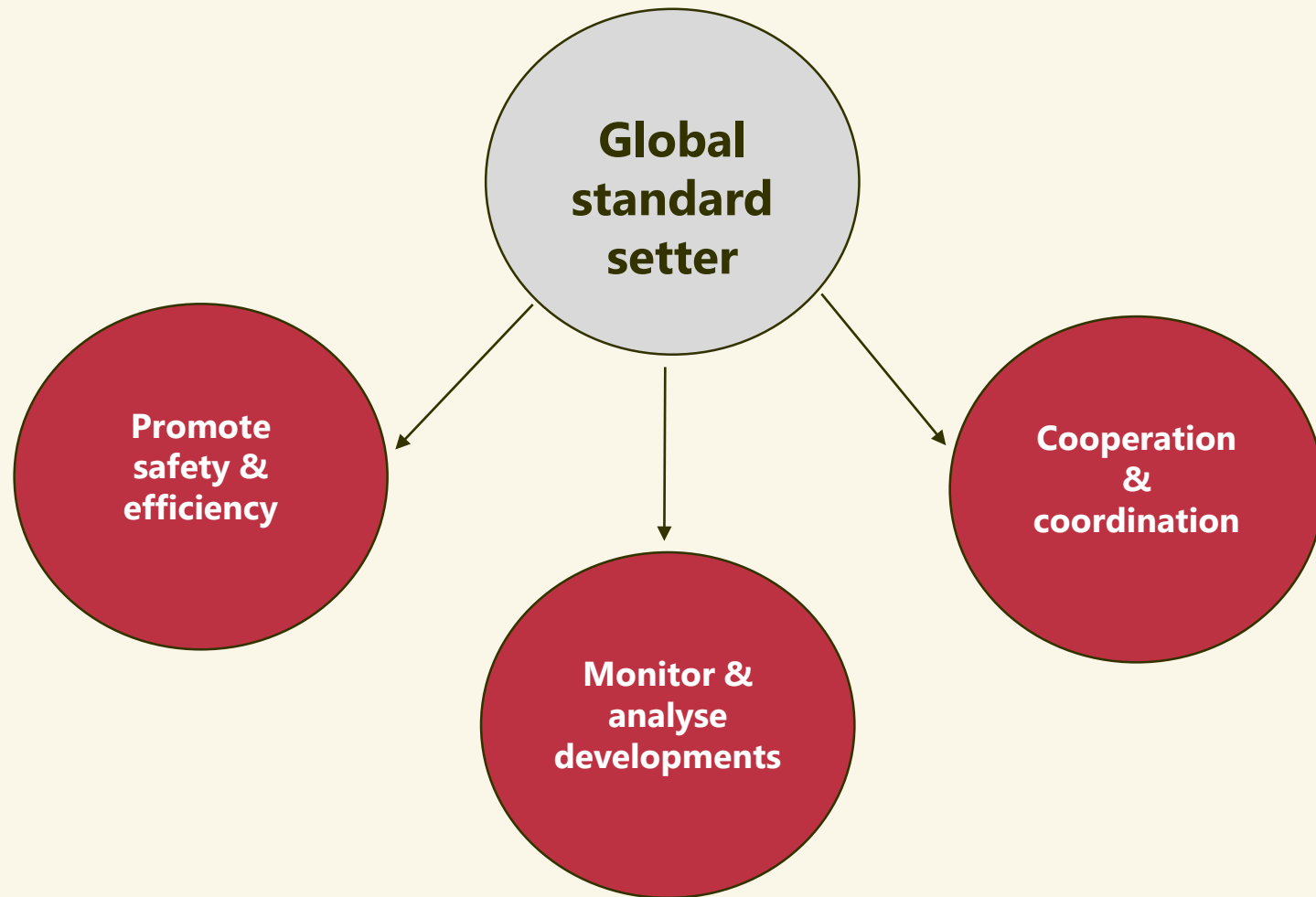


Introduction to CPMI

Chaired by Benoît Coeuré
(ECB), hosted by the BIS,
based in Basel, Switzerland.



CPMI Mandate



CPMI = "Plumbers in suits"?



Economist. 6 July 2013

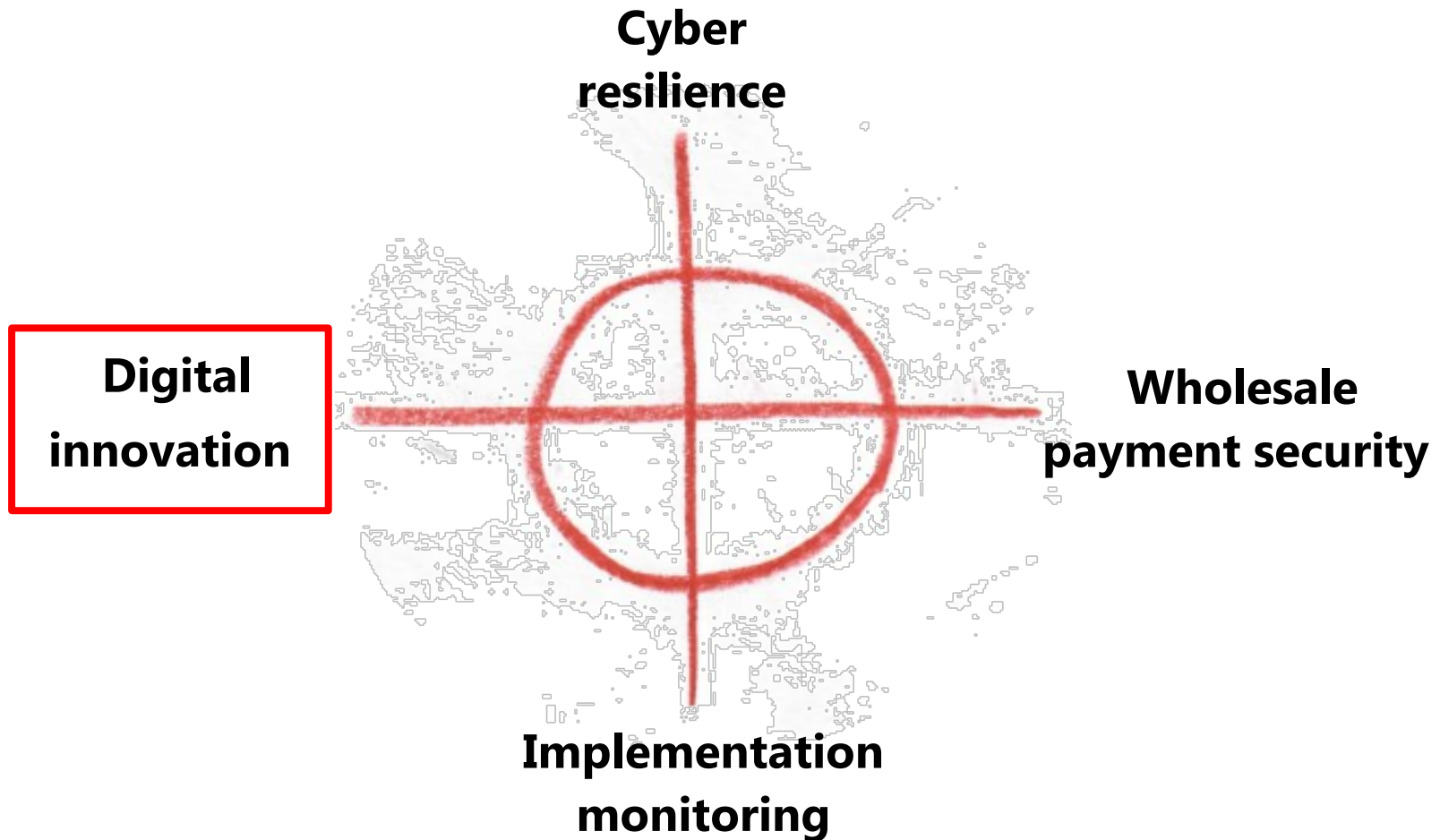
CPMI membership

1990	1997-1998	2009	2018
Belgium Canada France Germany Italy Japan The Netherlands Sweden Switzerland United States* United Kingdom	European Central Bank Hong Kong Singapore	Australia Brazil China India Mexico Korea Russia Saudi Arabia South Africa Turkey	Argentina Indonesia Spain

*Fed Board and FRBNY



2. Recent work



Digital innovations

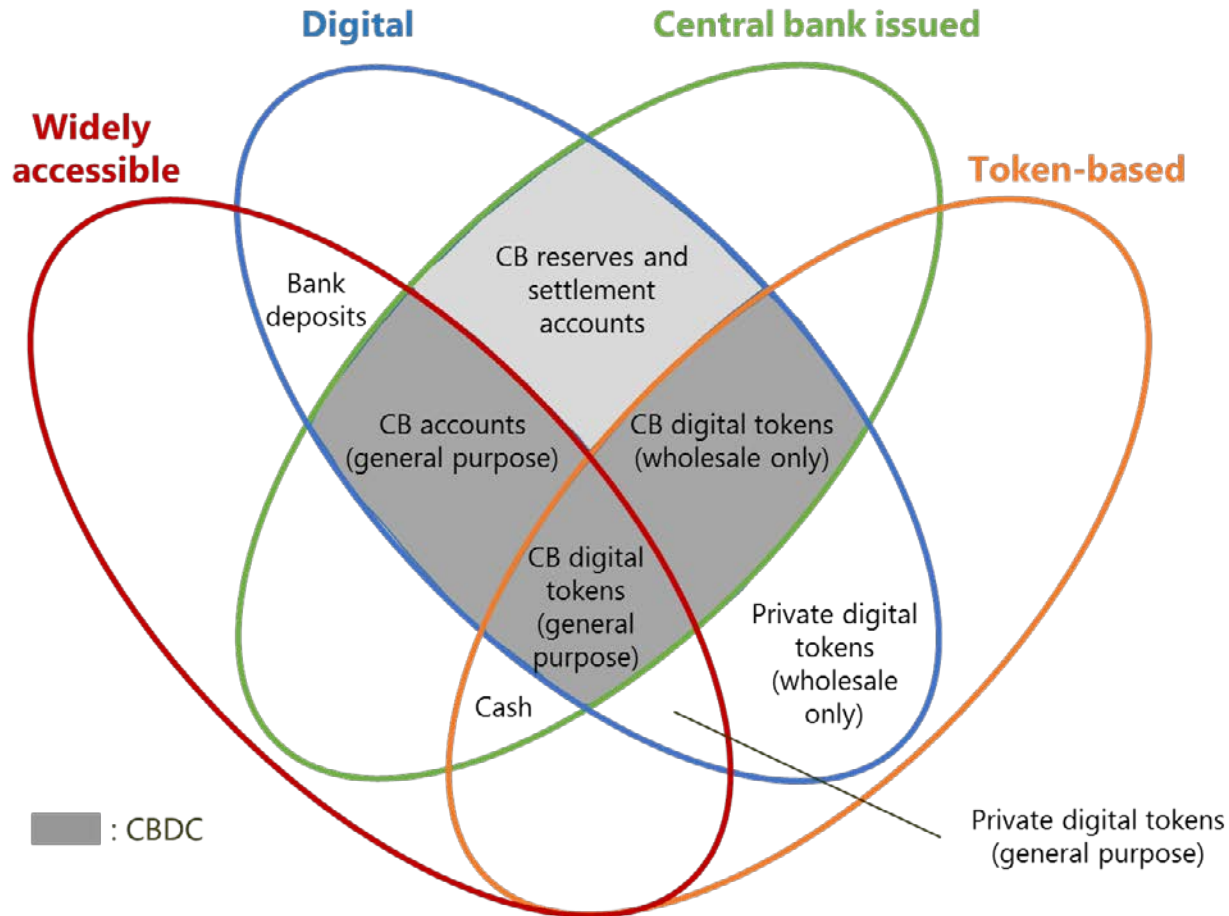
- The group published:
 - Distributed ledger technology in payment, clearing and settlement (2017)
 - Central Bank Digital Currencies (2018) published in corporation with the Market Committee



What is a CBDC?

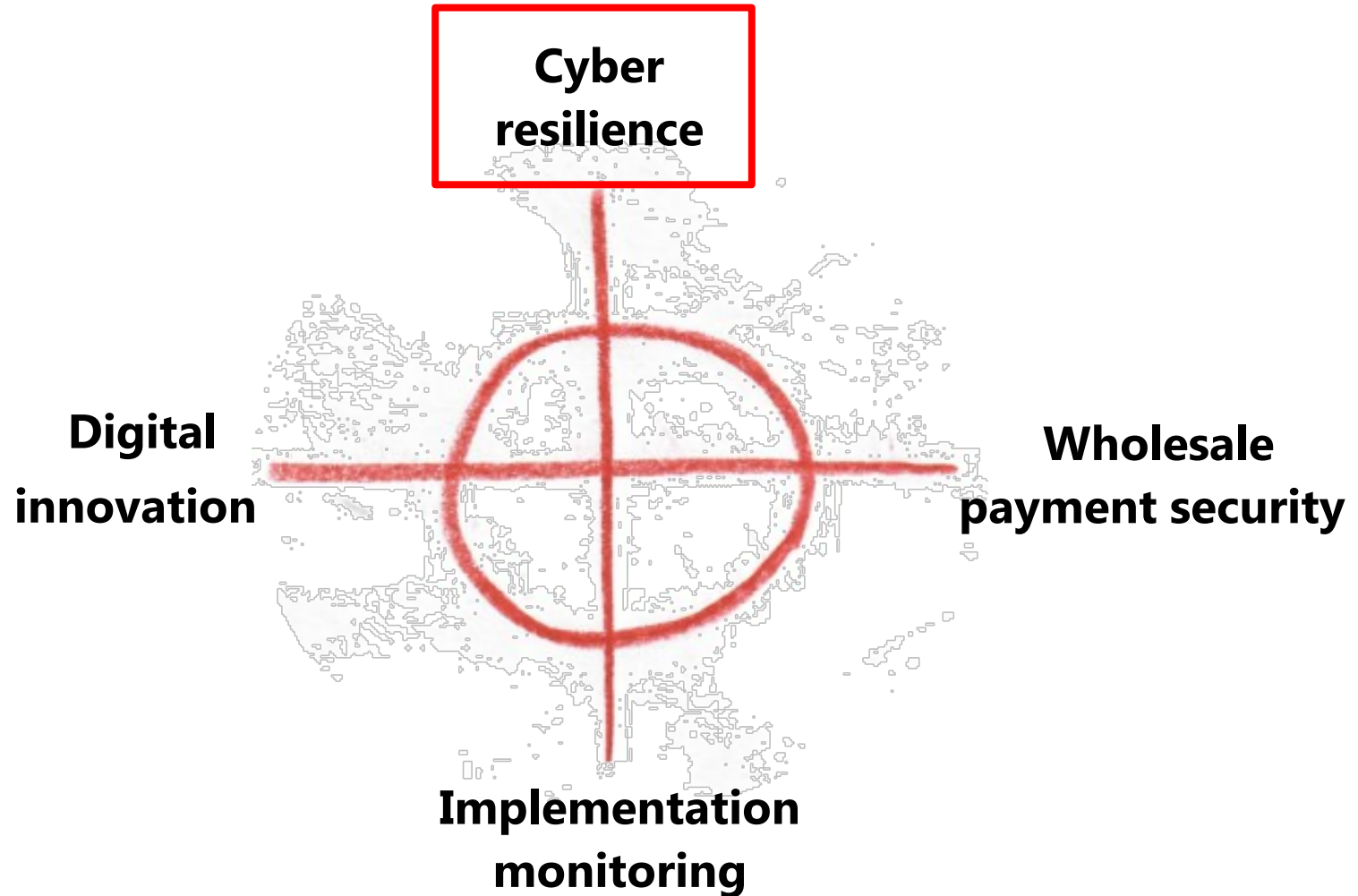
- Something new
 - *CBDC is a digital form of central bank money that is different from balances in traditional reserve or settlement accounts*
- Important concepts/distinctions:
 - Wide or narrow access
 - Physical or digital
 - Issued by central bank or not
 - A token or an account

The money flower



Source: Bech and Garratt, BIS Quarterly Review, September 2017, adapted by CPMI-MC report (2018).

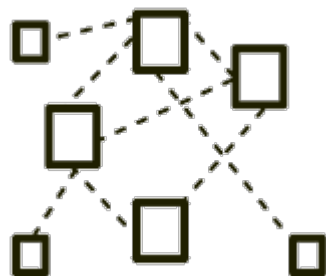
2. Recent work





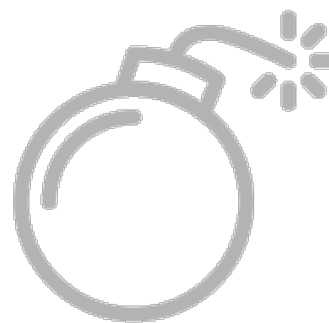
Sophisticated

Cyber attacks are often difficult to identify or fully eradicate and the breadth of damage difficult to determine.



Everywhere

Cyber attacks could come through a broad range of entry points, such as participants, linked FMIs, and service providers.



Disruptive

Cyber attacks can cause significant service disruptions to the broader financial system, which may lead to a systemic risk.



Stealthy

Cyber attacks can be stealthy and spread rapidly to cause disruptions and/or infiltrate an FMI's network of systems.

Cyber risks are unique.



Settlement finality
(Principle 8)



Resumption of critical operations
(Principle 17, consideration 6)



Governance
(Principle 2)

Framework for the comprehensive management of risks
(Principle 3)

FMI links
(Principle 20)



Cyber resilience

An FMI's ability to anticipate, withstand, contain and rapidly recover from a cyber attack.

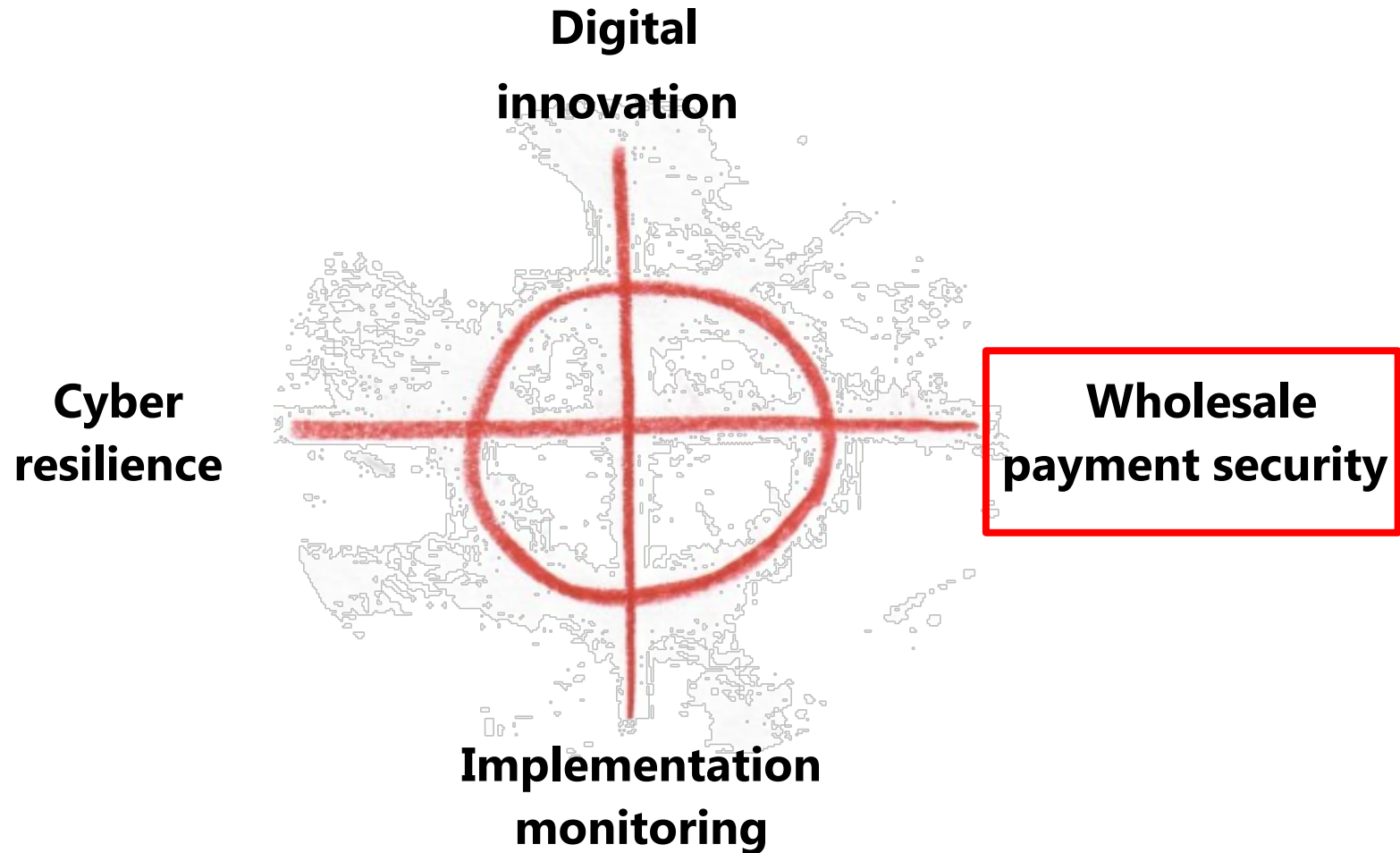


Cyber resilience



Not a box ticking exercise

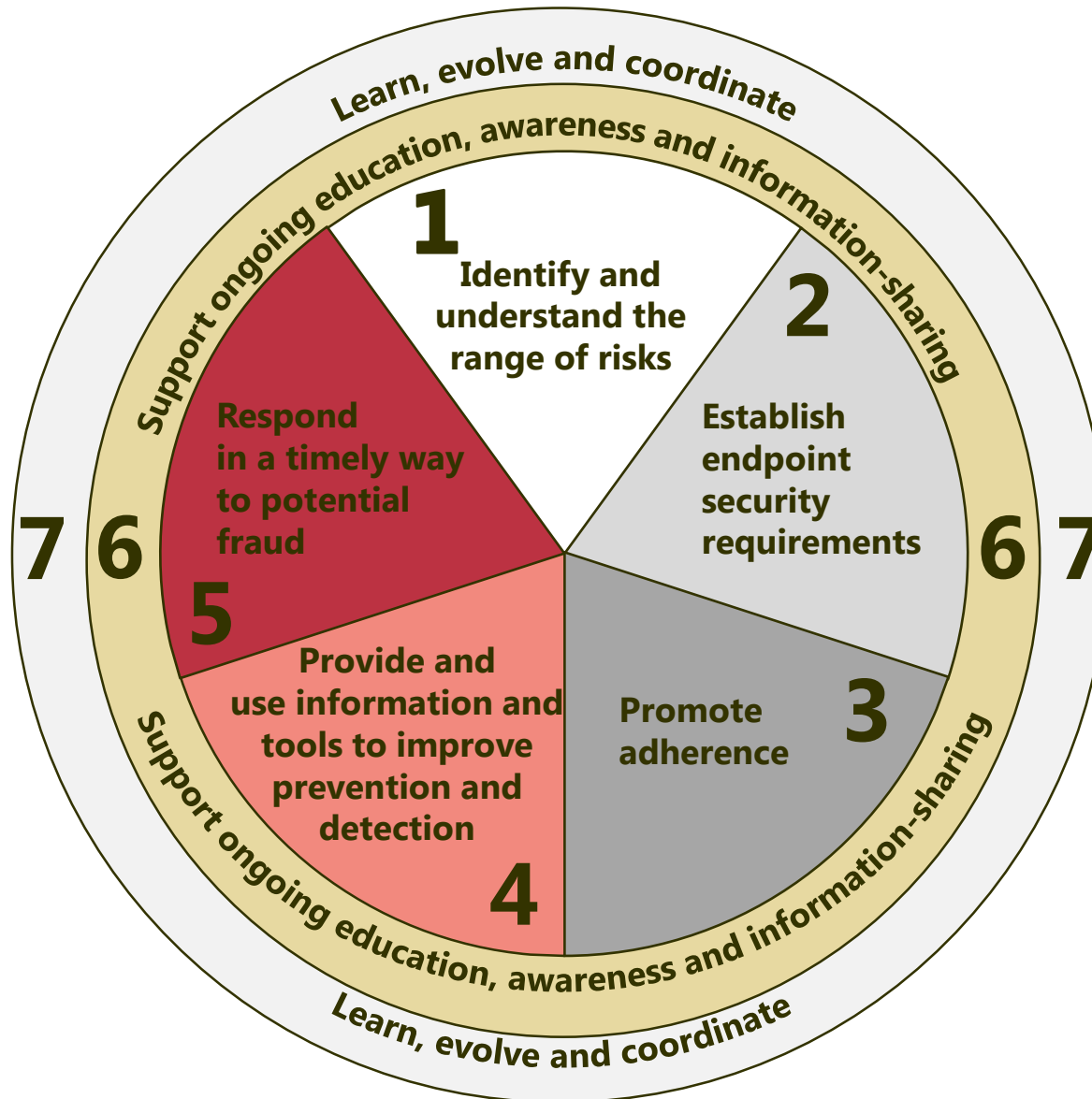
2. Recent work



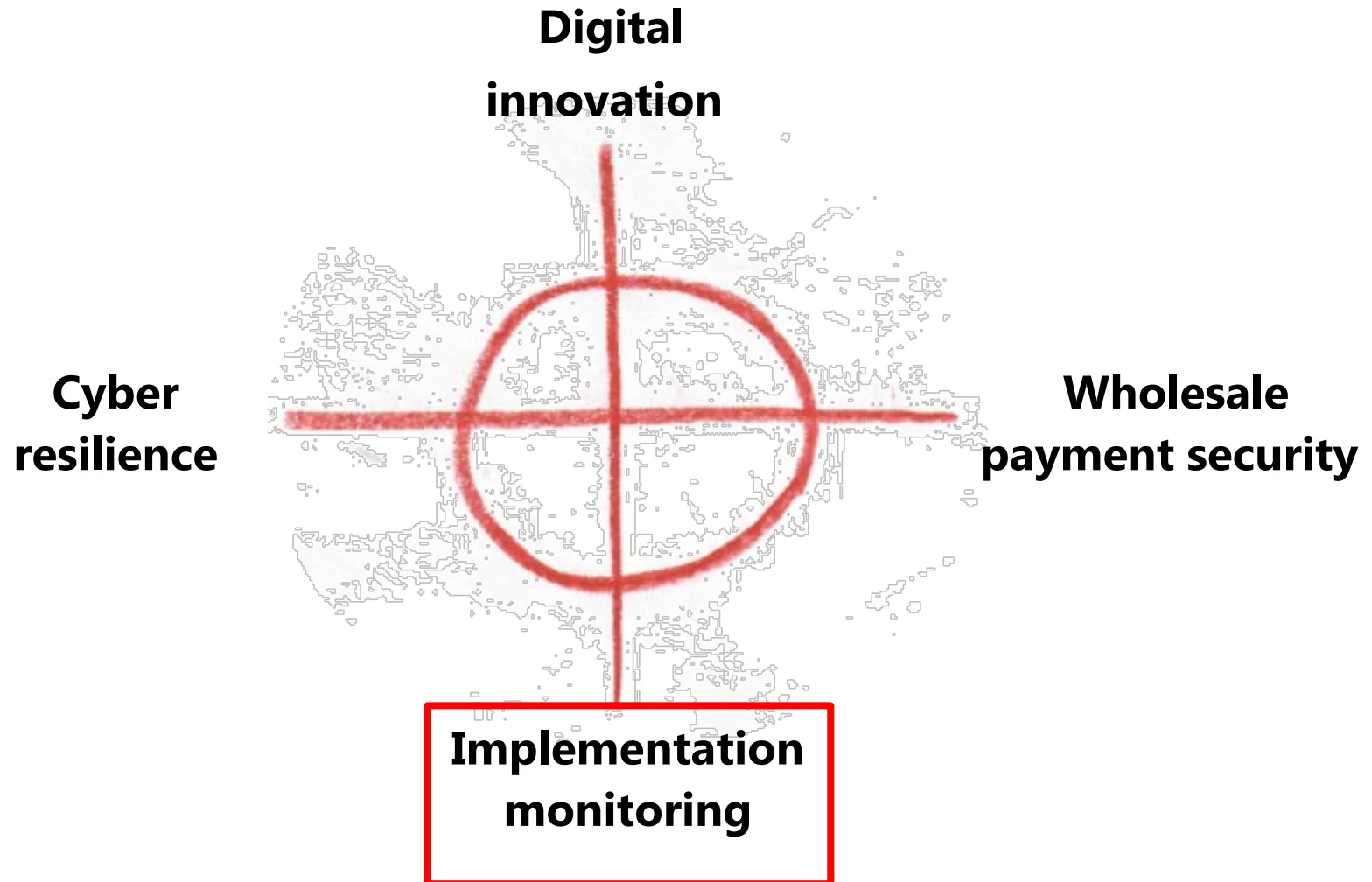
Wholesale payments security

- Operators cannot solve fraud alone; nor can individual participants and yet a fraud needs only one weak link
- Interconnectedness also creates potential systemic risk
- Requires holistic and coordinated action by all stakeholders
- Publication of the final report: Reducing the risk of wholesale payments fraud related to endpoint security (May 2018)

Seven elements of the strategy



2. Recent work



Implementation monitoring

Established in 2013 as the Task Force on Implementation Monitoring

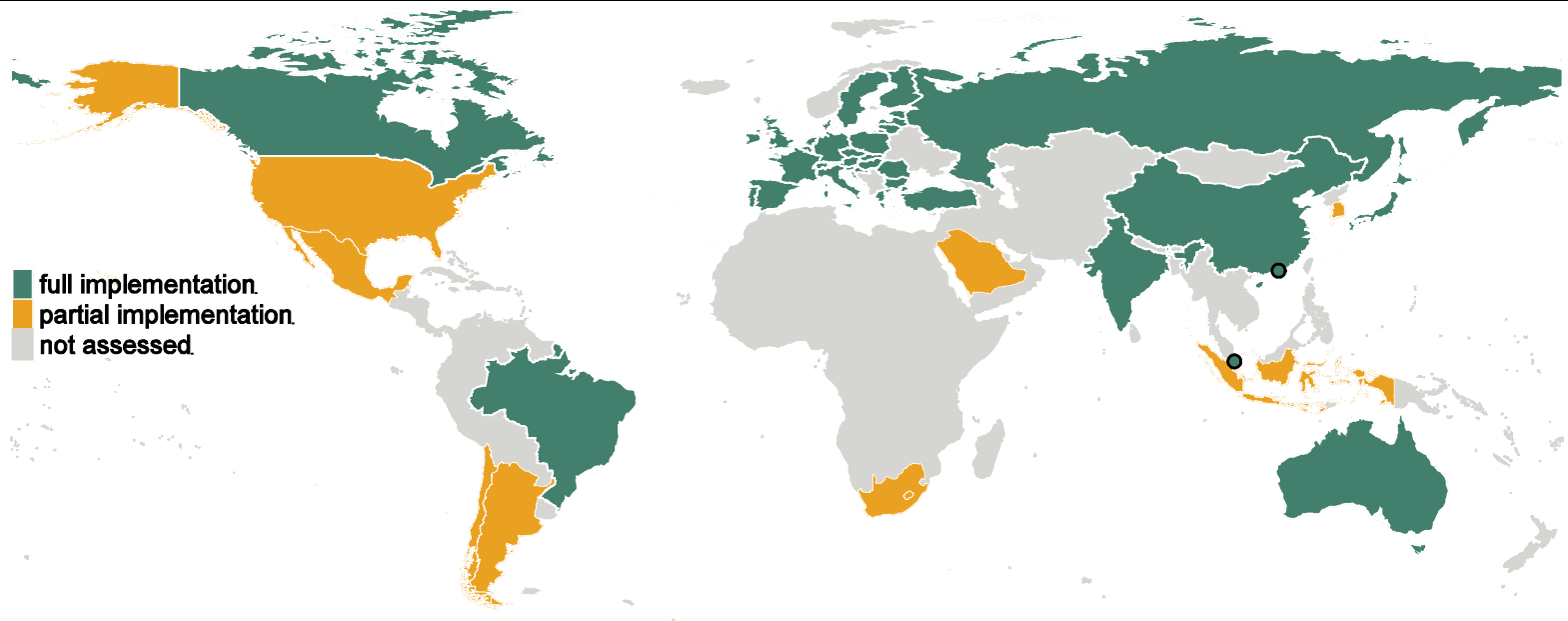
Level 1	Level 2	Level 3
Assesses whether a jurisdiction has completed the process of adopting the legislation and other policies that will enable it to implement the PFMI	Peer reviews assessing whether the content of legislation, regulations and/or policies is complete and consistent with the Principles and the Responsibilities	Peer reviews that examine consistency in the outcomes of implementation of the PFMI

Current status of PFMI implementation*

PFMI implementation rating 2017

All FMI types

Graph 1



*as of 6 January 2017

3. Other work

- RTGS
- Recovery and resolution of central counterparties (CCPs)
- Cross-border retail payments
- Payment aspects of financial inclusion
- Red Book Statistics





BANK FOR INTERNATIONAL SETTLEMENTS

Thank you

More information at <http://www.bis.org/cpmi/>

