



TÜRKİYE CUMHURİYET
MERKEZ BANKASI

Payment and Settlement Systems of the CBRT

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Payment Systems Department

Central Bank of the Republic of Turkey

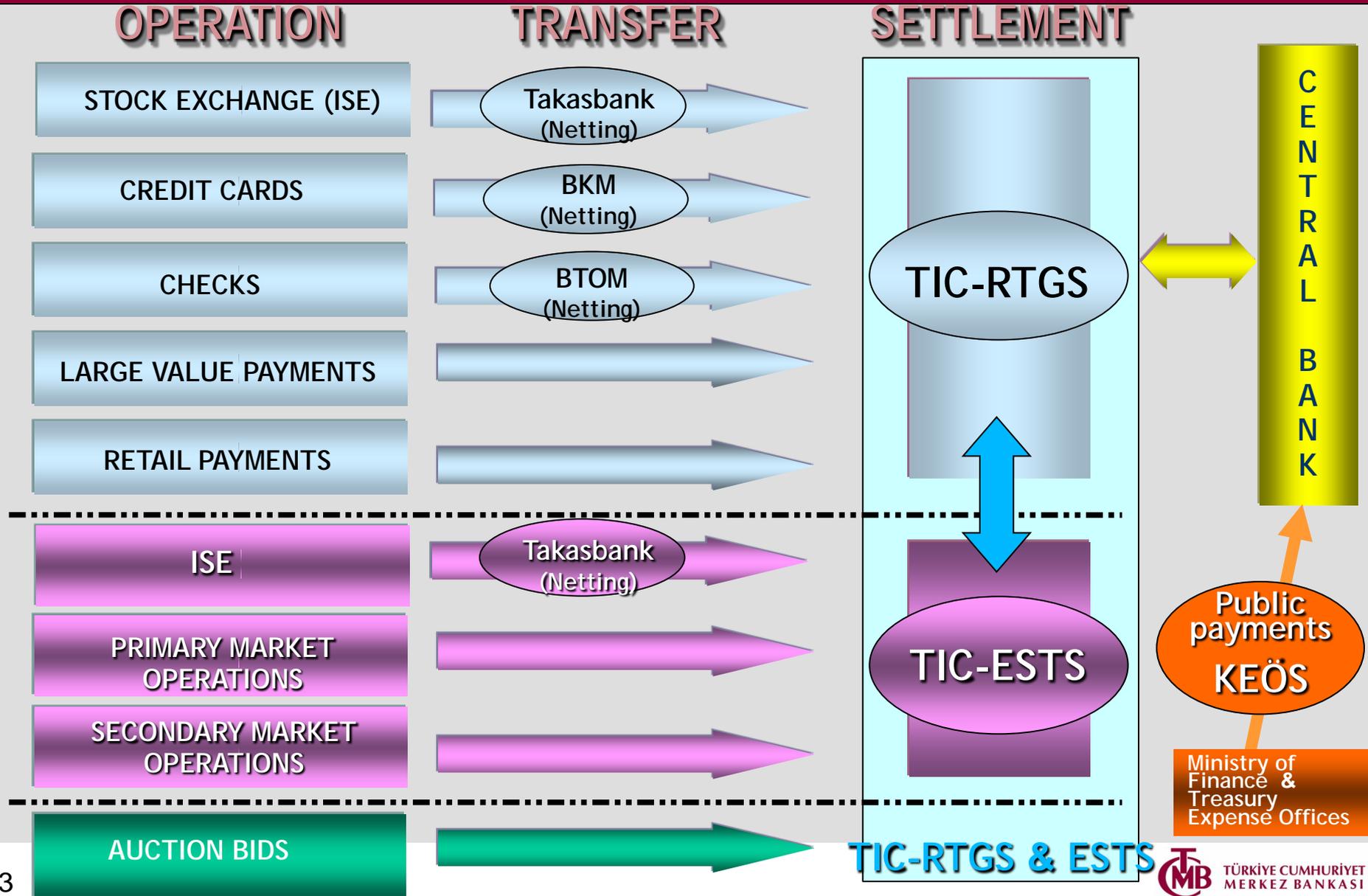
Experts Workshop on Payment Systems and Capacity Building in OIC Member Countries

September 26, 2010

Flow of the presentation

- 1. Payment Systems in Turkey**
2. Payment System of the CBRT: TIC-RTGS
3. Oversight of TIC-RTGS

Payment Systems in Turkey



Flow of the presentation

1. Payment Systems in Turkey
2. **Payment System of the CBRT: TIC-RTGS**
3. Oversight of TIC-RTGS

Payment System of the CBRT: TIC-RTGS

- **TIC-RTGS**: Owned and operated by the Central Bank of the Republic of Turkey (CBRT)
- High value interbank payments, CBRT money market transfers, retail payments
- Operational since April 1992 (1st generation)
..... April 2000 (2nd generation)
- Electronic Securities Transfer and Settlement System (for government bills & treasury bonds)
TIC-ESTS October 2000
- Integrated systems (DvP) and a common interface

TIC-RTGS & ESTS System



1st and 2nd Generations...

APRIL 1992

TIC-RTGS

1st Generation

Direct Crediting

APRIL 2000

TIC-RTGS

2nd Generation

Direct Crediting

Disaster Centre

Central Queuing

Funds Management

Direct Debiting

Phased closure of operations

Message Bulking

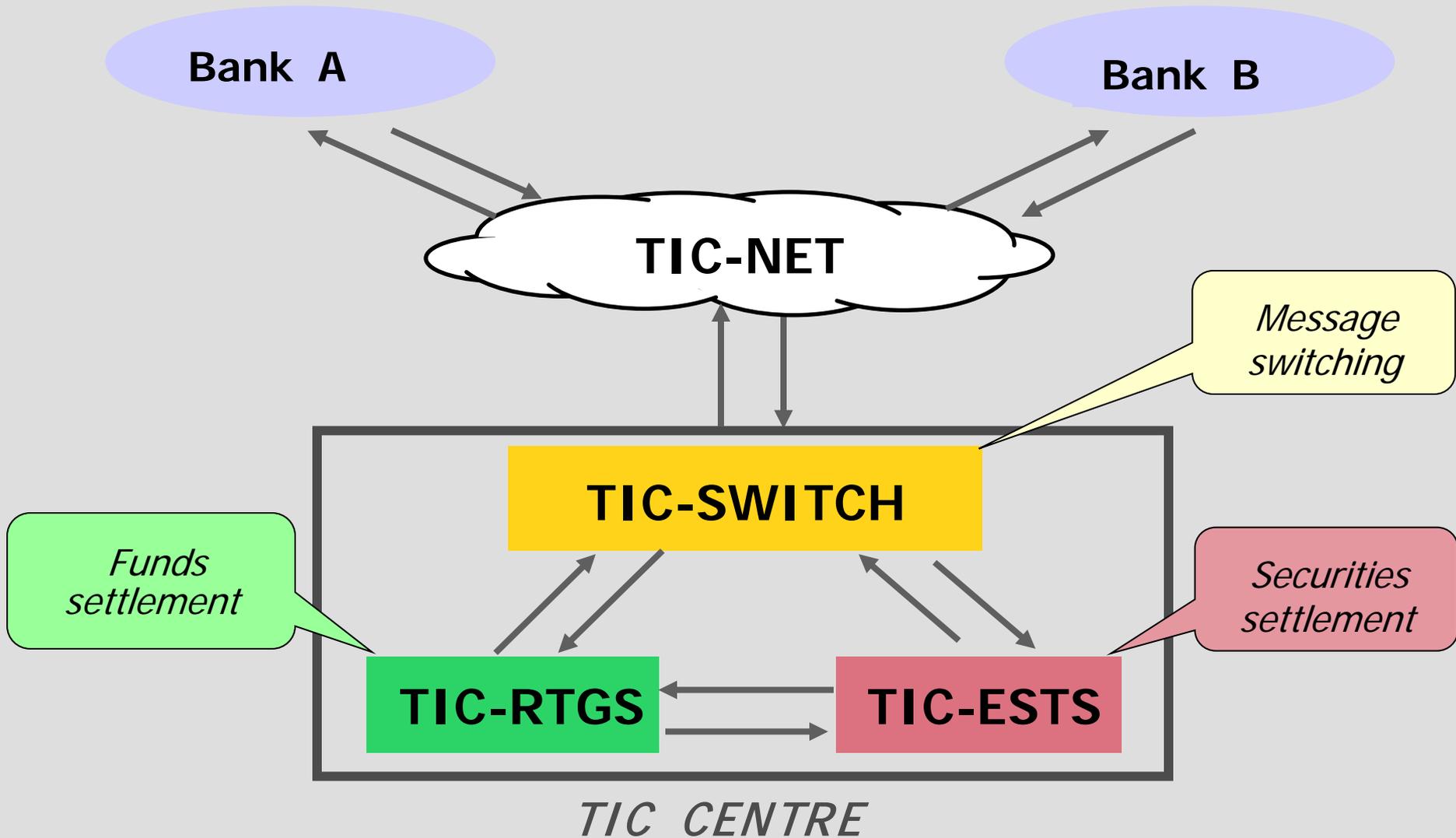
OCTOBER 2000

TIC-ESTS

Electronic
Securities
Transfer &
Settlement System

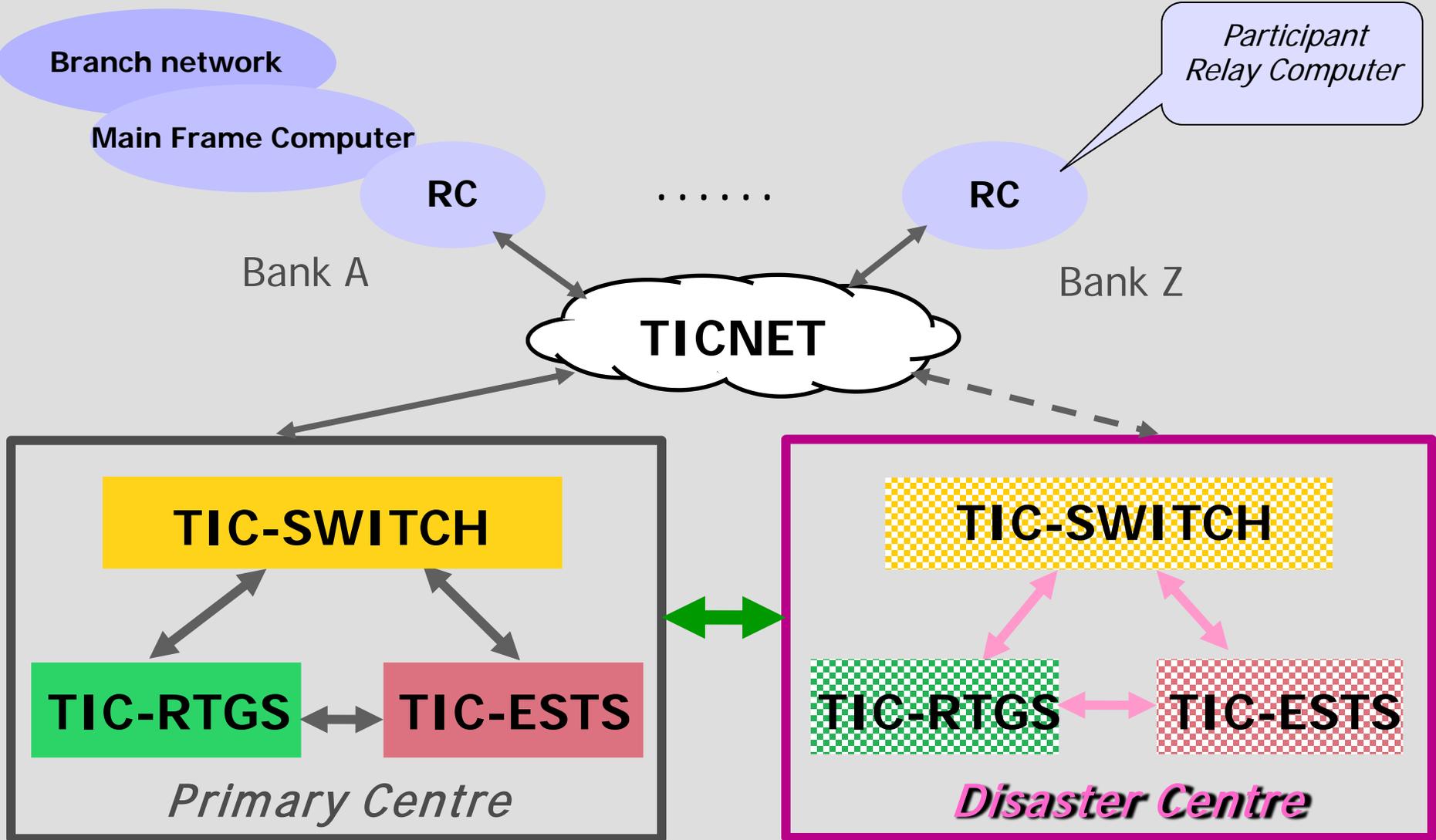
Real time DVP

System Overview



System Overview

(cont.d)



Risk Management in TIC-RTGS

Legal Risk

- Roles and responsibilities of the parties are defined in Operational Rulebook
- Settlement finality rules

Credit Risk

RTGS model – no credit risk

Liquidity Risk

- Online balance and message inquiry, queuing, funds management facilities
- Gridlock resolution facility
- Collateralised intraday credit facility

Operational Risk

- No single point of failure within system components (Disaster Centre, back-ups)
- Business Continuity and Disaster Recovery Plan
- Planned inter-site switch-over tests with participants

Volume of Transactions in TIC-RTGS

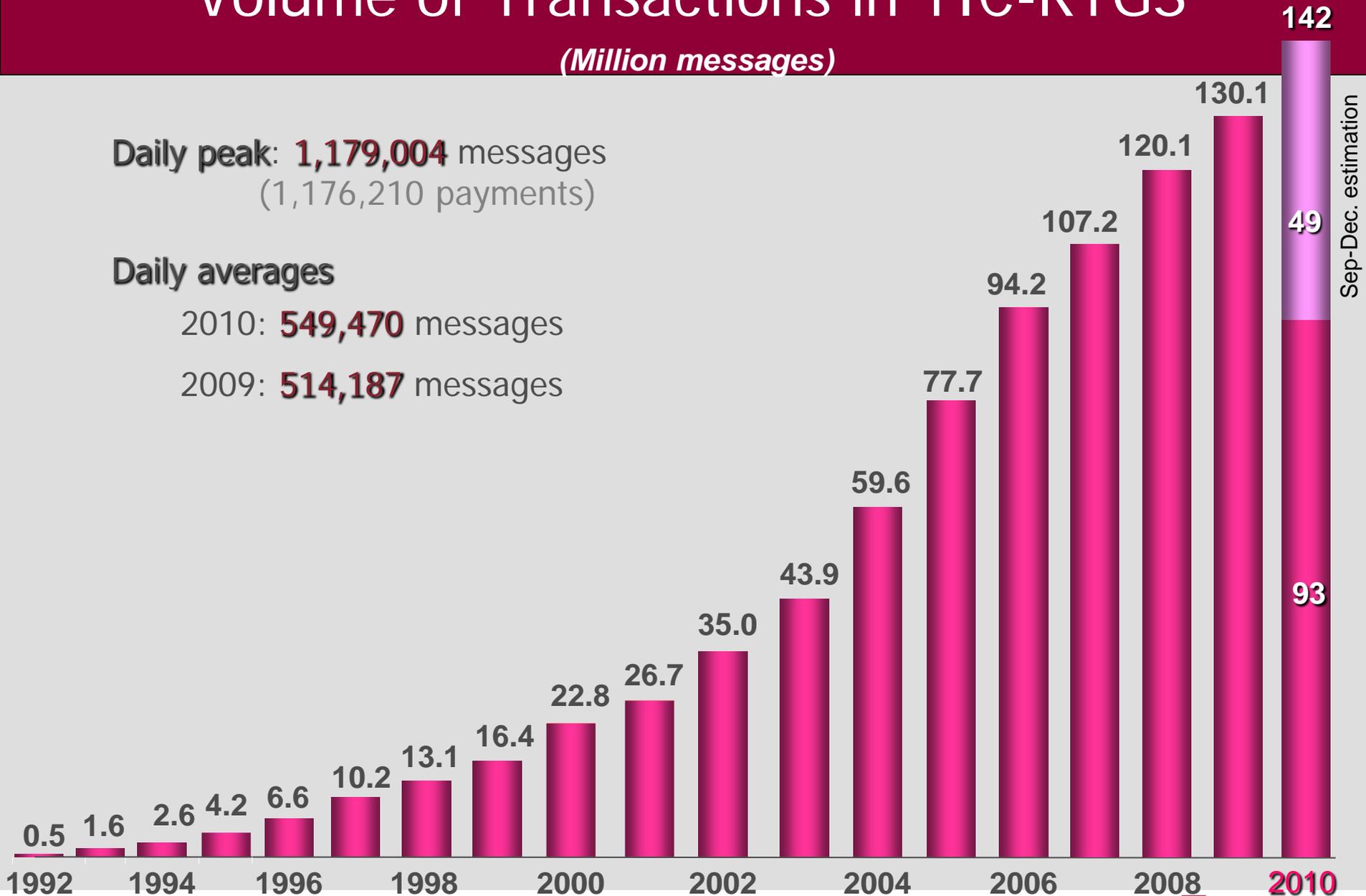
(Million messages)

Daily peak: **1,179,004** messages
(1,176,210 payments)

Daily averages

2010: **549,470** messages

2009: **514,187** messages



Sep-Dec. estimation

49

93

Value of Transactions in TIC-RTGS

(Trillion USD)

16.89

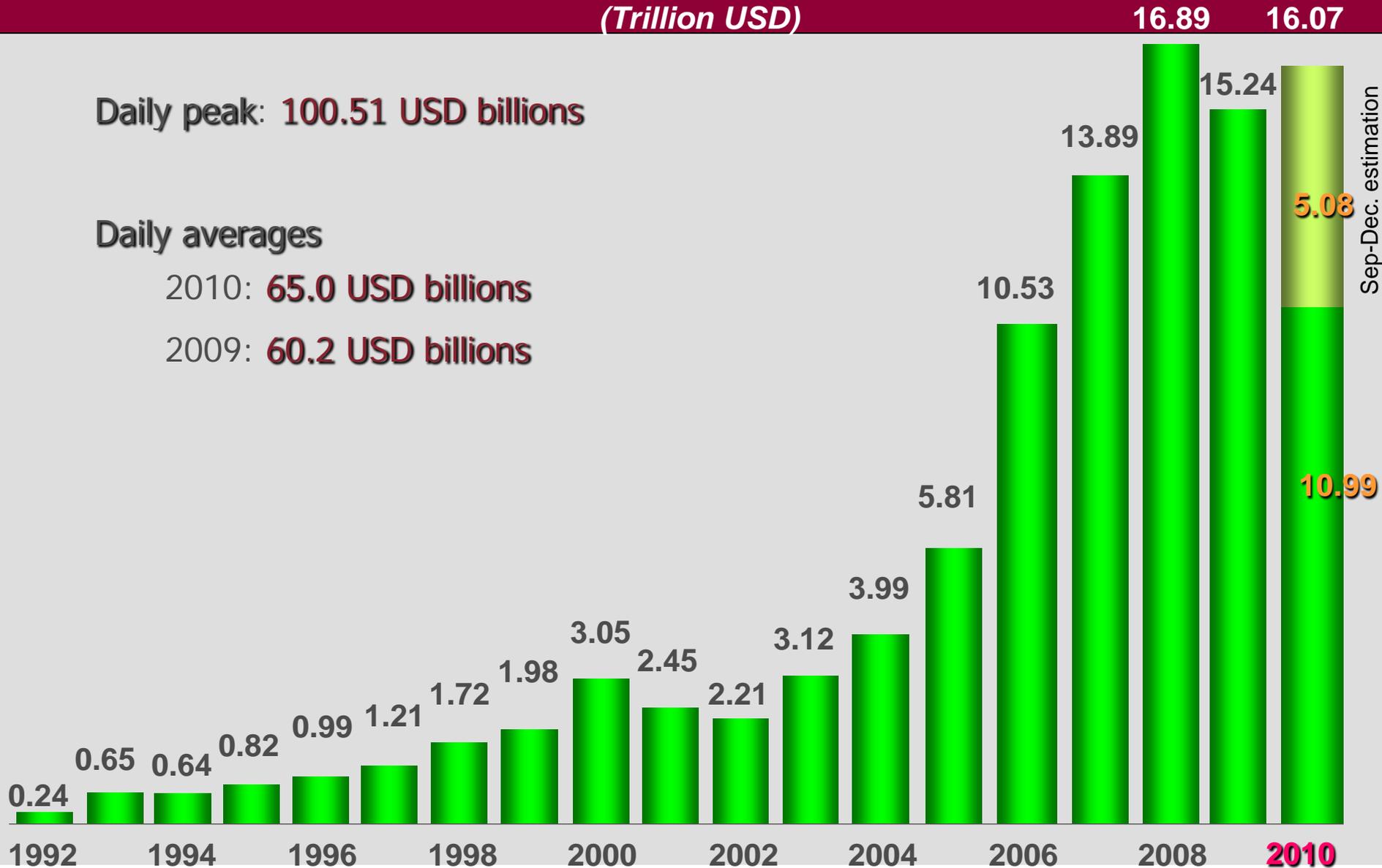
16.07

Daily peak: 100.51 USD billions

Daily averages

2010: 65.0 USD billions

2009: 60.2 USD billions



Sep-Dec. estimation

10.99

5.08

Flow of the presentation

1. Payment Systems in Turkey
2. Payment System of the CBRT: TIC-RTGS
3. **Oversight of TIC-RTGS**

Oversight of TIC-RTGS

Source of function

Contractual, 1992

Regulatory, 2001

Participation Contract and Operational Rules:

- a special agreement between the CBRT and the participants
- the participants to comply with the operational rules
- Operational Rule Book defines the roles and responsibilities of the parties involved in the system, including the CBRT

CBRT Law: (Law No. 1211, enacted in 2001) authorizes the CBRT

- to establish payment and securities settlement systems,
- to set forth regulations to ensure the uninterrupted operation and supervision of the systems,
- to determine the methods and instruments including electronic environment for payments.

Oversight of TIC-RTGS

(cont.d)

Objective

- Smooth, secure and efficient functioning of the system
- Mitigation of risks

Instruments

Regulation, regular monitoring and reporting, active dialogue and cooperation with banks and the Banks Association of Turkey

Criteria

Core Principles for the SIPS (CPSS, 2001)

Assessment and Reporting

- Yearly reports by the CBRT's Payment System Department
- Assessment against Core Principles of the CPSS by the FSAP Mission (2006-2007)

Compliance of TIC-RTGS with the CPs

“The business and technical architectures that underpin the operation of TIC-RTGS are sound and similar to world class arrangements.”

Assessment of Observance of CPSS Core Principles & CPSS-IOSCO Recommendations, par. 19, p. 9

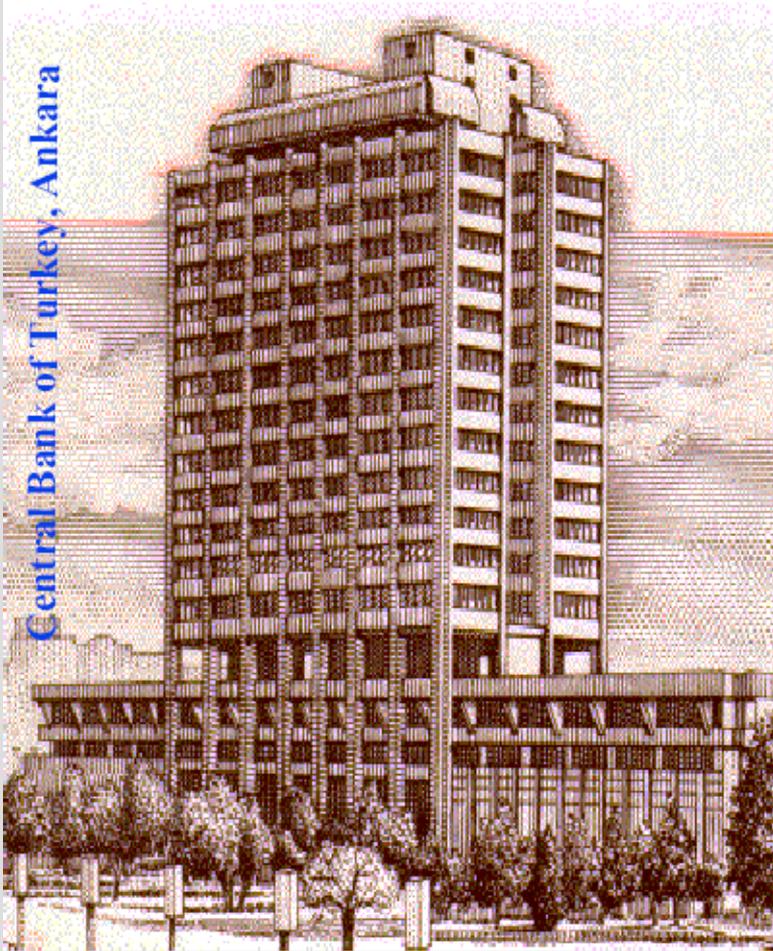
“In general the payment and settlement systems are technically efficient and reliable, and are supported by an appropriate regulatory framework and effective oversight.”

Turkey: Financial Stability Assessment, par. 145, p. 59

Core Principle		FSAP Assessment
I	Well-founded legal basis	Observed
II	Understanding Financial Risks	Observed
III	Management of Financial Risks	Observed
IV	Prompt Final Settlement	Observed
V	Settlement in Multilateral Net Systems	-
VI	Settlement Assets	Observed
VII	Security and Operational Reliability	Observed
VIII	Practicality and Efficiency	Observed
IX	Access Criteria	Observed
X	Governance	Observed

For More Information...

- TIC-RTGS & ESTS web site **eft.tcmb.gov.tr**
- BIS web site (**www.bis.org/publ/cpss80.htm**)
 - "Payment Systems of Turkey" (*Red Book*)



CBRT Head Office, Ankara

Thank you!..