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Session 4: Innovation in Financial Market Infrastructure in Asia: Advanced Settlement Systems

The Bank of Japan’s Initiatives for Enhancing Payment and Settlement Systems

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abstract

This presentation first reviews the Bank of Japan’s initiatives to enhance the safety and efficiency of the payment and settlement systems. The Bank plays a role as an operator of the payment and settlement systems which provide safest and most reliable settlement measures in an efficient way. In its capacity as an operator, the Bank has enhanced the functionality of the BOJ-NET Funds Transfer System (BOJ-NET). Especially, the scope of settlement on RTGS basis was enlarged and large-value payments between financial institutions were fully covered by November 2011. The Bank has been working to establish a new computer system for the BOJ-NET with a view to improving the flexibility and accessibility of the system by applying the most advanced information technology. Through the oversight activities, the Bank has been encouraging the operators of the private-sector payment and settlement systems to strengthen their risk management and business continuity arrangements. Besides, the Bank has participated in efforts to expanding the PVP settlement of foreign exchange transactions and DVP settlement for securities transactions.

Next, this presentation reviews the robustness of the payment and settlement systems in Japan shown under the highly stressed situations such as the collapse of Lehman Brothers Japan and the Great East Japan Earthquake and the challenges that need to be addressed.