



Briefing Note

This note has been prepared for the head of the payment system department of the central bank or other agency and describes the payment system portion of the Financial Sector Assessment Program. This note also has been sent to the payment system assessor(s) for information.

If you have questions about the payment system assessment, please contact one of the following Bank-Fund staff:

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Country Counterpart to Payment System Assessment

Purpose and scope of the payment system assessment

The payment system assessment is intended to:

- show how your systematically important payment system(s) (SIPS) compares with the internationally accepted benchmark in this area, the Committee on Payment and Settlement Systems (CPSS) Core Principles for SIPS (CPSIPS);
- compare the efficacy of the supervisory and regulatory framework over the SIPS (payments system oversight) to the CPSS Central Bank's responsibilities in applying the CPSIPS;
- provide you (as well as the Fund and the Bank) input into the overall assessment of the risks and vulnerabilities of your country's financial system; and
- help you identify the developmental needs of your country and make informed policy decisions about needed reform.

In addition to a formal assessment of the CPSIPS and of the central bank's responsibilities in applying them, the transparency of payment system oversight will be assessed using the payment system module of the IMF's Code of Good Practices on Transparency in Monetary and Financial Policies (MFP Transparency Code). The payment system expert may also examine other payment systems which are deemed important to your country's financial system..

Preparation for an FSAP mission

The preparation for an FSAP mission is a dynamic process, and you should remain in contact with the Fund-Bank and the payment system assessor(s). Please respond to questions, including formal questionnaires, as soon as possible. If you need to discuss a particular issue prior to the mission team's arrival, please do not hesitate to contact one of the people listed at the end of this Note or the team leader.

Before the mission team's arrival, you will receive two types of materials: those provided for your reference and those to which you should respond.

Materials provided for your reference:

- Documents produced by the CPSS, the IOSCO and the Fund-Bank related to the assessment of compliance with the CPSIPS and the RSSS:
 - CPSS Report on Core Principles for Systemically Important Payment systems

- CPSS-IOSCO Recommendations for Securities Settlement Systems
- IMF/WB/CPSS Guidance Note for Assessing Observance of the Core Principles for Systemically Important Payment Systems
- Documents produced by the IMF on the MFP Transparency Code
- Publicly available CPSIPS assessments from other countries

Materials to which you should respond (a contact name is provided together with a suggested deadline within each document):

- A questionnaire for gathering facts about the payments system in your country;
- The template used by the FSAP teams in the assessment of the CPSIPS. You should explain why you have deemed a particular system to be systemically important. Please note that preparing a self-assessment using this template and the Guidance Note is the single most helpful step you can take in preparing for an FSAP mission. This affords you the opportunity to gather required information, describes your payment system, and provides a foundation upon which the FSAP assessor[?] can work. You are advised to focus on identifying and thoroughly describing the strengths and weaknesses of your system(s) rather than grading.
- A template for the payments system module of the IMF's MFP Transparency code to be used for a self-assessment of the observance of the code
- Translations—in summary form at least—of relevant legislation and other background material
- Information about any planned or in-progress payment system reform or legislative revision

Conduct of the payment systems assessment

The mission will conduct a series of meetings with you and private payment system participants, such as payment system operators, clearing organizations, and banks. If possible, arrangements for these meetings should be made ahead of the mission team's arrival. You will be asked to assist in arranging these meetings. An agenda for at least the first days of the mission should be agreed upon beforehand.

Both the CPSIPS assessment and the payment system module of the MFP Transparency Code will be completed in close collaboration with you and your staff. Once the assessments are in draft form, the assessor will meet with you to ensure that the information on which the assessment is based has been understood and interpreted correctly. This is also your opportunity to provide feedback. Comments on the assessment will be recorded in a separate section of the report. Usually, the draft assessments are discussed at the end of the mission, then left with you for further comment.

Review of the assessment

Following a Fund-Bank review, the assessment is finalized, and delivered to the authorities together with the rest of the FSAP report.

You will be informed of the review process schedule and any deadlines by the mission leaders .

The Final FSAP Report

Once it has been cleared by Fund and Bank senior management, the final FSAP report—the Main FSAP Report, any Special Issues annexes and the complete set of detailed assessments of standards and codes—will be delivered to the authorities.

The final CPSIPS assessment has two parts: a summary assessment and a detailed assessment. Each is subject to the publications policies of the Fund and the Bank as described in the companion note, “FSAP Briefing Note: Program Objectives, Procedures and Output”.