



BANK OF ENGLAND

News release

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Bank of England Settlement Accounts

The Bank of England has today issued a statement setting out its policy on the provision of settlement facilities to payment systems and their members. The statement explains the criteria the Bank will use, and the reasons behind them.

Notes to Editors

A key feature of any payment system is an agreed means of settling the claims that arise among system members. This process usually involves transfers across accounts ("settlement accounts") on the books of a "settlement agent" - in many cases, this settlement agent role is performed by the central bank. Access to a settlement account is an important element in membership of a payment system.

In January 2002 the Bank published a consultation paper, setting out its proposed criteria for granting settlement accounts and requesting comments from interested parties. The responses were supportive of the proposed policy. The Bank is now issuing the revised paper as a policy statement.

One of the main aims of the Bank's review has been to promote transparency and objectivity. The IMF has published a code of good practice to promote transparency in monetary and financial policies and the G10 central banks called for transparency in goals, objectives and policies for payments systems in a report published in 2001.

The Bank's general responsibilities for financial stability, including for payment systems, are set out in the Memorandum of Understanding agreed in October 1997 between H M Treasury, the Bank and the Financial Services Authority.

The G10 Committee on Payment and Settlement Systems report on Core Principles for Systemically Important Payment Systems can be found on the BIS website.

The IMF Code of Good Practices on Transparency in Monetary and Financial Policies is available on the IMF's website.

A paper entitled "Oversight of Payment Systems", which sets out the Bank's role as overseer of payment systems, is available on the Bank's website.