



BANK OF ENGLAND

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Payment Systems Oversight Report 2011

The Bank of England is today publishing the 2011 *Payment Systems Oversight Report* (see link below). The *Oversight Report* is an important element of the Bank's oversight work. It offers public accountability for this statutory function of the Bank, as well as increasing transparency about the performance of the overseen payment systems and acting as a tool to encourage further risk reduction by the owners and operators of these systems.

The Oversight Report sets out how the Bank has exercised its responsibilities under Part 5 of the Banking Act 2009 since the previous Oversight Report in March 2011.

The main UK payment systems have continued to demonstrate high levels of operational availability. Since March 2011, systems have made good progress in meeting some of the Bank's oversight expectations, which has delivered some reductions in systemic risk. Further work remains necessary in several areas, including reducing tiering in the wholesale payment systems, mitigating credit and liquidity risks in central counterparties' payment arrangements, improving default arrangements, strengthening governance, and improving contingency arrangements.

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Notes to Editors

The Bank uses the *Oversight Report* as a means of explaining how it is discharging its public policy responsibilities for oversight. These responsibilities were placed onto a statutory footing under Part 5 of the Banking Act 2009, as part of the Bank's broader mandate for financial stability. (The Banking Act 2009 is available at: http://www.opsi.gov.uk/acts/acts2009/pdf/ukpga_20090001_en.pdf).

The Bank oversees interbank payment systems that are 'recognised' by order by HM Treasury. HM Treasury has issued recognition orders for Bacs, CHAPS, CLS, Faster Payments Service, the embedded payment arrangements within CREST, and the embedded payment arrangements within the CCPs operated by ICE Clear Europe Ltd and LCH.Clearnet Ltd.

A summary of the Bank's statutory framework for oversight was published in September 2009, and can be found at <http://www.bankofengland.co.uk/publications/other/financialstability/oips/oips090928.pdf>

Copies of the *Report* are available on the Bank's website:

<http://www.bankofengland.co.uk/publications/Pages/psor/default.aspx>