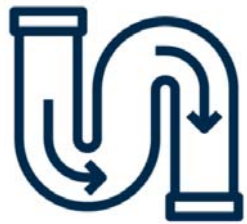




BANK OF ENGLAND

The Financial “Plumbing” Committee: from Plumbing to Policy



Elisabeth Stheeman
External member of the Financial Policy Committee



The Financial Policy Committee



Sir Jon Cunliffe
Deputy Governor, Financial
Stability



Sam Woods
Deputy Governor, Prudential
Regulation, Chief Executive Officer
of the PRA



Andrew Bailey
Governor, Bank of England



Ben Broadbent
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Monetary Policy



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Stability Strategy and Risk



Charles Roxburgh
HMT non-voting member,
Financial Policy



Anil Kashyap
External member



Dame Colette Bowe
External member



Don Kohn
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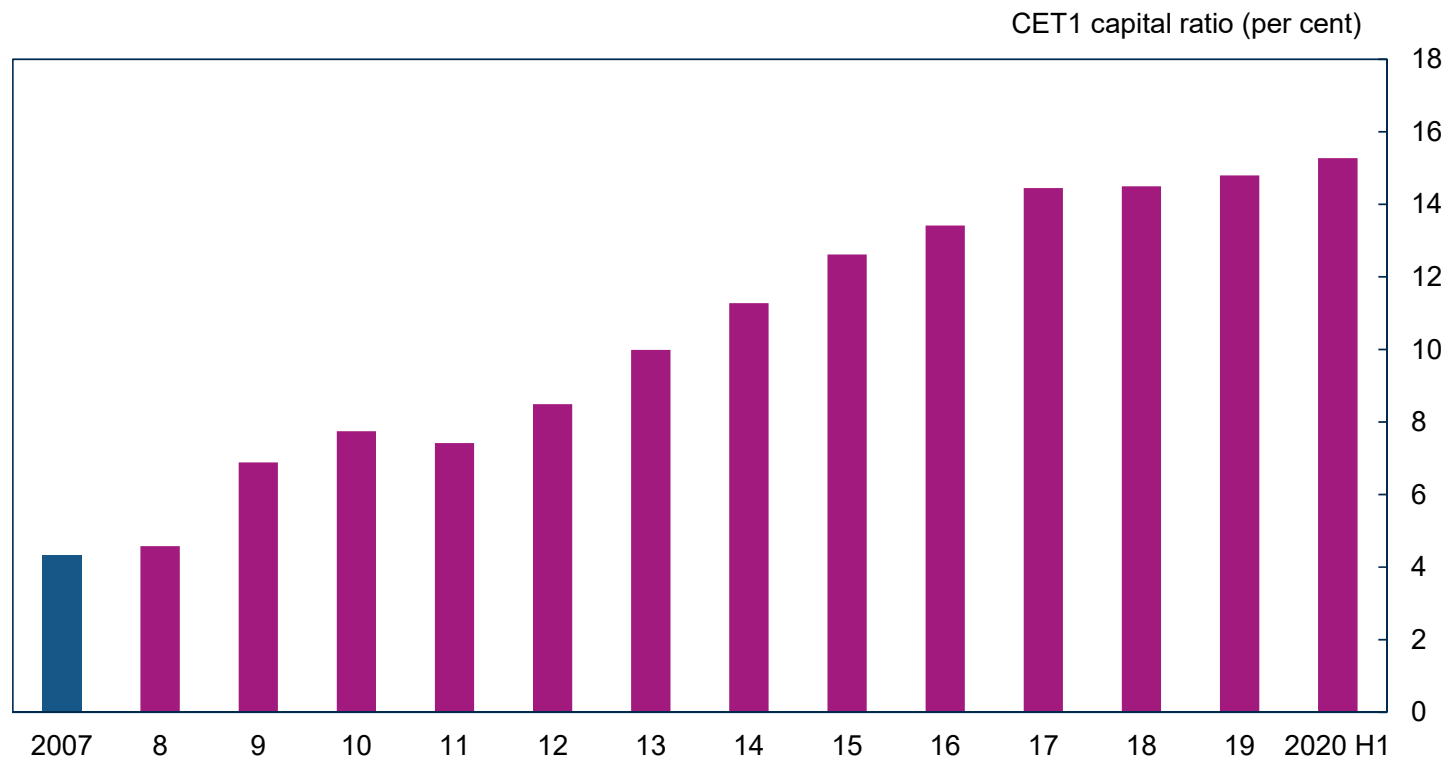


Elisabeth Stheeman
External member



Jonathan Hall
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Figure 1: Aggregate capital of major UK banks



Sources: PRA regulatory returns, published accounts, Bank analysis and calculations.

Operational risk and resilience



“**Operational risk** is the risk of disruption from systems and processes, from human errors and management failures and from external events and external actors.”

“ **Operational resilience** on the other hand, is the ability of firms and the system as a whole to prevent, respond to, recover and learn from operational disruptions.”

Figure 2: Impact of operational resilience on the objectives of the authorities

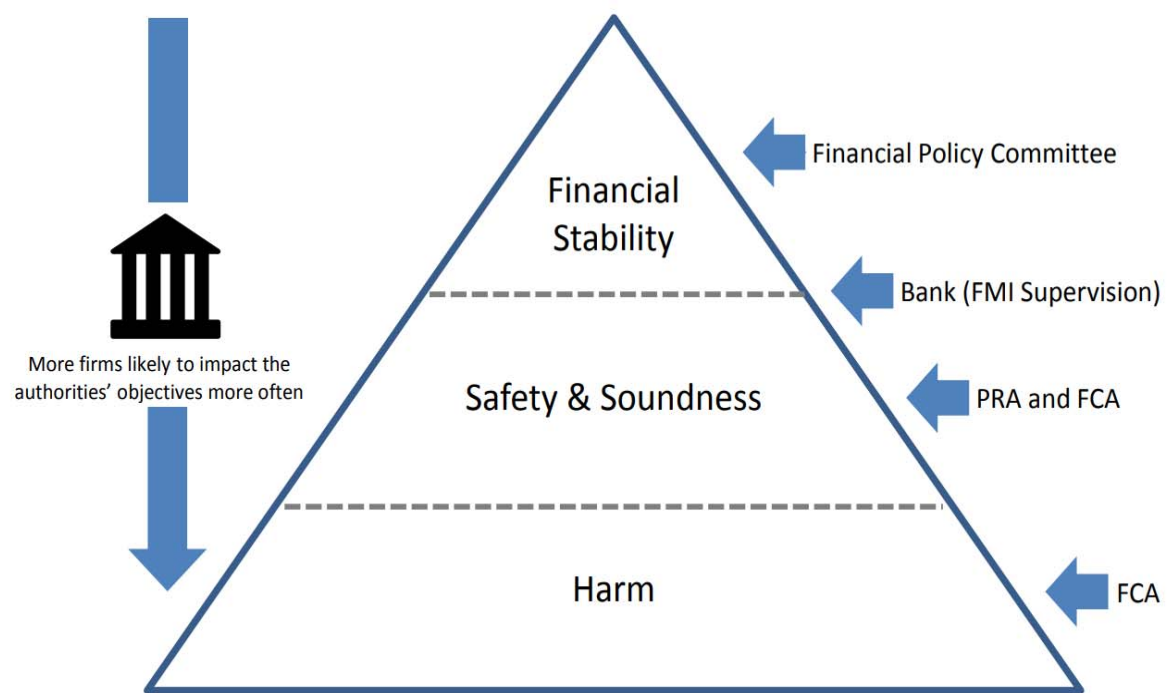
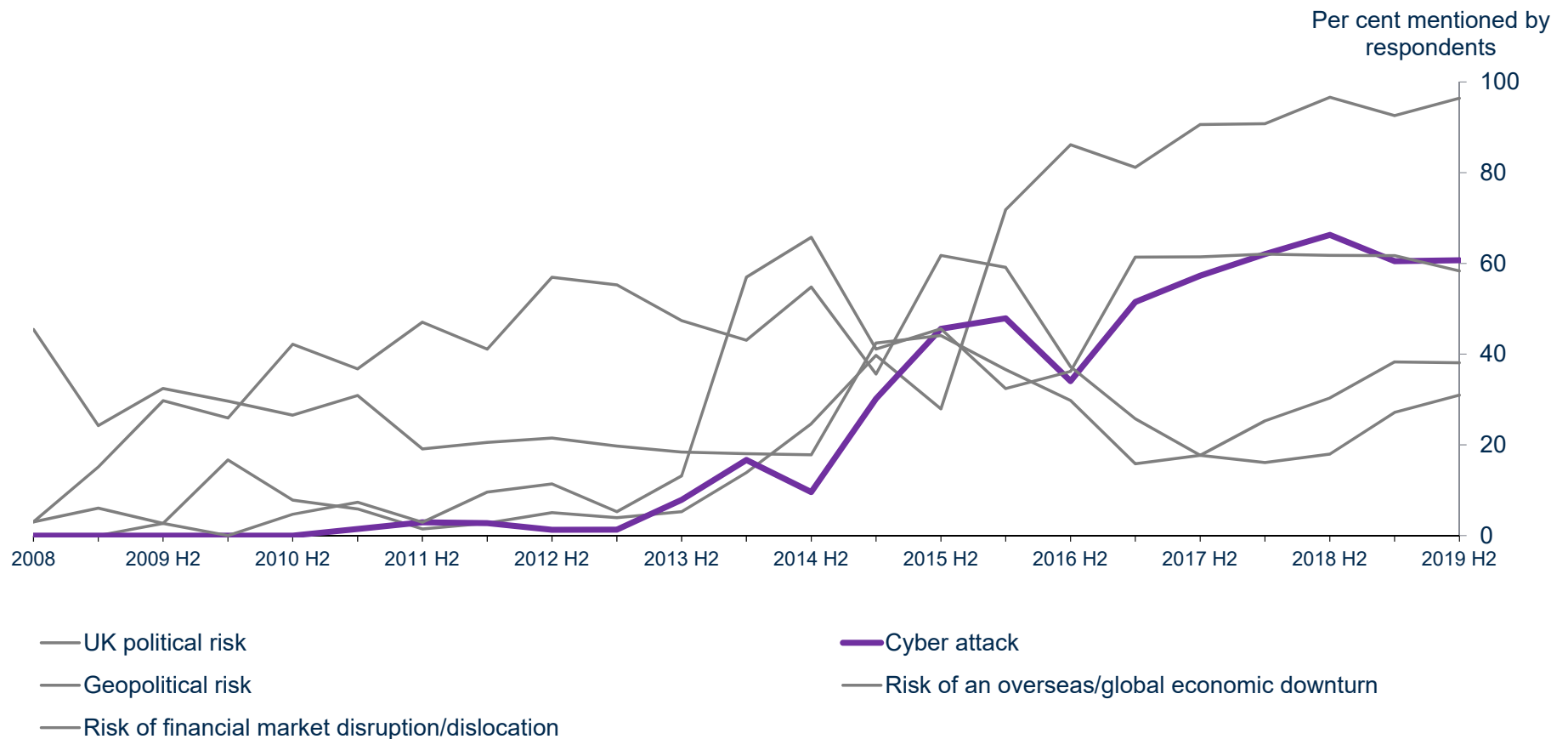


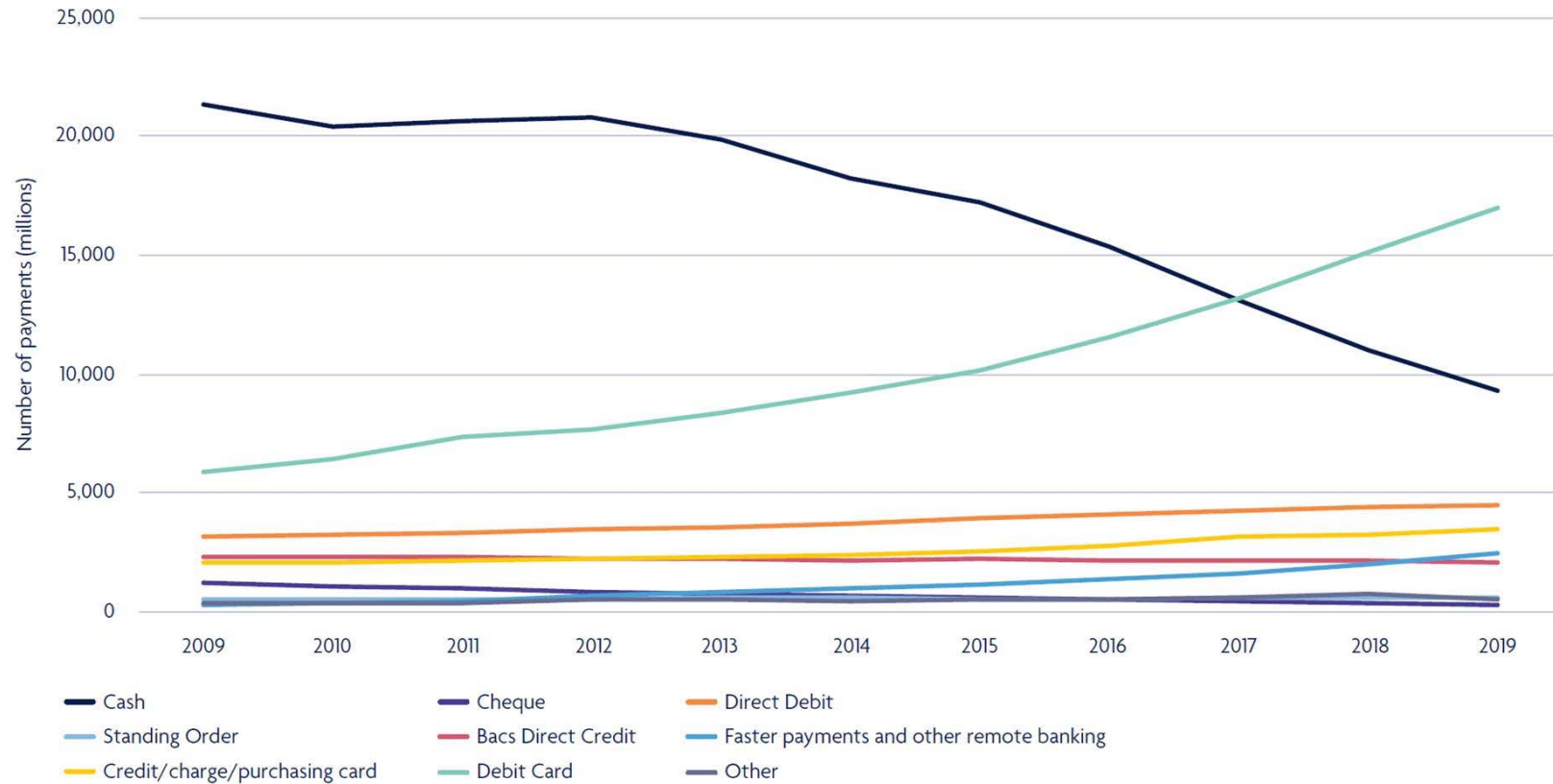
Figure 2 illustrates the objectives which are most likely to be affected by operational resilience issues. It also illustrates that the consumer protection objective is likely to be affected more often, and by more firms, than the market integrity, the safety and soundness, and financial stability objectives
Sources: Bank of England DP01/18

Figure 3: Sources of risk to the financial system



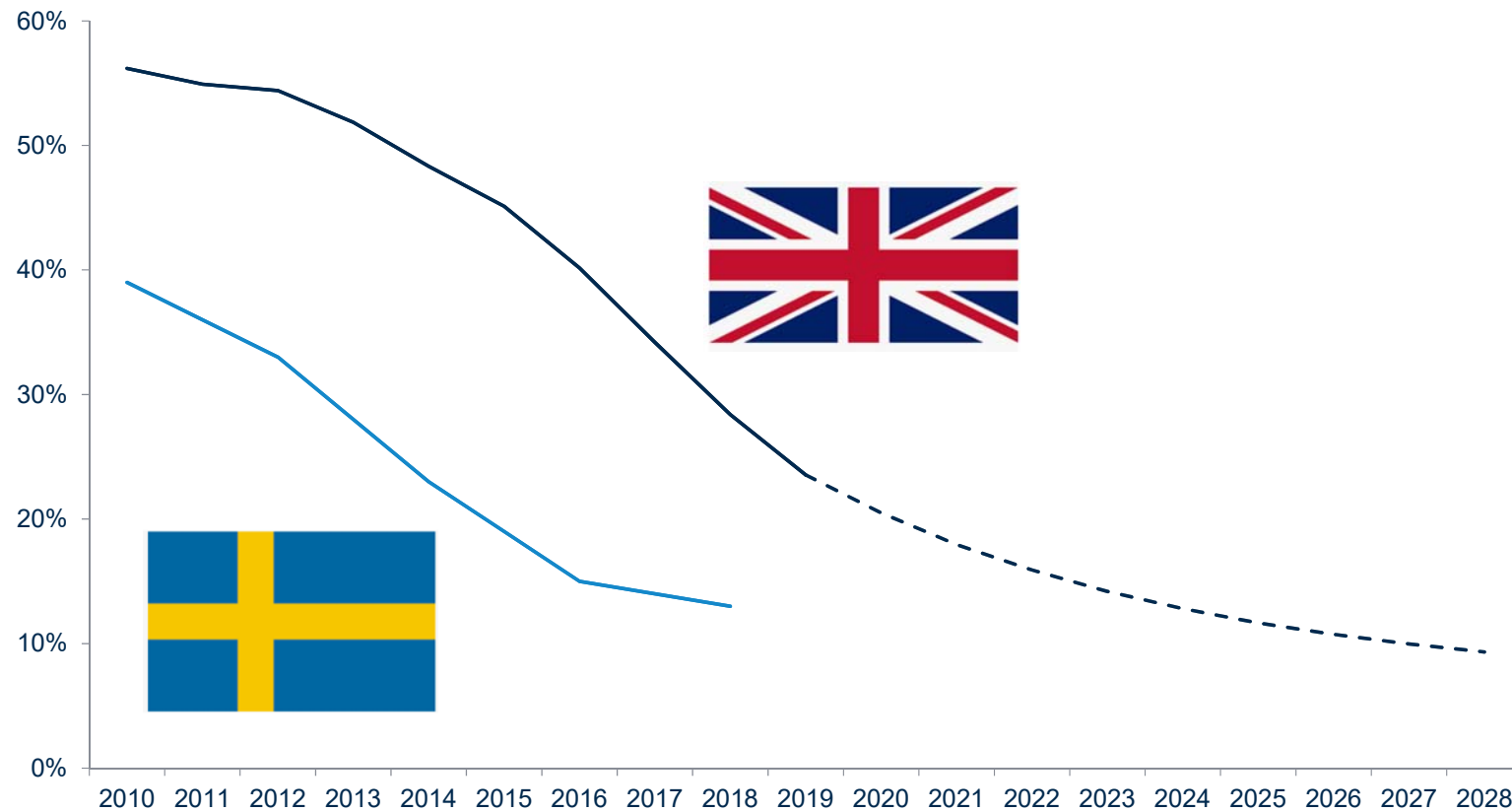
Sources: Bank of England Systemic Risk Surveys and Bank calculations

Figure 4: Payment volumes (millions) 2008 to 2019



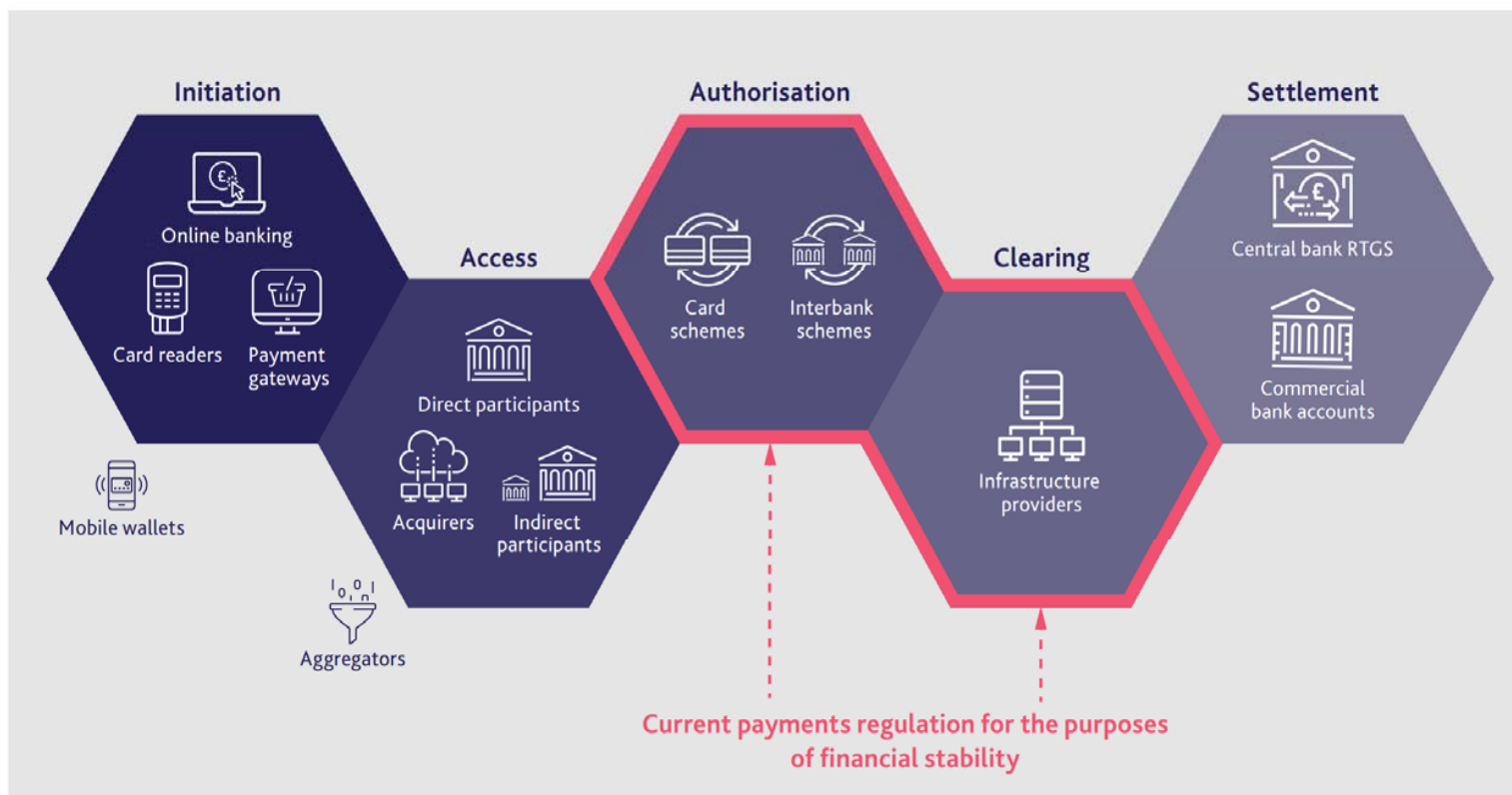
Sources: UK Finance

Figure 5: Proportion of total payments made in cash



Sources: UK Finance, Riksbank

Figure 6: Overview of a payments chain and the limits of current regulation



Source: December 2019 Financial Stability Report



Questions?

Elisabeth Stheeman
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