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Bank of England

Payment Cycles: An Update on the Future Roadmap of the RTGS Service

FinTech Connect

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The Payments Landscape is Changing



Our Approach to Innovation in Money and Payments



Bank of England

Approach to Innovation in Money and Payments

(Discussion Paper - July 2024):

- Innovations pose opportunities and risks to meeting our monetary and financial stability objectives.
- Our ambition to ensure settlement remains anchored in central bank money.
- We will ensure our settlement infrastructure keeps up with industry needs and private sector innovation.

Central bank wholesale money, the reserves held by financial institutions at the Bank of England, is a highly liquid and widely accepted settlement asset. It offers a high level of safety arising from the backing of the central bank, which reduces counterparty and credit risks. Due to these properties, final settlement in central bank money is a core foundational component for many domestic and cross-border payments.

Vision for the Renewed Real Time Gross Settlement Service

Increased resilience

Strengthened resilience of RTGS to ensure prompt and secure settlement in a world of evolving threats.

Wider interoperability

Enhanced cross-border payments and resilience by increasing harmonisation and interoperability between critical domestic and international payment systems.



Improved user functionality

Support emerging user needs in a changing payment environment.

Greater access

Facilitating direct access to central bank money settlement for a wider range of participants. This will help to reduce tiering risk and promote competition and innovation.

The *Boneshaker*: 1860s Bike Design



Photo credit: The Board of Trustees of the Science Museum [[link](#)]

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Common and Enduring Foundations



Photo credit: Adobe Stock #185426581 [\[link\]](#)

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Multi-Year Technology Cycles in Bike Design



Photo credit: Getty Images [[link](#)]



Photo credit: Chris Auld Photography Ltd [[link](#)]

Observations on Innovation



A shared mission,
and sense of
partnership, is vital.



Innovation requires
iteration and
learning.



Progress relies on
the inspiration, and
hard work of many
teams.

The RTGS Future Roadmap: Supporting Innovation in Key Areas



Three priorities where you helped us make progress in 2024



Reviewing whether **wider access to RTGS** could be facilitated



Reviewing the case for **extending RTGS settlement hours**



Fostering wholesale settlement innovation through **“synchronisation”**

Reviewing whether wider Access to RTGS could be Facilitated

Aim to expand the benefits of safe settlement in central bank money by offering settlement accounts to more, and more diverse, firms, in line with the Bank's risk appetite.

The story so far...

2017: Access to **non-bank payment service providers** to RTGS via Settlement Accounts.

2021: Creation of **Omnibus Accounts** to allow innovative payment system operators to fund their participants' balances with central bank money.

2024: **Discussion paper** on reviewing access to settlement in RTGS

Reviewing the case for Extending RTGS Settlement Hours

We are minded to **extend RTGS settlement hours** to near 24x7 by the turn of the decade.

Likely benefits of extended settlement hours:



Improved domestic
payments and risk
reduction



Enhanced cross-
border payments



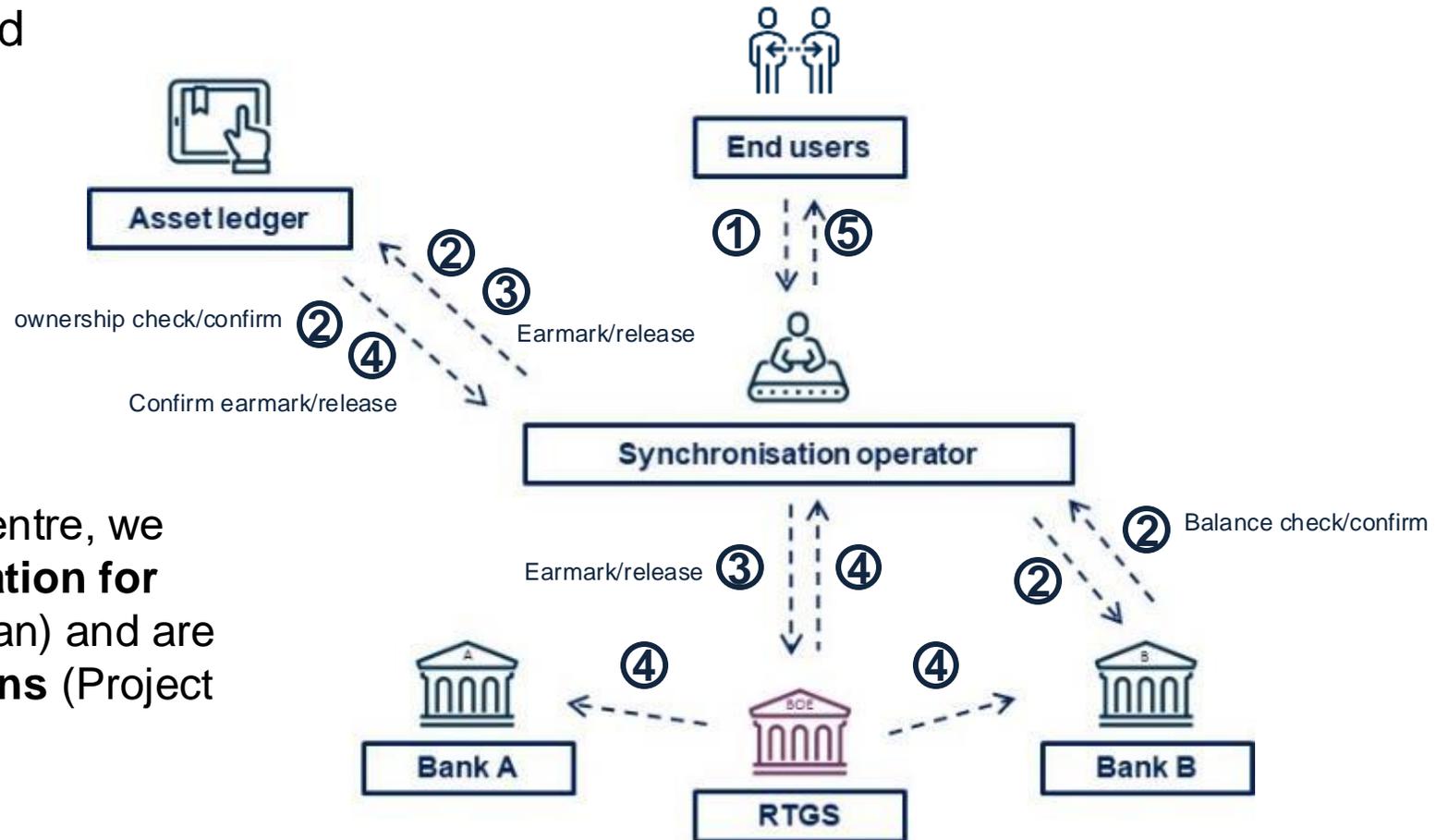
Sustainable innovation
in the UK financial
system

Fostering Wholesale Settlement Innovation Through “Synchronisation”

Possible use cases of synchronised settlement:

- Housing transactions
- Foreign exchange transactions
- Tokenised-asset transactions

With BISH Innovation Hub’s London centre, we have **proven viability of synchronisation for housing transactions** (Project Meridian) and are working on **proving for FX transactions** (Project Meridian FX).



***Creativity is thinking up new things.
Innovation is doing new things.***

Theodore Levitt

