Business continuity for systemically important systems

The example of TARGET

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Business continuity in SIPS: example of TARGET

Systemic importance of TARGET

- More than 300,000 transactions exchanged every day for a value of €2,150 billion.
- More than 100 ancillary systems settling in central bank money via TARGET.
- More than 1,000 direct participants and around 50,000 addressable institutions.

→ *TARGET is a backbone infrastructure in the euro zone.*

Business continuity in SIPS: example of TARGET

Situation in the current TARGET system

- Decentralised approach (system of systems) largely protects against full unavailability.
- Commonly defined security requirements guaranteeing a minimum level of resilience of national components.
- Robust contingency procedures to bridge technical unavailability, e.g. concept of (very) critical payments or liquidity shifts.

→ *To some extent the resilience of one TARGET component is largely ensured by the other ones !*

Business continuity in SIPS: example of TARGET

How things will change with TARGET2

- A single technical platform implies that unavailability impacts all participants in all EU countries (e.g. single liquidity pot makes liquidity shifts useless).
- New generation system, allowing the benefit of technological progress.
- Business continuity concept taking on board the lessons drawn from 11 September 2001.

→ *We could not simply copy/paste the concepts adopted for TARGET1 !*

Business continuity in SIPS: example of TARGET

Business continuity concept in TARGET2

- Concept of two regions – four sites with different risk profiles and quick failover capabilities.

- (Limited) contingency means to bridge the unavailability during the inter-region failover.

- Preference is given to a delayed closing of TARGET2 to settle all operations with same day value.

→ *Trade-off between contingency and business continuity different from the one made in TARGET1 !*

Business continuity in SIPS: example of TARGET

Beyond the continuity of the platform

- Ensuring the resilience of central banks for the business monitoring of the system and for own operations.
- Ensuring the resilience of critical participants and ancillary systems by imposing security requirements.
- Ensuring the resilience of the network services, taking on board the outcome of the SWIFT RAC.

→ *TARGET2 is an opportunity to comply with more demanding oversight standards !*

EUROPEAN CENTRAL BANK

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