

# Payments Evolution – Yesterday, Today & Tomorrow

A high level 3-day overview, covering the full payments spectrum, its past, present and what the future holds

## Why you should attend

### Who Should Attend

Banking, treasury, risk management, legal and compliance, back office and operations professionals who are interested in expanding their knowledge base and advancing their careers into the payments environment.

Staff from Financial Institutions, Investment Banks, and Central Banks/Payment Systems Operator Organizations, Clearing Houses, Consultancy Groups, Legal Firms and Regulators who regularly deal with:

- Retail, Wholesale or International Payments
- Electronic Payments and Payments Processing
- Clearing and Settlement
- Securities Settlement
- Financial Control
- Risk Management and Operational Risk
- Liquidity Risk and Control
- Treasury
- Back Office Operations
- Middle Office Operations
- Risk and Approval
- Cash Management
- Auditing and Compliance

We examine payment systems in their historical perspective including their evolution from a barter economy to a modern day monetary economy. This includes a survey of banks and credit-based payment in the Middle Ages which formed the basis for the standard payments model that we know today; payment systems based on clearing and central banks.

Payment instruments and payments processing are not static. They are subject to evolutionary changes that have been accelerated by rapid technological advances we witness daily and by the increasing concerns of Regulators regarding payment system safety. These two factors have affected how payments are made and processed.



Technology and innovation also go hand in hand and have begun to define a new payments model, based on technologies that are rapidly securing a major share of how business will be conducted as we journey into the new century. The almost universal adoption of the Internet and the mobile phone is paving the way for how

payments and payment systems will evolve in the next decade. It is also changing the nature and the status of the parties who provide payment services which is no longer restricted to only banks.

We explore what the future holds in the areas of Wholesale, Domestic and International payments. We take a journey into the future and examine where, the experts say, payments are headed, including electronic money, internet payments, mobile payments, payments and the “new economy”.

**Citadel Advantage** offers an intensive 3-day course taught by experienced practitioners with extensive payments experience in the fields of domestic payments (both wholesale and retail) as well as international payments. The course curriculum provides information in a neutral and unbiased manner covering a variety of topics. The course includes a topical & relevant case studies.

# What is the curriculum focus?

## What the course covers

### Day 1

#### What are Payments? - A brief history

We examine payment systems in an historical perspective – and their evolution to what we know today - payment systems based on clearing and central banks.

#### Payments Flows

The concept of payments flows within the economic system. We take a closer view of what a payment system are, different types of payment systems, and the generic division between payment systems – wholesale & retail.

#### Domestic Payment Concepts

We explore key principles, concepts, infrastructures, practices, issues, and developments. Included are wholesale and retail (or low-value, bulk) payments & payment instruments, high-value payments, low-value payments, ACH (Automated Clearing House) services, prohibition and enforcement aspects of domestic payments, requirements for domestic ACH payments, the purpose & role of SWIFT in domestic payments, and legal & regulatory issues.

#### SEPA (Single Euro Payments Area)

We briefly survey the EU's SEPA initiative, its structure and implementation and how it is changing the face of payments in Europe.

#### Clearing & Settlement

We examine current clearing and settlement techniques and processes with a strong focus on the risks and their mitigation. We take a closer look at payment and settlement systems (Real Time & Deferred Systems, including Multilateral and Bilateral Netting, Bulk payments & Securities). Included are actual system examples such as Fedwire, TARGET 2, CHIPS as well as interbank payments messaging systems and in-house funds transfer systems.

### Day 2

#### International Trade & Payments

Critical subject material includes issues such as foreign exchange & currency principles, international trade facilitation, purpose & role of SWIFT of international trade.

#### International Clearing & Settlement

This module forms an international payments primer. Subjects covered include high-value global payments,



low-value global payments, international ACH services (such as the FedACH International Service), and requirements for cross-border ACH payments, global clearing and settlement. Risks in International payments and the purpose & role of CLS in mitigating these are covered. We also examine legal and regulatory issues, interdiction and enforcement aspects of international payments and the evolving global payments landscape.

#### Securities Services

The purpose & role of Delivery versus Payment (DVP) securities systems, how securities systems and services work, how securities and their payments are accounted for. The man-



agement of risk in securities services is critical and we survey the CPSS (the G10 central banks "Committee on Payment & Settlement Systems") and the IOSCO

("International Organization of Securities Commissions") "Recommendations for Central Counterparties". These recommendations today effectively form the international standard for securities clearing and settlement.

# What is the curriculum focus?

## Day 3

### Risks & Payment Systems

When payment and securities transactions are settled, financial institutions are exposed to various types of risk, such as Credit Risk, Liquidity Risk, Legal Risk, & Operations Risk. These risks entail systemic risk if problems within one financial institution spread to others. We take a closer look at risks in both payments and securities settlement systems as well as risks outside of the formal payments infrastructure. The risk management process of identification, assessment, monitoring, and mitigation/control is also addressed.

### Payment System Liquidity

A critical element in any payments processing operation is ensuring that payments continue to flow especially as vital deadlines during the process are reached. Liquidity management processes and techniques are examined more closely.

### Processing of Payments

Payment processing techniques have evolved rapidly. Old fashioned techniques have been replaced by today's "payment specialists" along with ever evolving payments environments. We examine the processing of payments as a part of a "processing line" as well as Centralized & Decentralized payments processing.



For further details please contact

### Citadel Advantage

e-mail: [courses@citadeladvantage.com](mailto:courses@citadeladvantage.com)

**Phone:** We have three regional numbers, located in Hong Kong, United Kingdom, and United States, to make calling us easier.

**Asia Pacific: +852 8175 7916**

**Europe: +44 20 7193 5913**

**North America: +1 408 627 7607**

**If you live outside one of these three regions, please call the region located closest to you.**

### Into the Future

Payment instruments and payments processing are not static. They are subject to evolutionary changes that have been accelerated by rapid technological advances we witness daily and by the increasing concerns of Regulators regarding payment system safety. These two factors have affected how payments are made and processed.

Emerging trends are examined in Wholesale, Domestic and International payments fields. We take a journey into the future and examine where, the experts say, payments are headed.

This includes issues such as electronic money, internet payments, mobile payments, payments and the "new economy" (remote gambling, e-Bay, virtual worlds) and the ongoing reform of traditional payment structures including the entry of non-bank participants into the payments arena.