Foreword

The economic analysis of financial market infrastructures has been given a boost in recent years, not least because of the financial crisis. While financial market infrastructures have certainly proven to be stable and robust, it was vital that they be further developed. Firstly, following the crisis, measures were taken to further bolster the stability of financial market infrastructures and to create greater transparency. The specific requirements developed for this purpose are contained in the Principles for Financial Market Infrastructures. Implementing these requires a series of analyses, including stress tests and simulations, for which some techniques are still being developed. Secondly, today we have a much clearer understanding of the interdependencies between financial market infrastructures, such as systems for securities settlement and payment transactions. Here it is crucial to look at feedback loops between the systems and to keep interdependencies in mind without focussing too much on details. It is in this spirit that the efforts of the Eurosystem to create a single European platform for securities settlement are to be seen. Together with Banco de España, Banca d’Italia, and Banque de France, the Deutsche Bundesbank is developing the new TARGET2-Securities platform on behalf of the Eurosystem. This will lead to a single securities settlement system in Europe linked directly to TARGET2, the European real-time gross settlement system. In the context of the increased importance of analysis, the third point I would like to mention is the use of transaction data from financial market infrastructures for other central banking tasks such as monetary policy analysis or macro-prudential supervision.

The Deutsche Bundesbank has therefore continually expanded its analysis activities in the area of financial market infrastructures in recent years. The focus here is on applied analysis, which provides decision-makers with background information and data to back-up their decisions. In addition, the Bundesbank also benefits from the participation of its experts in academic debates at conferences or via publications. I therefore very much welcome the fact that this book on “Analyzing the Economics of Financial Market Infrastructures” has been produced with the significant involvement of Bundesbank staff. I hope that this book reaches a wide audience and that readers gain valuable ideas for their own work.

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