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Press release

National Bank introduces intraday liquidity

Measure to facilitate payment transactions

Starting in October 1999, the Swiss National Bank will, for the first time, offer the banks interest-free intraday liquidity. These funds, which flow from the National Bank to the banks and back again on the same day, will facilitate the settlement of payments. At the same time, they ensure that the Swiss payment system will be linked to new international clearing systems, which considerably reduce settlement risks.

The National Bank grants intraday liquidity in the form of repos to all parties to a repurchase agreement in Switzerland and abroad. The banks will be able to report their requirements at least once a day. Settlement takes place via the existing repo infrastructure.

Monetary policy is not affected by the provision of intraday liquidity as the funds flow back to the central bank on the same business day. This has been reliably shown by experience gained in other countries. Any bank not refunding intraday liquidity on time will become liable for paying interest clearly in excess of the Lombard rate on this advance by the following business day.

Swiss National Bank