



# Rabobank

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# Rabobank profile

- An Allfinanz services provider on a co-operative basis
- Domestic market leader in savings, mortgages and SME's
- Internationally *the* global Food & Agri bank
- Rabobank Group comprises:
  - 188 independent co-operative local Rabobanks in the Netherlands
  - 289 International offices in 38 countries worldwide
  - Central services organisation Rabobank Nederland
  - Subsidiaries like Robeco Group, De Lage Landen
- Highest credit status – Triple A – from Standard & Poor's, Moody's and Dominion Bond Rating Service
- Measured by core capital, Rabobank is one of the top twenty world's largest financial institutions



# Rabobank by the number(s)

- Employees : 50.000
- Clients : 9 Million, 1.6M of which are members
- Total Assets : €556 Billion
- Net Profit 2006 : €2.3 Billion

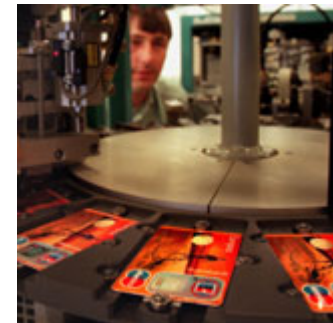


- Global operations divided across various regions: Americas, Asia, Australia & New Zealand and Europe
- Main centres: London, Dublin, New York, Singapore, Hong Kong, Tokyo, Sydney



# Payments profile and numbers

- Transactions: 2 Billion
- 35% NL market share, market leader
- In the 90's first with online realtime platform, then largest Tandem user worldwide
- CLS
  - 1.25% of average daily volume
  - 3% of average daily value
- SWIFT (2006)
  - FIN transactions : 10 Million
  - InterAct : 2 Million (a.o. CLS)
  - FileAct : 2000 files
  - Accord : live from October
  - SWIFT ranking : 55
- Expected growth 2007 – 2010: 100%+



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# Resilience

- Wikipedia:
  - **Resilience** generally means the ability to recover from (or to resist being affected by) some shock, insult, or disturbance. However, it is used quite differently in different fields.
- For our purpose of today:
  - **Resilience** is the ability of the network to provide and maintain an acceptable level of service in the face of various faults and challenges to normal operation
    - Ability for users and applications to enter and access information when needed
    - Maintenance of end-to-end communication
    - Operation of distributed processing and networked storage



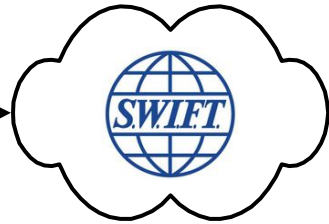
# SWIFT context diagram

Rabobank Group members



Input Services Layer

SAA  
SAG



Payment circuits/systems

CLS (EUR and non-EUR)

TARGET/local TARGET components ( EUR)

EURO1 ( EUR)

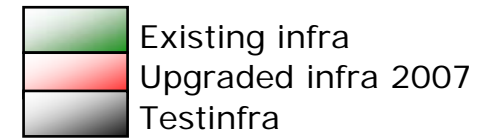
TOP (EUR)

Correspondent Banking (EUR and non-EUR)



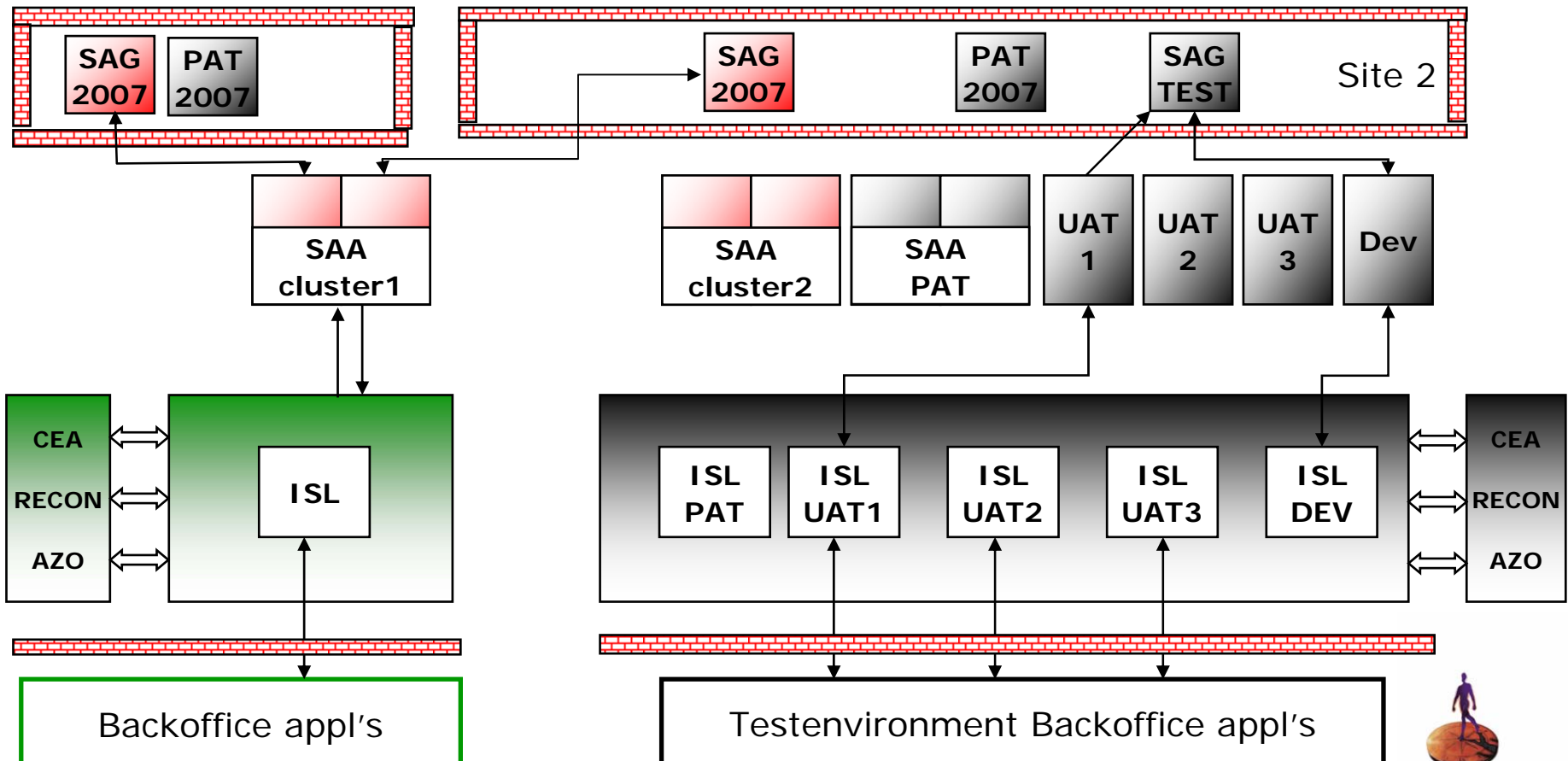
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# SWIFT infrastructure Upgrade



From double (production & backup) ...  
... to triple (production, backup & test) implementation

Site 1



# Crisis Management if SWIFT/CLS fails

- It all depends on Timing....
- Crisis management organisation invoked. If necessary DNB will be involved.
- Choices need to be made, and worst case about 20-30 bulk / large payments will to be prioritised and sent manually
- CLS incoming (and outgoing) payments (+/- 1-3 per day)
- MM and FX transactions (+/- 4-10 per day)
- Liquidity transfers to offices/agents abroad (+/- 4-15 per day)
- EBA settlement payments and liquidity swaps (+/- 2-3 per day)
- Payments for the clearing and settlement of securities (+/- 4 per day)
- Critical payments for clients (corporates, pension funds) (+/- 3-10 per day)
- 'Margin calls' (collateral for securities clearing) (+/- 2 per day)

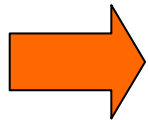
**But: People will resolve the crisis!**





# Rules or Principles?

- NL/Europe:
  - Each institution is, by principle, responsible for own resilience
  - Regulator Audits, Recommend and Demand measures if need be
  - Which differ by country in approach
- US:
  - Resilience is managed by the institution as well,
  - Regulator sets Rules and issues severe Penalties and Restrictions if deemed necessary



Given the increasing importance of the payments infrastructure: should Europe move even more to the US model too in terms of a uniform approach?

