

IV. FINANCIAL INFRASTRUCTURE

The developments following the financial crisis brought along new roles in financial market infrastructures. The central banks have started to monitor financial market infrastructure institutions more closely with the objective of achieving financial stability. Meanwhile, studies pertaining to financial market infrastructures conducted in the Committee on Payment and Settlements Systems-CPSS and International Organization of Securities Commissions have accelerated and all the principles have been revised and consolidated and the new Financial Market Infrastructure Principles have been published. At the same time, evaluations have been conducted to assess the level of implementation of these principles in countries. Integrating these principles into individual countries' legislations is expected to contribute to financial stability on national and international levels by reinforcing legal infrastructures.

Smooth functioning of payment and securities settlement systems in an economy contributes to financial stability. The high level of transaction amounts parallel to increased usage of such systems necessitates close monitoring and preventing risks. In this framework, oversight of payment and securities settlement systems is conducted by central banks because of their role in establishing financial stability.

In Turkey, studies towards developing legislation on reinforcing the legal infrastructure of payment systems continue. In this scope, the new Capital Market Law has been affected the Central Bank of Turkey has prepared a new draft law regulating the payment systems and studies are almost completed. The draft law regulates payment and securities settlement systems, payment systems and electronic money institutions. Once the draft law takes effect the legal framework of issues like functioning of the systems, oversight of the systems and the finality of settlement will be drawn. Moreover, the draft law will allow non-bank actors to participate in payment services that is expected to enhance competition and financial inclusion.

Technological developments and current needs have urged restructuring of payment and securities settlement systems. Accordingly, studies are underway to improve the systemically important payment systems and to use the most up-to-date technological means in these systems. In this scope, the restructuring of the electronic fund transfer system and the securities transfer system have been carried out by the CBRT, in which payments between customers and between banks have been differentiated to achieve a more effective structure.

The main payment and securities settlement systems in Turkey are composed of: Central Bank of Republic of Turkey Electronic Funds Transfer (CBRT EFT), through which real-time settlement of transactions in Turkish lira is carried out between banks and customers; Central Bank of Republic of Turkey Electronic Securities Transfer and Settlement System (CBRT ESTS), through which the dematerialized and real-time transfer and settlement of securities are carried out in electronic form; the Interbank Cheque Clearing Houses Center (ICH), the Interbank clearing of cheques; the Interbank Card Center (ICC), where the card-based payment system is realized; and Istanbul Clearing and Custody Bank Inc. (Takasbank), where clearing and settlement of products traded at the Borsa İstanbul and the Turkish Derivatives Exchange (TURKDEX) are carried out.

CBRT EFT, which is owned and operated by the CBRT, is a systemically important electronic payment system that operates under the principle of Real Time Gross Settlement-RTGS and realizes payment transfers in Turkish Lira. The CBRT ESTS system works in an integrated manner with the CBRT EFT and allows participants to conduct realize their transfer and settlement of securities with regard to the Delivery versus Payment (DvP) principle. The number of participants in the CBRT EFT and CBRT-ESTS systems was 48 and 49, respectively in April 2013.

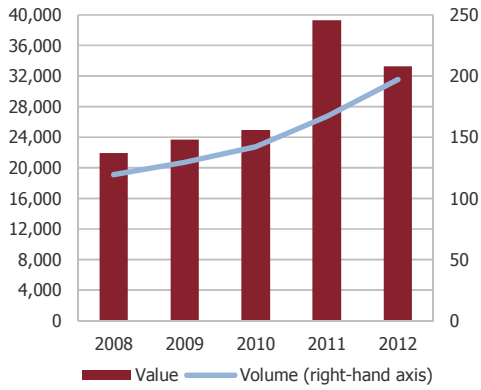
The studies towards updating the CBRT EFT and CBRT ESTS systems will be completed by mid-2013. The CBRT EFT system, which was started to operate in 1992 to enable payment transfers electronically, was updated in 2000 and CBRT EFT that operates integrated with CBRT EFT system started to operate in the same year. In 2013, the CBRT will introduce updated versions of the CBRT EFT-ESTS systems in response to increased needs and technological advances and within the framework of the project on restructuring of the payment systems.

Within the framework of the efforts to restructure the CBRT EFT and CBRT ESTS systems, two of the most important financial market infrastructures of Turkey, to make them more flexible, effective and efficient technologically as well as operationally, a Participant Interface System (PIS) enabling a secure and reliable communication between the CBRT and the banks became operational on 1 October 2012. It is planned that this system covers transfers between customers in Turkish lira, transfers between banks in Turkish lira, the securities settlement system and the auction system. In this context, on 1 October 2012, the Auction System was commissioned in which transactions pertaining to all auctions held at the CBRT (Treasury auction, Open Market Operations, FX Market etc.) would be carried out. The transfer of Turkish lira between customers, which is a component of the PIS system and composes 98 percent of the number of transfers carried out at the RTGS system, became operational on 7 December 2012. In this new structure, transfers between customers and transfers between banks were differentiated but the term CBRT EFT was left intact so as to cover both systems (Special Topics V.7)

The Central Registration Agency became a member of CBRT ESTS and started to operate within the system on 30 June 2012 with respect to the project of registration of dematerialized Government Bonds on behalf of customers.

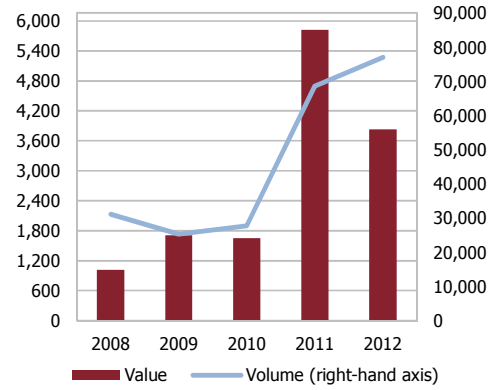
In 2012, the annual transaction value realized at the CBRT EFT system decreased by 15.3 percent down to TL 33,277 billion compared to the previous year. The number of transfers conducted at the CBRT EFT system increased by 18.3 percent and reached 197 million (Chart IV.1).

In 2012, the value of DvP (Delivery versus payment) transactions at CBRT ESTS decreased by 34.2 percent down to TL 3,833 billion while the number of transactions increased by 12.2 percent to reach 77 thousand (Chart IV.2).

Chart IV.1. Volume and Value of the Annual Transactions in the CBRT EFT System (Billion TL, Million)

Source: CBRT

(1) The CBRT EFT System incorporates both Turkish lira transfer system between banks and Turkish lira transfer system between customers.

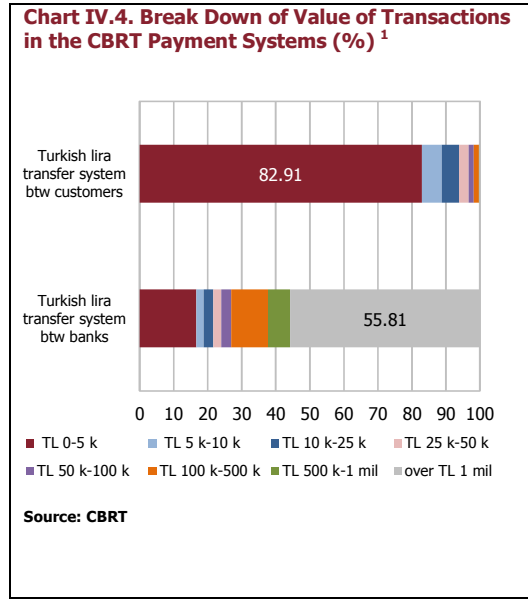
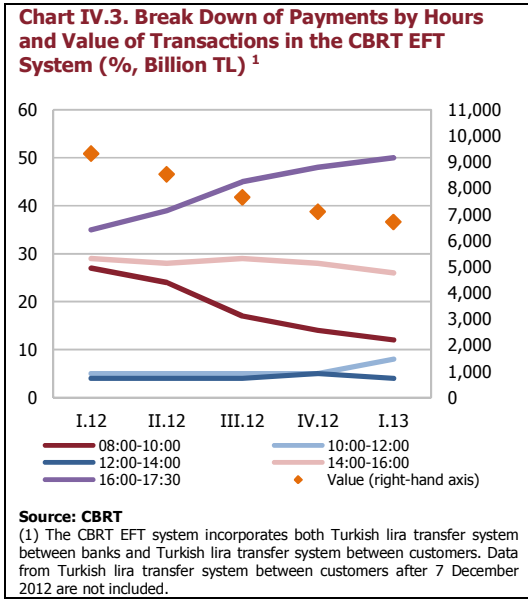
Chart IV.2. Volume and Value of the Annual DvP¹ Transactions in the CBRT ESTS System (Billion TL, Number)

Source: CBRT

(1) DvP: Delivery versus Payment

Predictability of the distribution of payments within a day contributes to the efficiency of liquidity management and decreases liquidity risk. While the total value of all transactions in the system became TL 7,100 billion in the final quarter of 2012, the amount reached TL 6,707 billion in the first quarter of 2013 (Chart IV.3). In the first quarter of 2013, the distribution of intra-day payments within the CBRT EFT were as follows: 12 percent between 8:00-10:00, 8 percent between 10:00-12:00, 4 percent between 12:00-14:00; 26 percent between 14:00-16:00 and 50 percent between 16:00-17:30. Payments accelerated after 14:00 and reached the highest level 1.5 hours before closing time.

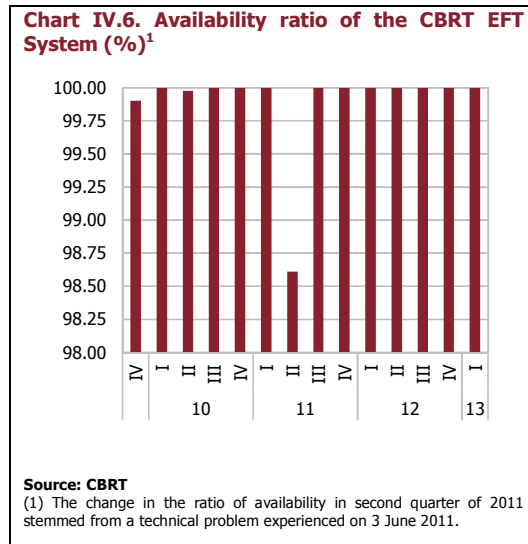
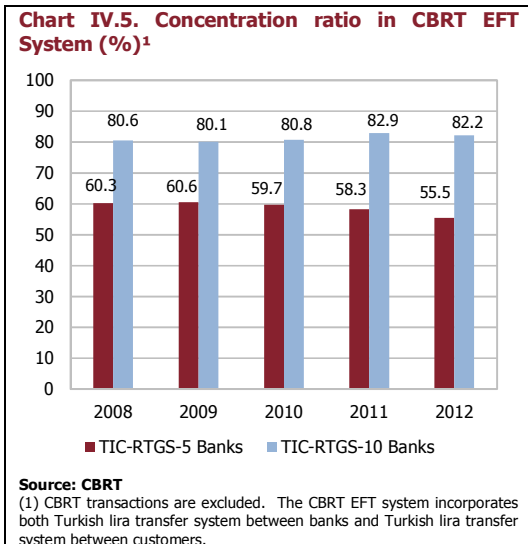
In the first four months of 2013, the Turkish lira transfer system between banks was dominated by high-value and time-critical payments and the Turkish lira transfer system between customers was mostly composed of low-value retail payments. Of the total amount of transactions conducted via the Turkish lira transfer system between customers, 82.9 percent are composed of transactions of TL 5,000 and lower, while 55.8 percent of the total amount of transactions conducted via the Turkish lira transfer system between banks were composed of transactions of TL 1 million and higher (Chart IV.4).



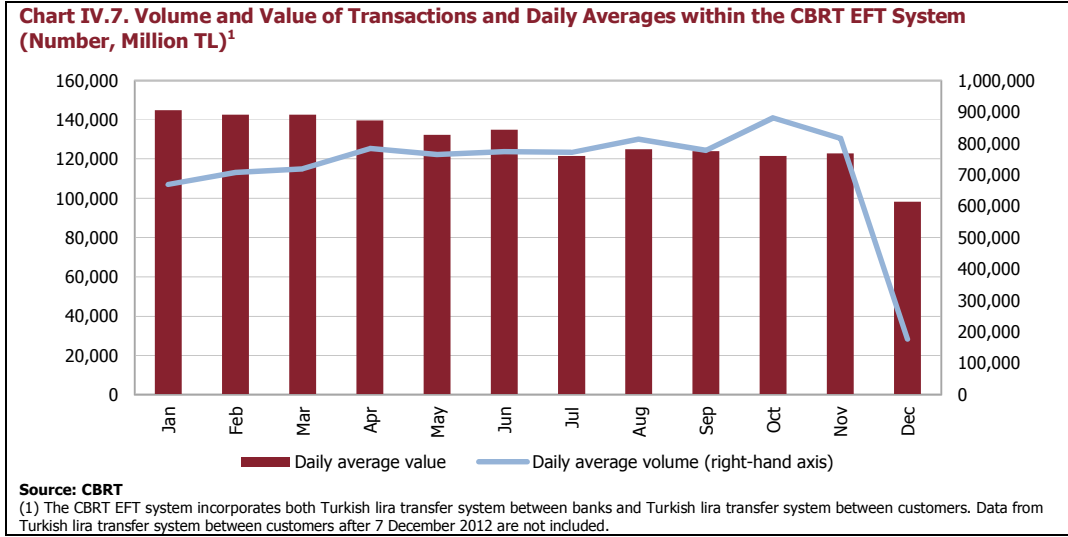
Compared to many European countries, the number of RTGS transactions is higher in Turkey; however, the ratio of total value of transaction to GDP is lower. As the CBRT EFT is the sole system through which interbank payments are processed and as there are no upper and lower limits for the value of transactions in the system, the number of annual transactions is higher than that of many European countries. While the value of annual transactions of CBRT EFT was 22.5 times the GDP in 2010, the same ratio climbed up to 30.3 times the GDP in 2011 and 23.1 times the GDP in 2012.

The share of the top five banks conducting the highest number of transactions in the CBRT EFT system decreased from 58.3 percent in 2011 to 55.5 percent in 2012, while the share of the first 10 banks hovered around 82 percent (Chart IV.5).

The CBRT EFT system continues to demonstrate high availability. The availability ratio, which indicates the continuity of the payment system and is the ratio of the time span that participants can access the system to total working hours became 100 percent in 2012 (Chart IV.6).



The analysis of the number and value of transactions within the CBRT EFT system with respect to daily averages indicates that in 2012, the average number and value of transactions on a daily basis was 720 thousands and TL 129.3 billion, respectively (Chart IV.7).



The ratio of IBAN utilization has been growing. To ensure faster and more flawless money transfer and avoid costs that might stem from errors and delays during money transfers, CBRT issued a Communique No: 2008/6 on the International Bank Account Number. According to this Communique, in transactions conducted via the CBRT EFT system, the ratio of IBAN usage in receiver's accounts, which was 75.6 percent at the end of 2011, became 78.8 percent at the end of 2012. The same ratio for sender's accounts was 99.2 percent at the end of 2012.

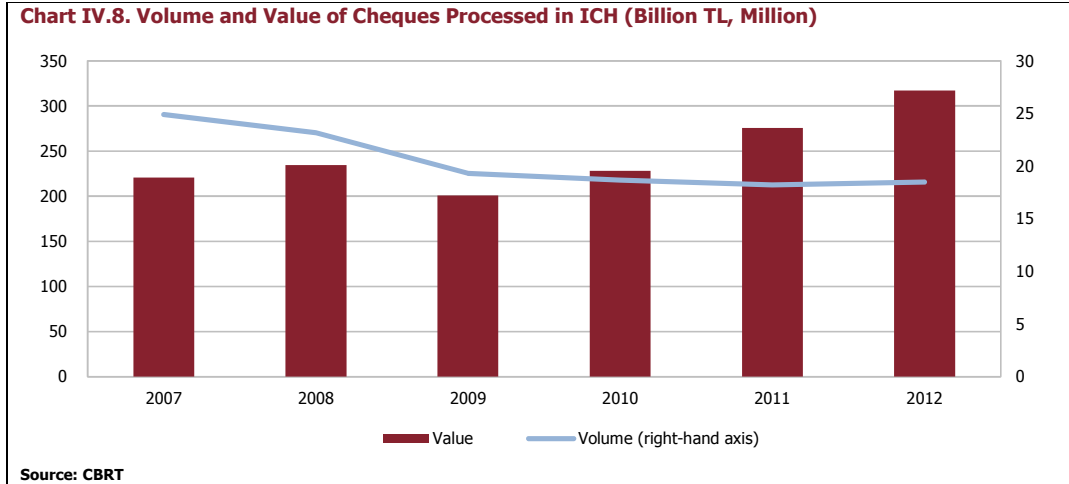
The IBAN usage exception introduced for money transfers that non-resident banks and other financial institutions executed from their accounts in the correspondent banks in Turkey till 1 January 2013, became a permanent exception with the Communique No: 2012/14 Amending the Communique on the International Bank Account Number that was promulgated in Official Gazette No: 28504.

Cheque clearing system is another systemically important payment system in Turkey. This system which allows for the collection of cheques to be used as a payment instrument by different banks and thus decreases money transfer movements as well as mitigates risks pertaining to money movements and saves time and labor, operates as a payment system which has systemic importance in Turkey. Cheque clearing operations are carried out by the Interbank Clearing Houses Center (ICH) under the oversight of the CBRT. By the end of 2012, the ICH had 41 members; out of these 41 banks, 4 were engaged only in cheque clearing with physical presentation, whereas the remaining 37 were engaged also in electronic cheque clearing without physical presentation.

The new cheque clearing system will become operative in 2013. The Electronic Cheque Clearing System, which was started to operate on 8 September 2006, has served its member banks for about 7 years without interruption. However, regarding the decision of the ICH's, studies on "the New Electronic Cheque Clearing System" were initiated in 2012 to achieve a sound functioning of cheque clearing supported by an adequate technological infrastructure and ensure uninterrupted

operation of the system. The new system, which will be commissioned in 2013, will incorporate the latest versions of software and hardware Technologies thus targets to achieve the highest performance possible.

While the number of cheques presented to the ICH has been stable, the value of cheques has been rising. An analysis of the number and value of the cheques subject to the cheque clearing process revealed that in 2012 the number of cheques increased by 1.5 percent compared to previous year and reached 18.4 million, while the amount of cheques increased by 15 percent and reached 316.8 billion (Chart IV.8).



Compared to the previous year, the average value of cheques subject to the cheque clearing process in ICH increased by 13.3 percent in 2012 and reached TL 17,137.

A breakdown of cheques by value suggests that cheques below TL 10,000 are the most commonly issued cheques in the market. While the ratios of cheques presented to the ICH with a value of TL 5,000 and below TL 10,000 to the total value of cheques presented in 2011, were 48.4 percent 71.3 percent respectively; in 2012 these ratios became 42 percent and 66.3 percent. Although cheques with a value of TL 10,000 and below are still widely used, utilization of these cheques follows a decreasing trend. On the other hand, an analysis of trends in the last 5 years suggests that the share of low-value cheques has declined and that of high-value cheques has increased. The decline in low-value cheques is mainly attributed to increased use of credit cards, online banking and the electronic funds transfer system (Table IV.1).

Table IV.1. Distribution of the Number of Cheques Subject to Clearing by Value Tranches¹

		TL 2,000 and below	TL 2,001-5,000	TL 5,001-10,000	TL 10,001-50,000	TL 50,001 and over
2008	TOTAL	7,768,109	8,354,979	4,672,376	4,205,297	610,256
	Cumulative Sum	7,768,109	16,123,088	20,795,464	25,000,761	25,611,017
	%	30.33	32.62	18.24	16.42	2.38
	Cumulative %	30.33	62.95	81.2	97.62	100
2009	TOTAL	5,976,435	7,349,054	4,119,649	3,609,740	516,811
	Cumulative Sum	5,976,435	13,325,489	17,445,138	21,054,878	21,571,689
	%	27.7	34.07	19.1	16.73	2.4
	Cumulative %	27.7	61.77	80.87	97.6	100
2010	TOTAL	4,514,432	6,820,043	4,096,030	3,747,536	609,976
	Cumulative Sum	4,514,432	11,334,475	15,430,505	19,178,041	19,788,017
	%	22.81	34.47	20.7	18.94	3.08
	Cumulative %	22.81	57.28	77.98	96.92	100
2011	TOTAL	3,015,125	6,213,519	4,360,484	4,617,123	844,014
	Cumulative Sum	3,015,125	9,228,644	13,589,128	18,206,251	19,050,265
	%	15.83	32.62	22.89	24.24	4.43
	Cumulative %	15.83	48.44	71.33	95.57	100
2012	TOTAL	2,293,110	6,001,317	4,786,831	5,586,134	1,063,299
	Cumulative Sum	2,293,110	8,294,427	13,081,258	18,667,392	19,730,691
	%	11.62	30.42	24.26	28.31	5.39
	Cumulative %	11.62	42.04	66.30	94.61	100

Source: ICH

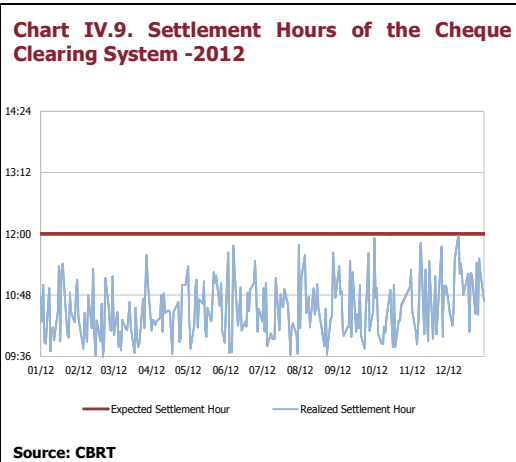
(1) Fractional cheque amounts, matching to the upper limit of the value tranches, are not included. The total number of cheques indicates the number of cheques presented to ICH before they are returned.

Since the cheque clearing system operates based on the multilateral netting method, the participants' liquidity requirement arising from their cheque transactions declines. In the cheque clearing system, the debit and credit positions of participants are determined by multilateral netting following the finalization of the provision operations. In 2012, the netting ratio of transactions conducted via the cheque clearing system became 82.9 percent and the liquidity requirement decreased by TL 262.8 billion (Table IV.2).

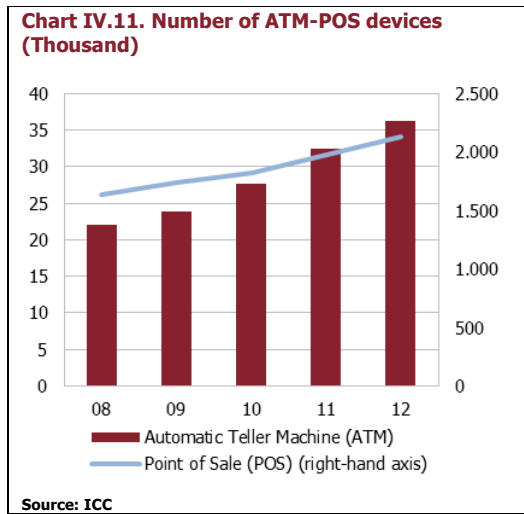
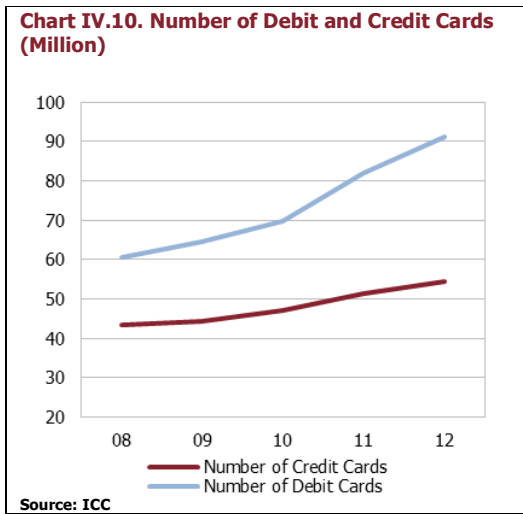
In the cheque clearing system, the banks fulfill their obligations beforehand. In order to finalize a settlement, all banks that become debtors as a result of netting have to fulfill their obligations no later than 12:00 hours on the following business day. In 2012, no delay was experienced in cheque clearing system and the average settlement time was 10:30 am (Chart IV.9).

	2008	2009	2010	2011	2012
Netting Ratio (%)	79.3	80.4	83.1	81.3	82.9
Transaction Volume (Billion TL)	234.3	200.8	228.0	275.4	316.7
Liquidity Saving (Billion TL)	185.8	161.4	189.4	223.9	262.8

Source: ICH

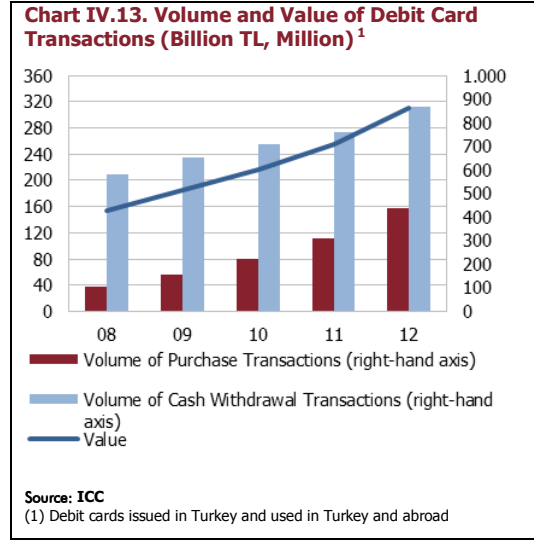
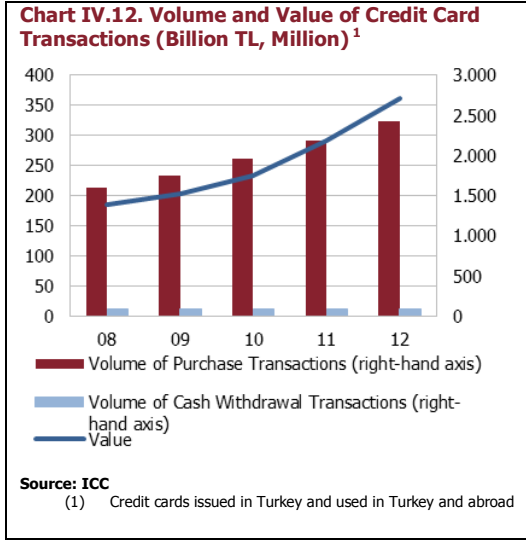


The upward trend in debit and credit card usage continued in 2012. The growth rate of the number of credit cards had decelerated compared to previous years and had become 9.3 percent in 2011. As for 2012, the growth rate of the number of credit cards decreased to 5.8 percent, and became 54.3 million. Even if the number of debit cards increased by 11.5 percent and reached to 91.3 million in 2012, this figure is still below the 17.1 percent-rise recorded in 2011 (Chart IV.10). Although the number of debit cards has grown faster than credit cards, the value of transactions made by debit cards are still below those made by credit cards. Widespread usage of debit cards coupled with usage of credit cards as a payment instrument instead of a credit instrument are important indicators with respect to financial stability. Depending on the upward trend in the use of debit and credit cards in Turkey, the number of point of sale (POS) devices and automated teller machines (ATM) has also increased. In 2012, the number of POS devices increased by 8.0 percent to reach 2.1 million and the number of ATMs increased by 11.9 percent and became 36.3 thousand (Chart IV.11).



The usage of credit cards continues to increase. In 2012, the number of transactions carried out with credit cards increased by 10.5 percent in year over year and became 2.5 billion while the value of these transactions was up 24.2 percent reaching TL 361.1 billion. In 2012, 96.5 percent of the total number and 92.1 percent of the total amount of credit card transactions were carried out for shopping (Chart IV.12). Using credit cards in their primary function as a payment instrument is important in terms of financial stability.

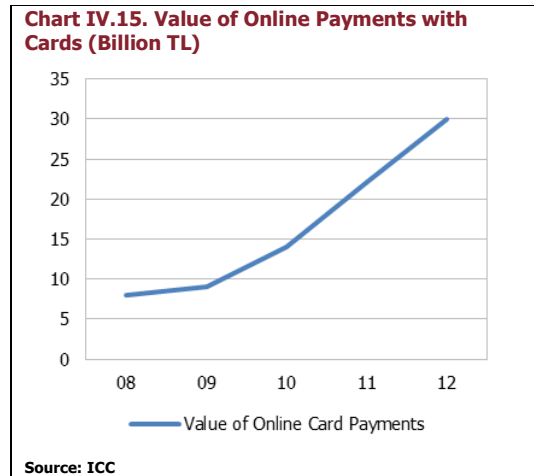
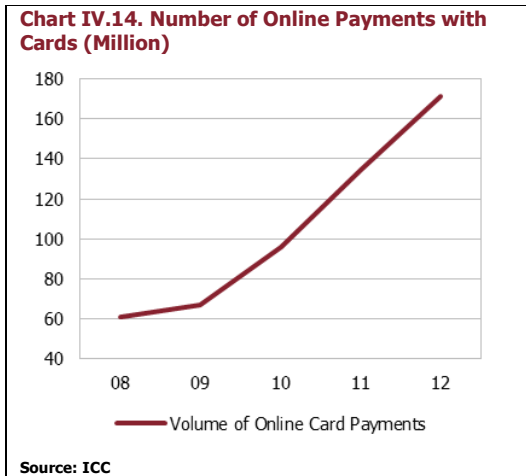
An analysis of debit card usage levels reveals that in 2012, the number of debit card transactions increased by 22.2 percent and reached to 1.3 million while the value of debit card transactions rose by 21.9 percent and became TL 311 billion. While the ratios of debit card transactions carried out for shopping to the total number and value of debit card transactions were 28.8 percent and 4.7 percent in 2011, these ratios became 33.5 and 5.3 percent respectively in 2012 (Chart IV.13). This rise can be attributed to campaigns encouraging the use of debit cards and debit cards are commonly used for low value shopping payments.



Increased use of credit cards in shopping is expected to prevent unregistered sales, thus decrease unregistered economic activities and accordingly tax evasion and tax loss.

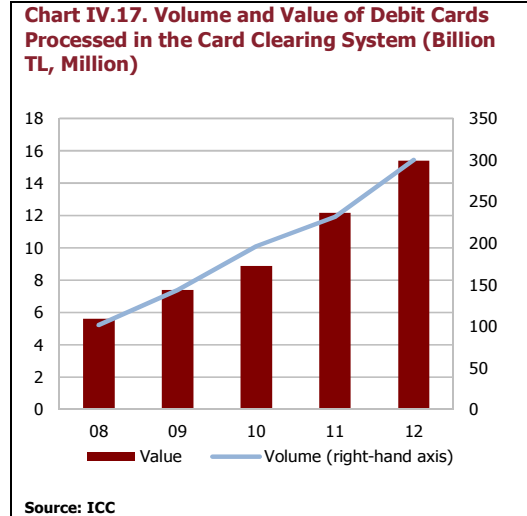
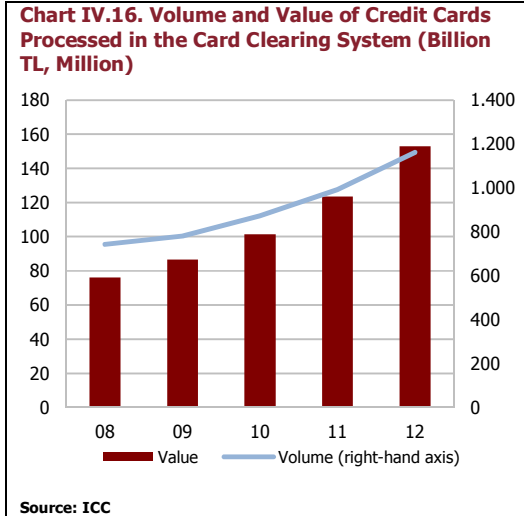
Despite proliferated payment instruments and methods introduced parallel to technological advances, debit and credit cards are still the most important payment instruments in Turkey. The use of debit and credit cards, which are two of the important non-cash payment instruments, has been increasing in parallel with the banks' policies encouraging the use of cards.

The increasing use of the internet and the rise in e-commerce became two other factors pushing the use of payment cards in Turkey. While the number of online payments with cards increased to 171.4 million in 2012 from 134.8 million in 2011 pointing to a 27.2 percent rise, the value of online payments with cards increased to TL 30 billion in 2012 from TL 22.1 billion, posting a 35.7 percent-rise from 2011. (Chart IV.14 and Chart IV.15).



The number of transactions subject to the credit card clearing process has been rising. The number of transactions subject to credit card clearing, which posted an annual increase of 13.7 percent in 2011, increased by 17.1 percent in 2012 and became 1,162.1 million. Meanwhile, the annual growth in the value of transactions subject to credit card clearing, which was 21.8 percent in 2011, reached to 23.9 percent in 2012. The total value of transactions became TL 153.1 billion in

2012 (Chart IV.16). The number of transactions subject to debit card clearing, which increased by 18 percent in 2011, increased by 29.5 percent and reached 300 million in 2012. The value of transactions subject to debit card clearing was accelerating up 26.6 percent and reached TL 15.4 Billion in 2012 (Chart IV.17).



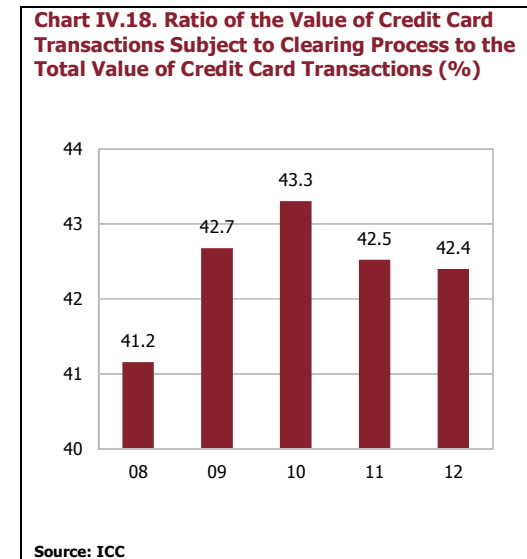
As is the case with the cheque clearing system, the card clearing system also operates based on multilateral netting method and therefore reduces the participants' liquidity requirements arising from card transactions. In 2012, the netting ratio of credit card transactions realized through the system was 75 percent and the liquidity requirement relating to credit card transactions decreased by TL 114.7 billion. The same ratio was 76.3 percent for debit card transactions and TL 11.7 billion liquidity saving was occurred (Table IV.3).

The value of credit card transactions subject to clearing is expected to fall parallel to the increased use of credit cards in the issuer bank's own POS devices. The ratio of credit card transactions subject to clearing to the total value of credit card transactions was stable compared to the previous year and was 42.4 percent in 2012 (Chart IV.18).

Table IV.3. Card Clearing and Settlement System/ Netting Ratio (%)

	08	09	10	11	12
Credit Card Clearing and Settlement					
Netting Ratio (%)	76.5	78.1	77.4	75.3	74.9
Transaction Volume (Billion TL)	76.1	86.6	104.0	123.6	153.1
Liquidity Saved (Billion TL)	58.3	67.6	78.5	93.1	114.7
Debit Card Clearing and Settlement					
Netting Ratio (%)	61.9	65.1	76.6	78.0	76.3
Transaction Volume (Billion TL)	5.6	7.4	8.9	12.1	15.4
Liquidity Saved (Billion TL)	3.5	4.8	6.8	9.5	11.7

Source: ICC



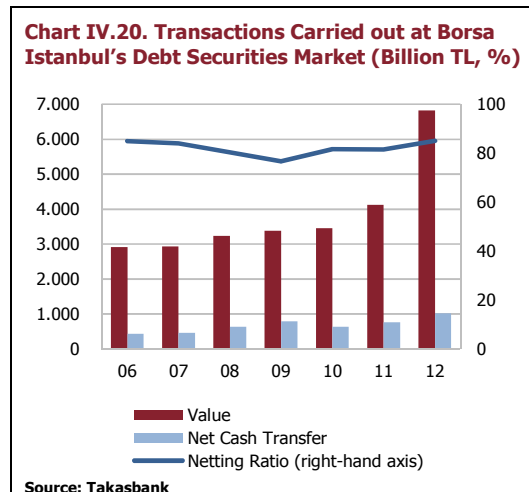
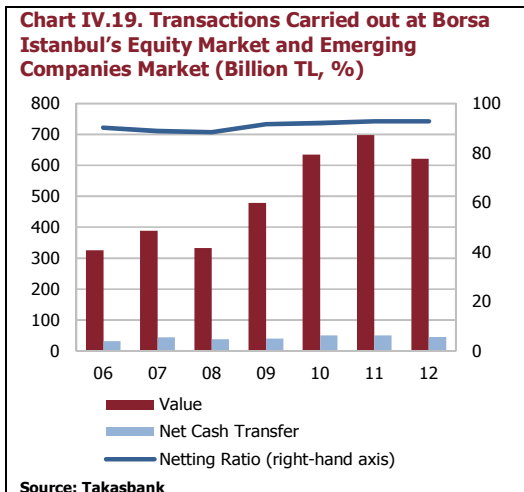
Takasbank is an important actor in ensuring smooth functioning of capital market transactions. The clearing and settlement of transactions carried out at the Equity Market, the Emerging Companies Market, the Debt Securities Market, the Foreign Securities Market and the Futures and Options Market operating under Borsa Istanbul as well as the transactions carried out at the TURKDEX are undertaken by Takasbank.

Takasbank guarantees the fulfillment of obligations arising from financial contracts listed in various markets by acting as a buyer for sellers and as a seller for buyers and functions as a Central Counterparty (CCP) for those markets. Takasbank is currently acting as CCP for Takasbank Money Market, which provides a platform for bringing the brokerage houses and banks with short-term liquidity needs or surpluses together; for the Futures and Options Market, in which equity based futures and option contracts are processed under Borsa Istanbul; and for the transactions realized in the TURKDEX.

With respect to those issues the legal framework of the Takasbank has been strengthened with the new Capital Market Law No. 6362; dated 6 December 2012.

In 2012, the value of transactions carried out at the Takasbank regarding Borsa Istanbul's Equity Market and Emerging Companies Market was TL 621.5 billion. As a result of multilateral netting net cash transfer of TL 44.4 billion occurred for those transactions and a liquidity saving of TL 577.1 billion has been achieved. The growth observed in transactions conducted at the Equities Market of Borsa Istanbul in 2009 and 2010, and which decelerated in 2011 reverted to a decrease in 2012. Compared to the previous year, the total value of transactions carried out at the Equities and Emerging Companies Markets of the Borsa Istanbul decreased by 11 percent (Chart IV.19).

Within the same period, the value of transactions carried out at the Borsa Istanbul's Debt Securities Market became TL 6,827.7 billion. As a result of the multilateral netting method used for those transactions, net cash transfer of only TL 1,021.1 billion was realized, the netting ratio became 85 percent and TL 5,806.6 billion was saved in the system. In 2012 the total value of transactions carried out at the Borsa Istanbul's Debt Securities Market and settled via Takasbank posted an annual rise of 65.6 percent comparing to last year (Chart IV.20).

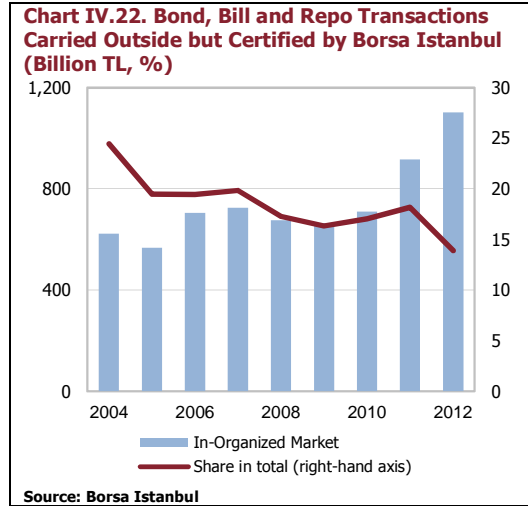
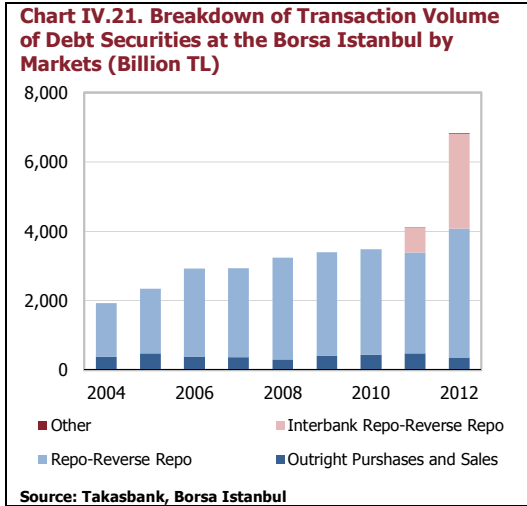


In Borsa Istanbul’s Debt Securities Market, transactions can be conducted at the Outright Purchases and Sales Market, the Repo-Reverse Repo Market, the Qualified Investor Export Market, the Securities Preferred Repo Market, the Interbank Repo-Reverse Repo Market and the Share Certificate Repo Market. The rapid rise observed in Borsa Istanbul’s Debt Securities Market in 2012 is believed to arise from mainly the Repo-Reverse Repo Markets.

The Interbank Repo-Reverse Repo Market, which was launched on 7 January 2011, allows banks to conduct repo-reverse repo transactions pertaining to their own portfolio accounts in an organized market. In this framework, banks execute the repo-reverse repo transactions for their own portfolios at the Interbank Repo-Reverse Repo Market, while using the other Repo-Reverse Repo Markets under the Debt Securities Market for conducting transactions on behalf of funds/trusts or other customers.

Accordingly, while a total amount of TL 732.8 billion was carried out in 2011 when the market was first launched; in 2012 this amount reached TL 2,741.7 billion posting a 274.1 percent rise (Chart IV.21).

Financial Institutions also register the bond, bill and repo transactions to the Borsa Istanbul which they carry out among themselves outside the organized markets. The value of bond, bill and repo transactions carried out outside the organized markets but registered to the Borsa Istanbul increased by 20.4 percent compared to the previous year and reached TL 1,102.46 billion. Even the bond, bill and repo transactions carried out outside the organized markets but registered to Borsa Istanbul posted a significant rise in 2012, the share of these transactions in the sum of in and off organized market debt securities transactions, which was 18.2 percent in 2011, decreased to 13.9 percent in 2012 (Chart IV.22).



Because of its functions mentioned above, the Takasbank has an important role in financial markets. The Takasbank provides “Cash Credit Facility” and “Takasbank Money Market (TMM)” services to its participants in order to ensure the smooth functioning of the system and to prevent spread of the problem to other participants in case of temporary liquidity shortages of participants.

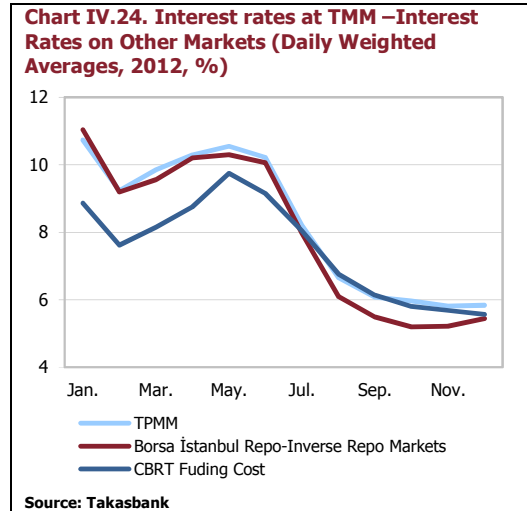
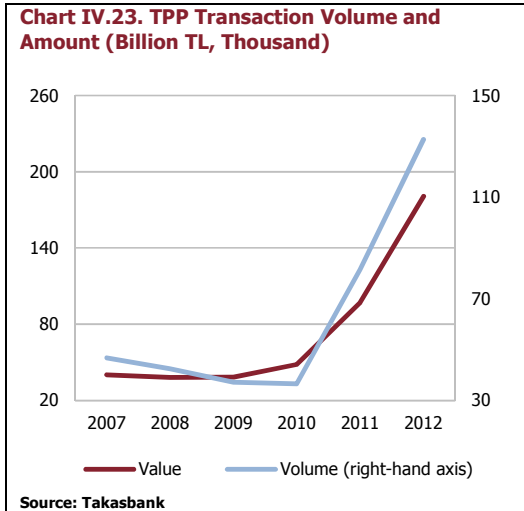
Within the context of “Cash Credit Facility”, Takasbank provides generally overnight- credits against collateral and within pre-determined limits to its participants that have difficulty in fulfilling

their obligations in order to prevent domino effect of the matters. However the Takasbank acts as CCP for the transactions carried out at the "Takasbank Money Market". Since the transactions executed at the TMM are under the guarantee of Takasbank, it collects a certain amount of collateral from borrowers.

Transactions at the TMM, which plays a crucial role for the liquidity management of brokerage houses that cannot participate in the CBRT's Liquidity Management Facilities, increased significantly also in 2012. Accordingly, in 2012, 132.7 thousand transactions amounting to TL 180.8 billion have been carried out at the TMM. The value of these transactions indicates to a 86.4 percent increase compared to the previous year (Chart IV.23).

The rapid increase in the transactions at the TMM mainly stems from the transactions conducted by TMM participants with respect to the liquidity conditions in markets as well as the increase in the number and transaction volume of investment funds and trusts on behalf of which transactions are realized through the TMM. Accordingly, the upward trend observed in 2010 and 2011 in the number of investment funds and trusts conducting transactions at the TMM continued in 2012, albeit with some decline, and a total of 471 investment funds and corporates executed transactions at TMM in 2012. Although the rise in the number of investment funds and corporates conducting transactions at TMM has decelerated, the value of transactions has continued to increase rapidly and increased by 97.1 percent compared to the previous year and reached TL 128 billion in 2012.

The competitive interest rates at TMM are also believed to be an important factor of increases in the transactions at TMM (Chart IV.24).



At TURKDEX, in which Takasbank operates as CCP, brokerage houses, banks and other institutions which are authorized to conduct transactions with derivatives can conduct transactions; and institutions conducting transactions at TURKDEX also become a member of Takasbank.

With regard to the data provided by Takasbank, both the number of members conducting transactions at TURKDEX and the relevant accounts at Takasbank continued to increase in 2012. Accordingly, the number of open positions reached 274.6 thousand and the value of open positions became TL 2,034 million at TURKDEX.

Ensuring effective functioning of payment systems is one of the key duties that the central banks shall fulfill for the sake of financial stability. Having a strong financial infrastructure brings along with financial stability. Moreover, the smooth functioning payment systems enhance the effectiveness and efficiency of financial systems and thus contribute to effective implementation of monetary policies.