

**and 12% for futures contracts on TES of specific references.** The lower collateral requirements are produced by offsetting the risks generated for the CRCC by the members' open position: specifically, offsetting between open buy and sell positions for the same product with different maturities, or offsetting between open buy and sell positions for different products with the same underlying asset.

**In addition, multilateral netting of peso/dollar spot transactions generated liquidity savings of 82% for CRCC members.** The average daily gross value traded was USD 1,292 million and the average daily net value settled was USD 236 million.<sup>12</sup>

## In Focus 1: Intraday Repos in Large-value Payment Systems (LVPS)

Large-value payment systems operating on the basis of real-time gross settlement (RTGS) are characterized by the fact that transfers of funds are made one by one and continuously throughout the day. For example, institution A has a payment commitment with institution B for COP 100. At the same time, institution B must pay participant A COP 90 today, under another contractual agreement. Although in net terms, institution A owes COP 10 (COP 100-COP 90) to institution B, both obligations are settled separately and usually at different times of the day.

This results in elevated liquidity needs by participants in the system. To mitigate them, RTGS systems have mechanisms that help to reduce such needs. One of these is to provide participants with liquidity through the central bank by means of intraday repo operations. This contributes to the normal and smooth functioning of the payment system.

In Colombia, the intraday repo for payment systems offered by *Banco de la República* (BanRep) to participants in the large-value payment system (LVPS) has the following characteristics, among others (Table A).

If the institution that carried out the initial transaction does not deliver the funds to BanRep before the deadline, the obligation is automatically converted to an overnight repo with a cost equivalent to the monetary policy rate + 100 bp to be completed before 9:00 a.m. the following day. This is an important point to bear in mind.

In recognizing the importance of intraday repos to proper functioning of the payment system and the mitigation of intraday liquidity risk, there are international standards, such as those proposed by the Bank for International Settlements (BIS), known as "principles applicable to market infrastructures," which highlight the need to identify and monitor the use of intraday liquidity in a financial market infrastructure. Accordingly, some general statistics on intraday repos and their recent use are presented below.

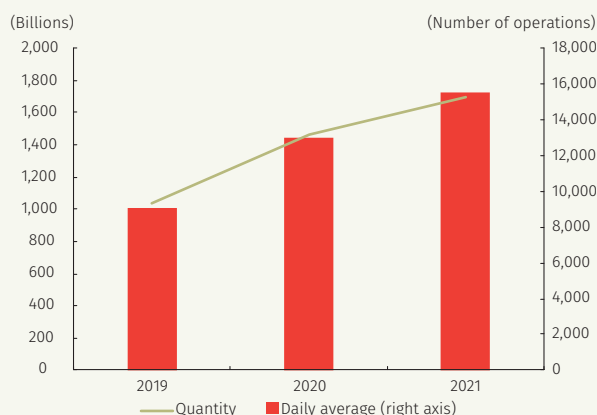
<sup>12</sup> Variations and details concerning the behavior of operations, open positions and changes introduced by the CRCC in 2021 are outlined in Annex 1.

**Table A**  
**Characteristics of Intraday Repos offered by *Banco de la República***

Authorized participants	Credit institutions, brokerage firms, investment management companies, trust companies, insurance companies, securitization companies, pension and severance fund managers, Fogafin, SEDPES, SICFES, capitalization companies, CRCC, Bancóldex, FDN, FNA, Finagro and Findeter.
Operational availability	Initial operation: between 7:00 a.m. and 8:00 p.m. Return operation: before 8:00 p.m.
Limit amount	From one hundred million pesos in multiples of one hundred thousand pesos up to the limit per operation in <i>Banco de la República's</i> global policy on banking.
Eligible collateral	Security Bonds, Peace Bonds, Agricultural Development Securities (TDA), Class B TES, Solidarity Securities (TDS), sovereign debt securities, securities issued by Fogafin, and securities issued by <i>Banco de la República</i> .
Limit on number of transactions per participant	Authorized participants may access the operation more than once in the same day and for the resources required, provided they have sufficient collateral.
Cost of operation	The CRCC cost is equal to the expansion window (monetary policy rate plus one hundred basis points). For other participants: 0.1% effective annual.

Source: DEFI and DFV.

**Graph A**  
**Intraday Repos**



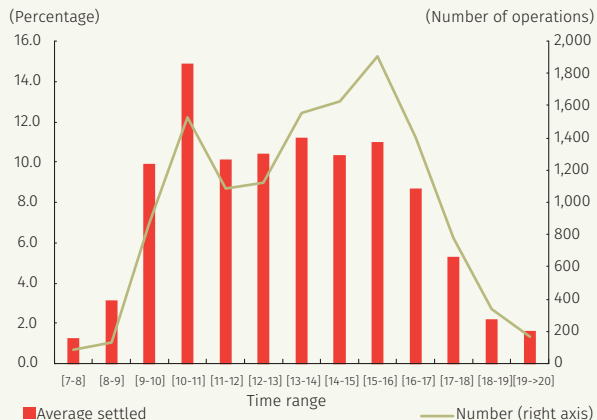
Source: *Banco de la República* (DSIF).

The growth in intraday repos was at around 20% between 2019 and 2021, with approximately COP 1.4 trillion mobilized daily, on average (Graph A). This amount is close to 3.0% of the total value of transfers made in the LVPS.

As to the time of the day when the greatest demand for resources occurs (Graph B), one sees uniform behavior between 9:00 a.m. and 4:00 p.m., during which time COP 110 billion are required per hour (on average). Additionally, there is a peak within this period between 10:00 and 11:00 in the morning. This suggests that participating institutions try to have an initial supply of intraday liquidity to meet their obligations, which is adjusted during the day but, in any case, is not sharply concentrated within a particular hour.

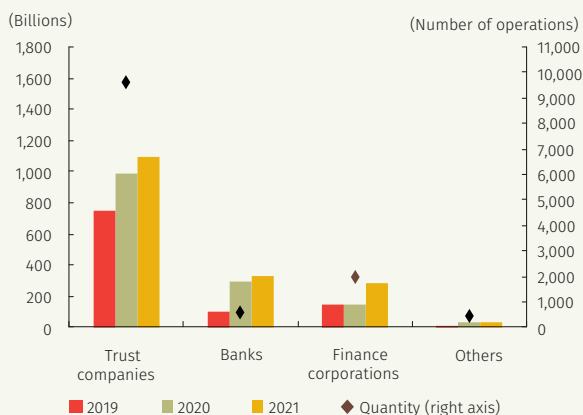
Finally, with respect to the type of institution using intraday repos, trust companies and banking establishments stand out, both in terms of the number and value needed, with close to 70% (Graph C). However, it is important to point out that while this source of payment represents 1.0% and 7.0% of all available resources for banks and financial corporations, it represents 16% for trust companies (Graph D). This reflects the importance of intraday repos as a source of payment for these institutions in the LVPS, since, in simple terms, for every COP 100 that trust companies pay in the LVPS, COP 16 are paid thanks to the funding obtained through intraday repo operations.

**Graph B**  
Distribution of Intraday Repos by hours (2019-2021)



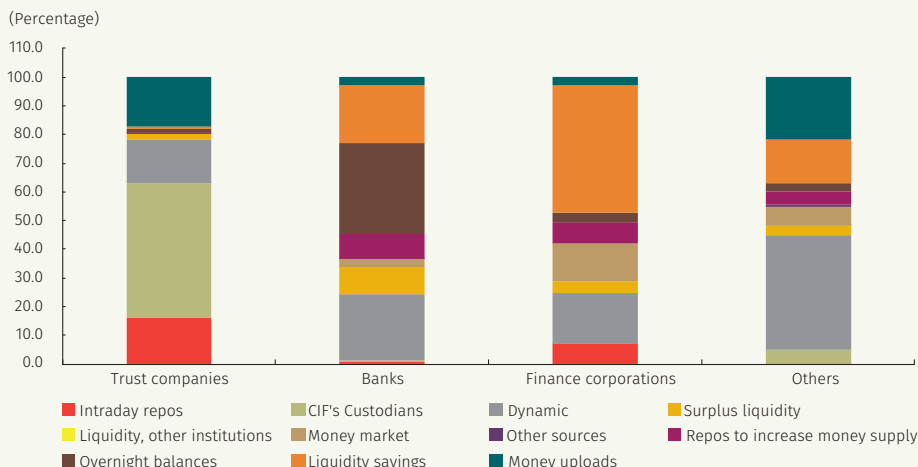
Source: Banco de la República (DSIF).

**Graph C**  
Primary Users of Intraday Repos



Source: Banco de la República (DSIF).

**Graph D**  
Sources of Liquidity Used for Payments (2019-2021)



Source: Banco de la República (DSIF).

**References**

Banco de la República (2022). Circular Reglamentaria Externa DEFI-354 y sus modificaciones, available at: <https://www.banrep.gov.co/es/reglamentacion-expansion-y-contraccion-monetaria>

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