

### **Payment Systems Risks**

In pursuit of ensuring that the Malawian National Payment System is robust, the RBM will focus its attention on the mitigation of the following payment systems risks:

**i. Systemic Risk**

The risk that the failure of one participant to meet its obligations in a payment system also causes other participants to fail to meet their obligations.

**ii. Credit Risk**

This is the risk that a participant in a payment system fails to meet its obligations in full either on due date or any time in the future.

**iii. Liquidity Risk**

A participant within a payment system failing to honour its obligations on due date but may be able to settle the obligation at some time thereafter.

**iv. Operational Risk**

Failure of a system due to breakdown in or poor operational arrangements which cause or exacerbate credit or liquidity risks

**v. Legal Risk**

The risk of loss incurred due to unclear application of laws or lack/poor enforcement of regulations.