Banco de la República | Colombia
Somos el banco central de Colombia

# Working Papers on Economics - Free-riding on Liquidity in the Colombian LVPS

Download Keep in mind
The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHORS AND/OR EDITORS Martínez-Ventura, Constanza Cepeda-López, Freddy Hernán Publication Date: Friday, 23 of December 2016
The functioning of large-value payment systems (LVPSs) can be affected when some of its participants voluntarily decide to delay their payments until they can totally fund them with the payments received from other participants. This behaviour, known as the free-rider problem, can cause an under-provision of liquidity in LVPSs that operate under a RTGS (real-time gross settlement) mode. With the aim of determining whether there are free-riders in the Colombian LVPS (CUD), we empirically tested this payment strategy: firstly, using regression techniques (quantile regression models) and secondly, computing the empirical quantiles. Our results indicate that there is evidence of this problem in the Colombian case; however, their negative effects on CUD are negligible.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/publications-research/working-papers-economics/977