# Financial System

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## Discussion

A financial system processes information about financial activity, obligations, instruments, positions, events, controls, and oversight. In this document set, the term does not refer only to a banking application, a payment application, a trading platform, or an accounting system. It refers to any system that participates in the processing of structured financial information.

A financial system may operate within a single institution, across multiple institutions, within a single jurisdiction, across jurisdictions, or in a distributed, node-based environment. The architecture, therefore, treats financial systems as information-processing systems that require traceability, interpretation, governance, evidence, and controlled release.

## Definition

*system that processes financial information relating to financial obligations, financial events, financial instruments, financial positions, or financial oversight*

## Source

Financial Systems Archetype, Part 1, Conceptual Architecture; generalised from the Financial-Domain Interpretation System Reference Architecture (FDIS-RA) and Structured Information Processing Reference Architecture (SIP-RA) treatment of governed financial information processing.

## Note

A financial system includes institutional systems, market infrastructures, payment systems, settlement systems, regulatory reporting systems, supervisory systems, analytical systems, and distributed node-based systems that support financial information processing.

## Example

A distributed foreign-exchange demonstration environment that validates transaction information, computes cash-flow obligations, records provenance, and produces authorised release products is a financial system.