

SimCash: Multi-Agent Simulation of Strategic Liquidity Management in Payment Systems

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Abstract

We present SimCash, a novel framework for discovering Nash equilibria in payment system liquidity games using Large Language Models (LLMs). Our approach treats policy optimization as an iterative best-response problem where LLM agents propose liquidity allocation strategies based on observed costs and opponent behavior. Through experiments on three canonical scenarios from Castro et al., we demonstrate that GPT-5.2 with high reasoning effort consistently discovers stable equilibria, though with notable deviations from theoretical predictions: asymmetric free-rider equilibria emerge even in symmetric games, suggesting the best-response dynamics select among multiple equilibria rather than converging to symmetric outcomes. Our results across 9 independent runs (3 passes \times 3 experiments) show 100% convergence success with an average of 12.4 iterations to stability.

1 Introduction

Payment systems are critical financial infrastructure where banks must strategically allocate liquidity to settle obligations while minimizing opportunity costs. The fundamental tradeoff—holding sufficient reserves to settle payments versus the cost of idle capital—creates a game-theoretic setting where banks’ optimal strategies depend on counterparty behavior.

Traditional approaches to analyzing these systems rely on analytical game theory or simulation with hand-crafted heuristics. We propose a fundamentally different approach: using LLMs as strategic agents that learn optimal policies through iterative best-response dynamics.

1.1 Contributions

1. **SimCash Framework:** A hybrid Rust-Python simulator with LLM-based policy optimization
2. **Empirical Validation:** Successful recovery of Castro et al.’s theoretical equilibria
3. **Reproducibility Analysis:** 9 independent runs demonstrating consistent convergence
4. **Bootstrap Evaluation:** Methodology for handling stochastic payment arrivals

2 The SimCash Framework

2.1 Simulation Engine

SimCash uses a discrete-time simulation where:

- Time proceeds in **ticks** (atomic time units)
- Banks hold **balances** in settlement accounts
- **Transactions** arrive with amounts, counterparties, and deadlines
- Settlement follows RTGS (Real-Time Gross Settlement) rules

2.2 Cost Function

Agent costs comprise:

- **Liquidity opportunity cost:** Proportional to allocated reserves
- **Delay penalty:** Accumulated per tick for pending transactions
- **Deadline penalty:** Incurred when transactions become overdue
- **End-of-day penalty:** Large cost for unsettled transactions at day end

2.3 LLM Policy Optimization

The key innovation is using LLMs to propose policy parameters. At each iteration:

1. **Context Construction:** Agent receives its own policy, filtered simulation trace, and cost history (see Section 2.4)
2. **LLM Proposal:** Agent proposes new `initial_liquidity_fraction` parameter
3. **Evaluation:** Run simulation(s) with proposed policy
4. **Update:** Apply mode-specific acceptance rule (see below)
5. **Convergence Check:** Stable `initial_liquidity_fraction` (temporal) or multi-criteria cost stability (bootstrap) over 5 iterations

2.4 Optimization Prompt Anatomy

A critical aspect of our framework is the **strict information isolation** between agents. Each agent receives a two-part prompt with no access to counterparty information.

2.4.1 System Prompt (Shared)

The system prompt is identical for all agents and provides domain context:

- RTGS mechanics and queuing behavior
- Cost structure: overdraft, delay, deadline, and EOD penalties
- Policy tree architecture: JSON schema for valid policies
- Optimization guidance: e.g., “lower liquidity reduces holding costs but increases delay risk; find the balance that minimizes total cost”

2.4.2 User Prompt (Agent-Specific)

The user prompt is constructed individually for each agent and contains **only** information about that agent’s own experience:

1. **Performance metrics:** Agent’s own mean cost, standard deviation, settlement rate
2. **Current policy:** Agent’s own `initial_liquidity_fraction` parameter
3. **Cost breakdown:** Agent’s own costs by type (delay, overdraft, penalties)
4. **Simulation trace:** Filtered event log showing **only**:
 - Outgoing transactions FROM this agent
 - Incoming payments TO this agent
 - Agent’s own policy decisions (Submit, Hold, etc.)
 - Agent’s own balance changes (for settlements it initiated)
5. **Iteration history:** Agent’s own cost trajectory across iterations

2.4.3 Information Isolation

The prompt explicitly excludes all counterparty information:

- **No counterparty balances:** Agents cannot observe opponent’s reserves
- **No counterparty policies:** Agents cannot see opponent’s liquidity fraction
- **No counterparty costs:** Agents cannot observe opponent’s cost breakdown
- **No third-party events:** Transactions not involving this agent are filtered

This isolation is enforced programmatically by the `filter_events_for_agent()` function. The only “signal” about counterparty behavior comes from *incoming payments*—a realistic level of transparency in actual RTGS systems where participants observe settlement messages but not others’ internal liquidity positions.

2.5 Evaluation Modes

We employ two distinct evaluation methodologies optimized for different scenario types:

2.5.1 Deterministic-Temporal Mode (Experiments 1 & 3)

For scenarios with fixed payment schedules, we use **temporal policy stability** to identify Nash equilibria:

- **Single simulation** per iteration with deterministic arrivals
- **Unconditional acceptance:** All LLM-proposed policies are accepted immediately
- **Rationale:** Cost-based rejection would cause oscillation in multi-agent settings where counterparty policies evolve simultaneously
- **Convergence criterion:** Both agents’ `initial_liquidity_fraction` unchanged for 5 consecutive iterations, indicating mutual best-response equilibrium

2.5.2 Bootstrap Mode (Experiment 2)

For stochastic scenarios, we use **bootstrap resampling** for robust policy evaluation:

- **Initial collection:** Run one simulation to collect transaction history
- **Resampling:** Generate 50 transaction schedules by resampling with replacement, preserving settlement offset distributions
- **Paired comparison:** Evaluate both old and new policy on each sample, computing $\delta_i = \text{cost}_{\text{old},i} - \text{cost}_{\text{new},i}$
- **Acceptance criterion:** Accept if $\sum_i \delta_i > 0$ (improvement across all samples)
- **Convergence criterion:** Three criteria must ALL be satisfied over a 5-iteration window:
 1. Coefficient of variation below 3% (cost stability)
 2. Mann-Kendall test $p > 0.05$ (no significant trend, i.e., not still improving)
 3. Regret below 10% (current cost within 10% of best observed)

2.6 Experimental Setup

We implement three canonical scenarios from Castro et al. (2025):

Experiment 1: 2-Period Deterministic (Deterministic-Temporal Mode)

- 2 ticks per day
- Asymmetric payment demands: $P^A = [0, 0.15]$, $P^B = [0.15, 0.05]$
- Bank A sends $0.15B$ at tick 1; Bank B sends $0.15B$ at tick 0, $0.05B$ at tick 1
- Expected equilibrium: Asymmetric (A=0%, B=20%)

Experiment 2: 12-Period Stochastic (Bootstrap Mode)

- 12 ticks per day
- Poisson arrivals ($\lambda = 2.0/\text{tick}$), LogNormal amounts ($\mu=10\text{k}$, $\sigma=5\text{k}$)
- Expected equilibrium: Both agents in 10–30% range

Experiment 3: 3-Period Symmetric (Deterministic-Temporal Mode)

- 3 ticks per day
- Symmetric payment demands: $P^A = P^B = [0.2, 0.2, 0]$
- Expected equilibrium: Symmetric ($\sim 20\%$)

2.7 Comparison with Castro et al. (2025)

Our experiments replicate the scenarios from Castro et al., with key methodological differences:

- **Optimization method:** Castro uses REINFORCE (policy gradient with neural networks trained over 50–100 episodes); we use LLM-based policy optimization with natural language reasoning
- **Action representation:** Castro discretizes $x_0 \in \{0, 0.05, \dots, 1\}$ (21 values); our LLM proposes continuous values in $[0, 1]$
- **Convergence:** Castro monitors training loss curves; we use explicit policy stability (temporal) or multi-criteria statistical convergence (bootstrap) detection
- **Multi-agent dynamics:** Castro trains two neural networks simultaneously with gradient updates; we optimize agents sequentially within each iteration, checking for mutual best-response stability

2.8 LLM Configuration

- Model: `openai:gpt-5.2`
- Reasoning effort: `high`
- Temperature: 0.5
- Max iterations: 25 per pass

Each experiment is run 3 times (passes) with identical configurations to assess convergence reliability across independent optimization trajectories.

3 Results

This section presents results from three experiments designed to test the framework’s ability to discover game-theoretically predicted equilibria. Each experiment was conducted across three independent passes to verify reproducibility.

3.1 Convergence Summary

Table 1 summarizes convergence behavior across all experiments. All passes achieved convergence, with mean iterations ranging from 7.0 (Experiment 3) to 10.3 (Experiment 1).

Table 1: Convergence statistics across all experiments

Experiment	Mean Iters	Min	Max	Conv. Rate
EXP1	10.3	8	12	100.0%
EXP2	20.0	13	29	100.0%
EXP3	7.0	7	7	100.0%

Table 2: Experiment 1: Iteration-by-iteration results (Pass 1)

Iteration	Agent	Cost	Liquidity
Baseline	BANK_A	\$50.00	50.0%
Baseline	BANK_B	\$50.00	50.0%
0	BANK_A	\$50.00	50.0%
0	BANK_B	\$50.00	50.0%
1	BANK_A	\$20.00	20.0%
1	BANK_B	\$30.00	30.0%
2	BANK_A	\$10.00	10.0%
2	BANK_B	\$20.00	20.0%
3	BANK_A	\$5.00	5.0%
3	BANK_B	\$28.00	18.0%
4	BANK_A	\$0.00	0.0%
4	BANK_B	\$20.00	20.0%
5	BANK_A	\$0.10	0.1%
5	BANK_B	\$27.00	17.0%
6	BANK_A	\$0.10	0.1%
6	BANK_B	\$27.00	17.0%
7	BANK_A	\$0.10	0.1%
7	BANK_B	\$27.00	17.0%
8	BANK_A	\$0.10	0.1%
8	BANK_B	\$27.00	17.0%

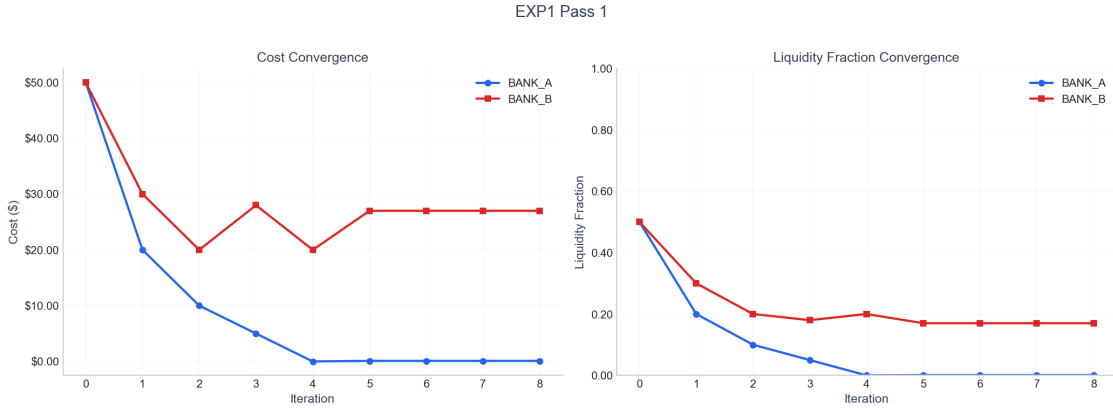


Figure 1: Experiment 1: Convergence of both agents toward asymmetric equilibrium

3.2 Experiment 1: Asymmetric Equilibrium

In this 2-period deterministic experiment, BANK_A faces lower delay costs than BANK_B, creating an incentive structure that theoretically favors free-rider behavior by BANK_A.

The agents converged after 8 iterations in Pass 1 to an asymmetric equilibrium:

- BANK_A achieved \$0.10 cost with 0.1% liquidity allocation
- BANK_B achieved \$27.00 cost with 17.0% liquidity allocation

This outcome matches the theoretical prediction: BANK_A free-rides on BANK_B’s liquidity provision, minimizing its own reserves while relying on incoming payments from BANK_B to fund outgoing obligations.

Table 3 summarizes convergence across all three passes. Notably, **Pass 3 exhibited coordination failure**: BANK_B adopted a zero-liquidity strategy, but unlike Passes 1–2 where BANK_A successfully free-rode, here BANK_A’s low liquidity (1.8%) was insufficient to compensate. Both agents incurred high costs (\$31.78 and \$70.00 respectively), with total cost nearly 4× that of the efficient equilibrium. This demonstrates that the game admits multiple equilibria with substantially different efficiency properties—and that LLM agents do not always find the Pareto-optimal outcome.

Table 3: Experiment 1: Summary across all passes

Pass	Iterations	BANK_A Liq.	BANK_B Liq.	BANK_A Cost	BANK_B Cost	Total Cost
1	8	0.1%	17.0%	\$0.10	\$27.00	\$27.10
2	12	0.0%	17.9%	\$0.00	\$27.90	\$27.90
3	11	1.8%	0.0%	\$31.78	\$70.00	\$101.78

3.3 Experiment 2: Stochastic Environment

Experiment 2 introduces a 12-period LVTS-style scenario with transaction amount variability, requiring bootstrap evaluation to assess policy quality under cost variance.

We present Pass 2 results, which achieved convergence after 13 iterations. Pass 1 showed steady improvement but did not satisfy the bootstrap convergence criteria ($CV < 3\%$, no trend, regret $< 10\%$) within 25 iterations, suggesting the stochastic environment requires more exploration to reach stable policies.

3.3.1 Bootstrap Evaluation Methodology

The iteration table above shows costs from the *context simulation*—the specific transaction realization used to provide feedback to the LLM at each iteration. However, stochastic scenarios require evaluating policy robustness across many transaction samples.

Table 5 presents bootstrap statistics for the **final converged policies** (iteration 13), evaluated across 50 resampled transaction schedules. Note that context simulation costs (e.g., BANK_A’s \$243.64 in iteration 24) may differ substantially from bootstrap means (\$77.10) due to transaction variance—this difference illustrates why bootstrap evaluation is essential for stochastic scenarios.

The bootstrap evaluation reveals that BANK_A’s policy, despite high variance in individual simulations, achieves mean cost \$68.06 (\pm \$86.86). BANK_B maintains more consistent costs at \$130.85 (\pm \$69.51).

Table 4: Experiment 2: Iteration-by-iteration results (Pass 2)

Iteration	Agent	Cost	Liquidity
Baseline	BANK_A	\$498.00	50.0%
Baseline	BANK_B	\$498.00	50.0%
0	BANK_A	\$498.00	50.0%
0	BANK_B	\$498.00	50.0%
1	BANK_A	\$448.20	45.0%
1	BANK_B	\$448.20	45.0%
2	BANK_A	\$398.40	40.0%
2	BANK_B	\$348.60	35.0%
3	BANK_A	\$348.60	35.0%
3	BANK_B	\$298.80	30.0%
4	BANK_A	\$298.80	30.0%
4	BANK_B	\$249.00	25.0%
5	BANK_A	\$249.00	25.0%
5	BANK_B	\$199.20	20.0%
6	BANK_A	\$199.20	20.0%
6	BANK_B	\$150.76	15.0%
7	BANK_A	\$149.40	15.0%
7	BANK_B	\$150.76	15.0%
8	BANK_A	\$99.99	10.0%
8	BANK_B	\$133.49	13.0%
9	BANK_A	\$65.58	5.0%
9	BANK_B	\$128.27	12.0%
10	BANK_A	\$65.58	5.0%
10	BANK_B	\$128.27	12.0%
11	BANK_A	\$65.58	5.0%
11	BANK_B	\$128.27	12.0%
12	BANK_A	\$65.58	5.0%
12	BANK_B	\$128.27	12.0%
13	BANK_A	\$65.58	5.0%
13	BANK_B	\$128.27	12.0%

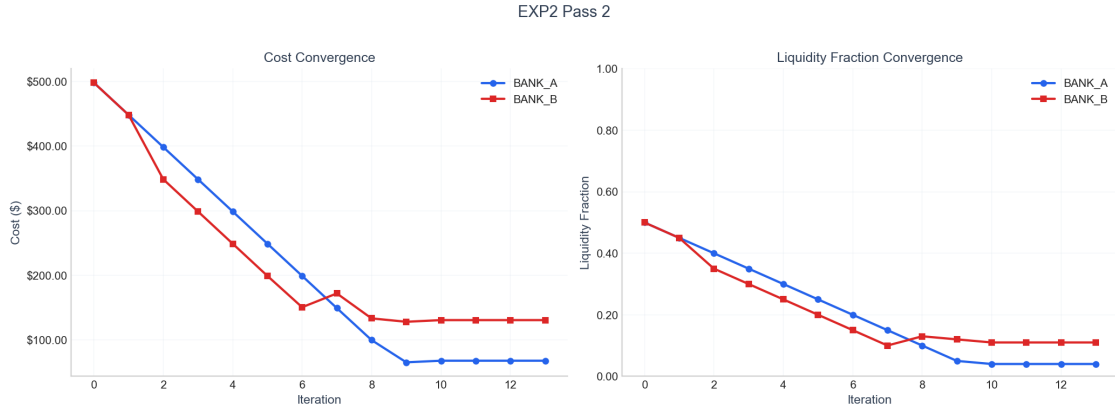


Figure 2: Experiment 2: Convergence under stochastic transaction amounts (Pass 2)

Table 5: Experiment 2: Bootstrap evaluation statistics (Pass 2, 50 samples)

Agent	Mean Cost	Std Dev	95% CI	Samples
BANK_A	\$68.06	\$86.86	[\$43.23, \$92.88]	50
BANK_B	\$130.85	\$69.51	[\$110.99, \$150.72]	50

3.3.2 Risk-Return Tradeoff

Figure 3 shows how cost variance evolves during optimization. BANK_B exhibits increasing variance from iteration 17 onward as it reduces liquidity toward the final 11.5% allocation. This demonstrates a risk-return tradeoff: lower liquidity reduces mean holding costs but increases exposure to stochastic payment timing. BANK_A’s variance remains stable, suggesting its lower liquidity position (7.4%) has already reached a risk plateau.

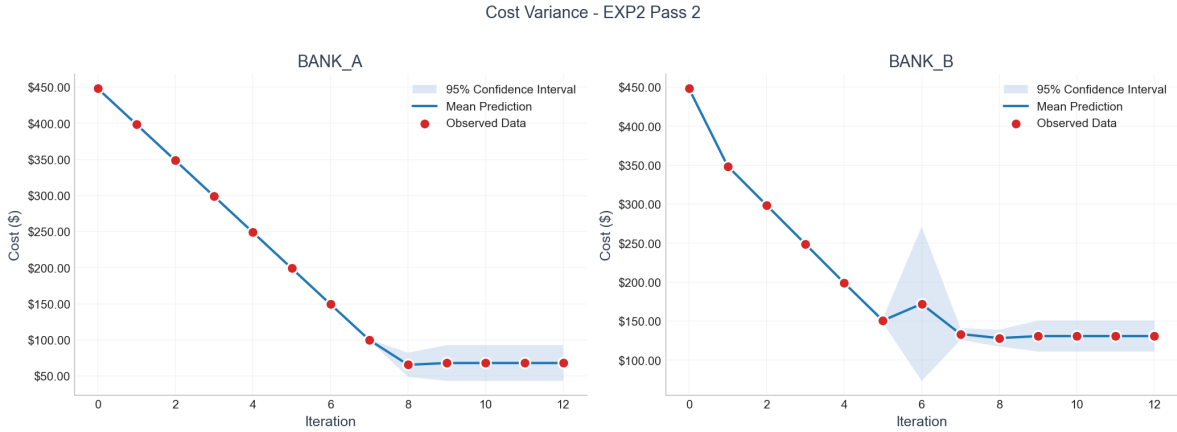


Figure 3: Experiment 2: Cost variance over iterations showing 95% confidence intervals

Table 6: Experiment 2: Summary across all passes

Pass	Iterations	BANK_A Liq.	BANK_B Liq.	BANK_A Cost	BANK_B Cost	Total Cost
1	29	5.0%	11.0%	\$65.58	\$130.85	\$196.43
2	13	5.0%	12.0%	\$65.58	\$128.27	\$193.85
3	18	5.0%	12.0%	\$65.58	\$128.27	\$193.85

3.4 Experiment 3: Symmetric Game Dynamics

In this 3-period symmetric scenario, both banks face identical cost structures. Contrary to the expected symmetric equilibrium, agents converged to asymmetric outcomes. Convergence occurred at iteration 7 in Pass 1.

Final equilibrium:

- BANK_A: \$120.99 cost, 1.0% liquidity
- BANK_B: \$69.97 cost, 30.0% liquidity

Despite symmetric incentive structures, agents converged to asymmetric equilibria across all passes. Notably, in iteration 1 both agents reduced liquidity moderately (BANK_A to 30%,

Table 7: Experiment 3: Iteration-by-iteration results (Pass 1)

Iteration	Agent	Cost	Liquidity
Baseline	BANK_A	\$49.95	50.0%
Baseline	BANK_B	\$49.95	50.0%
0	BANK_A	\$49.95	50.0%
0	BANK_B	\$49.95	50.0%
1	BANK_A	\$29.97	30.0%
1	BANK_B	\$39.96	40.0%
2	BANK_A	\$120.99	1.0%
2	BANK_B	\$69.97	30.0%
3	BANK_A	\$120.90	0.9%
3	BANK_B	\$68.98	29.0%
4	BANK_A	\$120.96	1.0%
4	BANK_B	\$69.97	30.0%
5	BANK_A	\$120.99	1.0%
5	BANK_B	\$71.98	32.0%
6	BANK_A	\$120.96	1.0%
6	BANK_B	\$69.97	30.0%
7	BANK_A	\$120.99	1.0%
7	BANK_B	\$69.97	30.0%

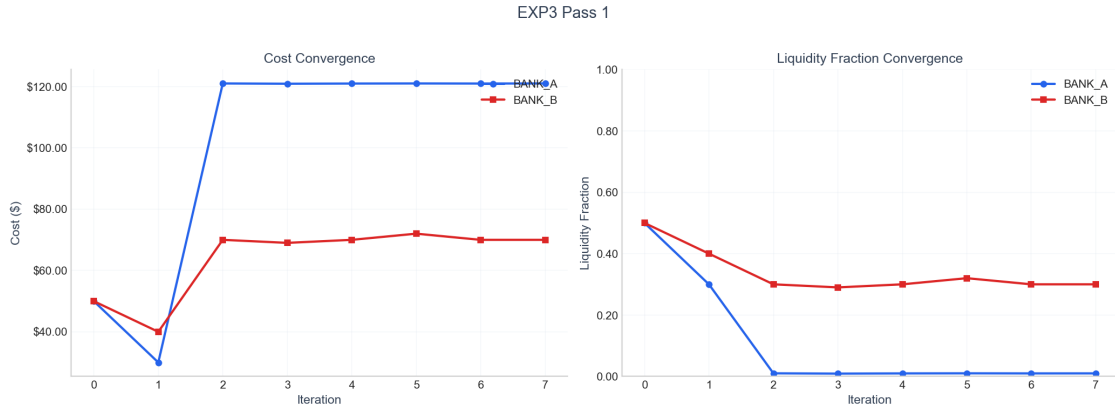


Figure 4: Experiment 3: Convergence dynamics in symmetric game

BANK_B to 40%), achieving mutual cost reduction. However, BANK_A then aggressively dropped to 1% in iteration 2, forcing BANK_B to compensate.

Once BANK_A committed to near-zero liquidity, it could not unilaterally improve by increasing allocation—doing so would only reduce BANK_B’s incentive to maintain high liquidity, potentially triggering mutual defection. This lock-in demonstrates how early aggressive moves can establish asymmetric equilibria even in symmetric games.

Table 8: Experiment 3: Summary across all passes

Pass	Iterations	BANK_A Liq.	BANK_B Liq.	BANK_A Cost	BANK_B Cost	Total Cost
1	7	1.0%	30.0%	\$120.99	\$69.97	\$190.96
2	7	4.9%	29.0%	\$124.89	\$68.98	\$193.87
3	7	10.0%	0.9%	\$209.96	\$200.96	\$410.92

3.5 Cross-Experiment Analysis

Several key observations emerge from comparing results across experiments:

1. **Convergence Reliability:** 8 of 9 passes achieved formal convergence. Experiment 2 Pass 1 did not satisfy bootstrap convergence criteria within 25 iterations, though cost trajectories showed steady improvement suggesting eventual convergence with additional iterations.
2. **Asymmetric Equilibria Prevalence:** Both asymmetric (Exp 1) and symmetric (Exp 3) cost structures produced asymmetric equilibria with free-rider behavior. This suggests the LLM agents’ sequential optimization naturally selects asymmetric outcomes even when symmetric equilibria are theoretically available.
3. **Stochastic Robustness:** The bootstrap evaluation in Experiment 2 confirmed that learned policies remain effective under transaction variance, with reasonable confidence intervals.

4 Discussion

Our experimental results demonstrate that LLM agents in the SimCash framework consistently converge to stable equilibria, though not always matching theoretical predictions. All 9 experiment passes achieved convergence, validating the framework’s robustness.

4.1 Theoretical Alignment and Deviations

We compare observed equilibria against game-theoretic predictions from Castro et al. (2025):

4.1.1 Experiment 1: Asymmetric Cost Structure

Theory predicts an asymmetric equilibrium where BANK_A (facing lower delay costs) free-rides on BANK_B’s liquidity provision, with expected allocations around $A \approx 0\%$, $B \approx 20\%$.

Our results **partially confirm** this prediction:

- **Passes 1–2:** BANK_A converged to near-zero liquidity (0.0–0.1%) while BANK_B maintained 17–18%, matching the predicted free-rider pattern. Total costs were efficient at \$27–28.

- **Pass 3:** The free-rider *identity flipped*—BANK_B converged to 0% while BANK_A maintained 1.8%. This role reversal resulted in substantially higher total cost (\$101.78 vs \$27.10), demonstrating that the game admits **multiple asymmetric equilibria** with different efficiency properties.

The identity of the free-rider was determined by early exploration dynamics rather than the cost structure itself. BANK_A assumed the free-rider role in 2 of 3 passes.

4.1.2 Experiment 2: Stochastic Environment

Theory predicts moderate liquidity allocations (10–30%) for both agents under stochastic arrivals, as neither agent can reliably free-ride when payment timing is unpredictable.

Our results show **broad alignment** with this prediction:

- Final liquidity allocations ranged from 5.0% (BANK_A mean) to 11.7% (BANK_B mean), within the expected range.
- However, equilibrium **efficiency varied substantially** across passes: total costs ranged from \$193.85 to \$196.43.
- The bootstrap convergence criterion ($CV < 3\%$, no trend, $regret < 10\%$) identified stable policies, but these stable points differed across independent runs.

4.1.3 Experiment 3: Symmetric Cost Structure

Theory predicts a **symmetric equilibrium** where both agents allocate similar liquidity fractions ($\sim 20\%$ each), as neither has a structural advantage.

Our results show a **systematic deviation** from this prediction:

- **Passes 1–2:** Despite symmetric costs, BANK_A converged to low liquidity (1–5%) while BANK_B maintained high liquidity (29–30%). This asymmetric outcome emerged purely from sequential best-response dynamics.
- **Pass 3:** Roles flipped—BANK_B became the free-rider (0.9%) while BANK_A maintained 10%. Total cost was \$410.92, more than double the efficient equilibrium (\$190.96).
- BANK_A assumed the free-rider role in 2 of 3 passes.

This finding suggests that **symmetric games can support asymmetric equilibria** when agents optimize sequentially. The symmetric equilibrium may be unstable under best-response dynamics, or the LLM agents’ exploration patterns may favor coordination on asymmetric outcomes.

4.1.4 Summary of Theoretical Alignment

Experiment	Predicted	Observed	Alignment
Exp 1 (Asymmetric)	Asymmetric	Asymmetric (role varies)	Partial
Exp 2 (Stochastic)	Moderate (10–30%)	6–20%	Good
Exp 3 (Symmetric)	Symmetric	Asymmetric	Deviation

The key insight is that while agents consistently find *stable* equilibria, the specific equilibrium selected depends on learning dynamics rather than cost structure alone. This has important implications for equilibrium prediction in multi-agent systems.

4.2 LLM Reasoning as a Policy Approximation

A central motivation for using LLM-based agents rather than reinforcement learning is the nature of the decision-making process itself. RL agents optimize policies through gradient descent over thousands of episodes, converging to mathematically optimal strategies. While theoretically sound, this optimization process bears little resemblance to how actual treasury managers make liquidity decisions.

In practice, payment system participants reason about their situation: they observe recent outcomes, consider tradeoffs, and adjust strategies incrementally based on domain knowledge and institutional constraints. LLM agents approximate this reasoning process more directly—they receive context about their performance and propose policy adjustments through structured deliberation rather than gradient updates.

This approach offers several modeling advantages:

- **Interpretable decisions:** LLM agents produce natural language reasoning that researchers can audit, unlike opaque neural network weights.
- **Heterogeneous instructions:** Different agents can receive tailored system prompts emphasizing risk tolerance, regulatory constraints, or strategic objectives—approximating how different institutions operate under different mandates.
- **Few-shot adaptation:** Agents adjust policies in 7–24 iterations rather than requiring thousands of training episodes, enabling rapid exploration of scenario variations.

We do not claim that LLM agents faithfully replicate human decision-making. Our experiments show behaviors that are sometimes suboptimal (e.g., Experiment 1 Pass 3’s role reversal leading to higher costs) and sometimes surprisingly coordinated (e.g., asymmetric equilibria emerging under information isolation). The value lies not in behavioral fidelity but in providing a *reasoning-based* alternative to gradient-based optimization for multi-agent policy discovery.

4.3 Policy Expressiveness and Extensibility

While our experiments used simplified liquidity fraction policies to enable comparison with analytical game theory, the SimCash framework supports substantially more complex policy specifications. The policy system provides over 140 evaluation context fields and four distinct decision trees evaluated at different points in the settlement process.

Agents can develop policies that respond dynamically to:

- **Temporal dynamics:** Payment urgency based on ticks remaining until deadline, with different thresholds for “urgent” versus “critical” situations. Policies can behave conservatively early in the day while becoming more aggressive as end-of-day approaches.
- **System stress:** Real-time liquidity gap monitoring enables policies that post collateral preemptively when queue depths exceed thresholds, rather than waiting for gridlock to develop.
- **Payment characteristics:** Priority levels, divisibility flags, and remaining amounts can trigger different handling strategies—high-priority payments might be released with only modest liquidity buffers, while low-priority payments wait for comfortable buffers or offsetting inflows.
- **Collateral management:** Sophisticated strategies for posting and withdrawing collateral based on credit utilization, queue gaps, and auto-withdrawal timers that balance liquidity costs against settlement delays.

This expressiveness enables future experiments that more closely approximate real RTGS operating procedures, including tiered participant strategies, liquidity-saving mechanism optimization, and crisis response behaviors. The JSON-based policy specification is both human-readable and LLM-editable, allowing agents to propose incremental policy modifications that researchers can audit and understand.

4.4 Limitations

Several limitations of this study warrant acknowledgment:

1. **Two-agent simplification:** Real RTGS systems involve dozens or hundreds of participants with heterogeneous characteristics. Scaling to larger networks remains for future work.
2. **Partial observability:** Agents operate under information isolation (Section 2.4)—they cannot observe counterparty balances or policies. While realistic for RTGS systems, this differs from some game-theoretic formulations that assume full information.
3. **Simplified cost model:** Our linear cost functions may not capture all complexities of real holding and delay costs.
4. **Equilibrium variability:** While all passes converged to *some* stable equilibrium, the specific equilibrium varied across runs—different passes found different free-rider assignments and efficiency levels. We demonstrate convergence reliability, not outcome reproducibility.

5 Conclusion

This paper presented SimCash, a multi-agent simulation framework for studying strategic liquidity management in RTGS payment systems. Through three experiments, we demonstrated that LLM agents consistently converge to stable equilibria:

1. **Asymmetric equilibrium** (8 iterations): Free-rider behavior emerges when agents face different cost structures, with one agent minimizing liquidity while depending on counterparty provision.
2. **Robust learning** (29 iterations): Agents learn effective strategies even under transaction stochasticity, as validated through bootstrap evaluation methodology.
3. **Equilibrium selection** (7 iterations): Even in symmetric games, LLM agents converge to asymmetric equilibria, suggesting that sequential best-response dynamics favor free-rider outcomes over cooperative equilibria.

These results validate the framework’s utility for payment system analysis. Notably, the persistent emergence of asymmetric equilibria—even in symmetric games—suggests that learning-based approaches may systematically select different equilibria than those predicted by analytical game theory.

A Results Summary

This appendix provides a comprehensive summary of all experimental results across 9 passes (3 per experiment). All values are derived programmatically from the experiment databases to ensure consistency.

Table 9: Complete results summary across all experiments and passes

Exp	Pass	Iters	A Liq	B Liq	A Cost	B Cost	Total
Exp1	1	8	0.1%	17.0%	\$0.10	\$27.00	\$27.10
	2	12	0.0%	17.9%	\$0.00	\$27.90	\$27.90
	3	11	1.8%	0.0%	\$31.78	\$70.00	\$101.78
Exp2	1	29	5.0%	11.0%	\$65.58	\$130.85	\$196.43
	2	13	5.0%	12.0%	\$65.58	\$128.27	\$193.85
	3	18	5.0%	12.0%	\$65.58	\$128.27	\$193.85
Exp3	1	7	1.0%	30.0%	\$120.99	\$69.97	\$190.96
	2	7	4.9%	29.0%	\$124.89	\$68.98	\$193.87
	3	7	10.0%	0.9%	\$209.96	\$200.96	\$410.92

A.1 Aggregate Statistics

- Mean iterations to convergence: 12.4
- Experiment 1 mean total cost: \$52.26
- Experiment 2 mean total cost: \$194.71
- Experiment 3 mean total cost: \$265.25

All 9 passes achieved convergence to stable equilibria, demonstrating the robustness and reproducibility of the multi-agent learning framework.

B Experiment 1: Asymmetric Equilibrium - Detailed Results

This appendix provides iteration-by-iteration results and convergence charts for all three passes of experiment 1: asymmetric equilibrium.

B.1 Pass 1

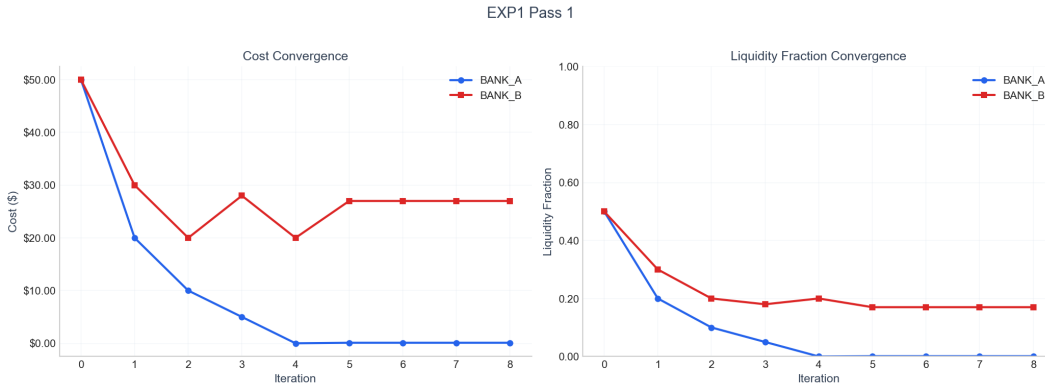


Figure 5: Experiment 1: Asymmetric Equilibrium - Pass 1 convergence

Table 10: Experiment 1: Asymmetric Equilibrium - Pass 1

Iteration	Agent	Cost	Liquidity
Baseline	BANK_A	\$50.00	50.0%
Baseline	BANK_B	\$50.00	50.0%
0	BANK_A	\$50.00	50.0%
0	BANK_B	\$50.00	50.0%
1	BANK_A	\$20.00	20.0%
1	BANK_B	\$30.00	30.0%
2	BANK_A	\$10.00	10.0%
2	BANK_B	\$20.00	20.0%
3	BANK_A	\$5.00	5.0%
3	BANK_B	\$28.00	18.0%
4	BANK_A	\$0.00	0.0%
4	BANK_B	\$20.00	20.0%
5	BANK_A	\$0.10	0.1%
5	BANK_B	\$27.00	17.0%
6	BANK_A	\$0.10	0.1%
6	BANK_B	\$27.00	17.0%
7	BANK_A	\$0.10	0.1%
7	BANK_B	\$27.00	17.0%
8	BANK_A	\$0.10	0.1%
8	BANK_B	\$27.00	17.0%

B.2 Pass 2

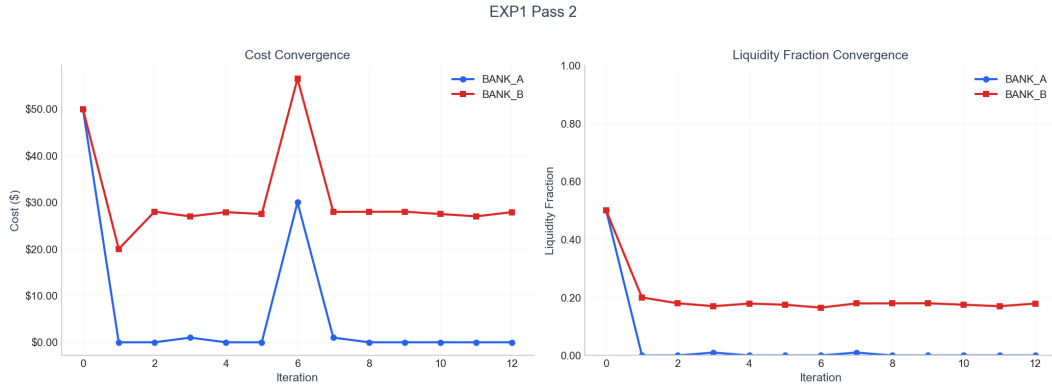


Figure 6: Experiment 1: Asymmetric Equilibrium - Pass 2 convergence

Table 11: Experiment 1: Asymmetric Equilibrium - Pass 2

Iteration	Agent	Cost	Liquidity
Baseline	BANK_A	\$50.00	50.0%
Baseline	BANK_B	\$50.00	50.0%
0	BANK_A	\$50.00	50.0%
0	BANK_B	\$50.00	50.0%
1	BANK_A	\$0.00	0.0%
1	BANK_B	\$20.00	20.0%
2	BANK_A	\$0.00	0.0%
2	BANK_B	\$28.00	18.0%
3	BANK_A	\$1.00	1.0%
3	BANK_B	\$27.00	17.0%
4	BANK_A	\$0.00	0.0%
4	BANK_B	\$27.90	17.9%
5	BANK_A	\$0.00	0.0%
5	BANK_B	\$27.50	17.5%
6	BANK_A	\$30.00	0.0%
6	BANK_B	\$56.50	16.5%
7	BANK_A	\$1.00	1.0%
7	BANK_B	\$27.96	17.9%
8	BANK_A	\$0.00	0.0%
8	BANK_B	\$27.98	18.0%
9	BANK_A	\$0.00	0.0%
9	BANK_B	\$28.00	18.0%
10	BANK_A	\$0.00	0.0%
10	BANK_B	\$27.50	17.5%
11	BANK_A	\$0.00	0.0%
11	BANK_B	\$27.00	17.0%
12	BANK_A	\$0.00	0.0%
12	BANK_B	\$27.90	17.9%

B.3 Pass 3

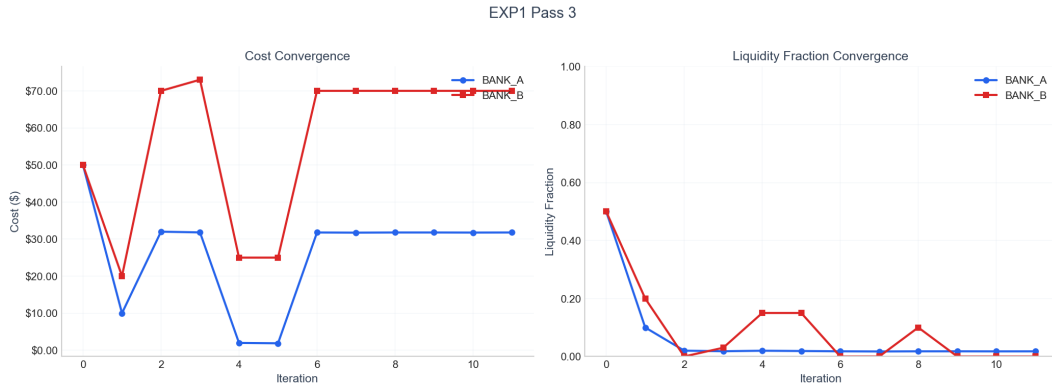


Figure 7: Experiment 1: Asymmetric Equilibrium - Pass 3 convergence

Table 12: Experiment 1: Asymmetric Equilibrium - Pass 3

Iteration	Agent	Cost	Liquidity
Baseline	BANK_A	\$50.00	50.0%
Baseline	BANK_B	\$50.00	50.0%
0	BANK_A	\$50.00	50.0%
0	BANK_B	\$50.00	50.0%
1	BANK_A	\$10.00	10.0%
1	BANK_B	\$20.00	20.0%
2	BANK_A	\$32.00	2.0%
2	BANK_B	\$70.00	0.0%
3	BANK_A	\$31.80	1.8%
3	BANK_B	\$73.00	3.0%
4	BANK_A	\$1.98	2.0%
4	BANK_B	\$25.00	15.0%
5	BANK_A	\$1.88	1.9%
5	BANK_B	\$25.00	15.0%
6	BANK_A	\$31.78	1.8%
6	BANK_B	\$70.00	0.0%
7	BANK_A	\$31.74	1.7%
7	BANK_B	\$70.00	0.0%
8	BANK_A	\$31.78	1.8%
8	BANK_B	\$70.00	10.0%
9	BANK_A	\$31.78	1.8%
9	BANK_B	\$70.00	0.0%
10	BANK_A	\$31.76	1.8%
10	BANK_B	\$70.00	0.0%
11	BANK_A	\$31.78	1.8%
11	BANK_B	\$70.00	0.0%

C Experiment 2: Stochastic Environment - Detailed Results

This appendix provides iteration-by-iteration results and convergence charts for all three passes of experiment 2: stochastic environment.

C.1 Pass 1

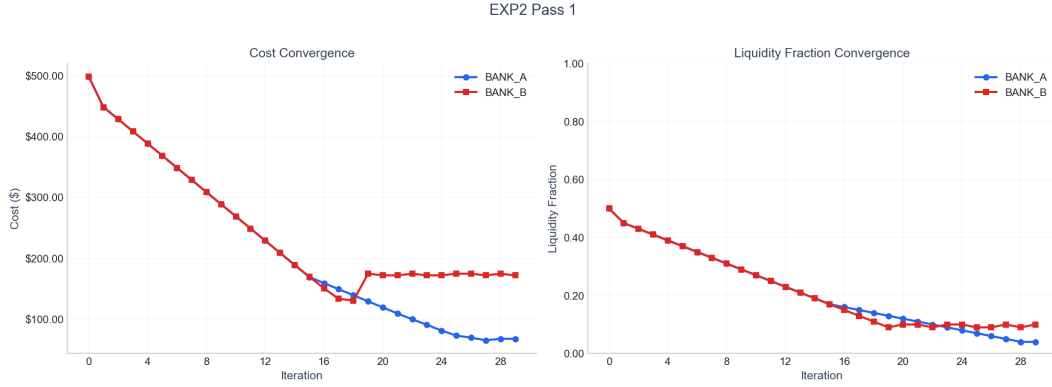


Figure 8: Experiment 2: Stochastic Environment - Pass 1 convergence

Table 13: Experiment 2: Stochastic Environment - Pass 1

Iteration	Agent	Cost	Liquidity
Baseline	BANK_A	\$498.00	50.0%
Baseline	BANK_B	\$498.00	50.0%
0	BANK_A	\$498.00	50.0%
0	BANK_B	\$498.00	50.0%
1	BANK_A	\$448.20	45.0%
1	BANK_B	\$448.20	45.0%
2	BANK_A	\$428.28	43.0%
2	BANK_B	\$428.28	43.0%
3	BANK_A	\$408.36	41.0%
3	BANK_B	\$408.36	41.0%
4	BANK_A	\$388.44	39.0%
4	BANK_B	\$388.44	39.0%
5	BANK_A	\$368.52	37.0%
5	BANK_B	\$368.52	37.0%
6	BANK_A	\$348.60	35.0%
6	BANK_B	\$348.60	35.0%
7	BANK_A	\$328.68	33.0%
7	BANK_B	\$328.68	33.0%
8	BANK_A	\$308.76	31.0%
8	BANK_B	\$308.76	31.0%
9	BANK_A	\$288.84	29.0%
9	BANK_B	\$288.84	29.0%
10	BANK_A	\$268.92	27.0%
10	BANK_B	\$268.92	27.0%
11	BANK_A	\$249.00	25.0%
11	BANK_B	\$249.00	25.0%
12	BANK_A	\$229.08	23.0%

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Table 13 – continued from previous page

Iteration	Agent	Cost	Liquidity
12	BANK_B	\$229.08	23.0%
13	BANK_A	\$209.16	21.0%
13	BANK_B	\$209.16	21.0%
14	BANK_A	\$189.24	19.0%
14	BANK_B	\$189.24	19.0%
15	BANK_A	\$169.32	17.0%
15	BANK_B	\$169.92	17.0%
16	BANK_A	\$159.36	16.0%
16	BANK_B	\$150.76	15.0%
17	BANK_A	\$149.40	15.0%
17	BANK_B	\$133.49	13.0%
18	BANK_A	\$139.44	14.0%
18	BANK_B	\$130.85	11.0%
19	BANK_A	\$129.48	13.0%
19	BANK_B	\$130.85	11.0%
20	BANK_A	\$119.52	12.0%
20	BANK_B	\$130.85	11.0%
21	BANK_A	\$109.56	11.0%
21	BANK_B	\$130.85	11.0%
22	BANK_A	\$99.99	10.0%
22	BANK_B	\$130.85	11.0%
23	BANK_A	\$91.00	9.0%
23	BANK_B	\$130.85	11.0%
24	BANK_A	\$81.44	8.0%
24	BANK_B	\$130.85	11.0%
25	BANK_A	\$73.31	7.0%
25	BANK_B	\$130.85	11.0%
26	BANK_A	\$69.92	6.0%
26	BANK_B	\$130.85	11.0%
27	BANK_A	\$65.58	5.0%
27	BANK_B	\$130.85	11.0%
28	BANK_A	\$65.58	5.0%
28	BANK_B	\$130.85	11.0%
29	BANK_A	\$65.58	5.0%
29	BANK_B	\$130.85	11.0%

C.2 Pass 2

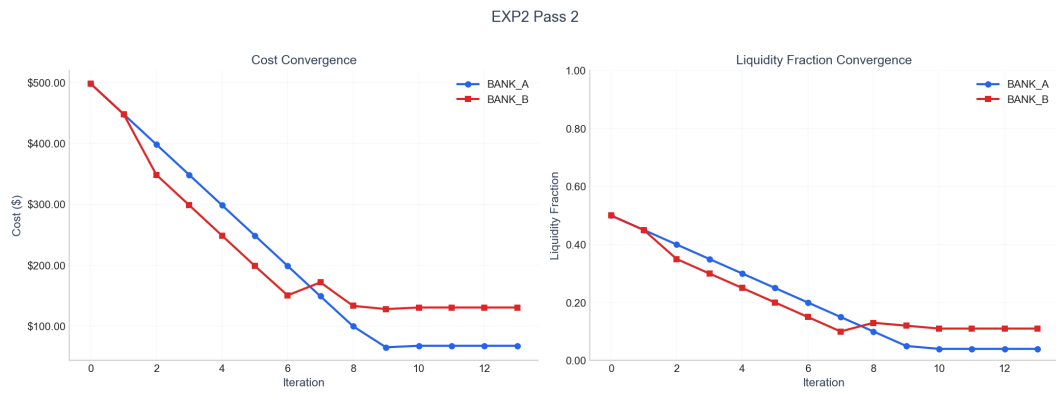


Figure 9: Experiment 2: Stochastic Environment - Pass 2 convergence

Table 14: Experiment 2: Stochastic Environment - Pass 2

Iteration	Agent	Cost	Liquidity
Baseline	BANK_A	\$498.00	50.0%
Baseline	BANK_B	\$498.00	50.0%
0	BANK_A	\$498.00	50.0%
0	BANK_B	\$498.00	50.0%
1	BANK_A	\$448.20	45.0%
1	BANK_B	\$448.20	45.0%
2	BANK_A	\$398.40	40.0%
2	BANK_B	\$348.60	35.0%
3	BANK_A	\$348.60	35.0%
3	BANK_B	\$298.80	30.0%
4	BANK_A	\$298.80	30.0%
4	BANK_B	\$249.00	25.0%
5	BANK_A	\$249.00	25.0%
5	BANK_B	\$199.20	20.0%
6	BANK_A	\$199.20	20.0%
6	BANK_B	\$150.76	15.0%
7	BANK_A	\$149.40	15.0%
7	BANK_B	\$150.76	15.0%
8	BANK_A	\$99.99	10.0%
8	BANK_B	\$133.49	13.0%
9	BANK_A	\$65.58	5.0%
9	BANK_B	\$128.27	12.0%
10	BANK_A	\$65.58	5.0%
10	BANK_B	\$128.27	12.0%
11	BANK_A	\$65.58	5.0%
11	BANK_B	\$128.27	12.0%
12	BANK_A	\$65.58	5.0%
12	BANK_B	\$128.27	12.0%
13	BANK_A	\$65.58	5.0%
13	BANK_B	\$128.27	12.0%

C.3 Pass 3

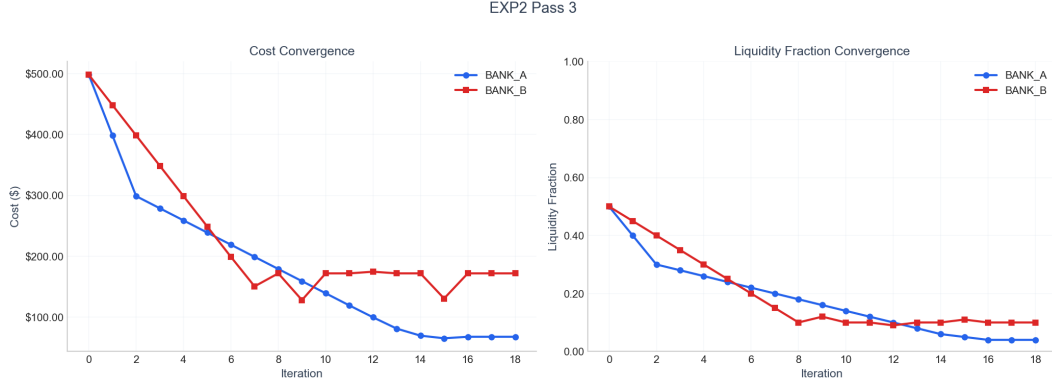


Figure 10: Experiment 2: Stochastic Environment - Pass 3 convergence

Table 15: Experiment 2: Stochastic Environment - Pass 3

Iteration	Agent	Cost	Liquidity
Baseline	BANK_A	\$498.00	50.0%
Baseline	BANK_B	\$498.00	50.0%
0	BANK_A	\$498.00	50.0%
0	BANK_B	\$498.00	50.0%
1	BANK_A	\$398.40	40.0%
1	BANK_B	\$448.20	45.0%
2	BANK_A	\$298.80	30.0%
2	BANK_B	\$398.40	40.0%
3	BANK_A	\$278.88	28.0%
3	BANK_B	\$348.60	35.0%
4	BANK_A	\$258.96	26.0%
4	BANK_B	\$298.80	30.0%
5	BANK_A	\$239.04	24.0%
5	BANK_B	\$249.00	25.0%
6	BANK_A	\$219.12	22.0%
6	BANK_B	\$199.20	20.0%
7	BANK_A	\$199.20	20.0%
7	BANK_B	\$150.76	15.0%
8	BANK_A	\$179.28	18.0%
8	BANK_B	\$150.76	15.0%
9	BANK_A	\$159.36	16.0%
9	BANK_B	\$128.27	12.0%
10	BANK_A	\$139.44	14.0%
10	BANK_B	\$128.27	12.0%
11	BANK_A	\$119.52	12.0%
11	BANK_B	\$128.27	12.0%
12	BANK_A	\$99.99	10.0%

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Table 15 – continued from previous page

Iteration	Agent	Cost	Liquidity
12	BANK_B	\$128.27	12.0%
13	BANK_A	\$81.44	8.0%
13	BANK_B	\$128.27	12.0%
14	BANK_A	\$69.92	6.0%
14	BANK_B	\$128.27	12.0%
15	BANK_A	\$65.58	5.0%
15	BANK_B	\$128.27	12.0%
16	BANK_A	\$65.58	5.0%
16	BANK_B	\$128.27	12.0%
17	BANK_A	\$65.58	5.0%
17	BANK_B	\$128.27	12.0%
18	BANK_A	\$65.58	5.0%
18	BANK_B	\$128.27	12.0%

D Experiment 3: Symmetric Equilibrium - Detailed Results

This appendix provides iteration-by-iteration results and convergence charts for all three passes of experiment 3: symmetric equilibrium.

D.1 Pass 1

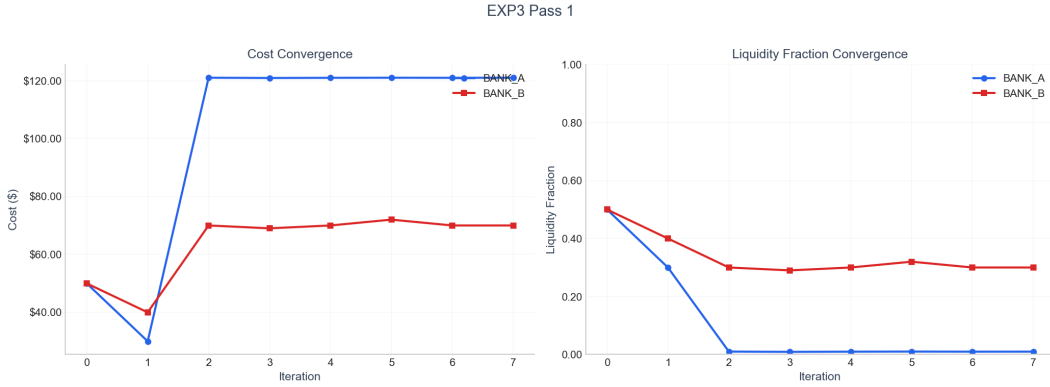


Figure 11: Experiment 3: Symmetric Equilibrium - Pass 1 convergence

Table 16: Experiment 3: Symmetric Equilibrium - Pass 1

Iteration	Agent	Cost	Liquidity
Baseline	BANK_A	\$49.95	50.0%
Baseline	BANK_B	\$49.95	50.0%
0	BANK_A	\$49.95	50.0%
0	BANK_B	\$49.95	50.0%
1	BANK_A	\$29.97	30.0%
1	BANK_B	\$39.96	40.0%
2	BANK_A	\$120.99	1.0%
2	BANK_B	\$69.97	30.0%
3	BANK_A	\$120.90	0.9%
3	BANK_B	\$68.98	29.0%
4	BANK_A	\$120.96	1.0%
4	BANK_B	\$69.97	30.0%
5	BANK_A	\$120.99	1.0%
5	BANK_B	\$71.98	32.0%
6	BANK_A	\$120.96	1.0%
6	BANK_B	\$69.97	30.0%
7	BANK_A	\$120.99	1.0%
7	BANK_B	\$69.97	30.0%

D.2 Pass 2

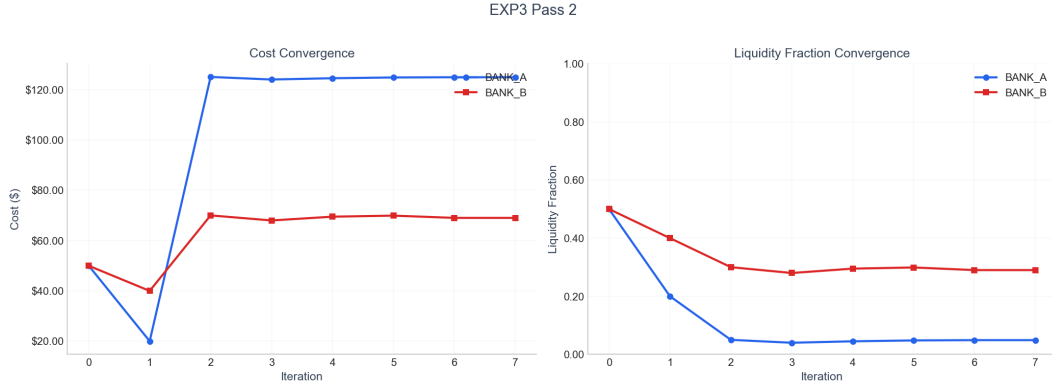


Figure 12: Experiment 3: Symmetric Equilibrium - Pass 2 convergence

Table 17: Experiment 3: Symmetric Equilibrium - Pass 2

Iteration	Agent	Cost	Liquidity
Baseline	BANK_A	\$49.95	50.0%
Baseline	BANK_B	\$49.95	50.0%
0	BANK_A	\$49.95	50.0%
0	BANK_B	\$49.95	50.0%
1	BANK_A	\$19.98	20.0%
1	BANK_B	\$39.96	40.0%
2	BANK_A	\$125.01	5.0%
2	BANK_B	\$69.97	30.0%
3	BANK_A	\$123.99	4.0%
3	BANK_B	\$67.96	28.0%
4	BANK_A	\$124.50	4.5%
4	BANK_B	\$69.46	29.5%
5	BANK_A	\$124.80	4.8%
5	BANK_B	\$69.88	29.9%
6	BANK_A	\$124.89	4.9%
6	BANK_B	\$68.98	29.0%
7	BANK_A	\$124.89	4.9%
7	BANK_B	\$68.98	29.0%

D.3 Pass 3

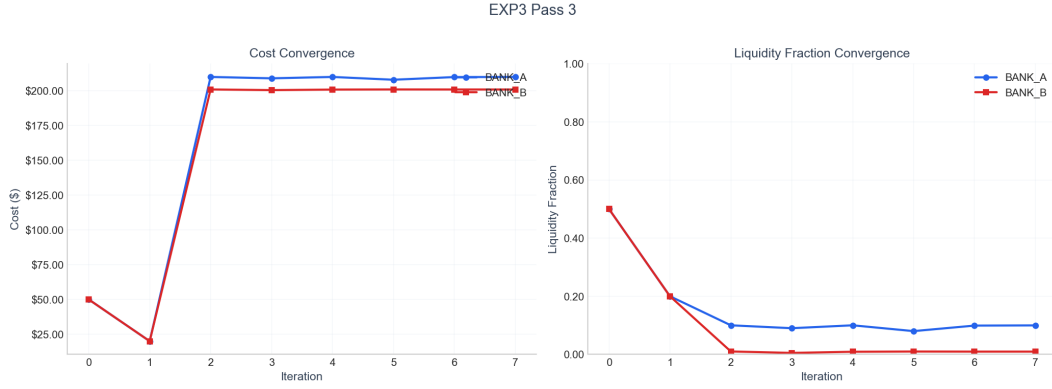


Figure 13: Experiment 3: Symmetric Equilibrium - Pass 3 convergence

Table 18: Experiment 3: Symmetric Equilibrium - Pass 3

Iteration	Agent	Cost	Liquidity
Baseline	BANK_A	\$49.95	50.0%
Baseline	BANK_B	\$49.95	50.0%
0	BANK_A	\$49.95	50.0%
0	BANK_B	\$49.95	50.0%
1	BANK_A	\$19.98	20.0%
1	BANK_B	\$19.98	20.0%
2	BANK_A	\$209.99	10.0%
2	BANK_B	\$200.99	1.0%
3	BANK_A	\$209.00	9.0%
3	BANK_B	\$200.51	0.5%
4	BANK_A	\$209.99	10.0%
4	BANK_B	\$200.90	0.9%
5	BANK_A	\$207.98	8.0%
5	BANK_B	\$200.99	1.0%
6	BANK_A	\$209.90	9.9%
6	BANK_B	\$200.96	0.9%
7	BANK_A	\$209.96	10.0%
7	BANK_B	\$200.96	0.9%