

COMMENTS DUTCH MARKET ON EUROSISTEM SINGLE INTERFACE TO ECB

The Dutch Market welcomes the opportunity to comment on the European Central Bank's Initial public consultation on the Eurosystem Single Interface (ESI). The response is based on the consultation document as well as further presentations provided by DNB for the Dutch market and the ECB for the TWG in October 2008.

GENERAL REMARKS

Costs of investments:

The Dutch market does not feel the need for an alternative channel and prefers Swift as the channel to all Eurosystem services. Market participants that have invested in Swift do not want to pay for alternative communication channels they do not want or need. Users of non Swift communication have to pay for this alternative themselves. As far as communication with CCBM2 is concerned the Eurosystem has to take into account that this is an ESCB application paid for by the NCB's. Dutch market participants are reluctant to pay for the use of this application.

Level playing field

Swift is the preferred channel to Eurosystem Services. The alternatives to Swift have to be as safe and sound as Swift. The service level has to be equal to Swift. Level playing field has to be ensured in times that one of the available channels is down and the others are still available. Distortions in the market as a whole can not be allowed in any way when part of the users have access through their preferred channel while other users experience an outage in their channel.

Business continuity arrangements

When different communication channels are available in the future, market participants could feel obliged to organise the possible use of a second channel next to their preferred one. This induces higher costs.

REMARKS PER PRINCIPLE

Our comments are linked to the principles mentioned in the document but some of remarks relate to more than one principle.

Principle 1: different channels

From the consultation document in combination with a presentation by DNB, we understand that in addition to SWIFT (currently used as only channel for TARGET2) it is the intention to offer a secure internet access channel and dedicated channels for some specific purposes. This would apply to both the User to Application and to the Application to Application side of the interface.

We do not need an alternative channel because we prefer SWIFT as the channel to the Eurosystem services.

We do have some concerns related to an alternative internet based channel.

- An alternative should be as secure as SWIFT is, to ensure that the security of the whole system is not compromised by a weaker link
- This channel should also be as reliable as SWIFT to ensure that all of the market has the same certainty of access and same timely access.
- Even with this equality in place we wonder if additional measures need to be taken to ensure a level playing field at all times and to ensure that no distortion to the market as a whole occurs if part of the users have access through one channel while others might experience an outage on the other channel
- The use of the alternative channel should be optional. Dutch banks have invested in SWIFT and their SWIFT connection and we do not want to have to invest in another channel because SWIFT is seen as too expensive by some parties
- The costs for a fully secure and reliable internet solution might be substantial, and these costs should be charged to the users of this channel to ensure a level playing field. Banks invested in SWIFT, alternatives should no be provided free of cost to the internet access users.
- It should be determined whether the business case is justified. Would it really be cheaper than using a SWIFT connection when costs are charged to the users?

Principle 2: any channel to any service

If some services are not fully available through all channels, the SWIFT channel should have all services available.

For concerns mentioned above, it might be considered to limit the internet access to the user to application mode only and/or to information purposes only.

Principle 3: different added value per channel

It is not quite clear what added values are foreseen for the different channels. In principle, SWIFT, as our preferred channel, should have all value offered. It should not be necessary to use two channels.

Principle 4: all channels to all functionality

It is not quite clear to us how this relates to principle 2. Remark is the same as under principle 2.

Principle 5: consolidated overview

We would opt for the 'second solution': information is made available when requested and as soon as available. Not only when an entire operation over the three services is completed. As for aggregated information over the three services: at this moment with (detailed) functional specifications for two of the three services not yet available, it is difficult to determine what information is needed or could add value in a consolidated overview. We would therefore like to be able to discuss this again at a later stage.

In general we would want to see the overall cash position, across all services (e.g. also the impact of auto collateralisation). Depending on how and what information will be available per service, it would have to be determined if and how this has to be provided in a separate consolidated overview.

