

Outcome ad hoc workshop on TIPS pan-European reachability

17 February 2021, 10.30 – 13.00, via WebEx

1. Welcome and adoption of the agenda

The Chair welcomed the participants¹.

The participants agreed on the agenda.

2. Implementation of the pan-European reachability measures

The ECB will update workshop participants on the progress towards the implementation of the measures announced in July 2020 to support the pan-European reachability of instant payments, including the proposed market readiness milestones and the migration strategy, as well as the community readiness monitoring.

Documents:

Pan-European reachability of instant payments – update

Readiness monitoring for pan-European reachability measures

¹ This workshop was attended by the AMI-Pay membership as well as additional ACHs and banks not represented in AMI-Pay given the focus of the workshop.

Outcome:

The ECB provided an overview of the Eurosystem's migration strategy for the implementation of the pan-European reachability measures, including confirmation of the migration days and an update on the associated deliverables for the migration of the PSPs and ACHs to TIPS.

The ECB further presented the progress made in terms of definition and implementation of the migration, testing and readiness monitoring. The ECB mentioned that the first reporting cycle was launched and confirmed that the TIPS Readiness Monitoring report would be shared with the AMI-Pay in March.

The members took note of the presentations.

With regard to the migration of the ACH technical account, some participants expressed the preference for a migration on the weekend in the early morning hours rather than on Friday evening as this time is busy in terms of volumes for some instant payment systems. The ECB will take this point back for further consideration by the 4CB.

In reply to remarks raised by some participants on availability of final documents related to the migration, the ECB stressed that the necessary documentation for the PSPs has been released already and relevant national central banks could provide support to participants where needed.

Finally, the ECB noted they heard about temptations to sweep the liquidity very quickly back and forth onto the TIPS dedicated cash account at the time of the 'snapshot' to ensure that the balance is treated by the Eurosystem as central bank account balance, even though the funds would be on the central bank account only for a few minutes or even seconds. In addition to circumventing the spirit of the calculation of minimum reserve fulfilment, the ECB stressed that this practice exposes to operational risk as for a limited time – that may be extended in case of technical problem – there would not be the funds on the ACHs account which are considered appropriate during the rest of the day. Such a practice is not supported from an ECB perspective. The ECB will monitor the flow of liquidity and would take actions to address the issue if any opportunistic behaviour occurs. The ECB will also provide more details on its expectations. Some participants nevertheless asked that such measures do not prevent them to optimise the usage of their liquidity.

Follow-up:

The ECB will present further details relating to its monitoring of liquidity flows on ACHs accounts and related expectations at the next AMI Pay meeting.

3. TIPS pricing

The ECB will inform workshop participants on the revised TIPS pricing endorsed by the ECB Governing Council end-2020.

Document:

TIPS pricing review

Outcome:

The ECB presented the revised TIPS pricing explaining the reasoning and motivation for the TIPS pricing scheme, addressed points that had been raised by the market so far and offered the opportunity for participants to ask further questions.

Some participants raised concerns that the TIPS ACH transaction may have effects on the migration from SCT to SCT Inst and disincentivise product development on top of instant payments.

In reply to comments and concerns raised by participants, the ECB clarified the following points:

- ACHs and PSPs do receive value from the pan-European package and the Eurosystem has invested significantly in ensuring pan-European reachability for instant payments by complementing market efforts to provide interoperability in an efficient manner, and in the absence of another comprehensive solution.
- The pricing policy ensures that actors benefiting the most from these measures do also contribute accordingly, assuming that ACHs pass on their fees to their PSPs.
- The Eurosystem aimed at ensuring full proportionality in the fees to the underlying level of activity. In addition, it was deemed important to avoid at this stage a structure which would be non-neutral regarding country-size/community dimension, without excluding future adjustments of the fee structure.
- Charging fees based upon a proxy for ACH's internal transactions is already the practice since 2008 in TARGET2 with however a different approach.
- The level of the ACH fee shall be decreased along with growing SCT Inst volumes and the overall TIPS pricing is fixed only until November 2023; provided that the SCT Inst market evolution exceeds current expectations, the Eurosystem will review the ACH fee earlier than that. The ACH fee has been conceptualised so that the contribution of the ACH fee in TIPS's cost recovery aims at a similar level as has been foreseen for the Ancillary System fees in the future T2 system.
- TIPS is operating on a not-for-profit basis
- The Eurosystem highlighted again that it fully shares the aim of achieving an efficient pan-European instant payments ecosystem and appreciates the markets' views in this regard.

One member suggested considering the impact the ACH fee, even if very low, may have in favouring P2P mobile solutions not relying on settlement in TIPS but settling in commercial bank money while settlement in central bank money should be incentivised.

Follow-up:

As a result of the discussion, the ECB will continue to monitor closely the evolution of SCT Inst and will revisit the ACH fee structure earlier than 11/2023 and will have a further AMI-Pay workshop on this topic in Q1/2022.

4. Any other business