Cool down process – Contingency Mechanism for Instant Payments

Building resilience.

Ensuring continuity.

Protecting trust.

Santander

Prepared by: AMI Pay Instant Payments Task Force | 5 May 2026

2 EXECUTIVE SUMMARY

A harmonised framework is essential to safeguard the stability and continuity of instant payments under stress.

Instant Payments deliver major benefits, but their speed and 24/7 availability introduce new vulnerabilities.

We have identified three critical operational scenarios that can disrupt or strain payment continuity.

We propose “cool down” mechanisms to allow controlled intervention while preserving access for customers and confidence in the system.

Clarity from the ECB and European Commission is needed to activate these measures without breaching obligations.

We seek EC confirmation on key questions to enable a harmonized framework across the EU.

3 SCENARIO 1: IT INCIDENT

Operational disruptions can rapidly cascade into liquidity and settlement risk.

DESCRIPTION	TYPE OF RISK	RISK DRIVERS	KEY RISK INDICATORS (KRIs)	CURRENT TECHNICAL CAPABILITIES	STRATEGIC SOLUTION	CONSULTATION TO EUROPEAN COMISION
Disruption or failure of internal or external technological systems that prevents the timely execution or settlement of payment transactions.	• Operational risk • Reputational risk • Liquidity risk • Settlement risk	• System outages or degraded availability • Software deployment failures • Network or messaging disruption • Third-party or market infrastructure dependencies	• Settlement fail rate (%) • Timing mismatches versus cutoffs • Counterparty exposure levels • % of customers affected • % of payment flows impacted	• PCN / "System unavailable" mode • Suspend or isolate instant payment processing • Reroute flows to classic SEPA clearing channels	Enable the use of PCN and temporary rerouting of instant payments to traditional SEPA credit transfers to maintain continuity while resolving the technical incident.	Can the EC confirm that, in the event of a major IT incident, PSP may unilaterally activate PCN and reroute instant payments to non-instant clearing mechanisms without breaching the Instant Payments Regulation?

4 SCENARIO 2: SOCIAL MEDIA-INDUCED LIQUIDITY STRESS

Digitally accelerated bank-run dynamics can overwhelm liquidity liquidity in minutes.

DESCRIPTION

Rapid escalation of market stress driven by social media narratives or misinformation, leading to abrupt increases in customer payment activity and deposit outflows, potentially impairing our ability to meet settlement and cofinement obligations

TYPE OF RISK

- Operational risk
- Reputational risk
- Liquidity risk
- Settlement risk

RISK DRIVERS

- Viral dissemination of adverse information
- Sudden loss of depositor confidence
- Digitally enabled bank-run dynamics
- Concentration of outgoing instant payments over short time horizons

KEY RISK INDICATORS (KRIs)

- Abnormal withdrawal volumes (%)
- Spike in instant payment transactions or values
- Social media sentiment indicators
- Net liquidity outflows vs internal thresholds

CURRENT TECHNICAL CAPABILITIES

- PCN and controlled degradation of instant payments
- Throttling or rate-limiting of transaction volumes
- Rerouting to classic SEPA channels
- Real-time monitoring of payment and liquidity flows

STRATEGIC SOLUTION

- Permit temporary, rule-based measures (e.g., throttling or rerouting of instant payments) to smooth liquidity outflows and align payment volumes with available funding capacity.

CONSULTATION TO EUROPEAN COMISION

Does the EC consider that liquidity-motivated throttling or rerouting of instant payments, in response to social-media-driven stress events, is compatible with the existing EU payments and prudential framework?

5 SCENARIO 3: FRAUD OR CYBERSECURITY EVENT

Fraud or cybersecurity incidents can undermine trust and trigger rapid behavioral shifts.

DESCRIPTION	TYPE OF RISK	RISK DRIVERS	KEY RISK INDICATORS (KRIs)	CURRENT TECHNICAL CAPABILITIES	STRATEGIC SOLUTION	CONSULTATION TO EUROPEAN COMISION
A fraud event or cyberattack creates immediate customer uncertainty and behavioral changes, including spikes in instant payments, liquidity outflows and declines in trust.	• Operational risk • Reputational risk • Liquidity risk • Settlement risk	• Fraud or cyber incident (public or suspected) • Data breach or unauthorized access • Customer fear and behavioral shifts • Surge in claims and refunds • System overload due to incident response	• Spike in fraud alerts or blocked transactions • Increase in chargebacks or disputes • Sudden rise in instant payment volumes • Liquidity outflows • Customer sentiment and trust metrics	• Enhanced fraud monitoring and detection systems • Incident response protocols • Ability to adjust instant payment limits • Real-time monitoring of payment and liquidity flows	• Temporarily throttle or reroute instant payments • Implement stricter transaction controls • Maintain continuity via alternative clearing channels • Communicate transparently with customers	Should a fraud or cybersecurity event be considered a justifiable condition for proportional intervention or rerouting of instant payments under the EU framework?

6 SCENARIO 4: EXTREME LIQUIDITY STRESS

Extreme liquidity stress can force the need for proportional and measured action to ensure resilience.

DESCRIPTION	TYPE OF RISK	RISK DRIVERS	KEY RISK INDICATORS (KRIs)	CURRENT TECHNICAL CAPABILITIES	STRATEGIC SOLUTION	CONSULTATION TO EUROPEAN COMISION
A systemic or severe shock leads to extreme liquidity stress, threatening the ability to settle instant payments without extraordinary measures.	• Operational risk • Reputational risk • Liquidity risk • Settlement risk	• Severe market disruption or financial crisis • Simultaneous large-scale liquidity outflows • Broader loss of confidence in the financial system • Failures in multiple payment system infrastructures • Regulatory or geopolitical shocks	• Liquidity coverage ratios (%) • System-wide liquidity shortages • Persistent net liquidity outflows • Instant payment volumes vs available liquidity • Market stress and systemic risk indicators	• System-wide stress testing and scenario planning • Emergency liquidity management tools • Ability to impose system-wide limits or suspensions • Coordination with other infrastructures and authorities	• Activate proportional, temporary restrictions or suspensions of instant payments • Prioritize critical payment flows • Coordination with financial authorities and other PSPs • Communicate clearly and frequently with stakeholders	In the event of extreme liquidity stress, should the EC endorse broad restrictions, suspension or prioritization of instant payments to preserve financial stability across the EU ecosystem?