



EUROPEAN CENTRAL BANK

EUROSYSTEM

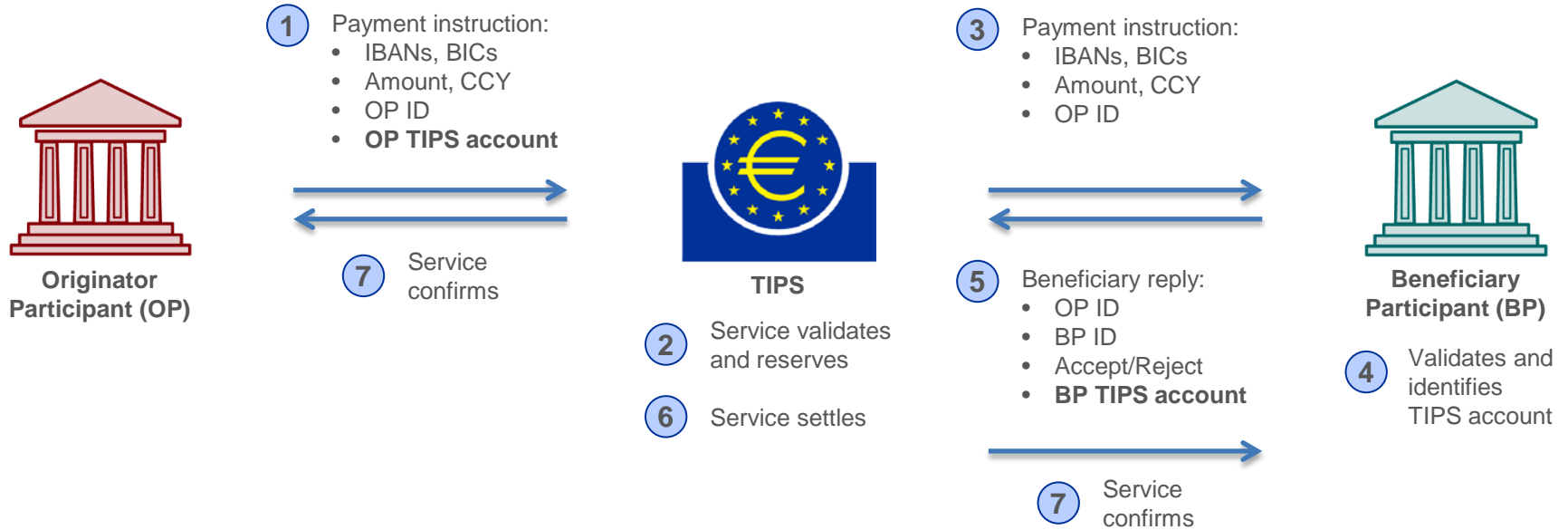
TIPS Project Team

# **Task Force on TARGET Instant Payments Settlement**

**3<sup>rd</sup> Task Force Meeting  
20 December 2016**

**TIPS User Requirements**

## TIPS Account Mapping (1/2)



- (1) Originator participant payment instruction contains originator participant TIPS account to be debited
- (2/3) TIPS reserves the funds and forwards the instruction (minus the TIPS account) to the beneficiary participant
- (4/5) The beneficiary participant identifies its TIPS account to be credited and replies to TIPS if the funds are accepted or rejected
- (6/7) TIPS settles and confirms to both participants

## TIPS Account Mapping (2/2)

Current account/CMB mapping according to the URD:

- Done by the originator and beneficiary participant
- TIPS does not contain a mapping table (e.g. BIC <> account)

### Pros

- Flexibility for participants to use accounts/CMBs derived according to own business rules
- Reduced data maintenance in TIPS
- Possibility to use a large number of CMBs (e.g. one for each IBAN)

### Cons

- Payment instruction and beneficiary participant reply have to contain an additional field, i.e. their account/CMB number
- Since accounts/CMBs cannot be derived from the BIC recall message processing is more complex (the original payment instruction has to be looked up)

## Recalls

### **Current** recall functionality according to URD

- TIPS forwards recalls and their negative answers
- Positive answers are forwarded, no additional processing is done; i.e. TIPS expects another payment instruction which reverts the cash flow

### **New** recall functionality for **next version** of URD, due to updated rulebook

- Recalls will be forwarded (same as before)
- Negative recall answers will be forwarded only (same as before)
- Positive recall answers will be processed
  - A new payment instruction will be generated reversing the cash flow; the original beneficiary participant does not need to send a new instruction in addition to the positive answer
  - Based on the message ID of the original dataset DS-02 the payment instruction to be recalled is looked-up by TIPS
  - This process only works if participants use unique message IDs for their payment instructions for the recall period of 30 days

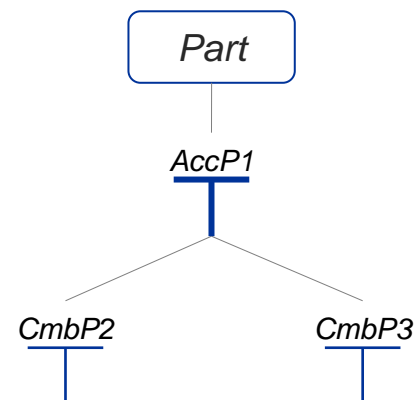
# TIPS Actors – Payments/Liquidity Transfers

	Can be addressed	Owens	Can submit payment instructions for	Can submit liquidity transfers for
<b>Central Banks</b>	-	Transit account Accounts	-	Transit account Accounts
<b>Participants</b>	Via own BIC	Accounts CMBs	Accounts CMBs	Accounts
<b>Reachable party</b>	Via own BIC	-	-	-
<b>Instructing party on behalf of a participant</b>	-	-	Participant accounts Participants CMBs	Participant accounts
<b>Instructing party on behalf of a reachable party</b>	-	-	CMBs	-

# TIPS Actors – Payments

## On the originator side

- Participant called **Part**
  - Owns account **AccP1** and CMBs **CmbP2** and **CmbP3**
  - Has BIC **PXXX**
  - Provides CmbP3 for reachable party
- Instructing party called **InstP**
  - Instructs on participants behalf
- Reachable party called **Reach**
  - Does not own any account or CMB
  - Has BIC **RXXX**
  - Is given access to CmbP3 by participant
- Instructing party called **InstR**
  - Instructs on reachable party’s behalf on CMB
- All following options are valid:

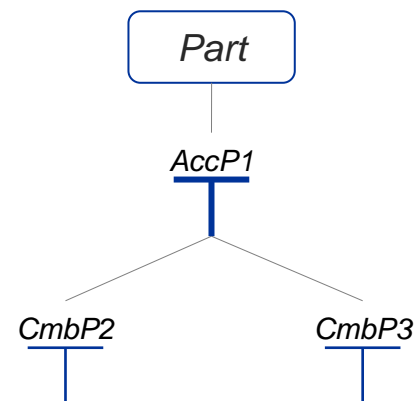


FROM BIC:	<b>PXXX</b>	<b>PXXX</b>	<b>RXXX</b>
SENDER:	<b>Part</b>	<b>InstP</b>	<b>InstR</b>
TIPS ACC/CMB ID:	<b>AccP1</b> or <b>CmbP2/3</b>	<b>AccP1</b> or <b>CmbP2/3</b>	<b>CmbP3</b>

# TIPS Actors – Payments

## On the beneficiary side

- Participant called **Part**
  - Owns account **AccP1** and CMBs **CmbP2** and **CmbP3**
  - Has BIC **PXXX**
  - Provides CmbP3 for reachable party
- Instructing party called **InstP**
  - Receives on participants behalf
- Reachable party called **Reach**
  - Does not own any account or CMB
  - Has BIC **RXXX**
  - Is given access to CmbP3 by participant
- Instructing party called **InstR**
  - Receives on reachable party’s behalf on CMB
- Receiver has to be uniquely derived from the BIC



TO BIC:	<b>PXXX</b>	<b>PXXX</b>	<b>RXXX</b>
RECEIVER:	<b>Part</b>	<b>InstP</b>	<b>InstR</b>
TIPS ACC/CMB ID:	<b>AccP1</b> or <b>CmbP2/3</b>	<b>AccP1</b> or <b>CmbP2/3</b>	<b>CmbP3</b>

# TIPS Actors – Management

	Can manage CMB	Can block
<b>Central Banks</b>	Yes, for all accounts in their books	All of their participants All accounts in their books All linked CMBs
<b>Participants</b>	Own CMBs	Own accounts Own CMBs
<b>Reachable party</b>	-	-
<b>Instructing party on behalf of a participant</b>	Own CMBs	Own accounts Own CMBs
<b>Instructing party on behalf of a reachable party</b>	-	-



## Credit Memorandum Balance

- In the previous TIPS TF and in the WGT2, there was a discussion around the CMB

### Pros

- The usage of a CMB provides a tool to effectively manage the credit line of a participant
- No need to create multiple segregated pots of liquidity
- The access to liquidity for a given participant can be limited by reducing or blocking the CMB

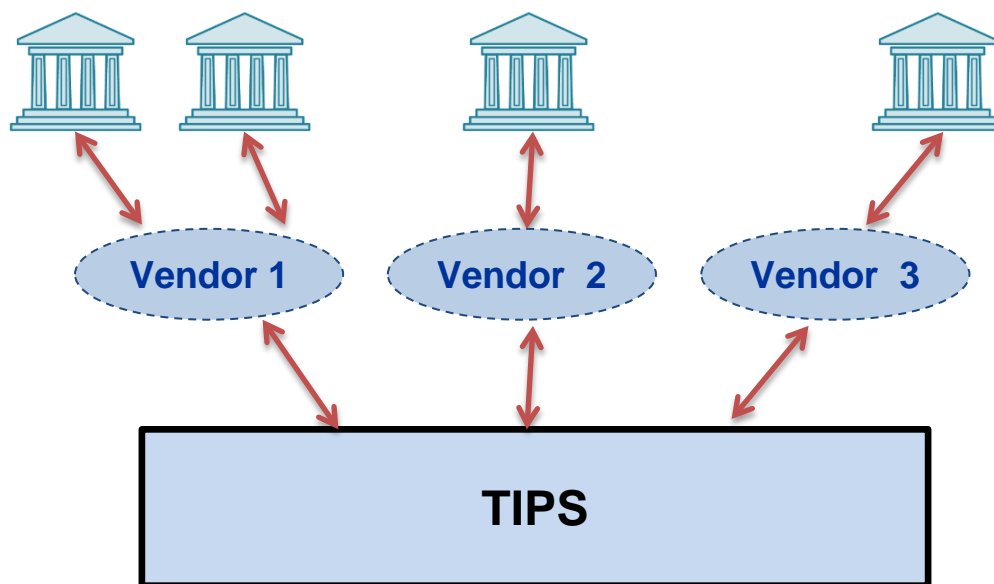
### Cons

- The reference data setup is more complex
- Dedicated functionalities via U2A and A2A have to be developed to manage the CMBs
- The booking related to a CMB has to be reflected twice (i.e. on the balances of the CMB and the linked TIPS account)

- TF participants are invited to provide their views on whether they have identified a business case for the CMB

## Connecting to TIPS

- TIPS will be a network vendor agnostic service
- The intention is to let TIPS Participants decide the network vendor they each intend to use, as long as this network vendor is certified by the Eurosystem



## TIPS Service Desk Model

- Due to the real-time, 24/7 nature of the service provided by TIPS, issues can occur at any time (e.g. during banking holidays or in the night) and are expected to be rather technical, than business
- The payments volume peak is expected to be during non-standard support hours, e.g. between 7PM and 10PM or during the weekend
- TIPS service desk model has been discussed at MIB meeting and a decision has been made to have a service desk model in TIPS similar to the T2S model:
  - Central Banks shall maintain the responsibility of the reference data setup and liquidity management during the standard support hours
  - The TIPS service desk shall be responsible for providing direct support to TIPS participants for managing the technical connection, also during non-standard support hours

## Reports

TIPS shall generate the reports at the end of day of the corresponding RTGS and send them only via Application-to-Application according to the participant rights:

	<b>Statement of Account Turnover</b>	<b>Statement of Accounts</b>	<b>General Ledger</b>
<b>Central Banks</b>	No	No	All accounts in their books
<b>Participants</b>	Own accounts Own CMBs	Own accounts Own CMBs	No
<b>Reachable party</b>	No	No	No
<b>Instructing party on behalf of a participant</b>	No	No	No
<b>Instructing party on behalf of a reachable party</b>	No	No	No

## Reports – Statement of Accounts

TIPS shall provide to the participants the statement of accounts with the following information:

- RTGS business date
- TIPS participant identifier
- TIPS account identifier
- Initial balance prior each transaction
- Final balance after each transaction
- Transaction references
- Settlement timestamp

<b>ID</b>	TIPS.UR.06.XXX
<b>Name</b>	Statement of Accounts
<b>Requirement</b>	TIPS shall generate a statement of account report which includes information on all accounts a participant is responsible for.

## Raw Data

TIPS will produce the following raw data files on a daily basis and shall offer all TIPS participants the flexibility to choose the raw data they wish to receive:

- A raw data file (or a set of raw data files) including all the data subject to archiving
- A raw data file (for each participant subject to billing) including all the data related to the relevant billable items
- One or several data files (for each participant) including all the data (at transaction level) needed by the participants to fulfil their regulatory reporting requirements.

<b>ID</b>	TIPS.UR.09.010
<b>Name</b>	Raw data
<b>Requirement</b>	TIPS shall provide raw data files on a daily basis.

## Basic Queries

TIPS provide participants with a basic set of queries that are required to make use of the service. All basic queries shall be available in user-to-application mode as well as in application-to-application mode.

	<b>CMB Limit and Status Query</b>	<b>Account Balance and Status Query</b>	<b>Payment Instruction Query</b>
<b>Central Banks</b>	Yes, on all CMBs in their books	Yes, for all accounts in their books	<del>No</del> Yes
<b>Participants</b>	Own CMBs	Own accounts	Own accounts Own CMBs
<b>Reachable party</b>	No	No	No
<b>Instructing party on behalf of a participant</b>	Own CMBs	Own accounts	Own accounts Own CMBs
<b>Instructing party on behalf of a reachable party</b>	No	No	CMB

# Interfaces – Overview

TIPS supports the connectivity of TIPS participants as follows:

Type	Description	U2A	A2A
Report	Statement of Account Turnover	N/A	24/7
Report	Statement of Account <b>(NEW)</b>	N/A	24/7
Report	General ledger	N/A	24/7
Raw data	For billing, for regulatory...purposes	N/A	24/7
Query	CMB limit and Status Query	24/7	24/7
Query	Account Balance and Status query	24/7	24/7
Query	Payment instruction query	24/7	24/7
Reference Data	Account creation/deletion by Central Bank <b>(NEW)</b>	Limited <sup>1</sup>	Limited <sup>1</sup>
Reference Data	Blocking/unblocking of a participant	24/7	24/7
Reference Data	Blocking/unblocking of an account	24/7	24/7
Reference Data	Increase/decrease of a CMB	24/7	24/7
Other functionality	Liquidity Transfer order	Limited <sup>1</sup>	Limited <sup>1</sup>
Other functionality	Online data access	Limited <sup>1</sup>	N/A

<sup>1</sup> e.g: the *corresponding RTGS opening hours*



## List of Action Points (1/2)

Number	Action Point	Status
1.01	Elaborate on the Principles and potential update the Principles	Pending Closure
1.02	Draft the first set of URD (only the few proposals agreed to be ready)	Closed
1.03	Update existing/draft new proposals based on input received at the last meeting	Closed
1.04	Provide a description of the service the Eurosystem would like to offer	Closed
1.05	Consider any effects on the monetary policy and analyse how liquidity can be raised in TIPS	Pending Closure
1.06	Prepare a glossary	Pending Closure
1.07	Consider types of messages, version number (with regards to ISO 20022) and the precise data that is needed for communication purposes	Closed
1.09	Consider the need of a GUI and its placement (e.g. a separate GUI in TARGET2 or in the banks' own system), the opening hours of the GUI, what is the need outside office hours and functions that is needed in TIPS or TARGET2	Closed
1.10	Consider what kind of limits are necessary in TIPS and what kind of limit checks could be done elsewhere	Closed
1.11	Consider what is needed with regards to reporting (how often; for which purpose e.g. reconciliation etc.).	Closed
1.12	Consider if data extraction should be push or pull	Closed
1.14	Consider if TIPS should provide non-repudiation	Pending Closure
1.15	Consider if you have any input on other topics that need to be added to the list of proposals	Closed
2.01	Consider what functionalities that are absolutely needed in a GUI	Pending Closure

## List of Action Points (2/2)

Number	Action Point	Status
2.02	With regards to detection of duplicated payment instructions, please consider the time constraints (should it e.g. be 72hours or 2 minutes?). The identification of the time window for duplicate check should also take into account the EPC timeout.	Pending Closure
2.03	Consider how frequently the directory data should be made available for the participants and who should be responsible for the updates	Pending Closure
2.04	Consider if direct access should be given to data older than 2 months. Please consider the needed time period.  Also, please consider the use case of this data access	Pending Closure
2.05	Consider if you have any input on other topics that need to be added to the list of proposals	Pending Closure
2.06	Consider how much time is needed for testing and also consider if there is a need for more than one test environment.  Also, please consider if a pilot testing could be introduced where only a smaller number of participants are testing the core of the scope	Pending Closure