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Subject
Dutch feedback on the TIPS User Requirements

Dear [REDACTED] dear [REDACTED]

The Dutch Payments Association and the leading Dutch PSP's participating in the Instant Payments program ('the Dutch IP community') very much appreciate and support the endeavours of the ECB to realize Instant Payments across Europe as of November 2017. Its principle statement "*to ensure that the growing demand for instant payments is met without national solutions being implemented that reintroduce fragmentation in Europe*" is fully endorsed. Ensuring pan-European interoperability has been one of the key starting points of the Dutch program when commencing the design of Instant Payments mid-2015.

With respect to the market consultation TIPS launched by the ECB, the Dutch IP community would like to take the opportunity to highlight a few aspects and concerns in relation to the TIPS set-up and User Requirements, as they stand today, in the hope that this will benefit the future development of TIPS.

First of all, it is our understanding that the two settlement solutions (ASi6 Realtime as of November 2017, and TIPS possibly as of November 2018) for Instant Payments are meant to co-exist, both supporting the SEPA Instant Credit Transfer but with underlying different settlement models. As such, in view of the need to establish SEPA reachability across the two settlement models, clarity is appreciated in the area relating to access and participation:

- How will (front-runner) PSP's using ASI6 Realtime be able to receive Instant Payments from PSP's connected to TIPS and vice versa, without having to become a participant of TIPS or having an additional contract in place with a party that is a TIPS participant. The guiding principle would be to provide a low-entry access to an Instant Payments solution (that services both domestic and pan-European traffic) and avoid cost-inefficiencies where possible. This is especially relevant for smaller or mid-size PSP's or new-comers.
- Please consider the additional role CSM's could play in this respect. An extension of their access to TIPS, currently not foreseen in the URD, could prove to be beneficial for all both in terms of reach and in terms of cost efficiency. We understand the complexity this brings, as this would impact the current guidelines of Target2. Nevertheless, we believe this option should not be discarded too soon, given that TIPS is being developed for the long-term future, and as such may require new approaches. Such an extension of the CSM access could also benefit the perceived unevenness in obtaining a TIPS/Target2 account, between CSM's who are part of a National Central Bank, and those CSM's that stand-alone.
- In addition, the Dutch IP community would appreciate to understand the long term view with regards to the Target settlement solution, and whether or not one of two settlements solutions is ultimately to prevail.

In terms of functionality offered by TIPS, there are two key elements that the Dutch community would like to draw your attention to:

- The TIPS service is aimed at supporting the EPC SCT Instant scheme. The Dutch IP community has already committed to the market and local ERBP, that it will cater for a higher speed of Instant Payments than currently foreseen by the EPC (an E2E SLA of 5 seconds vs. the 10 seconds in the EPC Rulebook) and it is expected that more countries will have similar timelines. Such an improvement of timelines is allowed by and compliant with the EPC Rulebook, regardless of whether this is laid down in an Additional Optional Service (AOS). The clear support of community specific EPC compliant requirements and the support of future AOS's would be appreciated to be included in the URD introductory chapters. Similarly the speed at which TIPS is expected to operate (as currently described in the URD) is considered insufficient to support the Dutch ambition and its re-assessment would be appreciated. Such a support – on both accounts - could prove to be of great added value to the TIPS offering, stimulating the use of the service.
- In general, the Dutch IP community is of the opinion that a guiding principle should be that the TIPS services will be offered at least up to minimum market standard, both in terms of cost efficiency and in terms of reliability of the service. This is no doubt also your starting point. In this respect we believe that some TIPS non-functional requirements, such as f.e. planned downtime, should be set at higher (quantified) standards to meet current market demands. In this respect it is worthwhile to mention that, as illustrated by market practices in non-Euro countries, the Instant Payment proposition will only be deemed a success by end-

user (organisations) and society at large, if the reachability, security and uptime are safeguarded. This requires all parties in the chain to play their part. We trust the ECB to lead by example.

Last but not last, it is understood that a possible extension of the opening times of Target2 especially during the weekend and on bank holidays, to allow for additional (de) funding for both settlement solutions, will not be offered in TIPS. This is to be part of a larger structural change: T2S Consolidation. Nevertheless, the Dutch IP community would request the ECB to reconsider offering such a solution in the foreseeable future, so as to avoid reserving large sums before the start of the weekend. Both a tactical solution with a daily time slot during the weekend and on bank holidays in the near future (< 2020), as well as a concrete timeline for the foreseen structural solution (>2020) in this respect would be appreciated.

This sums up the key findings of the Dutch IP community in relation to the TIPS URD as currently under market consultation. More specified feedback will be provided in the appropriate template, which has been submitted simultaneously.

We hope to have made a meaningful contribution to the TIPS effort and wish you all the best with the next steps in the decision making. We are at your disposal for further explanation or anything else that can support you in this respect.

Yours sincerely,



