



EUROPEAN CENTRAL BANK

EUROSYSTEM

Recap of the pan-European reachability package



1 October 2020

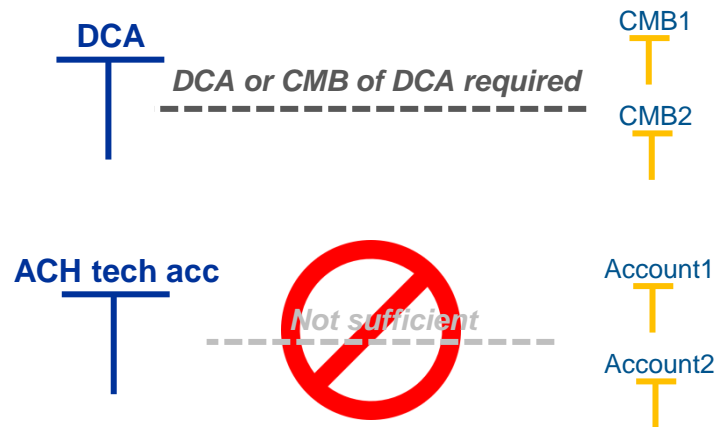
Reflection on the AMI-Pay workshop

- On **8 September 2020** the second **AMI-Pay workshop** on the pan-European reachability for instant payments took place in extended composition.
- The **European Commission** expressed their appreciation and **full support** for the entire package implementing the pan-European reachability.
- Following an **ECB presentation** on the content, benefits and timeline of the measures, a constructive series of **Questions & Answers** was conducted.
- It was announced that **further technical questions** will be tackled at today's occasion of the **technical workshop** on the pan-European reachability.

Recap of measures (1/2)

All **PSPs** which have adhered to the **SCT Inst scheme** and are reachable in **TARGET2** should also become **reachable in a TIPS central bank money** liquidity account, **either as a participant or** as reachable party (i.e. **through the account of another PSP** which is a participant).

- Reachability in a TIPS Central Bank account is **required**.
- This implies for the PSP X the **obligation** to **process/accept any incoming** instant payments another PSP Y may send to the **TIPS DCA/CMB** of PSP X.



Clarification on applicability of the measure

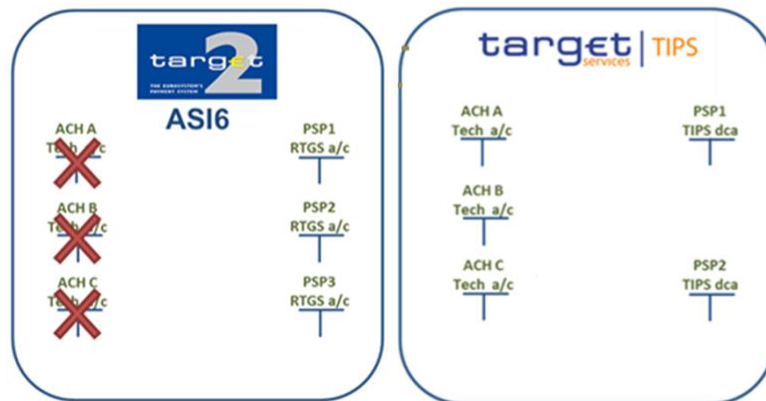
All **PSPs** which have adhered to the **SCT Inst scheme** and are reachable in **TARGET2** should also become **reachable in a TIPS central bank money** liquidity account, **either as a participant or** as reachable party (i.e. **through the account of another PSP** which is a participant).

- This applies to both **direct and indirect** SCT Inst compliant TARGET2 participants.
- Hence, it is **foreseen** that the **TARGET2 Guideline** will indicate:
 - i. that the **PM account holders** which have adhered to the **SCT Inst scheme** are **required** to hold a **TIPS DCA** or to be **reachable** via another TIPS DCA holder;
 - ii. that the **indirect participants** or **addressable BICs** which have adhered to the **SCT Inst scheme** would **only** be **registered** if they hold a **TIPS DCA** or are **reachable** via another TIPS DCA holder.

Recap of measures (2/2)

All **ACHs** offering instant payment services should migrate their **technical accounts** from **TARGET2** to **TIPS**.

- This enables the realization of a **viable interoperability framework** across European CSMs.
 - Each bank will be **reachable**, independent of the entry point for instant payment transaction (any ACH or TIPS).
- Furthermore, the measure guarantees **24/7 access** to **Central Bank money**.



Clarification on applicability of the measure

All **ACHs** offering instant payment services should migrate their **technical accounts** from **TARGET2** to **TIPS**.

- This measure formulates the **obligation** for **all ACHs** connected to TARGET2 clearing **SCT Inst** payments to **open a technical account in TIPS**.
- As a result, this measure is **not restricted to** those ACHs which already have an **ASI6-RT connection** in place.
- It **also applies** to ACHs that may use **other models** than ASI6-RT for prefunding instant payments.

Recap of benefits

Pan-European reachability package

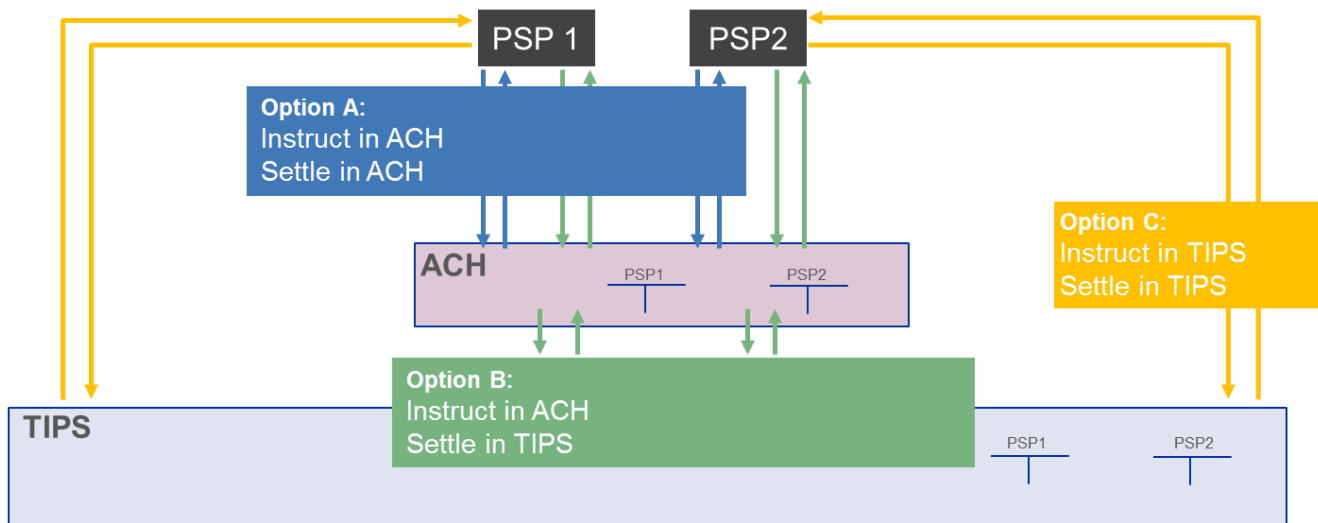
The package allows that all Participants are reachable across the chain, irrespective of which ACH (or TIPS) they are using for instant payments.

- All CSMs/PSPs are **pan-European**: Interoperability, **SEPA / SCT Inst compliance**.
- No need for fragmentation of banks' **liquidity pool** and removal of liquidity traps.
- Elimination of **credit risk** exposure and **instant finality** for inter-ACH transfers.
- Optimised liquidity management with **24/7** availability for funding and defunding.
- PSPs can decide to send payments either **ACH internally**, from an **AS technical account**, or using their **TIPS account/CMB**.

The options for PSPs in future

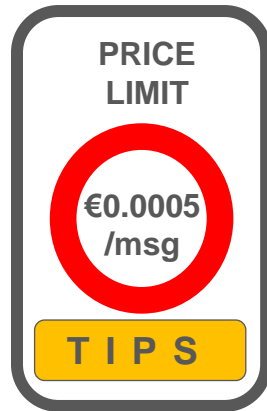
The Options for PSPs:

- A** Instructing in an **ACH** and settling in an **ACH**
- B** Instructing in an **ACH** and settling in its **TIPS DCA**
- C** Instructing in **TIPS** and settling in its **TIPS DCA**



TIPS connectivity costs remain stable

- A new **connectivity set-up** to TIPS via **ESMIG** will be established with business criteria applicable between **2021** and 2031.
- In that period, a cap of **€0.0005 per message** will be set. This implies a maximum price of €0.0025 per instant payment (i.e. 5 messages).
- SIA-COLT and SWIFT published **maximum prices** for all types of fees.
- **None** of these maximum prices is **dependent on the number of TARGET services** a participant subscribes to.



Thus, participants of T2 (i.e. CLM and RTGS), T2S or ECMS willing to join TIPS will NOT incur any additional one-off and fixed recurring costs if they opt for the full configuration, i.e. all components of the A2/B2 pack*.

* The "A2/B2 pack" refers to the maximum prices published by SIA-COLT and SWIFT. This publication contains the items A2 (Maximum price for a minimum set of software and hardware components) and B2 (Maximum yearly fee for utilisation and maintenance of a minimum set of software and hardware components).

Overview of draft on-boarding milestones (TPs, RPs & ACHs)



Q1

PSE – 31 Jan 2021

Project is set up
Form of TIPS Participation decided

NSP 1 – 1 Feb 2021

NSP Selection begins

IAD1 – 1 April 2021

Drafting of Internal Documentation begins

NSP2 – 31 Mar 2021

Completion of NSP Procurement

Q2

IAD2 – 30 May 2021

Internal documentation drafted

IAD3 – 1 June 2021

Internal development started

NCO – 1 July 2021

Network Connectivity begins

Q3

TRA – 30 Jul 2021

Training is completed

IAD3 – 31 Aug 2021

Internal development completed

Internal Testing completed

UTA – 1 Sept 2021

User Testing Begins

Q4

CLD – 31 Oct 2021

Contractual and legal documentation completed

OBP – 15 Nov 2021

Onboarding activities on production environment are ready to start

GLI – 15 Dec 2021

Go-live (first business day)

Thank you for the attention!

 **TIPS@ecb.europa.eu**

www.ecb.europa.eu/paym

 **ECB: market infrastructure and payments**

Appendix

Responsibility mapping for readiness strategy

ECB defines with the **NCBs** a **Community Readiness Framework**.

Each **participant** is responsible for ensuring its own readiness.

NCBs ensure readiness of participants in their **national community**, while **ECB** plays a **coordinating** role supporting NCBs and their market participants during the testing and migration activities.

The **4CB** (Banca d'Italia) will conduct **training sessions** and provide support for information sessions.