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IN FOCUS

TARGET Instant Payment Service

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European Central Bank

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Why TARGET Instant Payment Settlement?

The Eurosystem decided in September 2016 to launch an investigation phase for TIPS

- TIPS consists in extending the availability of central bank money (CeBM) settlement up to 24/7/365, to facilitate the emergence of instant payments

The investigation phase will, among others:

- Elaborate the user requirements for TIPS
- Define the business case

Objectives of the Eurosystem:

- Euro area not to lag behind in speed of payments
- Promote efficiency and ensure market integration in the settlement of instant payments



Expected benefits

- ✓ Facilitates **liquidity management**
- ✓ Provides **open** and non-discriminatory **access**
- ✓ Eliminates **credit risk**
- ✓ Promotes **harmonisation**
- ✓ Promotes **innovation** and **development**
- ✓ **Pan-European** reach



Principles: foundation of the service



Same **participation**
criteria as
TARGET2



Cash settlement in
central bank money



Extended operating
hours up to **24/7/365**



Operated on a **full**
cost-recovery basis



Aligned with **ISO 20022**
and **SCT^{inst}** scheme



Multi-currency



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Additional principles

- Technical solution for providing instant payments settlement services
- Offers final and irrevocable settlement
- Participation in TIPS not mandatory
- Open and non-discriminatory access conditions for all eligible participants
- To be developed and operated by Eurosystem assuming full ownership
- Lean, harmonised and standardised pan-European service

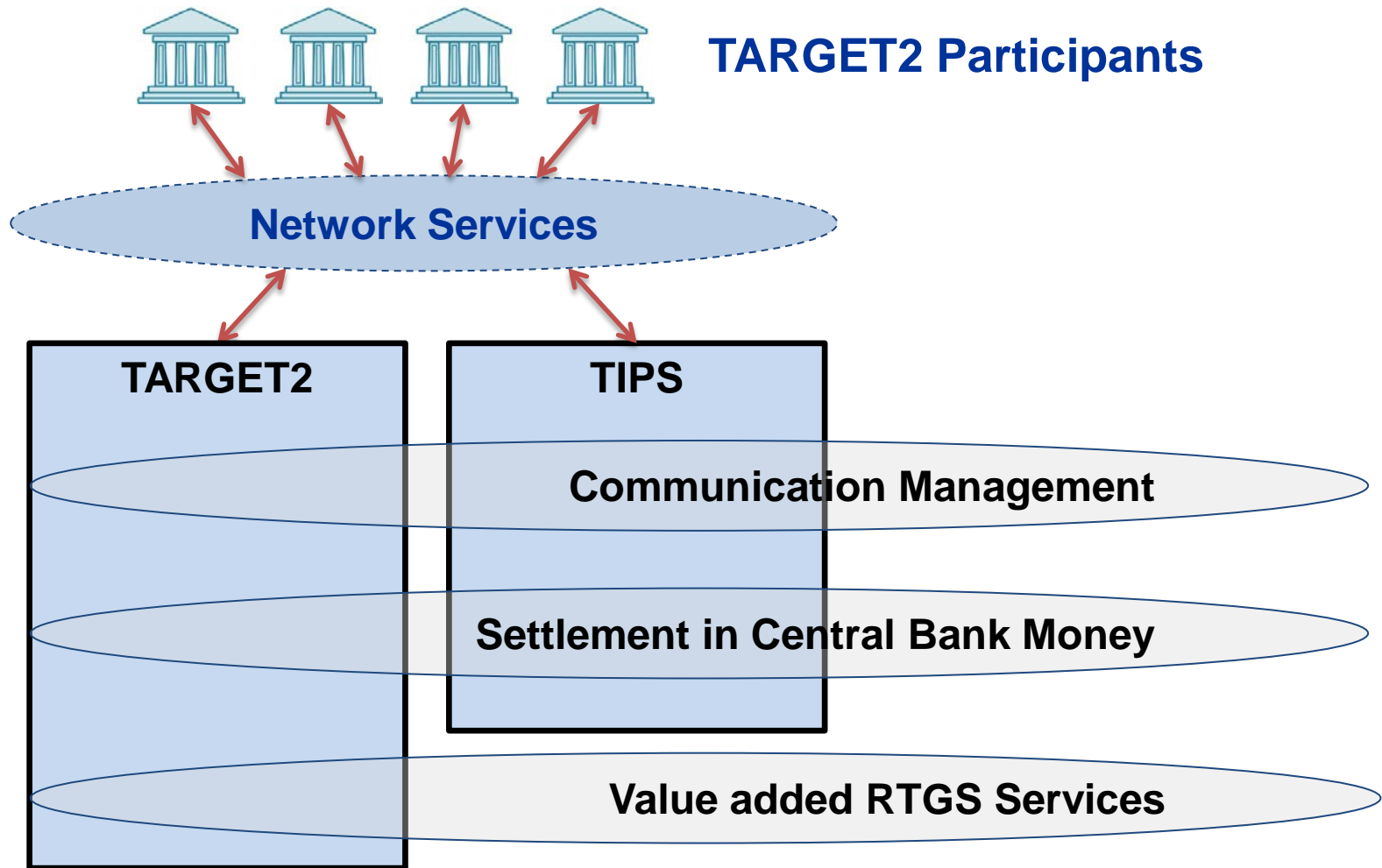


Main proposals (for user requirements)

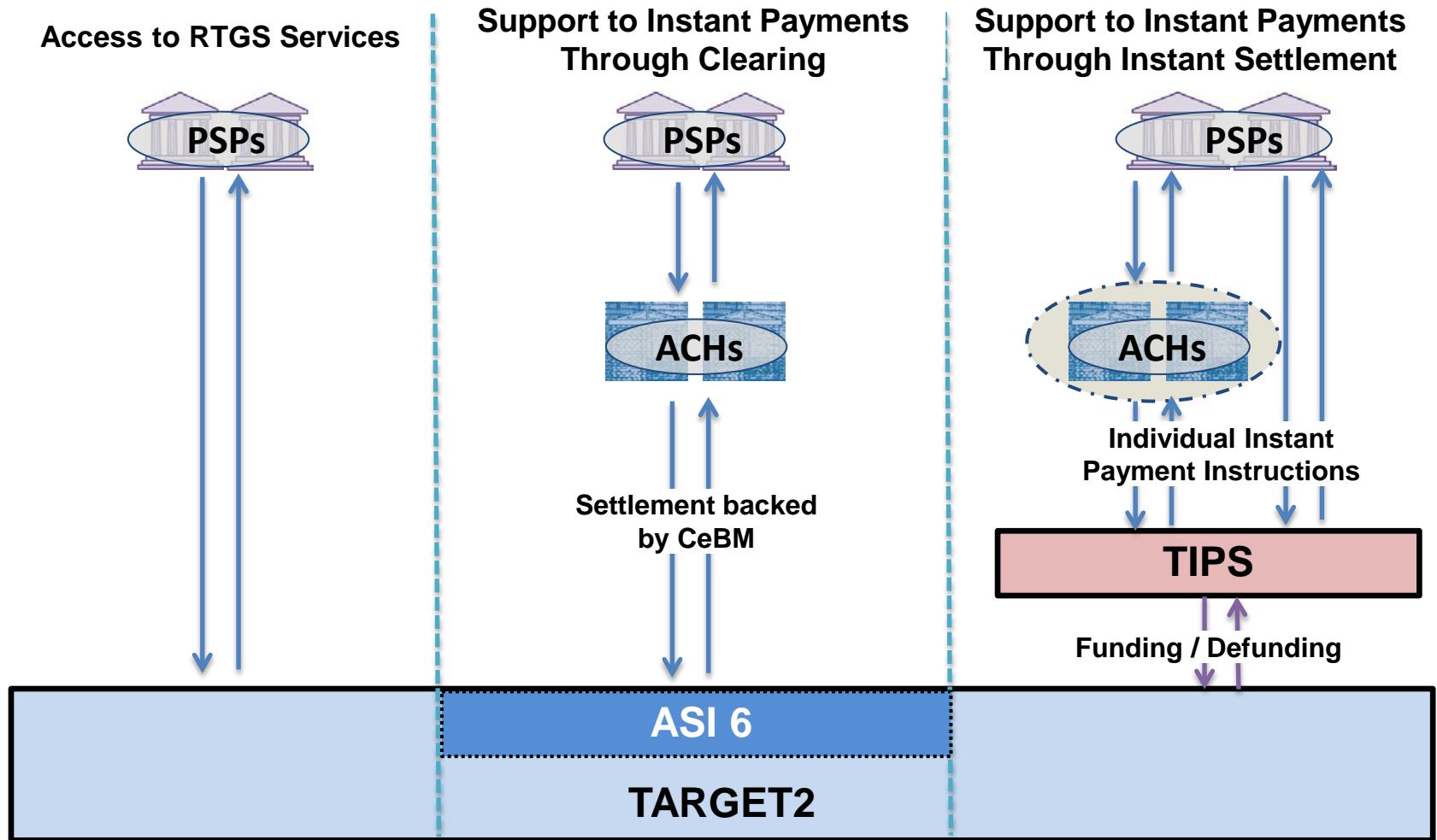
- ✓ Support immediate gross settlement of credit transfers
- ✓ Flexible account structure for participants
- ✓ Network vendor agnostic solution
- ✓ Limited graphical user interfaces to support critical functionality
- ✓ Advanced availability, performance and disaster recovery features



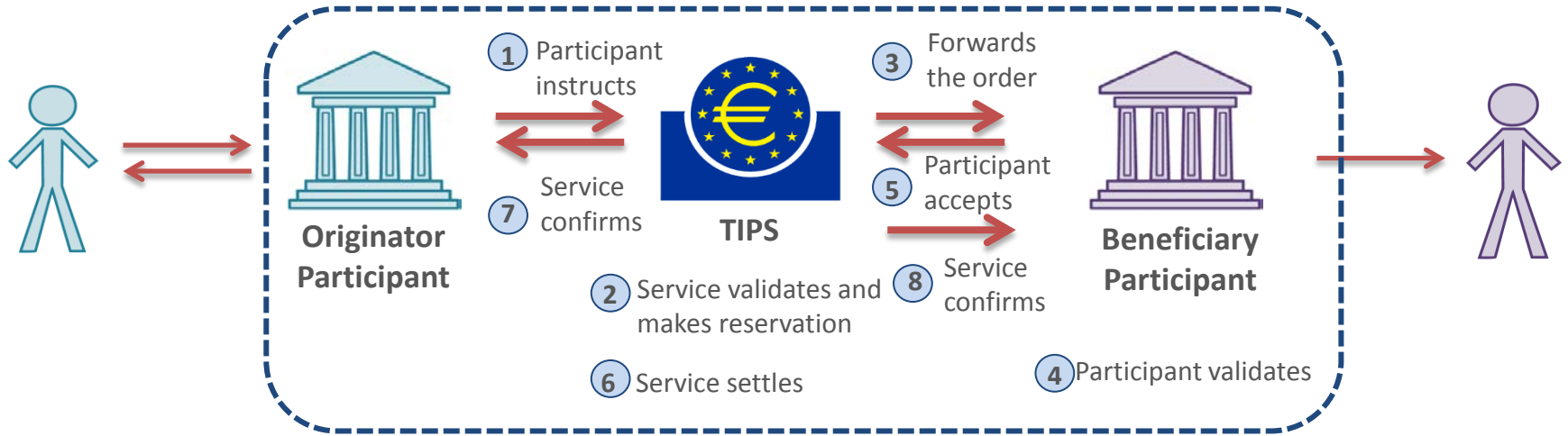
Integrated TARGET Services



Co-existence of Payment Services



Compliant with SCT^{inst} Scheme



1. Originator participant sends instruction to TIPS
2. TIPS validates and reserves the payment (conditional settlement)
3. TIPS forwards the instruction to the beneficiary participant
4. The beneficiary participant validates the order
5. The beneficiary participant sends a positive confirmation to TIPS
6. TIPS settles the payment
7. TIPS confirms the settlement to the originator participant
8. TIPS confirms the settlement to the beneficiary participant

Time plan

	2016		2017				2018				2019				2020				2021	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2

TIPS

Investigation phase

Realisation phase

- Early January '17**
 Submission of a draft version User Requirements Document to the Market
- January - February '17**
 7 weeks of Consultation with the Market on the draft version User Requirements Document
- June '17**
 Decision to develop the project



Thank you for the attention!

www.ecb.europa.eu/paym

 **ECB: market infrastructure and payments**

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