



EUROPEAN CENTRAL BANK

EUROSYSTEM

T2-T2S Consolidation

ECB Operations
Managers Group

17/12/2020

DG-MIP Market Infrastructure Development



1.

Context

T2-T2S Consolidation context

- For more than a decade TARGET2 has been running smoothly
- However
 - The payments landscape has changed significantly
 - Technical opportunities have further increased

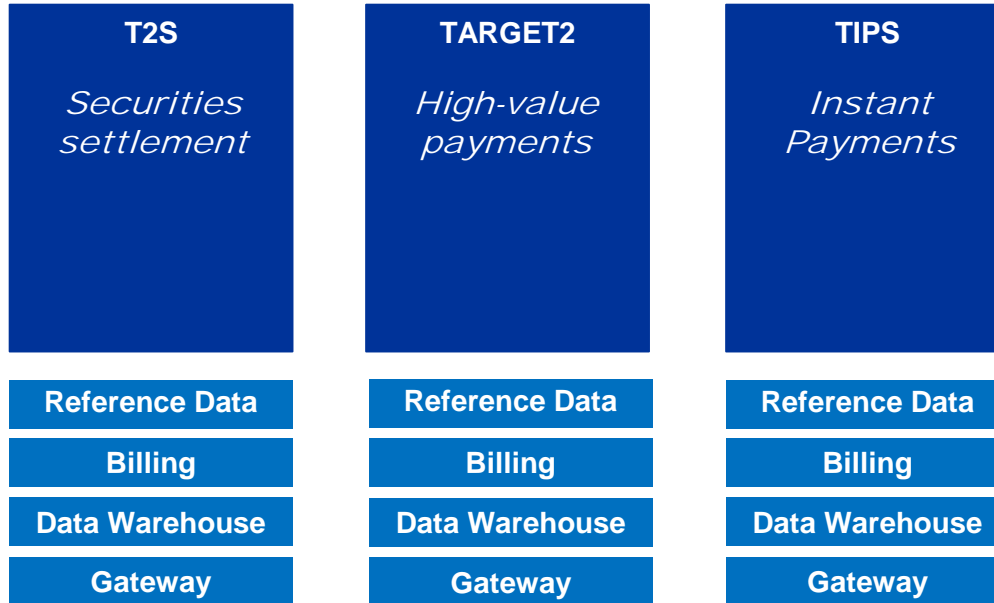
Objectives of T2-T2S Consolidation

- Improved **efficiency**
- Optimised **liquidity management**
- Easier access to all services via a **harmonised interface**
- **Enhancement** of **RTGS** service
- **Aligned** use of messaging standards (**ISO20022**)
- Reduced **operational costs**
- Increased **cyber resilience**

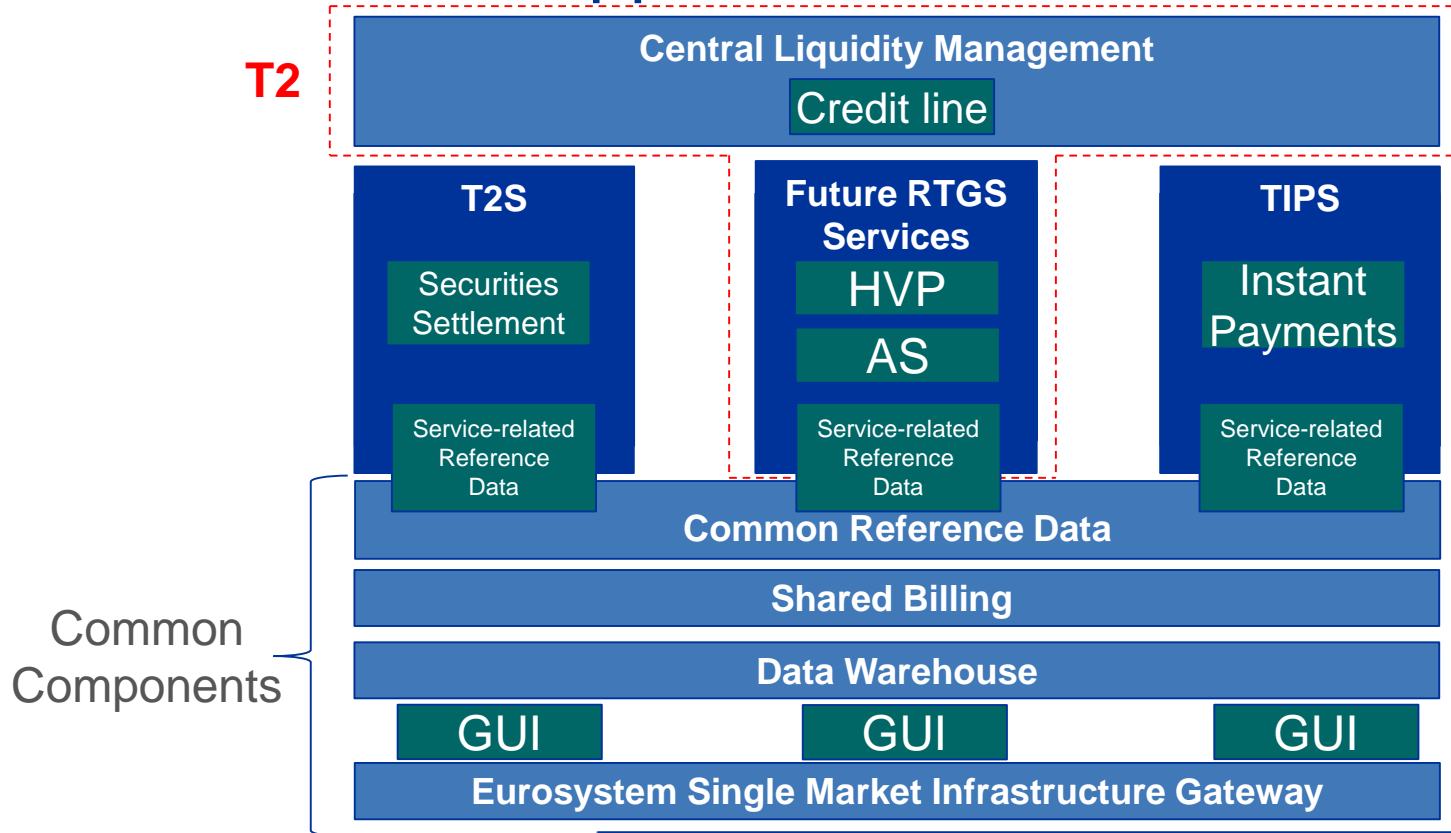
2.

Building Blocks –
Business Services

From a silo approach ...



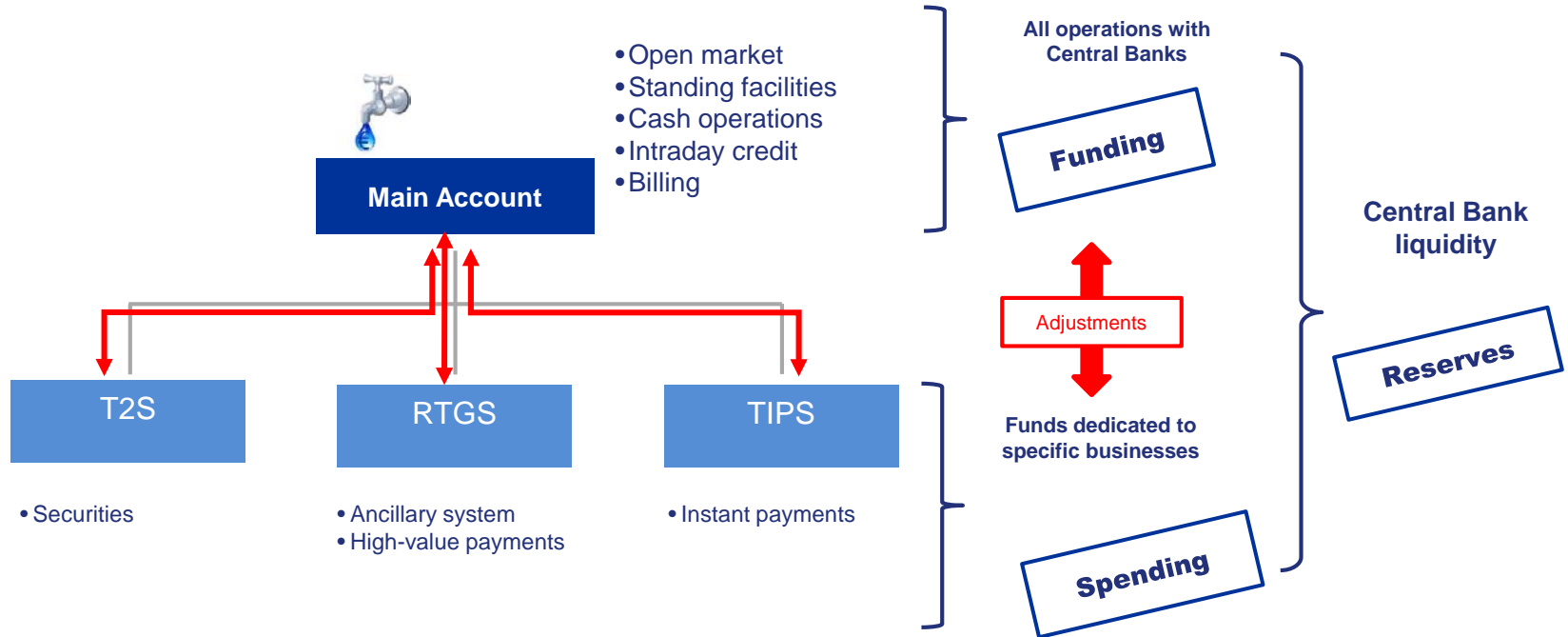
... to a modular approach



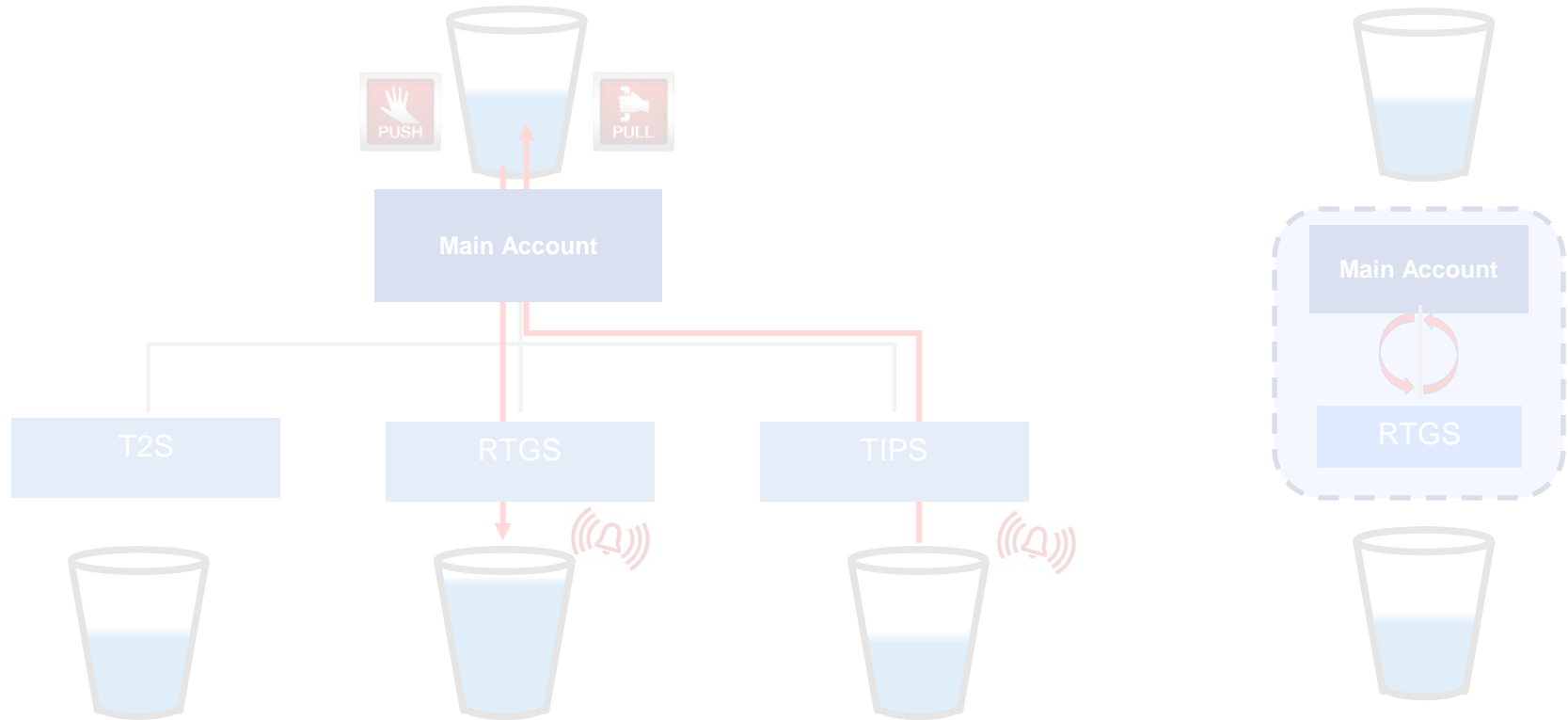
Central Liquidity Management (CLM)

- Bundles all necessary features to manage the liquidity across all Eurosystem services that a participant uses
- Flexible and supports a high degree of automation (e. g. event based liquidity transfers based on floor and ceiling amounts) for those participants that do not want to actively manage their liquidity
- Allows to use available payment capacity whenever one of the connected services is open for business without the need for harmonised operating times
- Provides a central liquidity overview in a single screen/point with an easy access to more detailed information

CLM: Pivotal role of the main account



CLM: Optimised Liquidity Management



Shared Reference Data

- Avoids inconsistencies and redundancies in the data used by the different services (e.g. party data, account data)
- Reduces effort of creating and maintaining reference data
- Enables a central (by NCB) blocking of parties across the different services

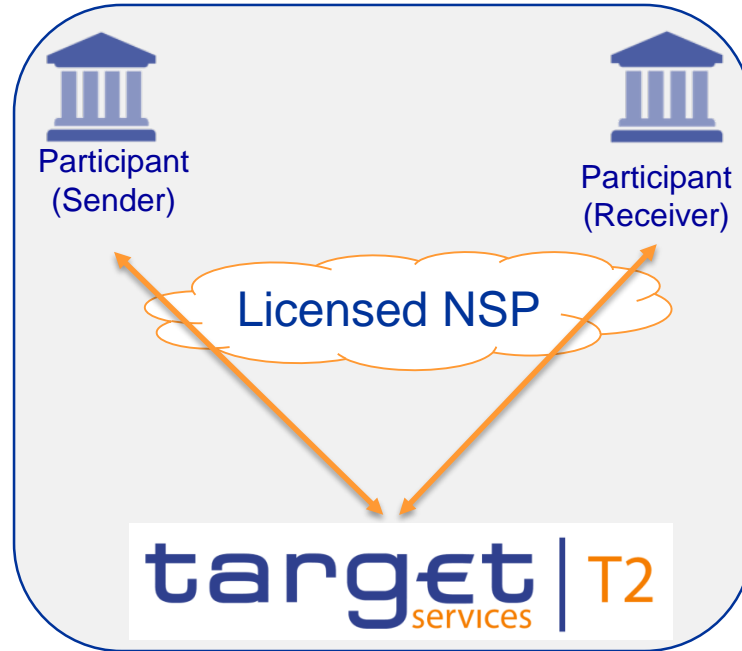
Shared Billing

- Aggregates raw data provided by the different services into invoices based on a given pricing scheme
- Avoids inconsistencies in the creation of invoices (as they happen today), as data is directly aggregated to the required level for all Eurosystem counterparties (i.e. no need for splitting T2S invoices anymore)
- Would still enable separate invoices for the different services
- Granularity and pricing of billing items as well as the counterparty to be charged is to be defined by the different services (in line with their pricing scheme)

Eurosystem Single Market Infrastructure Gateway

- Provides a shared communication infrastructure for all services
- Avoids duplication of communication related features into all the different services (e.g. user authentication, signing, signature validation, logging and archiving of messages)
- Would allow Single Sign-on for GUI users across the different services
- Multi-vendor approach

V-shape communication schema



3.

Summary

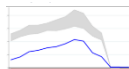
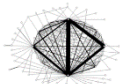
In summary



ISO 20022
Universal financial
Industry message
scheme

\$ € ¥ ₪ A\$ ₹ C\$ ₪
£ ₣ ¥ Ft kr kr. ₩ ₩ ₩

sia / colt



ISO20022

Multi-currency RTGS
services
(no conversion)

Multi-network service providers
(ESMIG)

Longer operating hours

Enhanced Data Analytics



4.

Success Factors

Key success factors

Technical readiness

Business and operational readiness

Coordination: internal and
with community

Project funding

Commitment

Management awareness

Risk management

WHAT participant need to ensure?

- **Technical readiness**

- Assess required adaptations of IT infrastructure (software and hardware)
- Update interfaces
- Implement ISO20022 for messaging
- Set-up connectivity
- Perform internal testing

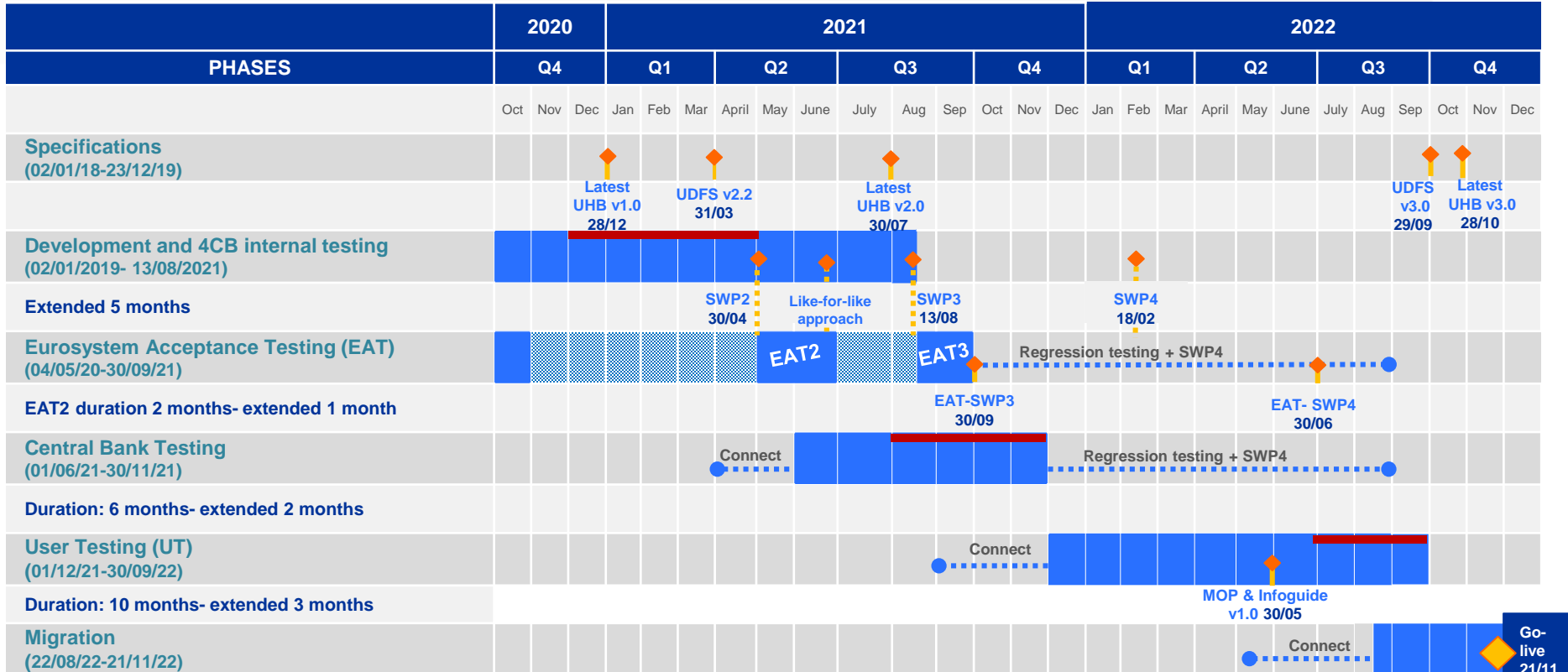
- **Business and operational readiness**

- Assess business impact
- Align business processes
- Define operational procedures
- Prepare legal arrangements
- Procure Network Service Provider
- Train staff for testing, migration and operations
- Perform connectivity and user testing
- Prepare for and participate to migration rehearsals

5.

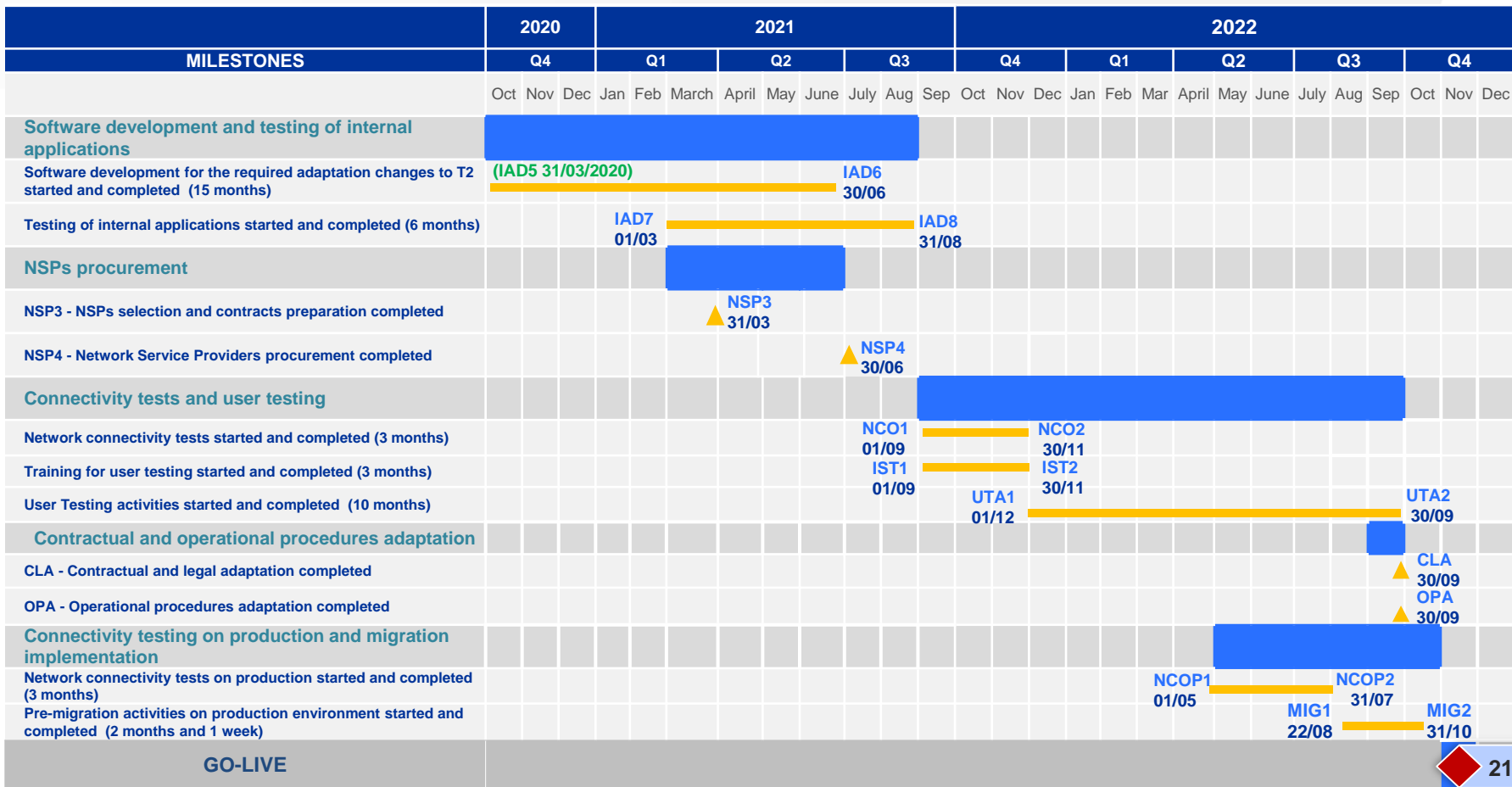
Key Milestones

Eurosystem milestones



█ Extension of phases

Roadmap to T2-T2S Consolidation



Roadmap for participants to T2-T2S consolidation

2021

IAD7 (01/03): Testing of the internal applications started

NSP3 (31/03): NSPs selection and contract preparation completed

March
2021

IAD6 (30/06): Software development for the required adaptation changes to T2 completed

NSP4 (30/06): Network Service Providers procurement completed

June
2021

IAD8 (31/08): Testing of the internal applications completed

Aug
2021

NCO2 (30/11): Network connectivity tests completed

IST2 (30/11): Training for user testing completed

Nov
2021

UTA1 (01/12): User testing activities started

Dec
2021

NCO1 (01/09): Network connectivity tests started

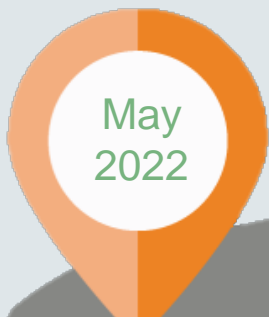
IST1 (01/09): Training for user testing started

Sep
2021

Roadmap for participants to T2-T2S consolidation

2022

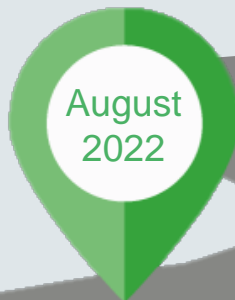
NCPO1 (01/05):
Network connectivity tests on production started



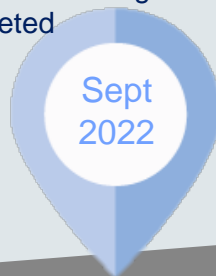
NCPO2 (31/07):
Network connectivity tests on production completed



MIG1 (22/08):
Pre- Migration activities on production started



OPA (30/09): Operational procedure adaptations completed
CLA (30/09): Contractual and legal adaptations completed
UTA2 (30/09): User testing activities completed



MIG2 (31/10):
Pre- Migration activities on production completed



21 Nov 2022
Launch





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Thank you



Questions & Answers

