

ECB Operations Managers Group

28 September 2023

Physical/Hybrid meeting

Room MB C2.03

European Central Bank, Main Building, Sonnemannstrasse 20, 60314 Frankfurt/Germany

Summary

1. Introduction

Emily Witt (Chair of the ECB Operations Managers Group) welcomed Jack R Marsh as new member from JP Morgan. The participants approved the agenda of the meeting.

2. Status update on regulatory initiatives in Operations

Christian Winkler (ESMA) provided an overview on the role of regulatory data in risk monitoring and risk analysis related to EU financial markets. He used data from the Money Market Fund Regulation (MMFR) and the Securitisation Regulation (SECR) as examples to provide a structural overview of MMF and securitisation markets based on regulatory data. The presenter highlighted the importance of obtaining granular data from a risk perspective, given a wide variety of risks to which financial markets are exposed.

3. Talent development & retention in Operations

Pablo Quiralte Abelló (CECA Bank) outlined the main issues concerning talent development and retention in operations, and the strategy, steps and initiatives taken by CECA Bank in establishing a high level of commitment and loyalty of staff, maintaining a staff turnover of only 1% in recent years. Some key objectives in this context are to ensure a work-life balance, and to foster staff commitment through prioritisation of professional and leadership development and training. CECA Bank also invests extensively in training, and social projects and activities for their employees, achieving multiple awards for the bank's contributions to social impact, particularly during and after the pandemic.

4. Update on the European Master Agreement

Volker Enseleit (ECB Legal) first provided an overview of the European Master Agreement (EMA), in terms of the components, the multi-product and multi-jurisdictional features of the agreement. Subsequently the update of the EMA from the 2004 version to the 2020 version has been set out and the currently existing legal opinions and the planned regular updates thereof have been mentioned. He encouraged OMG members to liaise with the Banking

Associations to further support the use of EMA and the financing of legal opinions in different jurisdictions.

5. Follow-up on ISO20022 (experience and benefits)

David Barry (AIB) reflected on the experience and benefits of ISO20022 implementation in AIB thus far. Main challenges consisted of the allocation of internal resources, and the accumulation and transferability of skills and knowledge in both testing and execution phases. ISO20022 called for new collaboration between various departments of the bank, and acted as a catalyst for technical upskilling, with competencies built in both IT and operations, and prompted new payment investigation tracking systems, sanctions scanning solutions and upgraded reconciliation tools to be put into place, reducing operational risks. The implementation of ISO20022 for cross-border payments and reporting (CBPR+) was highlighted as an opportunity to enhance such developments. Marek Kozok (Market Infrastructure and Payments Directorate, ECB) complemented with a forward-looking perspective on ISO20022. This presentation covered the timeline of the TARGET Services' [ISO20022 message unfreeze strategy](#), along with plans to harmonise CBPR+ payments and HVPS+ (high-value payments system) payments; the holistic benefits of such developments expected to be realised by November 2025. Further development on ISO20022 is to be expected due to the G20 programme on enhancing cross-border payments by end of 2027.

6. Work Programme 2024

Janusz Ryzner (ECB) presented the outcome of the menti survey conducted for the June 2023 meeting and noted prominent areas of interest for future presentations, such as market and settlement practices, trends in post-trade processing, regulatory changes, T+1 settlement cycle, financial innovation, e.g., process optimisation, AI and machine learning, operational risk management and cross-border and FX-services.

7. Tour de table questions

In the tour de table, participants shared experiences and ideas relating to the following topics:

1) Topics for OMG 2024:

- Of particular interest are changes in market infrastructure, particularly the impact of AI and blockchain technologies, settlement risks and anticipated challenges of the T+1 settlement cycle.

2) Talent development & retention in Operations:

- The objective of preserving knowledge and expertise in operations in face of high staff turnover and anticipated increase in proportion of retirements, as well as skill diversification to cope with increased technical and market complexities.

- Challenges include increased expectations of junior employees in terms of compensation and flexibility. Rotation opportunities and involvements in projects may influence staff commitment and motivation, particularly for young talent.
- Thus, several organisations promote internal mobility options within their organisations, with structured rotations on graduate programmes, with the intention of achieving efficient skills matching and talent retention.

3) Follow-up on ISO2022 (experience and benefits):

- Benefits of ISO20022 are yet to fully materialise, making it difficult to pitch the adoption of this standard to other stakeholders, which impacts harmonisation and implementation timelines.
- Challenges include institution wide co-ordination of the implementation and foreseeing resource requirements. Additional difficulty lies with the challenge in convincing business partners to embark on the new standards.
- The increased technical complexity of ISO20022, such as the ability to translate MX messages, leads to the risk of operational incidents when applying manual procedures, e.g., in case of non-standard operations. Particularly important are training of all operational staff on the MX messages and the transfer of knowledge of project staff to operational staff.

4) Legal aspects in operations:

- The Participants reported overall strong collaboration between operations and legal teams, having regular communication on various operational topics.
- Derivative products, regulatory changes, compliance, ISDA reviews and master agreements are considered among the most resource intensive areas.
- Preparation of templates for joint use to minimise efforts.

8. AOB

Next on-line Webex meeting in Frankfurt on 30 November 2023.

Guest speakers:

SWIFT: Strategic developments and

European Commission: European Issuance Service