

**Outcome**  
**Advisory Group on Market Infrastructures on Payments**  
Monday 19 November 2018, 2017, 14.30 – 17.00, Room C2.02  
European Central Bank, Sonnemannstrasse 20, 60314 Frankfurt am Main

**1. Welcome and adoption of the agenda**

**Outcome:**

The Chair welcomed the members and in particular Ms Anni Mykkänen (EBF) replacing Ms Denisa Mularova-Avermaete and Ms Adeline Bachellerie (Banque de France) replacing Ms Audrey Metzger.

The members agreed on the agenda.

**2. Debriefing**

**Outcome:**

As a follow-up to previous AMI-Pay discussions on this topic, the ECB updated the members on the MMCG discussions on CLSNow, which largely mirrored the concerns expressed by AMI-Pay.

The European Commission representative provided an update on the work they are conducting in the field of payments focusing on the following main topics:

- Review of the cross-border payments regulation: the Commission's proposal for amending the cross-border payments regulation (924/2009) delivers on two commitments in the consumer financial services action plan of March 2017, namely to reduce cross-border transaction costs also for non-euro countries and to tackle consumer detriment caused by dynamic currency conversion by making currency conversion costs more transparent. The proposal is now entering the trilogue phase.
- The implementation of PSD2: PSD2 has now been implemented in full by 23 Member States. The completeness and conformity checks of national legislations still have to be done. An important milestone

has been achieved by the API Evaluation Group (API EG) which had been established by market participants to ensure that dedicated interfaces allowing third-party payment services providers (TPPs) to access accounts will be of sufficient quality for a smooth transition from the current access channel (through the online banking interface) to API access. The API EG has just published a comprehensive table of recommended functionalities for these APIs. A number of issues remain open, though, and are being clarified through the Q&A tool of the EBA. The deadline for putting in place PSD2 compliant interfaces is 14 September 2019, but prior to that, APIs must have been tested for six months, including to deliver services to customers.

- The Expert Group on electronic identification and remote Know-Your-Customer processes: this group has been established by the Commission to explore how remote on-boarding can be done in compliance with AML rules. The Group comprises experts from regulators/supervisors, financial institutions and from the area of electronic identity. Two subgroups are currently working on a mapping of existing remote on-boarding practices and on defining a minimum set of attributes (and corresponding levels of assurance) for KYC. The Expert Group is expected to deliver its report by the end of 2019.

- Review of the Interchange Fee Regulation and of the Payments Accounts Directive: the Commission has started reviewing the impact of the Interchange Fee Regulation, with results expected in early 2020. A review of the Payment Accounts Directive is to be launched shortly and should also be completed in the course 2019. In this context, it could be particularly interesting to check whether payment instruments offered with a basic account allow holders of such accounts to make cross-border payments.

- IBAN discrimination: the Commission still has to deal with cases of IBAN discrimination. Three infringement procedures are to be launched shortly for not having designated a competent authority with the necessary powers to deal with payees that do not accept direct debits from other Member States. However, many complaints are still arriving also from other Member States where competent authorities have the necessary powers. Infringement procedures may be necessary if there is a lack of effective enforcement.

### **3. CPMI strategy on end-point security**

The ECB will inform AMI-Pay on the CPMI strategy for “Reducing the risk of wholesale payment fraud related to end-point security”<sup>1</sup> published in May 2018 as well as the actions taken on the TARGET2 side to ensure the compliance of the system with the CPMI strategy.

Document:

*Presentation on end-point security*

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<sup>1</sup> <https://www.bis.org/cpmi/publ/d178.pdf>

**Outcome:**

The ECB presented the key objectives of the CPMI strategy for reducing wholesale payments fraud related to endpoint security published in May 2018 as well as the tools that TARGET2 already has in place to support this strategy. These include the TARGET2 self-certification arrangement, incident reporting, SWIFT Customer Security Programme as well as business transaction pattern monitoring and alert mechanism.

The following main points were raised in the discussion:

One member suggested harmonising the practices around various institutions, having in mind that the CPMI guidance applies to large value payment systems. The ECB will consider how to possibly follow-up on this suggestion.

With regard to self-certification in TARGET2:

- one member stressed that the harmonisation of due dates for certifications between different national central banks would simplify the process. The ECB will follow-up on this as in principle the dates should be harmonised.

- following the question of a member, it was clarified that with the evolving threat landscape and considering that the threat may not only come from critical participants, as of 2018, all participants have to sign the self-certification.

As regards the overview of TARGET2 participants' SWIFT CSP compliance, the ECB stressed the importance to wait for the next SWIFT alliance release end of November. Besides, it was noted that the ECB highlighted the importance of this issue to SSM.

With regard to business transaction pattern monitoring and alert mechanism, the ECB stressed that this will not discharge TARGET2 participants to conduct their controls. This should rather be seen as a complementary tool.

## **4. Instant payments**

### **4.1. Status update on TIPS**

The ECB will provide a status update on the TIPS project.

**Document:**

*Presentation on TIPS*

**Outcome:**

The ECB provided a status update on the TIPS project, stressing in particular (i) that the Eurosystem has conducted the whole TIPS project sticking to the scope, budget and timeline foreseen; and (ii) that the preparation for the Go-live activities is on track.

With regard to the change request for the adoption of a Mobile Proxy Lookup Service in TIPS, the ECB clarified that the MPL has been designed to be in line with the interconnectivity service developed as a follow-up to the ERPB recommendations on P2P mobile payments. It is envisaged that that the MPL will connect to the SPL.

Following the question of a member, it was clarified that future participants/instructing parties/reachable parties may be on-boarded at any point of time. There is no limitation from a TIPS perspective, while there is probably a value for national communities to target a date within 2019 on which to come together for efficiency reasons.

With regard to NSPs, it was clarified that two NSPs successfully completed the validation process.

Besides the 8 banks who have completed the certification testing enabling them to go-live with TIPS end November 2018, 20 reachable parties would also be joining from the start and all the banks of the TIPS CG that will not be live end November have indicated that they will start TIPS operations in 2019.

**4.2. Connectivity costs**

It is understood that connectivity is an important cost factor in instant payments. In order to better appreciate the issue, participants are invited to provide feedback on the dimension these costs represent and whether they experience differences for different instant payment solutions.

**Outcome:**

Members were invited to provide feedback on the dimension of connectivity costs for instant payments. It was raised that the connectivity costs may represent in some cases several times the processing costs. For some members, this is less of an issue, since they expect to renegotiate connectivity prices as volumes evolve, while for others it is a factor that is influencing their choices.

#### 4.3. Value dating – review of the application of the AMI-Pay non-binding market practice

The AMI-Pay non-binding AMI-Pay market best practice for value dating was finalised and published end-August 2018<sup>2</sup>. As a follow-up, AMI-Pay participants are invited to report and discuss the status of implementation of this best practice.

##### **Outcome:**

As a follow-up to the finalisation of the AMI-Pay non-binding best market practice on value dating for instant payments, AMI-Pay participants were invited to provide feedback on the implementation of the best practice as well as whether the underlying concerns regarding value dating practices had now been sufficiently addressed.

Overall the best practice was deemed to be followed in a satisfactory way.

The status of implementation will be followed over the next meetings.

#### 4.4. Value dating - transactions crossing different time zones

When preparing the non-binding AMI-Pay best market practice on value dating, AMI-Pay considered the issue of transactions crossing different times zones but could not conclude on a common approach on this aspect. As a follow-up, AMI-Pay participants are invited to consider the different options on this issue, taking into account the feedback from NSGs, and to agree on the way forward.

##### **Document:**

*Options for value dating for instant payment transactions crossing different time zones*

##### **Outcome:**

The ECB presented the different approaches considered towards a possible common approach on the issue of value dating transactions crossing different time zones, namely:

1. Each individual PSP value dates transactions according to its local calendar date, meaning that the value dates on the sending and receiving sides of a transaction may be different;
2. PSPs value date transactions according to the calendar date in CET, even if they are themselves located in another time zone;

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<sup>2</sup> [https://www.ecb.europa.eu/paym/intro/governance/shared/pdf/Value\\_dating\\_SEPA\\_Instant\\_Credit\\_Transfers\\_-\\_non-binding\\_AMI\\_-\\_Pay\\_market\\_best\\_practice.pdf](https://www.ecb.europa.eu/paym/intro/governance/shared/pdf/Value_dating_SEPA_Instant_Credit_Transfers_-_non-binding_AMI_-_Pay_market_best_practice.pdf)

3. Both the sending and the receiving PSP value dates transactions according to the local calendar date of the sending.

Considering the NSGs feedback received on this topic, it was suggested to take the first approach.

Two members noted that the issue of different time zones already exists and has been managed so far and therefore would support retaining the first approach.

Members overall supported being pragmatic and retaining the approach whereby individual PSPs value date transactions according to their local calendar dates, which is in line with the current non-binding best practice. AMI-Pay would monitor over time whether this option does not raises any issue in the future.

#### **4.5. ASI6 RT – reporting on the first year of operations**

The ECB will debrief the AMI-Pay on the operational aspects of ASI6 RT during the first year of operations, future updates aligning the procedure with TIPS, and the application of interest rate remuneration/charge on the pre-funded balances (both TIPS and ASI6) for instant payments.

Document:

*Note on ASI6 RT – First year of operations*

#### **Outcome:**

The ECB provided an update on the first year of operations of ASI6 RT, noting the ongoing efforts to keep enhancing this service. It was further noted that based on feedback received from the market, it appears that, today, a range of different practices are in place as concerns the remuneration calculation method, the remuneration time period and the used remuneration payments mechanism across ACHs and TIPS for instant payments. The Eurosystem as operator of TARGET2 stands ready to further consider developments supporting the related market evolution but is of the opinion that establishing commonly agreed procedures should primarily be a market driven process.

## **5. Update on TARGET2 operations**

The ECB will provide an update on the latest developments of TARGET2 operations.

Document:

*Presentation on TARGET2 operations*

**Outcome:**

The ECB provided an update on the TARGET2 operations. The members took note of the update.

**6. Any other business**

**Outcome:**

The envisaged dates for next year's AMI-Pay meetings are: 14 May and 4-5 December (including a joint session with AMI-SeCo).