

# TIPS CSM FEE

AMI-PAY WORKSHOP 3<sup>TH</sup> OF MAY 2022

# Mandatory participation in TIPS since 25/02/22

For PSP's and CSM's adhering to the EPC SCT inst scheme

Migration of CSM's Technical Accounts from TARGET2 to TIPS

With the purpose of ensuring pan-European reach

# TIPS tariffication for the CSM

- ▶ TIPS settlement fee of 0,002 euro applied to instant payments settled on the technical accounts of CSM
- ▶ TIPS CSM fee of 0,0005 per transaction applied to transactions settled internally in the (private) CSM

# Justification for TIPS CSM fee by ECB

- ▶ Guarantee of instant payments within CSM by Central Bank Money – offering payment finality
- ▶ 24/7 access to TIPS DCA to fund/defund TA
- ▶ Ensuring pan-European reach
- ▶ Cost recovery

# Impact of the TIPS CSM fee

Based on the actual volumes within TIPS & within the different CSM's respectively, we calculated that CSM's are paying for more than 80% of the total income of TIPS

	TIPS	All CSM's connected to TIPS
Volume	6.000.000	127.000.000
Tariff	0.0020	0.0005
Monthly Invoice	12.000 euro	63.500 euro

Even if the TIPS CSM fee of € 0,0005 goes down to € 0,0001 CSM's would pay more than 50% of the total income of TIPS

# Impact of the TIPS CSM fee

The application of the TIPS CSM fee automatically leads to an increase of the costs of the CSM's, charges that TIPS, due to its specific statute, does not have to bear.

Compared to the invoices for funding/defunding of the technical account of IP in TARGET2, the TIPS invoice is twice, three times or even more ...the former amount.

The TIPS CSM fee might not only disincentivise the further migration from SCT to SCT inst, but also discourage the development of innovative solutions based on SCT inst.

# How do we see it ?

- ▶ We do agree that ECB/TIPS is providing a service\* and that this service should be paid for
- ▶ We do not agree with the way the service is charged for , e.g. a fee based on the volumes exchanged within the CSM's
- ▶ A more fair TIPS tariffication for the CSM should be applicable, based on full transparency on costs and cost recovery

*\* Migration of TA from Target2 to TIPS, offering settlement in Central Bank money and thus payment finality =>*

- 24/7 access to Central Bank Money for funding of TA*
- cross CSM payments with guaranteed finality via the TA of the CSM*

# What do we expect from the TIPS pricing review?

- ▶ We expect a cost sharing in line with the economic service that is effectively provided for by TIPS to the CSM's
- ✓ On the one hand, the tariffication for the transactions settled within TIPS
- ✓ On the other hand, the tariffication of the specific services provided to the CSM's. This last one can never be based on the volumes within the private CSM's .



# Questions about TIPS Pricing Policy

- ▶ Which cost recovery model is behind the pricing policy and how does it affect the different participants, PSP's and CSM's?
- ▶ What are the underlying assumptions on volume ramp-up (both from CSMs and PSP Participants, both Euro and non-Euro) for the full cost recovery?
- ▶ What is the rationale to bill domestic volumes within the CSM's in terms of fairness and proportionality related to the economic activity? Which service do the CSM's pay for?
- ▶ Can other billing grounds been/be considered, for instance funding & defunding?
- ▶ How does the TIPS pricing policy compare to the Target2 pricing, which was used as reference?
- ▶ How do you evaluate the impact of the actual pricing on the further growth of IP's?
- ▶ How do you reconcile the TIPS pricing policy with the goal of the ECB to foster the use of IP's?

# Other questions about TIPS

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Roadmap of TIPS for the next 3-5 years

- ▶ How does the roadmap for TIPS look like for the next 3-5 years?
- ▶ Which further investments do you plan?
- ▶ How will the costs evolve?

Cooperation model TIPS & private CSM's

- ▶ How do you position TIPS vis-à-vis the private CSM's?
- ▶ How do you see TIPS and the private CSM's work together in the next 3-5 years?

**Thank you !**