

Outcome

Advisory Group on Market Infrastructures on Payments

Tuesday 21 March 2017, 10.00 – 12.00

Teleconference

1. TIPS consultations

The ECB will provide an overview of feedback received in the context of the market consultations on the TARGET Instant Payments Settlement (TIPS) - User Requirements Document (URD) and the volume estimations - as well as the actions taken. It will also inform participants about the next steps to complete the investigation phase of the project.

Participants will be invited to provide feedback.

Outcome: URD market consultation

The ECB presented a summary of feedback received on the URD consultation, changes to the URD and comments which had not led to any changes.

AMI-Pay supported changes made to the URD.

According to the TIPS URD, TIPS always validates whether a transaction has timed out. A concern was raised on whether the management of time outs in TIPS is according to the EPCs SCTinst scheme. The EPC explained that a risk may be at hand in case a transaction is confirmed to be credited to the beneficiary but cancelled by TIPS due to a time out. It was furthermore clarified that TIPS manages the validation of all time outs because the originator and beneficiary participant accounts, which are the credit institutions' account, are in TIPS. This diverges from an instant clearing model where the payers and payees accounts could be with different ACHs and the instructions may need to be forwarded. It was agreed to further investigate this issue at technical level, with contributions from the EPC.

The issue of maximum value limits was also raised. TIPS URD does have a requirement for a maximum limit, which is a parameter set currently to unlimited. Should the maximum value limit be decided in a harmonised way across Europe, the parameterised limit could be set in TIPS, without any change to the software. TIPS does not currently plan to validate any maximum value limits. However, the originator and beneficiary participants could check for a maximum limit of the transaction value, should such limit apply in their context. If there were a need for a harmonised maximum amount limit in TIPS, AMI-Pay would be the right forum for such discussions and it was decided to continue the discussion on this matter in the next AMI-Pay meeting.

Outcome: Co-existence of TIPS with other instant payment services

The ECB provided some additional information as regards its reasoning on interoperability with ACHs, reachability, accounts in TIPS, split of liquidity, inclusion of minimum reserve calculation, as well as operating hours of the RTGS.

The Eurosystem clarified that it offers to ACHs both ASI6 and the opportunity to act in TIPS as instructing party, leaving it to their business decision whether only one of these options or a combination of the two is deemed preferable.

One member expressed some concern for the liquidity management implications of participating in two systems in order to provide instant payments. AMI Pay members were invited to develop use cases and the implications for liquidity management from a bank's perspective, to be discussed at the next AMI-Pay meeting.

Outcome: market consultation on volumes

The ECB provided an overview of the results from the market consultation on volumes, as well as clarifications on the information provided. It clarified that no extrapolation exercise has been carried out; adding the estimation of TIPS volumes provided by the institutions resulted in a multiple of the volumes which were used by the Eurosystem's earlier estimation of a unit cost between 1 and 0.5 eurocents.

Pricing will be based on expected volumes, and the Eurosystem may commit to a maximum price for a fixed period. This matter will be further discussed at the May AMI-Pay meeting.

Outcome: pricing

The ECB informed about its considerations on the pricing strategy. No questions were raised.

Next steps

The draft TIPS URD version 0.9, together with the replies on the market consultation, is planned to be published by end April 2017/ beginning of May 2017.

2. Any other business

No other business.

Next meetings:

3 May 2017

29 September 2017

6-7 December 2017 (joint meeting with AMI-SeCo)