

Outcome

Advisory Group on Market Infrastructures on Payments

Wednesday 6 December 2017, 2017, 11.00 – 13.00, Room C2.02
European Central Bank, Kaiserstrasse 29, 60311 Frankfurt am Main

1. Welcome and adoption of the agenda

Outcome:

The Chair welcomed the participants.

The members agreed on the agenda. Following the request of one member, clarifications on the Tipsapp event discussed in the 29 September 2017 AMI-Pay meeting will be provided by the ECB as part of the instant payments item.

2. TARGET2

2.1 TARGET2 Release 11.0

The ECB will provide an oral update on the release 11.0, which will have gone live on 13 November 2017. TARGET2 participants and ancillary systems will also have the opportunity to share their first experience with the new ASI settlement model (ASI6 Real Time).

Outcome:

The ECB informed of the main elements of the release 11.0 including (i) enhancing the compatibility of TARGET2 with the SWIFT gpi- global payments initiative and (ii) introducing a new settlement model for the ACHs clearing instant payments - ASI6 Real-Time. Although the volume / value at stake are still

modest, the Eurosystem can confirm that the ASI6 Real-Time features are working well and in accordance with the users' requirements.

The ECB also informed that the Eurosystem will be discussing with the ACHs using (or planning to use) the ASI6 Real-Time services to consider possible enhancements in the context of the TARGET2 release 13.0 (November 2019). In particular it will be investigated to which extent some technical features that are being developed for connecting TARGET2 to TIPS may serve as well ACHs (e.g. end of day notification). Participants took note of the presentation and welcomed the smooth introduction of ASI6 Real-Time.

2.2 Overview banks' liquidity position including TIPS balances in the TARGET2 ICM

The AMI-Pay members will be presented the approach currently envisaged for integrating TIPS accounts in the TARGET2 ICM to support their comprehensive liquidity management. It will also be presented how this approach will evolve in the context of the TARGET2/T2S consolidation project with the new RTGS services.

Outcome:

The ECB presented how the Eurosystem will integrate the TIPS DCAs in the liquidity management features of TARGET2. The presentation highlighted in particular the efforts of the Central Banks to make the connection of banks as easy and efficient as possible for the participants that are already present in TARGET2. This takes the form of new services being developed in the TARGET2 ICM, which will allow TARGET participants to manage the liquidity of their TIPS DCAs via the ICM, without any additional subscription or extra costs. The presentation also outlined how the TIPS DCA balances are reflected in the TARGET2 reserve management and recourse to standing facilities.

The members took note of the update.

3. Instant payments and TIPS

3.1 Developments since the launch of the SCT Inst scheme

Participants will be invited to update the group on developments that occurred since the launch of the SCT Inst scheme on 21 November 2017.

Outcome:

Following the launch of the SCT Inst scheme on 21 November 2017, participants were invited to provide feedback on their practical experience with SCT Inst transactions.

The EPC, as scheme manager, informed of the smooth start of the SCT Inst scheme, noting that around 1000 scheme participants are expected to be registered by the end of 2017, anticipating to reach a critical mass by 2020.

Participants shared their overall positive experience since they started operations as well as in view of starting operations in the near future, with some ACHs noting their intention to act as instructing party in TIPS.

Following the question of a member, the ECB clarified that the App event – agreed in the last AMI-Pay meeting – aimed at ensuring that apps are available to make use of instant payments once they are available.

3.2 TIPS project status update

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

Outcome:

The ECB provided a status update on the TIPS project, including the progress of the work on the UDFS, connectivity guide, user handbook and TIPS contact group. The ECB thanked the members of the TIPS contact group for the dedication and contributions received so far.

The members took note of the update.

3.3 TIPS processing time

Following feedback received during interactions with the market that the TIPS processing time is not ambitious enough for a satisfying user experience the ECB will clarify the targets envisaged.

Outcome:

The ECB presented the TIPS latency measures developed by the 4CB on their behalf. The tests were performed with different workloads of up to 500 instructions per second and resulted even with this workload in an average latency of less than 1 second. It was however emphasised that these figures are

only relating to the TIPS side and all pieces of the chain should try and reduce to the minimum the average latency to increase the user experience.

The members took note of the update.

3.4 Settlement date/value date

In the third AMI-Pay meeting, participants discussed further the question of the application of business day/value date in the context of instant payments as the PSD2 was not drafted with a view of instant payments. The members agreed to organise an ad hoc meeting with the Commission (including DG-Comp), the ECB, interested AMI-Pay members and the EPC to clarify the scope of interpretation and approach to follow with regard to PSD2 and instant payments. The outcome of this ad hoc meeting will be reported to AMI-Pay for their consideration.

Outcome:

The participants were informed of the outcome of the ad hoc meeting organised by the European Commission (including DG-Comp) to discuss further the question of the application of business day/value date in the context of instant payments. The question arose then as to whether the ECB and EPC could facilitate the further work. In this regard, the ECB noted they could help in their catalyst function (but not under their operational capacity) to identify operational issues towards a market wide practice while interpretation of the PSD2 is of the competence of the European Commission. It was further mentioned that the experience of EU countries (an in particular non-euro area EU countries that have a more extensive experience) having already implemented instant payments should be looked at in this context.

The members agreed to organise an ad hoc workshop with interested AMI-Pay members to identify the different scenarios with input from volunteer AMI-Pay participants, have a technical discussion in view of finding a way to resolve this matter.

The outcome of this work once agreed at the AMI-Pay level would possibly be transmitted to the European Commission for their advice.

4. Any other business

Outcome:

- One member raised the awareness of AMI-Pay participants on the topic of sanctions screening in relation to instant payments, anticipating that the requirements from the funds transfer Regulation will create problems when instant payments volumes will increase. The member informed they would first raise this issue to the EPC and ultimately this will be brought to authorities.

Considering that this issue also results from the definition of regulation at a time that instant payments was not envisaged, AMI-Pay participants agreed to also cover this issue as well as other such transversal issues in the ad hoc workshop on settlement date/value date and instant payments.

Follow-up:

AMI-Pay members are invited to send their suggested items for the ad hoc workshop to the secretariat by end-December.

- The ECB updated the participants of the developments of CLSNow, a service for same day FX settlement. This topic could be discussed in the next AMI-Pay meeting on the basis of a presentation from CLS to consider the impact on euro liquidity management.

- next AMI-Pay meetings in 2018: 6 February ad hoc meeting linked to the App event; 17 April; 19 November, and a joint meeting with AMI-SeCo on 20 November.