

10 June 2020

Summary of replies to the survey with AMI-Pay and AMI-SeCo National Stakeholder Groups (NSGs) on community readiness for CSLD

I. Key takeaways from the survey with NSGs¹

- In nearly all NSGs the majority of the community favours a delay of the go-live of T2-T2S consolidation, with the overwhelming majority of those asking for a delay preferring a 12-month delay over a 6-month delay. The most important motivation for asking for a delay is SWIFT's decision to move the target date for global ISO20022 migration for cross-border payments and not the impact of the COVID-19 pandemic.
- COVID-19 has had a significant impact on the operations and functioning of nearly all respondents (banks and infrastructures) of the survey. However, overall only a minority – albeit significant – has indicated that the pandemic in itself has had a significant negative impact on their ability to prepare for the T2-T2S consolidation go-live in November 2021.
- A clear majority of NSGs and individual respondents perceive a significant negative impact of SWIFT's decision to delay its ISO20022 migration on their preparations to the T2-T2S consolidation go-live.
- Half of the NSGs report that the pandemic has significantly increased the risks of their communities not being ready for user testing for T2-T2S consolidation by 1 March 2021. In this half are 3 of the 4 largest euro-zone countries (DE, FR and IT).
- A clear majority of NSGs and a slight majority of overall respondents perceive a negative impact of a potential delay of T2-T2S consolidation on their ability to prepare for other projects. The overwhelming majority of those reporting such negative impact have concerns over the coinciding go-live of the ECMS project and the T2-T2S consolidation, if T2-T2S consolidation is delayed by 12 months. 6 NSGs express a clear and strong view that in case T2-T2S consolidation project is delayed the ECMS project should also be delayed.

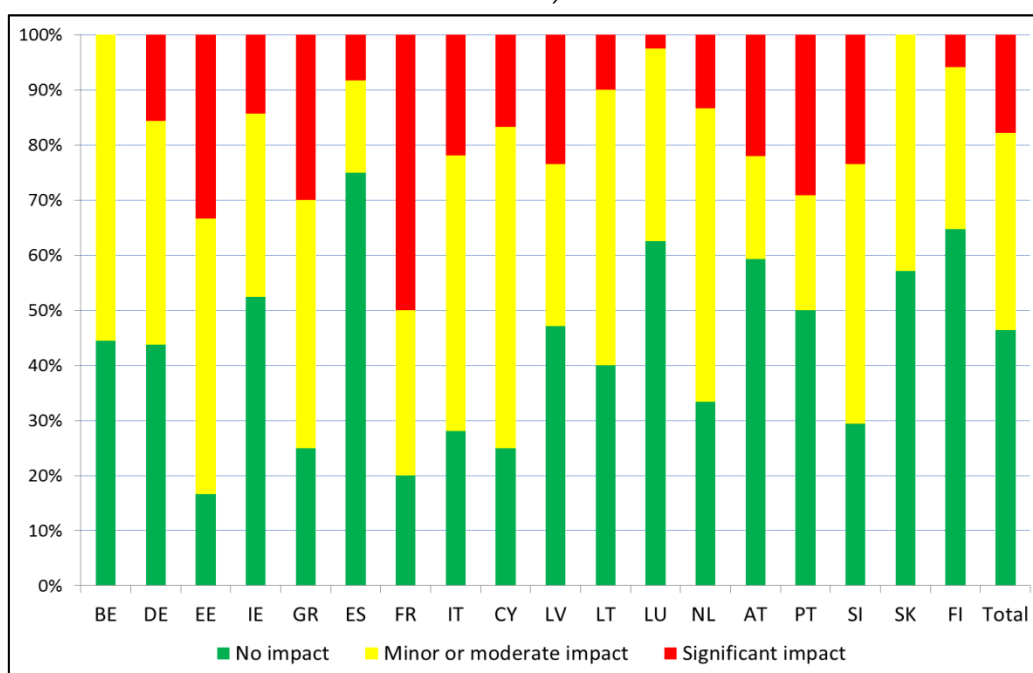
¹ The survey was conducted between 20 May and 4 June 2020. All euro area AMI-SeCo and AMI-Pay NSG chairs have asked for feedback from their members. All euro area NSGs have submitted feedback from their NSG members and all but 2 NSGs also shared the individual responses received from their NSG members with the ECB, a total of 352 responses. This report is based both on the NSG's own summaries of their community views as well as the ECB's own analysis and categorisation of the individual responses it received.

II. Summary of the outcome by questions

Q1 - How has the COVID-19 pandemic affected your organisation’s ability to prepare for projects related to your payments and post-trade services and in particular on preparing for the T2-T2S consolidation go-live (please elaborate on the impact on human, IT, external and financial resources available to projects)?

In general terms, a vast majority of NSGs and an absolute majority of all respondents experienced a negative impact of COVID-19 crisis on the resources available to the functioning and operation of their organisation. However, overall only a – albeit significant – minority of respondents indicated that the COVID-19 pandemic in itself has had significant negative impact specifically on their ability to prepare for the T2-T2S consolidation under its current timeline, while a slight majority sees no or a manageable negative impact. In fact NSG responses vary to a great extent in assessing this latter aspect.

Chart 1: Distribution of individual responses by NSG members to Q1 (ECB assessment, not counting NCBs)²



Among the relevant factors of the negative impact NSGs cite a shift of focus in human resources to critical operations instead of project tasks, lower efficiency / limits of now pre-valent remote working by staff. On the IT side a negative impact often cited was the maintenance and recalibration of critical infrastructure to support new way of working. Furthermore, difficulties in communicating with software

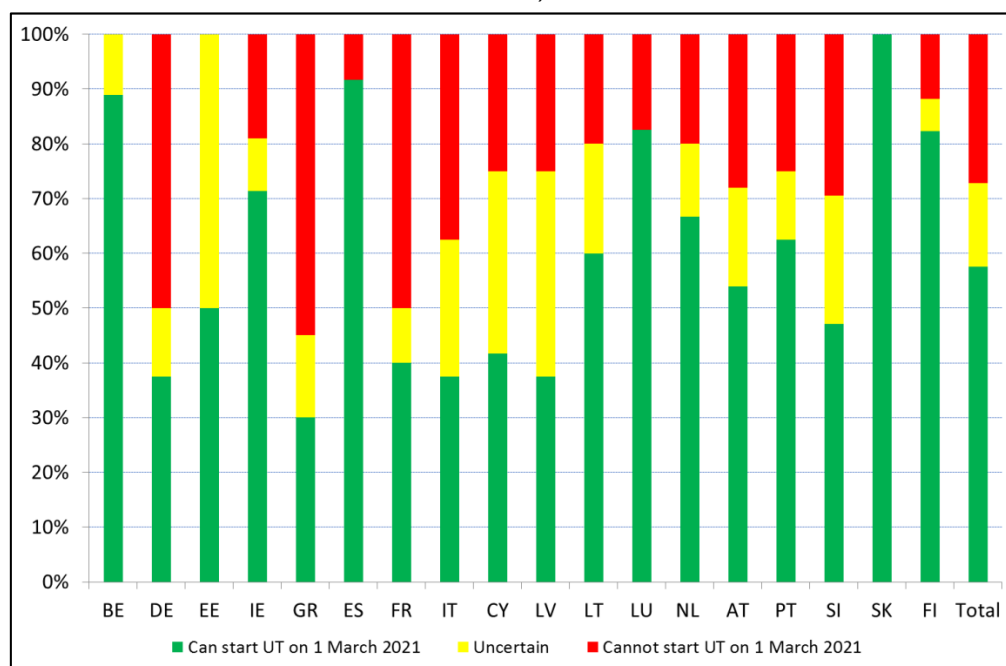
² Malta is not shown in the chart as no individual responses were shared from Malta with the ECB. In their summary assessment the MT NSG highlighted that the Maltese community overall has concerns on the negative impact of the COVID-19 pandemic on the readiness for T2-T2S consolidation project.

vendors / external providers were also mentioned by many NSGs. Some NSGs also highlighted imminent additional financial burden of the crisis as a risk to project budgets as well as heightened regulatory expectations on banks to increase lending to support the economic recovery drawing on their resources. A key theme recurring in many NSG replies is the negative impact of uncertainty as to the length, effects and a potential second wave during the autumn of the COVID-19 pandemic.

Q2 - Is there any impact on the ability of your organisation to start user testing as currently planned i.e. 1 March 2021? If yes, please specify the constraints that are hampering your organisation to start the user testing according to the current timeline and specify an expected date by which your organisation will be ready to start user testing.

Around half of the NSGs report that the COVID-19 pandemic has significantly affected the ability of their communities to start user testing for T2-T2S consolidation as currently scheduled by posing a substantial risk of delay at the majority of their members (in this half is DE, IT and FR). The other half of the NSGs seem confident that – barring further unexpected developments, in particular a second wave of the COVID-19 pandemic in H2 2020 – their banks will be able to start user testing on 1 March 2021. Across the sample of all respondents overall 58 % report that they can start user testing as scheduled (again barring further unexpected developments and assuming third party providers deliver on time) while 27 % report that they expect not to be ready by the current user testing milestone. The remaining 15 % is uncertain / could not tell at this stage.

Chart 2: Distribution of individual responses by NSG members to Q2 (ECB assessment, not counting NCBs)³



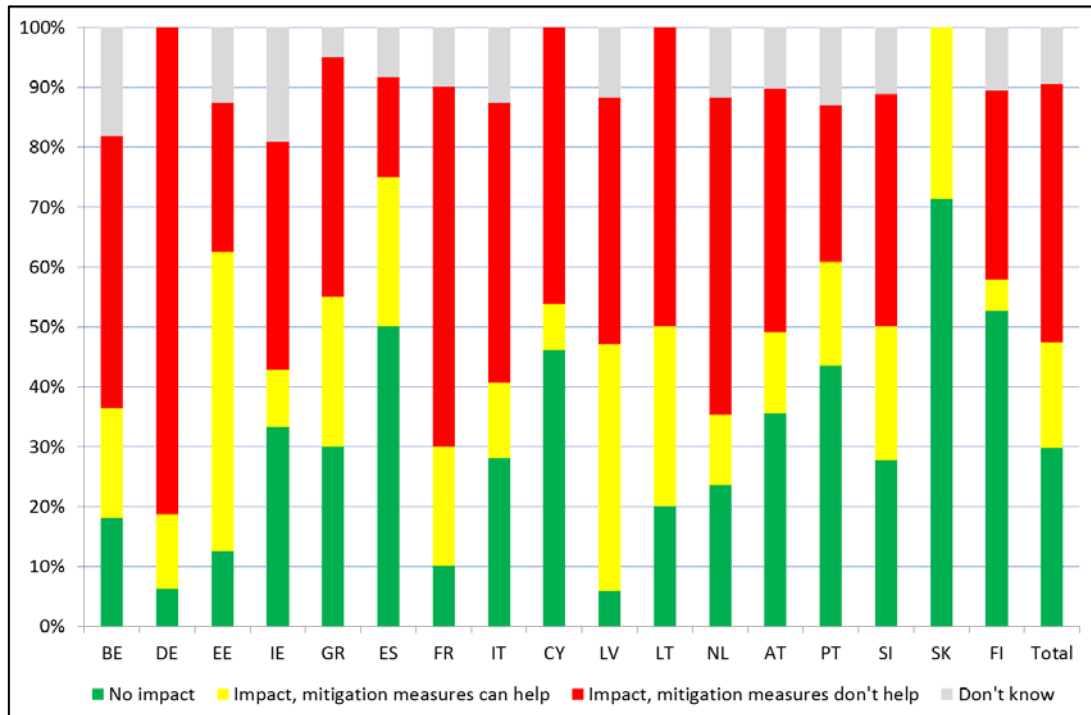
As constraints that are hampering the start of user testing according to the current timeline, those reporting an expected lack of ability to start as scheduled and those that were uncertain mentioned the impact of the COVID-19 pandemic on their operations, dependence on third-party vendors, the lack specific test scenarios and that there is uncertainty on the test cases to be executed.

Q3 – What is the impact of delaying a fully-fledged ISO 20022 migration as part of the T2-T2S consolidation project on your organisation and which negative implications remain, from your perspective, after the mitigation measures offered by SWIFT?

Overall, most NSGs and more than half (62%) of all individual respondents to the survey perceive a significant or very significant negative impact of SWIFT’s delaying global ISO20022 migration from the perspective of resource needs of their preparations to the T2-T2S consolidation go-live. Only 30 % of all respondents do not perceive any significant impact of the delay SWIFT’s ISO20022 migration and the gap thereby created with T2-T2S consolidation. A majority of those indicating significant impact / concerns (44% of all replies) say that SWIFT’s mitigating measures only partially mitigate the impacts on their organisations as a like-for-like migration is required for an interim period.

³ Malta is not shown in the chart as no individual responses or the distribution thereof were shared from Malta with the ECB. In their summary assessment the MT NSG presents significant impact of the COVID-19 situation on the ability to start user testing and also highlights that there is a high level of uncertainty in their community.

Chart 3: *Distribution of individual responses by NSG members to Q3 (ECB assessment, not counting NCBs⁴)*



This is rather consistently explained by respondents across NSGs with the need to manage a double changeover, handling several message formats at the same time, developing temporary solutions for only a limited period of time as well as the loss of synergies between T2-T2S consolidation and correspondent banking projects. Typically banks which are less active in cross-border payments or are more relying on manual procedures perceive a smaller or no impact, while other banks highlight serious concerns.

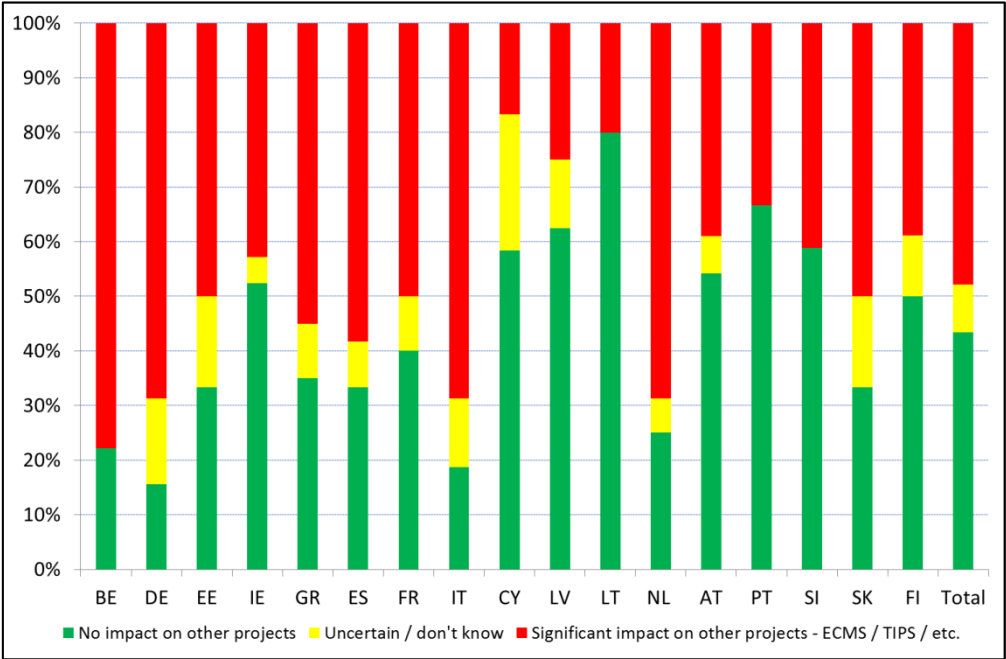
Q4 - In case you perceive difficulties in achieving readiness for the T2-T2S consolidation, would the same difficulties or a potential rescheduling of the T2-T2S consolidation also affect your ability to prepare for other projects, in particular the Eurosystem’s ECMS project and your potential plans to join TIPS?

More than half of the NSGs report that the majority of their members perceive a significant impact on a potential delay of the T2-T2S consolidation project on other projects. However, most of the NSGs (some even among those that overall do not see a big impact) highlight that having the go-live of T2-T2S

⁴ Luxembourg and Malta are not shown in the chart as no individual responses or the distribution thereof were shared on this question with the ECB. In their summary assessment the LU NSG reports that a minority of their banks with significant cash correspondence services are negatively affected but have yet to analyse the impact and how the mitigation measures could be used. The MT NSG reported that their bigger banks perceive a significant negative impact while the smaller banks are not severely affected.

consolidation at the same time as the ECMS creates a challenge on resourcing and carries a risk which needs to be managed. Altogether 6 NSGs expressed a clear and strong view that in case of T2-T2S consolidation project is delayed then the ECMS project should also be delayed.

Chart 4: *Distribution of individual responses by NSG members to Q4 (ECB assessment, not counting NCBs⁵)*



Overall, across almost half of all individual respondents see a significant impact that needs to be managed and nearly all of these respondents cite primarily concerns over the ‘collision’ between ECMS and T2-T2S consolidation if the latter is moved. In addition to the ECMS to a much lesser extent some respondents highlighted plans to join TIPS and other projects (the known regulatory projects as well as STEP2’s migration to real time gross settlement and the migration of the SEPA schemes to ISO20022 – ver 2019) that may be affected.

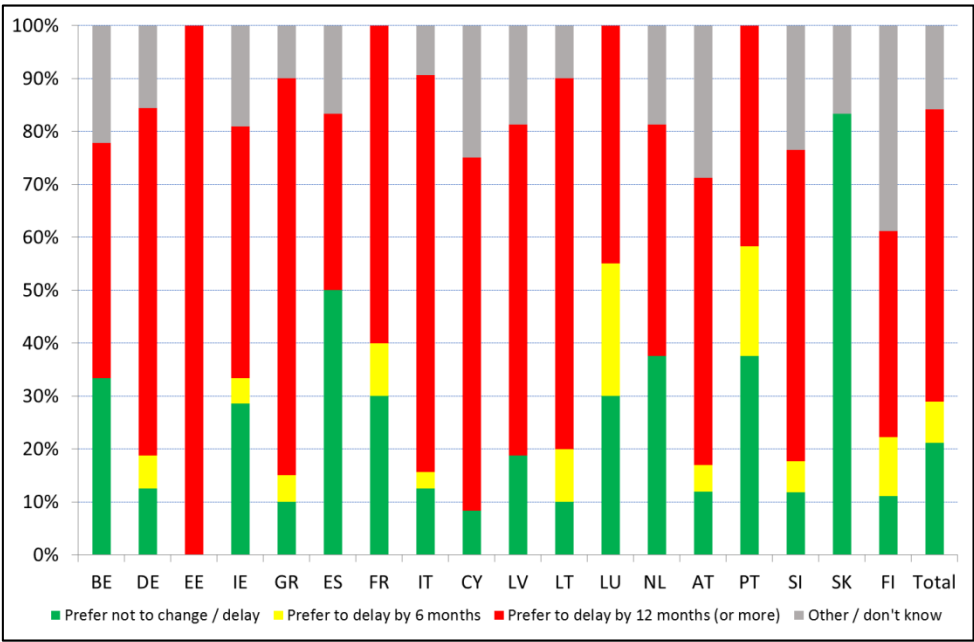
Q5 – As a result of the considerations expressed in the answers to the previous questions, what is your organisation’s preference in relation to the T2-T2S consolidation project timeline? Please provide any additional explanations not mentioned above.

In all but 3 NSGs (BE, ES, SI) the majority of the respondents favour a delay of the go-live of T2-T2S consolidation by an overwhelming majority preferring a 12-month delay. Across the whole sample of 360

⁵ Luxembourg and Malta are not shown in the chart as no individual responses or the distribution thereof were shared on this question with the ECB. In their summary assessments both NSGs report that the banks affected by the ECMS project in their community see a significant impact and challenges on their preparations for the ECMS project if T2-T2S consolidation is moved to the same go-live date as that of the ECMS.

respondents of the survey that answered this question 55 % of the respondents expressed clear preference for a 12-month delay while 8 % for a 6-month delay. 21 % of all respondents do not see the need for a delay.

Chart 5: *Distribution of individual responses by NSG members to Q5 (ECB assessment, not counting NCBs⁶)*



Among those that expressed a preference for a 12-month delay the most cited reason / motivation is to align T2-T2S consolidation with the timeline of the global SWIFT ISO20022 migration for cross-border payments. The impact of the COVID-19 pandemic is mentioned to a much lesser extent among the key motivating factors. Several respondents (even among those preferring no delay) highlight that they perceive the readiness of others in the community is a key consideration and risk from their own project point of view. Most of those expressing preference for no delay did so on the condition that no further unexpected events occur (such as a seriously disruptive second-wave of the COVID-19 pandemic in the autumn of 2020).

⁶ Malta is not shown in the chart as no individual responses or the distribution thereof were shared on this question with the ECB. In their summary assessment the MT NSG report that the local banking community is in favour of a delay by a minimum of 6 months to 12 months.

ANNEX – NSG summaries by country (as summarised by NSG secretaries)

Belgium

Summary of NSG view:

In summary the Belgian AMI-Pay and AMI-SeCo NSG Members do not have one common view on the impact and delay of the project. Some stakeholders prefer to keep the timeline as is, since they are on track with their readiness. Others advocate a one year delay. There is however general agreement that:

- All critical participants must be 100% ready at the go-live. Even if their own institution is ready, the NSGs do not want to risk problems in payments flows or systemic liquidity issues because counterparties did not reach the go-live deadline.
- In case there is a delay, it should be a one-year delay, not six months. The cost in time and resources to reschedule the whole project are too high and the interdependencies too considerable for six months. Rescheduling alone would take away part of the time won by a six month delay.
- If the Eurosystem agrees on a one-year delay, the ECMS project's timeline should be proportionally adjusted from November 2022 to November 2023 to avoid creating new risks by running the two projects simultaneously and creating "a bigger than Big Bang" go-live.

Germany

Summary of NSG view:

Q1 – Overall impact of COVID-19:

Majority reports reorganisation challenges and efficiency losses; shift of focus to critical operations (instead of project tasks.). Rather vague/negative outlook. Uncertainty regarding second Covid-wave. Human: Employees have to work from home; re-planning of resources in order to maintain critical infrastructure; IT: remote working resources have to be allocated, IT busy with this instead of project tasks. External: Difficulties with on-boarding and supply chains; Financial: cost burdens of pandemic.

Some reported no effects and their internal projects being on track for the time being, however highlighting the uncertainty regarding further developments in COVID-19 in the coming months

Only few do not see any impact at all.

Q2 – Ability to start user testing on 1 March 2021

Slight majority reporting impact on the ability to start user testing as of March 2021

Constraints: see Q1, also separation of SWIFT ISO migration, absence of specifications for testing

Expected date: earliest summer 2021, rather 6 months delay (for the participants impacted)

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

Vast majority reports a negative impact of ISO 20022 migration and ask for synchronisation of CSLD and SWIFT's migration to 20022. Financial expenses and projects risks are viewed critically. Intermediary banks won't be able to transmit full data for cross-border payments.

Q4 – Impact on other projects / dependencies

Mixed view and uncertainty regarding readiness for ECMS. Some participants consider ECMS readiness as dependent on prior CSLD implementation, some don't. Some expect that the go-live date of ECMS would also be delayed at least by some months in order to avoid the increase of risk of an already substantial big bang migration. Participants expressed wish to keep ECMS/CSLD migration apart (human resources as constraint). Less feedback on TIPS: No plans on joining TIPS reported or TIPS seen separately mostly

Q5 – Preference for timeline (keep or delay)

Vast majority of participants are in favour of rescheduling the consolidation project. Majority considers a postponement of (at least) one year as appropriate. Some participants deem around 6 months to be enough. Few participants are in favour of keeping the timeline as-is.

Participants agree on the importance of synchronizing the CSLD timeline with SWIFT's ISO 20022 migration. In this context, quite number of participants consider it highly desirable to receive a reliable confirmation from SWIFT that they will keep the 2022 date.

Participants underline the importance of a well-prepared testing phase with adequate length, eg. as early as possible in 2021.

Estonia

Summary of NSG view:

Q1 – Overall impact of COVID-19:

Impact on human resources: remote working is inefficient

Impact on IT resources: problems caused by needs of reallocations

Impact on financial resources is mentioned once

Q2 – Ability to start user testing on 1 March 2021

Participants are concerned that there may not be enough IT resources to complete developments on time

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

There is a need for additional resources

Q4 – Impact on other projects / dependencies

There are some concerns but all issues are not analyzed. Probably TIPS would not be an issue for EE

Q5 – Preference for timeline (keep or delay)

Participants prefer shifting the timeline 1 year ahead

Ireland

Summary of NSG view:

21 Irish market participants responded to the questionnaire. Just over 60% of all respondents provided support for a postponement of the T2-T2S consolidation project of between 6 and 12 months on existing timelines. 3/5 (60%) of our closely monitored participants are too in favour of a delay of between 6-12 months. Of those participants who support a postponement, it appears this is largely driven by the postponement of the SWIFT migration to ISO20022 for CBPR+ to Q4 2022, as opposed to disruption caused by COVID-19. Notwithstanding this however, COVID-19 has forced some participants to re-deploy project resources to sustain critical operations with some indicating that a change freeze has been implemented in their institution until further notice – both likely to significantly impact those participants ability to meet upcoming project milestones in 2020 and beyond.

The responses received in the Irish market underscore the results of the critical service provider questionnaire previously issued by the MTRSG in highlighting the significant role service providers have in ensuring participant readiness. Many of our participants are critically dependent on timely roadmaps and successful product delivery from their vendors to successfully meet upcoming project milestones. Any delay on their service providers' ability to deliver will result in a corresponding or perhaps further delay on participant readiness.

It should be pointed out, as many of our participants highlighted, the responses contained in the questionnaire are under the assumption that participants are able to undertake a steady progression to operational normalisation in the coming months and do not incorporate or represent sentiment in the event of the occurrence of a 2nd wave of COVID-19.

Greece

Summary of NSG view:

Q1 – Overall impact of COVID-19:

Almost all respondents report significant impact on their organizations. There was remarkable lack of available HR due to absence leaves, safe branch operation or remote working. IT resources were allocated to business continuity operations in priority such as remote working, digital channels, customers support and advice or changed procedures of credit policies. Financial resources were accordingly reallocated to confront COVID-19 pandemic problems. Collaboration with external providers was also

complexed. Projects have been inevitably delayed or even interrupted. Very few report feasibility to adverse the impact.

Q2 – Ability to start user testing on 1 March 2021

Most participants report risk in their ability to reach timelines and request extension that varies mainly from 6 to 12 months depending on the go-live date. Few report being on track, no extension needed or no impact on test readiness-ceteris paribus. Some could not estimate, while few express their intention to reassess their position.

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

Many report that complexity that arise from dual burden trigger implications relevant to analysis, development, cost and data truncation issues. Those not affected report regional activity reasons or not applicable case. Several report uncertainty due to no available SWIFT guidelines/info for interim period. Some suggest alignment of consolidation project and ISO migration

Q4 – Impact on other projects / dependencies

Most estimate that overlap with the ECMS project would potentially increase the migration risks. Few aim to work simultaneously as different resources are involved. Few others report no-impact regarding the rest of the projects, which should be re-scheduled according to the decisions for the T2-T2S project.

Q5 – Preference for timeline (keep or delay)

Most participants, representing the vast majority of the important PSPs, agree on one-year delay to Nov.2022. Their preference is justified in order to both align to SWIFT decision and alleviate any pandemic impact on business operations. A small minority, including ASs though, prefer a postponement of 3 to 6 months or no extension at all so as to avoid overlap with other Eurosystem or internal projects

Spain

Summary of NSG view:

The Spanish Community do not have strong views either in favour or against and would not oppose to a possible one-year delay on the consolidation go-live planned date, as required by several communities and associations. In any case, they would see benefits on not severely changing the current milestones and only increase the testing phase.

France

Summary of NSG view:

General summary:

For the French NSGs we received the replies of 10 stakeholders out of 13.

Seven stakeholders out of 10 are in favour of postponing the go-live of the project; 3 participants express a preference to keep the current timeline.

Among the 3 participants in favour of keeping the current timeline, one points to the negative consequences of a postponement (especially on resources management and their availability when work is fully resumed), which are possibly larger than its immediate benefits.

The 7 stakeholders advocating for a delay put forward the following main reasons: (i) the impact of the COVID crisis, which implied the reallocation of resources to production activities and running the bank rather than on project development during the lockdown period; (ii) the delay of the Swift migration to ISO 20022, which will consume resources to maintain two systems in parallel (one of which would need some internal developments and will be decommissioned after one year); and (iii) the uncertainty surrounding other participants' readiness for a go-live in November 2021 (even if they are confident about their own capacity to go-live as currently foreseen). Some participants also highlight an uncertainty on their ability to meet the foreseen deadline to start the user testing phase (March 2021).

Overall, we note some heterogeneity in the "strength" with which the preference for a postponement is reported: while 3 participants (strongly) advocate for a postponement, for others the project "may benefit from a delay", "we would rather postpone" or "a delay may be warranted". Finally, one stakeholder highlights the current uncertainty about participants' capacity to resume project activity – not only in relation to resources availability, but also to the possibility to go back to a "normal" sanitary, and hence work, situation – and how this uncertainty makes a postponement of the T2-T2S go-live a "reasonable option".

Q1 – Overall impact of COVID-19:

Banks have shifted resources from projects to production. Internal projects have already been postponed. Budgetary impact and external resources are mentioned as problematic

Q2 – Ability to start user testing on 1 March 2021

Overall, the participants reported that they are currently on track. However, they still have some uncertainties. 3 of them (BFCM CIC, SG, CA) are already asking for a postponement of the user testing phase.

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

Institutions report that the biggest problem in this area is the lack of resources. They are still waiting for additional information from SWIFT such as the blue print, the specifications of their transcoding tool 15022 /20022. They will have to do IT developments just for one year. At the beginning of the project, the choice of a go live date in Nov 2021 was also made taking into account the Swift migration date.

Q4 – Impact on other projects / dependencies

Some institutions reported that it would be important to have a "holistic" review of the European projects (ECMS, CSDR etc...). Or that they have not yet carried out the analysis at this stage

Q5 – Preference for timeline (keep or delay)

7 participants out of 10 are asking for a delay of the go live of the T2-T2S consolidation: 5 of them advocate for a 1 year delay; 1 participant would recommend an even longer delay; a last one thinks that a 6 months delay could be enough but that a postponement by 1 year would also be reasonable.

3 participants are not requesting a rescheduling of the timeline: LCH Clearnet, CM ARKEA and BPCE-Natixis. In case of a delay decision, one participant expresses a preference for a 3 to 6 months delay (and 1 year max).

Italy

Summary of NSG view:

The 'Questionnaire - Impact of recent developments on community readiness for the T2-T2S consolidation project' was illustrated to members of AMI-Pay and AMI-SeCon NSGs during a teleconference held on 25 May 2020. Participation to the exercise has been broad with 32 institutions submitting the completed questionnaire, including the major custodian banks, the Italian CSD and CCP. This is clearly indicative of the deep concerns of the Italian market about the current situation.

The answers received reflect the outcome of the discussion held during the teleconference: the Italian market strongly supports the one-year delay of the T2-T2S Consolidation (CSLD) project as opposed to the 6-month delay option, judged widely unsuitable. Furthermore, the general opinion is that if a delay is agreed for the CSLD project, all its milestones should be re-planned, as well as the other projects (i.e. ECMS).

Finally, participants urge for a prompt decision from the ECB to allow them to reduce the uncertainty of the present times caused by the COVID-19 pandemic and the SWIFT delay of migration to the ISO20022 and to urgently plan for the next steps.

Q1 – Overall impact of COVID-19:

Virtually all banks that replied to the questionnaire were impacted by the COVID-19 in terms of all resources dedicated to the ongoing projects, in particular human and IT resources. More specifically, with regard to the T2-T2S Consolidation, the majority of the respondents reported significant impacts (21). While some of these (8) claimed that, despite some initial difficulties to adapt to the unforeseen pandemic, they were still able to progress and are now on track with the project, more than half (13) consider such impacts critical. The remaining of respondents (11), mostly minor banks, have reported no relevant impacts.

Finally, the regulations, introduced by the Italian Government to deal with the extraordinary situation created by the COVID-19 pandemic, increased an already heavy load especially on the human and financial resources fronts.

Institutions that have reported little or no impacts on the T2-T2S Consolidation project – even if some experienced a slowdown of the NSP assessment process – are for the majority minor banks, banks already used to smart working or institutions that will only be partially impacted by the Consolidation.

The crucial aspect for banks severely impacted was the reallocation of resources to ensure 'business as usual', while adapting to new working model (i.e. smart working) and new requirements from clients. During the past three months, in fact, priority was given to safeguard clients' interests, running regular business operations and adapting fast to new requirements (i.e., providing for extra liquidity and loans), and to strengthen smart working possibilities for all employees. These activities have absorbed all available resources and had to draw fully from the ones dedicated to the projects.

Furthermore, a considerable number of banks that resort to external suppliers for their IT services have expressed concern for the project because of their suppliers' difficulties in delivering software as planned

Q2 – Ability to start user testing on 1 March 2021

Only six institutions feel confident to start the user testing of the T2-T2S Consolidation project as per current schedule (1 March 2021). They are mainly minor banks and institutions not highly impacted by the project.

Instead, just less than half of respondents to the questionnaire (13) stated to face serious difficulties in being ready for the user testing because of the rescheduling of all activities due to the sudden change of priorities brought by the pandemic and of the delay announced by SWIFT. Moreover, approximately one third of respondents declared they could be ready; however, they feel it is hard to forecast in such extraordinary circumstances and especially before the SWIFT issue is clarified. They also regard the uncertainty of the present times as a major concern.

Nevertheless, both, institution that could be ready in time for the user testing and that could not, clearly asked that if a decision is taken to postpone the T2-T2S consolidation by a year, then all other milestones be shifted as well. In addition, a few banks stressed that the user testing phase should not last longer than what was planned.

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

The majority of AMI-Pay and AMI-SeCo NSG participants stressed that the delay of SWIFT's migration to fully-fledged ISO 20022 has a considerable impact on their organization; a small number of members, generally with a low cross border activity, consider the consequences of the delay to be limited.

For the impacted operators the delay requires a deep revision of the functional specification document and the consequent IT developments, based on the content of the guidelines that will be published by

SWIFT at the end of June 2020. As result of this revision, the design of procedures has to be changed, additional components must be implemented and tested. One year after implementation, the enforced mitigation solutions should be decommissioned generating project additional costs. Desynchronizing T2-T2S consolidation and ISO20022 correspondent banking migration implies separating two projects, which were planned as one from the beginning to leverage on mutual synergies.

The large majority of respondents to the questionnaire have also highlighted that the mitigation measures offered by SWIFT are not yet fully specified causing uncertainty on how the solution could be handled. Under these conditions, a thorough assessment will not be feasible before the end of Q3 2020.

In addition, concerns have been raised about the possibility that SWIFT proposals could really mitigate the regulatory/legal implications of all possible use cases.

Q4 – Impact on other projects / dependencies

For the majority of members (22 out of 32 members) the rescheduling of the T2-T2S consolidation will affect their ability to prepare for other projects, in particular the ECMS project; 4 members find premature at this stage to assess these aspects while 6 minor members do not find any impact.

In general, no impact is expected on the plans to join TIPS (for 1 member only there is an impact as it has planned to join TIPS just after T2-T2S consolidation go-live).

The main reason for the impact is that the CLSD and ECMS projects rely on the same human and IT resources; the migration to ECMS should take place in the safest conditions and, consequently, the overlap of adaptation and testing activities should be avoided in order to reduce migration risks (a big bang approach is followed by both projects). Members who identified the impact provided also an assessment on the delay of ECMS project with a strong preference (13 major members) to support a holistic approach: in case of 1 year delay of T2-T2S consolidation, the ECMS project should be shifted accordingly to reflect the original time span between the two projects (4 members highlighted that, in any case, the gap between the two go live dates should be as a minimum 6 months, to allow for post-implementation adaptation; while 5 members, instead, at this stage cannot estimate the delay, as they don't have sufficient elements).

Some members (CSD and custodians) outlined that, along with the ECMS, also the planning for the implementation of the Collateral Management Harmonization (CMH) standards should be duly reassessed (ECMS and CMH standards have the same timeline).

Finally, some NSG members pointed out that the rescheduling of T2-T2S consolidation could have consequences not only on the upgrade of Euro 1 system to ISO20022 but also on the implementation of Real-time Gross Settlement model of Step2 (even if this project has not been mentioned in the ANNEX to the questionnaire).

Q5 – Preference for timeline (keep or delay)

The vast majority (24 out of 32) of AMI-Pay and AMI-SeCo NSG members which have replied to the questionnaire have expressed a strong support for the timelines of the T2-T2S Consolidation and the SWIFT's migration to fully-fledged ISO 20022 to be re-aligned by rescheduling the T2-T2S Consolidation start to 21 November 2022 . Only one participant has proposed a six-month delay and seven minor participants have declared they still can cope with the actual planning.

The rationale behind the postponement request is mainly linked to the delay of the SWIFT migration as well as the fact that its timeline/detailed specifications has not been disclosed yet; besides, uncertainty and volatility in the market triggered by COVID-19 is jeopardizing the focus required to execute a program with the size and complexity of the T2-T2S consolidation.

In this scenario, the Italian market would also see as an important prerequisite the simultaneous migration to ESMIG of T2S and T2. In this way, participants indirectly connected to T2S, for which value added services will no longer exist in Consolidation, would avoid investing further to overcome a temporary inability to carry out liquidity transfers from T2S to T2 or inquiries on the balance of the T2S DCA account in A2A mode.

Cyprus

Summary of NSG view:

Q1 – Overall impact of COVID-19:

SeCo: All respondents have expressed reduction on IT, financial and operational resources due to COVID-19, as focus has moved to establishing a level of continuity of their business operations. They have reported that some projects have experienced delays, however two out of the three respondents have not experienced delays on preparing for the T2-T2S consolidation project.

Pay: The majority of CY banks indicated that the uncertainty with regard to COVID-19 affects the development in everyday working life, having significant impact on the T2-T2S CSLD project.

The pandemic changed the planning basis in projects and led to re-evaluations, which were more difficult than normal in the wake of the pandemic.

Q2 – Ability to start user testing on 1 March 2021

SeCo: Two of the three respondents expects to be ready to start user testing as currently planned i.e. 1 March 2021, although the one of these two respondents states that two interim deliverables may be at risk. One out of the three respondents does not expect to start user testing as currently planned, however the respondent does not specify an expected date by which the organisation will be ready to start user testing. The main constraints that hamper the respondent's organisation to start the user testing according to the current milestone are: a) Inadequate testing resources and b) Need for all COVID-19 related projects to be tested with priority, entailing shortage of developer and testing resource manpower.

Pay: Some Members reported that within the framework of the planned project activities, the COVID-19 outbreak affected the overall project milestones and consequently causing problems in meeting the planned start for User Testing.

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

SeCo: All respondents believe that T2-T2S consolidation should be aligned with ISO20022 migration for cross-border. One respondent expressed the need to receive timely information from SWIFT so that to allow sufficient time for proper analysis, developments and testing. One other respondent believes that SWIFT mitigation measures were late and therefore, updated impact analysis needs to be carried out again. One other respondent requests additional development and end to end testing phases, before the application of a fully-fledged ISO20022 end-to-end flow.

Pay: The postponement has no impact or minimal consequences, mainly due to the mitigation measures. Some Members reported that, a short delay of T2-T2S consolidation (by for example 6 month) means an interim solution for conversion in a like-for-like approach would be needed for a limited period of time, therefore the least risk to the project as a whole, is to resynchronize T2-T2S with ISO 20022 migration.

Q4 – Impact on other projects / dependencies

SeCo: One respondent does not expect that the same difficulties or a potential rescheduling of the T2-T2S consolidation will also affect the ability to prepare for other projects. One other respondent expects that an overlap with the ECMS project would potentially increase the migration risks. One other respondent believes that there might be an impact to other projects, as well as ECMS, but at this stage they cannot have a clear view.

Pay: No difficulties recorded. Most Members reported that rescheduling T2-T2S CSLD will enhance their ability to prepare for the other projects.

Q5 – Preference for timeline (keep or delay)

SeCo: All respondents agree for a 1-year postponement of the T2-T2S consolidation project. Two out of the three respondents believe that the main benefit from this postponement would be the alignment of the migration date of the T2-T2S consolidation project with the ISO20022 migration for cross-border.

Pay: The majority of Members reported that, for reasons of re-synchronization of SWIFT ISO 20022 migration with T2-T2S consolidation, the desirable is to postpone the project by one year.

Latvia

Summary of NSG view:

Q1 – Overall impact of COVID-19:

COVID-19 has different level of impact on consolidation project activities for institutions in Latvia, ranging from no impact at all to possible financial resource review. Although majority of the respondents (10 of 17) indicated delays in fulfilling project milestones as a risk.

Q2 – Ability to start user testing on 1 March 2021

More than a half of the respondents (9 of 17) has concerns about their readiness to start user testing on 1 March 2021 mainly due to situation caused by COVID-19 and uncertainty with its further impact. Some participants indicate preference for the postponement of user testing phase ranging from 3 months to 1 year.

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

Most respondents (10 of 17) indicate that maintaining of several messaging formats has adverse impact due to the need to involve additional financial and human resources.

Q4 – Impact on other projects / dependencies

None of respondents reports adverse impact on ECMS or other projects. However Latvijas Banka has significant concerns about effective management of two major projects in parallel due to limited resources.

Q5 – Preference for timeline (keep or delay)

Almost all respondents (13 of 17), including three biggest banking groups represented in the Baltic states, indicate a preference for a postponement of TARGET consolidation project for 1 year to mitigate risks caused by COVID-19 as well as to align TARGET consolidation go-live with SWIFT migration to ISO20022 with the purpose of minimising operational risk and growth of project costs.

Lithuania

Summary of NSG view:

By e-mail of 20 May 2020 regarding the questionnaire on the readiness for T2-T2S consolidation, please find attached the submitted answers. We have received 10 completed questionnaires, despite that, the OP Pohjola will provide the answers as a group.

Summarising the overall opinion: 7 out of 10 are in favour to postpone T2-T2S deadline by 1 year, 1 out of 10 supports 6 months postpone, 1 out of 10 prefer to not postpone the timeline at all or postpone for 1 year all milestones, the rest has no impact. From our approach, the greatest economic benefits and the lowest risks can be achieved most effectively by synchronizing SWIFT ISO 20022 migration with T2-T2S consolidation, therefore when assessing logically, the postponement by one year seems to be the best solution.

Luxembourg

Summary of NSG view:

Q1 – Overall impact of COVID-19:

In Luxembourg, the majority of the banks reported that the COVID pandemic had a low impact on their TARGET Consolidation project, i.e. they still have more than 60% of their resources available to work on the project. This conclusion is based on 2 surveys we organised with our community.

We organised a first survey with all our participants (130 banks) 2 week after the #Stayhome announcement (1st of April), which revealed that 77% of the banks still had more than 60% of their project resources available at in teleworking.

We organised a second survey with our A2A participants only (40 banks) due on 2nd of June. 63% of these participant reported “low or no impact”, 34% reported a “medium impact”, and only one participant reported a major impact.

Q2 – Ability to start user testing on 1 March 2021

In Luxembourg, 82% of the future A2A participants (those performing most of the tests) confirmed that they will be on time for the actual start of user testing on 1st of March 2021.

Still, 18% of our future A2A participants consider that they will not be ready to start the User testing phase on time. These participants mentioned that

- The initial planning was already very challenging before the COVID pandemic.
- The impact of the delay of CBPR+ have stressed the timelines of our T2-T2S consolidation roadmap
- Additional specifications will need to be analyzed (late UDFS addendums, EURO Zone Usages Guidelines) and probably additional development to be done as a result of this.
- Parallelism with other critical projects and complicated resources allocation due to COVID pandemic

They also mention that in case of GO-live date postponement they would welcome an extension of the User Testing. The new testing date should be decided by reverse planning taking into account the postponed final date and the need of a longer period of test.

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

Not surprisingly, the delay of ISO 20022 migration for cross-border payment mainly affect the larger participants having a cash correspondent activity. There are 11 banks in this case in Luxembourg, who all reported a major impact due to this announcement. The rest of the community will not be directly impacted by the delay announcement of SWIFT.

The impacted banks explained that they found synergies with CBPR+ project that cannot be implemented anymore. The set of mitigation measures delivered so far by SWIFT are limited to cross-border ‘leg-out’ payments and are ‘restricted’ in order to ensure a truncation-free one-to-one translation during the interim period (November 2021 – November 2022). Thus, they will have to assess the impact of such a solution

and re-engineer their payment processing due to the two different market practices/usage guidelines and formats i.e. a 'like-for-like' ISO 20022 and a 'fully-fledged' ISO 20022 (for EUR high-value payments without a cross-border leg).

Q4 – Impact on other projects / dependencies

The majority of the bank who are concerned by ECMS reported that having two major Eurosystem projects in parallel in 2022 would be a clear challenge. Very often the same IT and business resources are assigned to these two projects. Thus, in case Target consolidation go-live would be delayed, ECMS go-live should be delayed as well.

Q5 – Preference for timeline (keep or delay)

In our June survey (40 participants), 32% of future A2A participants would favour “no delay”, 24% would favour “a 6 months delay”, and 45% would favour “a one year delay”.

Should a delay be considered, the majority of our future A2A participants would rather prefer a one year delay than a six months delay. This would absorb the impact of the COVID pandemic and align with SWIFT ISO 20022 migration delay for cross-border payments.

Malta

Summary of NSG view:

Q1 – Overall impact of COVID-19:

The local banking community stated that as a result of the COVID-19 pandemic, resources were focused on teleworking facilities with a slowdown in the daily operations, and thus vital resources working on the Eurosystem projects had to be diverted in support of these daily operations. Whilst expressing concern for the internal limited resources, it is also a fact that the situation might have also had an impact on third party service providers, mostly established cross-border, who deliver system enhancements.

Q2 – Ability to start user testing on 1 March 2021

As already stated in reply to previous question, the depletion of human resources previously allocated to the Eurosystem projects, and the possible impact of the pandemic on third party services provider would surely have an impact on their ability to start user testing as currently planned. As the situation has not as yet reverted back to normal, some banks noted that it is currently difficult to have a clear picture of their future capabilities to abide by the established timeframes.

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

The banks hadve varied opinions on this issue, as it all depends on the level of participation in the Eurosystem projects, and their size within the market. Mainly, the small banks stated that this would have minimal to no impact, as given their size they are quite flexible to change, whilst the big banks, which rely

heavily on automation stated that this will have substantial to considerable impact, that needs further investments in their systems, just for a short period of time.

Q4 – Impact on other projects / dependencies

Again, here the answers would depend on the size of the banks, and as stated in Question 3 the mostly impacted would be the big banks, which would need to find additional resources to implement various projects in more restricted timeframes, or alternatively might decide to reschedule their go-live on projects that could be postponed

Q5 – Preference for timeline (keep or delay)

Given the considerations expressed above, the local banking community would be in favour of a postponement of both projects, that is the T2-T2S Consolidation project and the ECMS project, by a minimum of 6 months to 1 year each.

The Netherlands

Q1 – Overall impact of COVID-19:

It began with a focus on day to day business, some delays were experienced due to WFH - Work From Home. Development has resumed. Dependency exists with CSP Critical Software Providers (not necessarily fully known or mitigated). Also the size and business type of the respective participant plays its part for its readiness.

Q2 – Ability to start user testing on 1 March 2021

Most banks might be ready to start testing however might need longer testing or still would like to replan. (the impact of the ISO20022 delay is still under investigation). Depending on the overall impact of the migration, institutions could finish within the current planning or need a new planning.

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

Uncertainty - The split in planning was not taken into account from the start of the project. It is still under investigation / awaiting input from Swift. A temporary 'like for like' situation does not provide any benefits.

Q4 – Impact on other projects / dependencies

Rescheduling does have knock on effects, including missing opportunities. The effects on ECMS and TIPS appear manageable. Other infrastructure projects might also be effected by COVID-19. ECMS and Consolidation as big projects should be deployed on separate dates.

Q5 – Preference for timeline (keep or delay)

Postpone the Consolidation and align with the ISO20022 introduction for cross border payments. Even if individual banks are ready in 2021, the market as a whole appears to be lacking confidence.

Correspondent banking business is most effected and is dependent on CSP - Critical Software Providers together with the readiness of other market players.

Austria

Summary of NSG view:

The return rate of our banking community shows us that our market is highly interested in the topic and is also very well prepared for the implementation of the projects.

In the questionnaire you will find the answers of 50 banking institutions of which we got back the asked questions. In addition we got 9 “general answers” from the banking community with the statement that they do not have seen any impacts by any of your questions for their institution. So please do not forget to add them in your counter mechanism.

You will also find the same answers in the form. This is because some institutions are linked together with their head institution but still are independent banking institutions. So we shall count each institution.

For us the conclusion out of the answers is that the majority of our banking community was not directly affected by the COVID 19 pandemic for the preparation of the T2-T2S consolidation. Although on the long run they are worried by financial cuts, IT and human resources shortcomings and the uncertainty of a possible 2nd wave. A minority has an impact in starting the user tests beginning of March 2021 – for same reasons as mentioned before. What we also see out of the questionnaire is that a high number of the Austrian banking community is for a postponement of the start of the T2-T2S consolidation project. The reasons for that can be found that this goes in line with the SWFT ISO 20022 migration, the delay of the COVID 19 pandemic and a better preparation phase due to this crisis due to the time gap.

Portugal

Summary of NSG view:

Q1 – Overall impact of COVID-19:

The majority of respondents (15:63%) reported that the COVID-19 pandemic had an impact in resource allocation (HR, IT and financial): resources were reallocated to other businesses areas and project priorities directly related to business continuity and the national response to the pandemic crisis. These resources adjustments had impact on planning and reprioritization of IT project timelines, therefore affecting the capacity for a timely delivery of all current projects, including the T2-T2S consolidation. The remaining respondents (9:37%), indicated that the current pandemic situation had not affected their institutions' ability to prepare for the consolidation project.

Despite the uncertainty and challenging environment, the majority of respondents reported that their project teams were able to progress with the projects. Some of them also added that current delays might be recovered, assuming that the pandemic developments maintain a positive trend and there is no other

unexpected events impacting the banking industry. However, if the situation regarding COVID-19 worsens, impacting directly the availability of human resources allocated to the project, it will be difficult to maintain the readiness to comply with the present calendar.

It is important to highlight that most Portuguese institutions are following a community approach, through a project managed by SIBS FPS. SIBS FPS operates as a Technical Facilitator for the Portuguese institutions, providing a technological platform which allows the connection to TARGET2 and to T2S (AT2 Treasury application). SIBS FPS currently estimates a delay of one/two months in the activities concerning the consolidation project. However, there is an expectation of recovering from such delay during project implementation, following some risk mitigation measures concerning parallel implementation of non-interdependent tasks, anticipation of future non-connected tasks and eventually evaluating possible out scoping of non-critical functionalities from the initial go-live.

Q2 – Ability to start user testing on 1 March 2021

The majority of respondents (13:54%) reported that they are on track to start user testing according to current planning. Some survey respondents stressed that their ability to start user testing is also largely dependent on SIBS FPS complying with the project's timeline. As of today, SIBS FPS referred that the current delay of one/two months in the specification and development activities concerning consolidation project might jeopardize the possibility to start user testing for all functionalities from 1 March 2021, but a strategy of overlapping some development activities with the testing phase is foreseen to recover such delay.

Several survey participants (5:21%), stated that despite the current readiness status, the COVID-19 outbreak with all the constraints in terms of teleworking and relationships among different stakeholders, and in particular the uncertainty and the possible impact of a second wave of infection later this year might hamper the normal development of the project and preparedness to start user testing.

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

Half of the respondents (12:50%) reported that they do not expect any major impact from SWIFT delay of the fully-fledged ISO 20022 migration in their activities. Others (4) highlighted that the decision by SWIFT to delay migration to ISO20022 has brought significant complexity and uncertainty to the market with a few (3) mentioning that the mitigating measures already announced by SWIFT to address these difficulties may alleviate the impacts for some banks, but do not meet all the banking industry needs. Some (4) respondents also reported that a full analysis of the potential technical impacts has not been done yet.

Several (7:30%) respondents agree that the delay of the ISO 20022 migration by SWIFT and the misalignment with T2-T2S project go-live, meaning two changeovers instead of only one, although it is manageable, will imply intermediate developments and extra work which will only be valid for a short period of time. Thus, some of them added that the “perfect scenario” would be the alignment between

SWIFT migration to ISO20022 and T2-T2S consolidation project, as both evolutions at the same time would represent a cost reduction for institutions due to possible synergies. If this is not possible, the negative implications would be an additional human and financial resources effort even with mitigation measures offered by SWIFT.

Q4 – Impact on other projects / dependencies

The majority of respondents (16:67%) reported that they do not expect or anticipate any difficulty to comply with TIPS and ECMS project timelines.

As regards TIPS, the Portuguese community will join to the TIPS during 2020 and survey respondents do not foresee significant constraints to comply with the planned date for the go-live.

As for the ECMS project, several respondents mentioned that the project puts additional pressure over some teams that have also to be involved in other coexistent Eurosystem projects like the Consolidation. In case of a potential rescheduling of the T2-T2S consolidation project, respondents expect that an overlap with the ECMS project would imply a greater risk of implementation, a greater workload in testing and will potentially increase the migration risks, thus a rescheduling of ECMS project for the first semester of 2023 should be considered (suggested by one entity)

Q5 – Preference for timeline (keep or delay)

Respondents' views are split: 10 (42%) clearly envisage a re-plan for a one-year delay aligned with SWIFT migration to ISO20022; 5 (21%) suggested an intermediate delay period of 6 months or a replan for precautionary reasons; 9 (37%) have no need to delay the current planning for the consolidation go-live but one highlights that "will not accept to keep the target date without the certainty that 100% of the banks be ready too."

The general view of survey's participants is that the misalignment between SWIFT migration to ISO20022 and T2-T2S Consolidation is not seen as a "show stopper" for the implementation of the consolidation in November 2021, but the alignment between the Eurosystem and SWIFT projects could create synergies, which can be considered to have a positive effect in terms of costs and allocation of human resources. Additionally, considering the already existing impacts of COVID-19 pandemic and the uncertainty in terms of how it will evolve in the coming months, survey participants believe that some delay could be beneficial for all stakeholders to position themselves in time, particularly with regard to the necessary developments and tests.

Slovenia

Summary of NSG view:

Q1 – Overall impact of COVID-19:

In general, our banking community was affected by the COVID-19 pandemic, which resulted in a slight delay in software development, mainly due to the reallocation of IT and human resources for the purpose of ensuring continued operation of their daily business, and difficulties to hold meetings with project teams and external vendors.

Q2 – Ability to start user testing on 1 March 2021

Half of our participants are confident that they will be ready for the start of the user testing on March 1st 2021, while the other half is split into those who are currently unable to provide a definite answer and those who are foreseeing a slight delay.

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

Majority of our participants indicated that delaying a fully-fledged ISO 20022 migration will likely result in additional software development (including new analysis and drafting of internal application documentation) and consequently higher cost. This is the main reason (and not the impact of COVID-19 pandemic) that the majority of our participants advocate postponement of the T2/T2S consolidation (see also answer no. 5), since they would prefer to migrate to ISO 20022 for SWIFT correspondent payments and consolidated platform simultaneously. A few remaining (mostly small banks/savings banks) participants highlighted that they are not expecting any impact due to delaying a fully-fledged ISO 20022 migration.

Q4 – Impact on other projects / dependencies

Vast majority of our participants do not anticipate any difficulties in relation to the ECMS project and the plan to join TIPS as a result of that rescheduling of the T2-T2S consolidation. Only a few participants reported that rescheduling of the migration to the new platform could have an impact on their ECMS project and joining TIPS as planned.

Q5 – Preference for timeline (keep or delay)

Majority of our participants expressed their preference for a simultaneous migration to the ISO 20022 for SWIFT correspondent payments and the T2/T2S consolidation. Consequently, our participants are in favour of postponing the migration for one year. A few participants voiced their preference to uphold the current project timeline.

Slovakia

Summary of NSG view:

Q1 – Overall impact of COVID-19:

There is no impact or minor impact of COVID-19 pandemic on the preparing of T2-T2S project. In general, Slovak market keeps the deadlines of the T2-T2S consolidation project.

Q2 – Ability to start user testing on 1 March 2021

All stakeholders are planning to keep date 1 March 2021 for user testing without any impacts.

Q3 – Impact of SWIFT ISO20022 delay for x-border payments

The majority of the stakeholders don't see any major impact of delaying a fully-fledged ISO 20022 migration.

Q4 – Impact on other projects / dependencies

Majority of the community expect that the delay of T2-T2S consolidation project will have negative impact on the other projects. There is the collision with ECMS project. The postponement of the project could have also negative impact on National Plan for the implementation of instant payments in the Slovak Republic (starting date is 1 February 2022) and subsequently on the enrolment of the Slovak market to TIPS.

Q5 – Preference for timeline (keep or delay)

Preference of the Slovak market is to keep the current timeline of T2-T2S consolidation project. Changing of the project could have negative impact on other projects. Priority of our market is to meet all the deadlines of the T2-T2S project.

Finland

Summary of NSG view:

The views from the Finnish market participants were heterogeneous with some market participants favouring original timetable and others suggesting postponement for 6 to 12 months. This reflects the varying nature and size of market participants and the extensivity of their involvement with all the ongoing projects (e.g. T2-T2S consolidation, ECMS, Finnish T2S migration).

Taking into account that the full impact of the COVID-19 pandemic is not yet known, acknowledging the new SWIFT timetable, and utilising so called "precautionary principle", it would be preferable to postpone the timeline of the T2-T2S consolidation project timeline for 12 months. This would allow all market participants to have their own projects on schedule without undue risks from the original timeline. There is also a risk that any leeway gained from a shorter postponement would be consumed by realignment efforts on the above mentioned projects and would not provide meaningful help for the T2-T2S consolidation project. It is also important to bear in mind that T2-T2S consolidation go-live is a big bang and there is no room for a failure, especially for the most significant markets players.