

OUTCOME

MEETING OF THE ADVISORY GROUP ON MARKET INFRASTRUCTURES FOR PAYMENTS (AMI-Pay)

Thursday 4 May 2023, 11:00 – 16:30, Room C2.01

European Central Bank, Sonnemannstrasse 20, 60314 Frankfurt am Main

0. Introductory remarks and approval of the agenda

The Chair welcomed the participants and in particular Mr. Marc Bou Bonilla (CaixaBank) replacing David Llana, Mr. Kasper Sylvest Olsen (Danske Bank) invited to AMI-Pay following the review of the AMI-Pay composition (detailed under agenda item 6), Mr. Mário Janeiro (Millenium BCP) replacing José Vicente, Mr. Laurent Lafeuillade (Société Générale) replacing Frantz Teissèdre and Mr. Giorgio Andreoli (EPC) replacing Etienne Goosse.

The participants agreed on the agenda.

1. T2 – migration and first days of operations

The ECB will provide an update on the T2-T2S consolidation focusing on migration activities and first days of operations since the go-live on 20 March 2023 as well as preliminary lessons on the overall project. AMI-Pay participants will be invited to share their experience and lessons to draw from this process from their perspective.

Document:

Presentation – T2-T2S consolidation migration and first days of operations

Outcome:

The ECB provided an update on the T2-T2S consolidation focusing on migration activities, which were completed in line with the original migration playbook, and the first days of operations. On the first day of operations, the system was 100% available and performing as expected, all cut-offs were executed on time for the first business day while traffic was in line with the one on an average TARGET2 day (ca 400,000 transactions). The system encountered two main issues (one related to expired BICs leading to

rejections fixed during the day, and one during the end of day, which delayed the start of the next business day). During the first weeks of operations, the system has been 100% available, with no delays in closing the business days and good performance, including on peak days (i.e., end of Q1 2023 and after the Easter weekend).

The presentation also provided some insights on indicators created to monitor the new system, which shall be considered preliminary since the methodology is being fine-tuned. On this basis, during the first four weeks in operations the traffic settled shows continuity in the levels compared to TARGET2, especially in volume while values are slightly higher than TARGET2 due to the different system configuration and interactions (e.g., more prominent role of liquidity transfers).

AMI-Pay took note of the update. Having been asked, participants did neither raise any challenges relative to TARGET2, nor specific aspects they would like to see included in the T2 system.

One participant complimented the Eurosystem on the handling of the migration, noting that the cooperation and work together helped solve the challenges and improve the overall quality of the ecosystem.

2. TIPS

2.1 TIPS in operations

The ECB will provide an update on the latest developments in TIPS in operations.

Document:

Presentation – update on TIPS in operations

Outcome:

The ECB provided an update on TIPS in operations including the traffic evolution, information on the distribution of transactions settled in TIPS in terms of value and overall liquidity, an overview of rejection rates in TIPS and TIPS incidents since the December 2022 AMI-Pay meeting. On this latter aspect, it was stressed that none of the seven incidents that occurred had an impact on the settlement of instant payments in TIPS.

AMI-Pay took note of the update.

The following main points were raised in the discussion:

- some participants asked for expanding the information provided in future updates, notably with the inclusion of the evolution of instant payments at national level which is important in view of the upcoming regulation on instant payments, but also more information on the overall billing process next to volumes.

- on rejection rates, some participants asked that some more information is shared in the future on the percentage of the rejected transactions coming from domestic or cross-border payments and noted the importance to recognise that some issues are individual and related to other participants while others could be more structural and require further investigation.

Follow-up:

The ECB will reflect on the comments received to enrich further updates to AMI-Pay and determine the appropriate level of detail of information published on the evolution of instant payments at national level.

2.2 TIPS business value exercise

The ECB will update AMI-Pay participants on the TIPS business value exercise. AMI-Pay participants are invited to take note of the update and provide feedback on the possible further TIPS developments.

Document:

Presentation – TIPS business value exercise

Outcome:

The ECB presented AMI-Pay participants with the outcome of the yearly business value exercise to various TIPS change request and initiatives conducted by the TIPS Consultative Group, including the preliminary release scope for 2024 and high-level planning of initiatives for 2025.

The members took note of the presentation. Some members noted possible bottleneck issues with regard to bulk payments processing and suggested looking at this topic not only from the “engine perspective” but also from the perspective of the various channels that could be used in this regard. One member questioned whether the Change Request related to value dating could not be looked at from a broader perspective. In this regard, previous discussions on this topic were recalled noting that the topic would be further discussed under AOB.

2.3 TIPS pricing update

Following the December 2022 AMI-Pay meeting, the ECB will inform AMI-Pay participants on the status of the TIPS pricing update.

Background document:

Presentation on TIPS pricing

Outcome:

The ECB informed AMI-Pay participants on the progress of the TIPS pricing update since the December 2022 AMI-Pay meeting. It was notably highlighted that the exchanges with AMI-Pay participants (and the additional CSMs invited for this topic) have contributed to shape the proposal to be submitted to the ECB decision-making bodies, notably with the suggested introduction of an element of degressivity in the TIPS pricing. It was also noted that the proposal for updated pricing is envisaged to be communicated following consideration by the ECB decision-making bodies which is expected to take place by the end of June.

Participants took note of the update. One member stressed the importance to reduce overhead costs on instant payments given the instant payments legislative proposal requirement to price SCT Inst at the same price as regular SCT. Another participant welcomed the transparency provided by the ECB and stressed the importance not to create a race to the bottom in infrastructures.

2.4 TIPS cross-currency settlement

The ECB will provide an update on the work on a potential cross-currency instant payments settlement functionality in TIPS and envisaged next steps taking into account the consultation launched after the December 2022 AMI-Pay meeting.

Document:

Presentation – TIPS cross-currency settlement update

Outcome:

The ECB updated AMI-Pay on the progress of the TIPS cross-currency work done since the December 2022 meeting, as well as on the envisaged next steps of the initiative, namely (i) to complete the assessment of the EPC OCT Inst scheme, (ii) to finalise the explanatory document on cross-currency pilot characteristics and (iii) to follow-up with EUR and SEK PSPs that expressed interest in taking part in a pilot.

AMI-Pay participants took note of the update.

One member stressed the importance to get clarification on the scope of the pilot before Q3 2023 in view of their budget approval processes. Following the question of a member, it was clarified that the Eurosystem did not commit yet anything for Nexus beyond the recent pilot involving TIPS.

The EPC representative welcomed this initiative highlighting many synergies that could be exploited with the OCT Inst scheme and suggesting exploring whether the cross-currency pilot could not also serve as an OCT Inst scheme pilot.

Finally, some bank representatives stressed the importance from their perspective not to restrict this work to cross-currency only but also to cover single currencies corridors, e.g. a SEK-SEK instant payment.

Follow-up:

The ECB and relevant AMI-Pay members will exchange on the information needed regarding the pilots and the deadline to receive it to ensure it is received in time for their 2024 budget planning.

3. Update on the implementation of the action plan addressing recommendations following the 2020 TARGET Services incidents

The ECB will inform AMI-Pay participants on the progress related to the implementation of the action plan for addressing recommendations following the 2020 TARGET Services incidents with a focus on TARGET Services crisis communication.

Document:

Presentation – Update on implementation of action plan for addressing recommendations following the 2020 TARGET Services incidents

Outcome:

The ECB updated the AMI-Pay on the progress on the action plan stemming from the recommendations on the 2020 TARGET Services incidents since the last update the AMI-Pay members received at the 2 December 2022 joint AMI-Pay-SeCo meeting. Based on the latest status of the action plan with cut-off end of March 2023, 35 additional actions have been completed resulting in a total of 137 completed actions (i.e. 88% of total actions) with 3 actions on track and 15 actions marked as delayed, most of them planned to be completed by Q2 2023. The action plan is still planned to be fully implemented by the end of 2023. As regards crisis communication, it was noted that all actions have been completed and communicated to the AMI-Pay. The last open action since the last reporting to the AMIs was related to the preparation of participants to extreme scenarios which was finalised in Q1 2023 together with the go-live of the T2-T2S consolidation project. The relevant information can be found in the [CLM&RTGS InfoGuide](#) published on the ECB Website in March 2023 and more specifically in Chapters 4.1.2.4 & 4.1.2.5, which describe respectively contingency processing in ECONS II and failover to the second site or second region.

AMI-Pay participants took note of the update.

4. Instant payments

4.1 One-Leg Out Instant Credit Transfer scheme rulebook

The EPC representative will present version 1.0 of the One-Leg Out Instant Credit Transfer (OCT Inst) scheme [rulebook](#) that has been published on 28 March 2023.

Document:

Presentation – One-leg out instant credit transfer scheme rulebook

Outcome:

The EPC representative provided an overview of the one-leg out instant credit transfer (OCT Inst) scheme rulebook outlining the triggers for the work and the final scope of the scheme, main aspects of an OCT transaction, as well as the envisaged timeline.

AMI-Pay participants generally welcomed this initiative, with the hope that this serves as a blueprint for other regions to foster cross-border instant payments and allows for the necessary reach which some stressed as a concern in addition to the optional nature of the scheme.

5. G20 cross-border payments roadmap

AMI-Pay participants will be updated on the current work on the G20 cross-border payments roadmap.

Document:

Presentation – G20 cross-border payments roadmap – status update

Outcome:

The CPMI Secretariat representative gave a presentation on the G20 cross-border payments roadmap, providing an overview of the cross-border programme, the major deliverables over the past months and outlining the CPMI priorities for 2023-24. He noted that the CPMI appreciates the engagement and contribution from market stakeholders so far. With the establishment of new industry task forces, the engagement with the private sector will be further intensified going forward.

AMI-Pay participants were invited to provide comments to the consultative report on the [ISO20022 harmonisation requirements for enhancing cross-border payments](#), open for public consultation until 31 May 2023.

AMI-Pay participants took note of the update and commended the CPMI for the work accomplished.

6. Review of the AMI-Pay functioning

The ECB will update AMI-Pay participants of the review of the AMI-Pay functioning.

Outcome:

The ECB informed AMI-Pay participants of the outcome of the Eurosystem review of the work and set-up (composition) of the AMI-Pay, as envisaged by its mandate. Based on the experience gathered since the last review there seemed to be no imminent need to change the AMI-Pay functioning at this juncture. As to the composition, a Danish bank would be invited in the AMI-Pay going forward given their approach to TARGET services. It was noted, however, that the AMIs plenary composition are not meant to represent all national communities and AMIs plenary members are supposed to promote European integration and not to channel national interests. The National Stakeholders Groups are the relevant fora for involving national stakeholders in the work of AMIs.

Participants took note of the information.

Follow-up:

AMI-Pay participants will be invited to indicate via written procedure if they have suggestions on the functioning of AMI-Pay going forward, including on possible topics to be covered.

7. Any other business

ECB decision to launch exploratory work on potential new technologies to be used for central bank money settlement, including setting up of a dedicated market group

The ECB updated AMI-Pay members following the publication of the [press release](#) on the launch of exploratory work and the set-up of the market contact group (the NTW-CG). It was noted that invitation letters will be sent to financial market stakeholders to call for their interest in participating in the NTW-CG. Nominations are followed by a selection procedure that takes into account the geographic, institutional and expertise balance, aiming for a group size of 50 market participants to ensure efficient interaction.

ISO20022 unfreeze strategy for TARGET Services

The ECB informed AMI-Pay about the planned change to the ISO20022 message unfreeze strategy required due to the new ECMS go-live date. With this revision, the ISO 20022 message unfreeze is to take place in June 2025, i.e. one year later than initially planned. The move into yearly maintenance releases is still to take place in November 2025. In order to address the larger scope of change in June 2025, the testing period for this release is to be extended to up to six months.

Update from members on stablecoin and bank issued deposit tokens projects

The ING representative noted that in the context of their digital agenda, they are looking into how to unlock the potential use of blockchain technology in the B2B and B2C space by offering a stable means of payment for such blockchain driven applications by issuing a Stablecoin with a consortium of banks. ING stressed that such a Stablecoin is not aiming to replace current means of payments and not be in competition with the digital euro but would focus on new use cases. ING sees this is a community development in the cooperative space focussed at providing added value for customers and as such approached several banks in Q4 2022 to align on the vision in this space. This did lead to a valuable workshop in January 2023 with 12 European banks (which is not a closed group). Next step is to setup a 6-month exploration phase in the remainder of 2023 to prove the concept of issuing a Stablecoin. The ING representative will share with AMI-Pay the discussion paper they prepared in this context.

The Société Générale representative updated the members on the recent launch of a stablecoin, denominated "EUR CoinVertible", by SG Forge, a fully integrated subsidiary of Société Générale dedicated to digital-native financial products registered on the blockchain (Security Token). As noted in the [press release](#) announcing its launch, EUR CoinVertible is a digital asset that purports to maintain a stable value in Euro denomination on the Ethereum public blockchain. It is aimed for institutional investors only.

The Commerzbank representative informed about the Deutsche Kredit Wirtschaft White Paper on bank issued deposit tokens (Giral-Geldtoken)¹. This German initiative seeks to answer whether there is a need for money on the chain/to which use cases this can add value. It was stressed that the reflection is still technology agnostic and that so far use cases identified were more wholesale oriented. Contacts have been established with American institutions to have solutions available cross-border. Communities are invited communities to share their thoughts.

Follow-up to the December 2022 AMI-Pay discussion on value dating

Following the December 2022 meeting, and in the absence of feedback, AMI-Pay members were invited to indicate their interest and availability to conduct an analysis on value dating for SCT Inst, taking as a basis the proposal presented by an AMI-Pay representative then and considering the potential broader impact this option may have.

Follow-up:

¹ See [press announcement](#) and [White Paper](#)

A written consultation will be launched for AMI-Pay members to raise their interest for possible further work on this topic.