

## OUTCOME

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

19 May 2022, 9:30 – 12:30 and 13:30 – 16:00 (CET)

WebEx teleconference

#### 0. Introductory remarks and approval of the agenda

The Chair welcomed the participants and in particular Ms. Isabelle Thiébault (STET) replacing Mr. José Beltran.

The participants agreed on the agenda.

One member suggested having an update on the digital euro investigation phase in the next AMI-Pay meeting.

#### 1. TIPS

##### 1.1 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 volume per markets, liquidity indicators as well as incidents. The increase of TIPS traffic after the implementation of the pan-European reachability measures was highlighted. It was also noted that the level of unsettled transactions in TIPS appears relatively high for some communities. The Eurosystem will continue monitoring the situation and may reach out to some PSPs.

AMI-Pay took note of the update.

## 1.2 Pan-European reachability measures – lessons learned

Following the completion of the migration of ACHs from TARGET2 to TIPS and of the onboarding of the PSPs, the ECB will present some lessons learned from the implementation of the pan-European reachability measures.

AMI-Pay members are invited to take note and to provide feedback on their experience of the process.

### Document:

*Pan-European reachability of instant payments – lessons learned*

### **Outcome:**

The ECB presented the analysis of the preliminary lessons learned from the implementation of the pan-European reachability measures, inviting members' feedback.

AMI-Pay took note of the presentation.

## 1.3 Cross-currency instant payments in TIPS

In December 2021, AMI-Pay participants received an update on the work on a cross-currency instant payments functionality in TIPS and of an upcoming market survey. Riksbank and the ECB will present the outcome of their respective market survey.

AMI-Pay members are invited to take note of the update and provide feedback.

### Documents:

*Cross-currency instant payments in TIPS – outcome of Riksbank market survey*

*Cross-currency instant payments in TIPS – outcome of the ECB market survey*

### **Outcome:**

The Sveriges Riksbank and ECB presented the outcome of their respective market surveys on a cross-currency instant payments functionality in TIPS, thanking participants to the surveys which represent a key input to this work.

AMI-Pay took note of the presentations.

Following the question of a member, it was noted that the TIPS cross-currency functionality was seen as contiguous to the Nexus project. In fact, not only the two initiatives share similar objectives, but the TIPS functionality would also be in line with the Nexus technical concept, by creating a hub potentially for all the currencies settling on the platform of the Eurosystem.

In reply to the question of a member in the relation to private initiatives and the need to ensure a level-playing field, it was recalled that central banks are driven by policy objectives, operating infrastructures not by profit maximization. TIPS has already greatly contributed at different levels to the level playing field in the instant payment market, and this initiative would be a natural step in the direction of leveraging on the pan-European reachability to serve the needs of banks and end users.

One member noted the existence of other technical solutions for cross-currency functionalities while the rules, behaviours, risk, compliance and liquidity aspects were less tractable. It was noted that the G20 cross-border payments programme recognised several of these issues.

## **1.4 TIPS roadmap**

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

### Document:

*Presentation – TIPS roadmap*

### **Outcome:**

The ECB informed AMI-Pay of the outcome of the yearly business value assignment to various TIPS change requests and initiatives, and treatment in the release planning. The members were further provided with a presentation of the preliminary release scope for 2023 and high-level planning of initiatives that comes under 2024, 2025 planning.

Members were invited to provide feedback on the TIPS roadmap, notably with regard to the possibility for TIPS to provide non-time critical payments.

### **Follow-up:**

AMI-Pay feedback will be gathered in written procedure after the meeting.

## **2. ISO20022**

### **2.1 Update on migration to ISO20022 version 2019**

The ECB will update AMI-Pay participants on the TIPS preparations for the migration to ISO20022 version 2019 envisaged in the context of the SCT Inst scheme in November 2023.

**Outcome:**

The ECB informed AMI-Pay on the TIPS preparations for the migration to the new (2019) version of the ISO20022 messages planned in the context of the SCT Inst scheme.

The EPC representative noted that this migration had been raised as a potential issue in the context of their scheme technical player multi-stakeholder group (STP MSG). The STP MSG will discuss this matter further in their September 2022 meeting based on additional information on the impact of the migration. It was stressed that the migration and process around it need to be properly planned and communicated to ensure a smooth process for the different stakeholders involved.

Members were invited to express their needs and potential concerns with regard to the TIPS migration.

**Follow-up:**

AMI-Pay feedback will be gathered in written procedure after the meeting.

## **2.2 Revised strategy on ISO 20022 message freeze**

The ECB will inform AMI-Pay participants of the updated strategy for the ISO 20022 message freeze and the gradual implementation of yearly ISO 20022 maintenance releases for all TARGET Services.

**Document:**

*Presentation – revised strategy on ISO20022 message freeze*

**Outcome:**

The ECB informed AMI-Pay on Eurosystem considerations on the revised ISO message freeze strategy for TARGET services foreseeing to postpone the lift of the ISO message freeze by 6 months from November 2023 to June 2024, and to apply a staggered approach in implementing “real-time” ISO message maintenance releases on a yearly basis.

The members took note of the update.

In reply to the remark of a member, it was noted that the benefits of “real-time” ISO message maintenance releases on a yearly basis were already experimented in the securities industry for securities event messages.

Following the question of a member, it was clarified that as of T2-T2S Consolidation go-live in November 2022 it is advised to use structured address elements in ISO 20022 payments messages if postal address information is required to be communicated.

### 3. TARGET in operations

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

Document:

*Presentation – update on TARGET in operations*

#### **Outcome:**

The ECB provided an update on TARGET in operations, focusing on the traffic and turnover evolution, cost recovery, incidents and latest enhancements on crisis communication. It was noted, inter alia, that the TARGET2 traffic is on constant and significant growth since the end of Q1 2021 and that its technical availability stands at 100 %.

AMI-Pay took note of the update.

### 4. T2-T2S consolidation project

#### 4.1 Update on the project

The ECB will provide an update on the T2-T2S consolidation project.

Document:

*Presentation – update on the T2-T2S consolidation*

#### **Outcome:**

The ECB provided an update on the T2-T2S consolidation project highlighting developments since the 3 May ad-hoc AMI-Pay workshop.

It was notably mentioned that break-out sessions are ongoing with still some planned including on co-management as well as one with ancillary systems as requested by the market. The ECB is still open to new topics for such sessions to make the progress of participants as smooth as possible.

Members were also informed that network connectivity testing has started.

AMI-Pay took note of the update.

#### 4.2 Dual connection to ESMIG

The ECB will present to AMI-Pay its considerations on future dual connection requirements for critical TARGET participants.

Document:

*Presentation – dual connection requirements for critical TARGET participants*

**Outcome:**

The ECB informed AMI-Pay of the Eurosystem Market Infrastructure Board's recent decision to request, at the latest by November 2024, a dual contingency connection (i.e. U2A) to ESMIG to all TARGET central banks in order to limit the impact of a NSP prolonged outage. Despite the efforts of NSPs to reinforce their resilience, this was seen as an extreme but plausible scenario, which shall be contemplated by the operator of T2. In the same vein, it was clarified that the MIB would also see benefits in extending this rule to TARGET critical participants.

AMI-Pay took note of the update.

One AMI-Pay member asked whether imposing a second connection, while there are only two NSPs, would not eliminate the competition among them. The ECB considered that the benefits mainly consisted in putting NSPs in competition before granting the licences, which already had the effect of bringing down prices for users. Moreover, as the dual connection was not imposed on every connected party, competition would continue to prevail. Finally, the possible increase of the number of NSPs would be a potential longer-term solution once the licences are renewed (i.e. in 10 years).

One member noted that, unless it is regularly tested, the dual connection may not be the optimal solution considering that connections not often used are unlikely to function well when the switch is made. The member also noted that the costs implied for TARGET critical participants would be significant and supported, alternatively, a "mutualisation" of costs by asking the current NSPs to further enhance their resilience.

## **5. Instant payments**

### **5.1 Issues related to SCT Inst for B2B and B2C transactions**

Following the December 2021 AMI-Pay meeting, participants will be presented with an updated analysis on instant payments for B2B and B2C, providing some perspective on these segments before focusing on bulk payments and amount limits.

AMI-Pay participants are invited to consider the analysis and agree on the way forward.

Document:

*SCT Inst for B2B and B2C – Follow-up to the December 2021 AMI-Pay*

**Outcome:**

The ECB presented the further analysis on SCT Inst for B2B and B2C transactions conducted as a follow-up to the December 2021 AMI-Pay discussion on this topic.

The EPC representative welcomed the idea to foster the attractiveness of the SCT Inst scheme subject to market need and minimising fragmentation. In this regard, it was noted that the scheme maximum amount is being considered every year by scheme participants with the process for 2022 being launched with a feedback gathering in June. Individualising maximum amount limits would most likely add fragmentation and pose issues in terms of transparency for market participants.

One member raised the question of value dating of SCT Inst transactions having regard to PSD2 requirements for business days where it was recalled that AMI-Pay agreed on a non-binding market practice<sup>1</sup>.

AMI-Pay participants agreed on the suggested way forward as regards amount limit and bulk payments, namely:

- amount limit: SCT Inst scheme participants should communicate and consult on the possibility of raising the limit to/with businesses (as part of their communication activities) and propose additional changes to the EPC if advised so by businesses. AMI-Pay would monitor developments as well as the impact that the use of different limits may have on the market and on this basis identify potential solutions to address these.
- bulk payments: as businesses would benefit from the ability to send instant payments in bulk, banks should be encouraged to offer their clients these services in line with the EPC standards.

## **5.2 Instant payments and sanctions screening**

Following the December 2021 AMI-Pay meeting and finalisation of the ECSAs report, AMI-Pay members will be invited to consider an ECB presentation providing some conclusions and a suggested way forward on sanctions screening and instant payments.

**Document:**

*Sanctions screening and instant payments – AMI-Pay conclusions and suggested next steps*

*Sanctions screening and instant payments – ECSAs report*

**Outcome:**

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<sup>1</sup> [https://www.ecb.europa.eu/paym/groups/ami/shared/pdf/Value\\_dating\\_SEPA\\_Instant\\_Credit\\_Transfers\\_-\\_non-binding\\_AMI\\_-\\_Pay\\_market\\_best\\_practice.pdf](https://www.ecb.europa.eu/paym/groups/ami/shared/pdf/Value_dating_SEPA_Instant_Credit_Transfers_-_non-binding_AMI_-_Pay_market_best_practice.pdf)

Following the December 2021 AMI-Pay meeting, the ECB presented a note summarising the different workstreams considered by AMI-Pay, with the most significant development being the publication of the joint banking industry's report in February 2022. Industry stakeholders are resolute that regulatory changes are required to address sanctions screening issues. Further improvements, notably at the level of relevant EPC schemes, could be considered following such legislative change.

AMI-Pay agreed to consider the possibility to give their evidence to support the Commission work on sanctions screening in the context of their upcoming legislative proposal on instant payments and provide feedback in written procedure.

The topic will be revisited at the next AMI-Pay meeting in Q4 2022 to consider the need for changes at scheme level (to be analysed by the EPC) once the Commission's legislative proposal on instant payments would have been published.

**Follow-up:**

AMI-Pay feedback on evidence to support the Commission's work on instant payments will be gathered in written procedure.

## 6. G20 cross-border payments roadmap

AMI-Pay participants will be updated on the current work on the G20 cross-border payments roadmap. Members will notably be invited to share views on the development of the implementation approach for monitoring the adherence to the [targets for cross-border payments](#) endorsed by the FSB in October 2021.

Document:

*Presentation – G20 cross-border payments roadmap – status update*

*Presentation – targets for cross-border payments – implementation approach*

**Outcome:**

Representatives from the FSB and CPMI secretariats informed AMI-Pay on their work on the G20 cross-border payments roadmap. The FSB presentation focused on the ongoing work on the roadmap targets implementation approach. The FSB established a working group of experts from FSB member organisations to develop specific proposals for Key Performance Indicators (KPI) and to identify existing and potential sources of data for calculating those KPIs and monitoring progress toward the targets going forward. AMI-Pay participants were invited to share views on the development of the implementation approach for monitoring the adherence to the targets for cross-border payments endorsed by the FSB in October 2021.

**Follow-up:**



AMI-Pay feedback on the FSB work on targets will be sought in written procedure.

## **7. Any other business**