



EUROPEAN CENTRAL BANK

EUROSYSTEM

DG-MIP

Market Infrastructure Development

TIPS Market Consultation on Volumes

AMI-Pay Meeting

21 March 2017

General statistics

- Feedback has been received from 72 respondents, among which 1 is an ACH, 2 non-bank institutions and 69 bank respondents
- Some bank respondents provided feedback on behalf of several institutions (their branches and other related group entities), which makes a total of more than 1475 institutions
- Respondents represent 24 countries, of which 8 are non-Euro area countries

Estimated volumes in Euro area

Daily average number of instant payments in Euro area**	Average % of conversion by 2020	Estimated number of instant payments by 2020 (in M)	Average % of conversion by 2023	Estimated number of instant payments by 2023 (in M)
Credit transfers	22%	10.9	36%	17.9
Direct debits	7%	3.3	13%	6.3
Cheques	7%	0.5	8%	0.6
Cards with a debit function	10%	7.0	17%	11.8
Cards with a credit function	6%	0.7	12%	1.3
E-money payment transactions with e-money issued by resident PSPs	7%	0.4	12%	0.8
Other payment services*	7%	0.5	14%	1.0
Total	-	23.3		39.6
or provide an overall % for all payment instruments	13%	25.2	23%	45.8

*Cash transactions are not included in other payment services, due to absence of reliable statistics, but many respondents mentioned cash as the main area of other payment services to be converted to instant payments

**Calculations are based on 2015/2014 data at ECB Data Warehouse

Feedback on instant payments growth

- More than 80% of the respondents provided their estimation related to instant payments growth in Euro area
- Most of the conversion to instant payments is expected from credit transfers (on average 22% by 2020 and 36% by 2023, with a few very optimistic (80% to 100%) and a few very pessimistic (close to 0%) expectations)
- Overall respondents expect the instant payments growth to be in the range of an average 13% of total payments by 2020 and 23% of total payments by 2023
- Many respondents expressed the difficulty of providing exact estimates, even though most of them assume that instant payments adoption will be progressive
- More than half of the respondents provided volume estimations for their own institutions, totalling to 6.5M by 2020 and 10.5M by 2023, a total increase of 61%

Interest in TIPS

- The aggregated volumes of the instant payments that the respondents expect to process in TIPS is **a multiple of the volumes** that was calculated initially for the unit price indications (0.5 to 1 euro cents), giving a reassurance in the TIPS business case
- About one fifth expects to use **only TIPS** for instant payments
- More than half of respondents expect to process **some %** of instant payments in TIPS
- The responses that we have received are not allowing us to calculate the total volume for TIPS, as the respondents who provided volume estimations represent **only a portion of** market participants
- Those who have not indicated any %, mentioned several reasons of being unable to make a decision at this point in time. Among the main reasons listed:
 - No strategic decision made yet
 - Depends on the development on the local market
 - The decision depends on the reachability and interoperability solutions

Other questions

- 27 of the respondents indicated that they would like to join TIPS as a TIPS participant and another 4 respondents indicated their interest in joining TIPS as a Reachable party
- Those who are interested to join TIPS, would like to join mostly either at the TIPS Go live in 2018 or in the next two years (2019-2020)
- 4 respondents have indicated that they would like to take part in pilot testing and 8 respondents expressed their interest in pilot testing, but were not yet ready to inform about the final decision
- A few respondents indicated their interest in using instructing party services and some mentioned their interest but not yet ready to make a decision

Confidentiality of responses

- The market consultation responses have been treated as highly confidential with an access to only a few ECB staff members
- Only aggregated information without mentioning any institution name has been shared with the Market Infrastructure Board and TIPS Task Force
- Any future publishing of information will include only aggregated and anonymised information