

DRAFT

# TARGET Instant Payments Settlement User Requirements

<b>Version:</b>	0.0.01
<b>Status:</b>	DRAFT
<b>Date:</b>	08/11/2016

<b>1</b>	<b>SETTLEMENT OF INSTANT PAYMENT INSTRUCTIONS .....</b>	<b>1</b>
1.1	Prioritisation and Queuing .....	1
1.2	Gross Settlement .....	1
1.3	Settlement Amount.....	2
<b>2</b>	<b>REPORTING .....</b>	<b>3</b>
2.1	Daily Reports.....	3
<b>3</b>	<b>QUERIES .....</b>	<b>4</b>
3.1	Data Queries .....	4
<b>4</b>	<b>REFERENCE DATA.....</b>	<b>5</b>
4.1	Reference Data Requirements .....	5
<b>5</b>	<b>OTHER FUNCTIONS .....</b>	<b>6</b>
5.1	Billing .....	6
<b>6</b>	<b>INTERFACES .....</b>	<b>7</b>
6.1	Message Format .....	7
<b>7</b>	<b>NON-FUNCTIONAL REQUIREMENTS.....</b>	<b>8</b>
7.1	Disaster Recovery .....	8
7.2	Archiving .....	9
<b>8</b>	<b>DEFINITIONS .....</b>	<b>10</b>
8.1	Glossary.....	10
8.2	Acronyms .....	11

## 1 SETTLEMENT OF INSTANT PAYMENT INSTRUCTIONS

### 1.1 PRIORITISATION AND QUEUING

*The following user requirements refer to the proposal 5.*

<b>ID</b>	<b>TIPS.01.010</b>
<b>Name</b>	Processing in a first in/first out (FIFO) manner
<b>Requirement</b>	TIPS shall process all payment instructions in a first in/first out (FIFO) manner.

All payment instructions are processed in a first in/first out (FIFO) manner; there shall be no prioritisation or reordering of instructions done by the service. Participants are not able to influence the service in order to process specific payment instructions with a higher priority.

<b>ID</b>	<b>TIPS.01.020</b>
<b>Name</b>	Immediate settlement of payment instructions
<b>Requirement</b>	TIPS shall process payment instructions immediately with an either positive (settled) or negative (rejected) result. The service shall not queue or hold payment instructions for later processing.

The service shall not provide message queues which store instructions for an extended period of time due to technical or functional reasons, e.g. (non-exhaustive list):

- Insufficient funds: If a TIPS account cannot be debited due to insufficient funds the instruction shall be rejected and not held until funds are available.
- Technical issues: If TIPS or associated services cannot be reached (due to e.g. incidents or planned downtimes) instructions shall be rejected and not held until the services are available again.

### 1.2 GROSS SETTLEMENT

<b>ID</b>	<b>TIPS.01.030</b>
<b>Name</b>	Gross settlement of payment instructions
<b>Requirement</b>	TIPS shall process payment instructions one by one, without netting.

### 1.3 SETTLEMENT AMOUNT

*The following user requirement refers to the proposal 6.*

<b>ID</b>	<b>TIPS.01.040</b>
<b>Name</b>	Full amount settlement only
<b>Requirement</b>	TIPS shall always settle on TIPS accounts for the full amount.

All accounts set up in TIPS will be credited with the full amount. If originator accounts do not have sufficient funds, payment instructions shall be rejected and not processed partially.

*The following user requirement refers to the proposal 7.*

<b>ID</b>	<b>TIPS.01.050</b>
<b>Name</b>	Same currency settlement
<b>Requirement</b>	The amount debited from one TIPS account and credited to another TIPS account shall always be expressed in the same currency.

Even though TIPS shall be technically capable of settling other currencies than the euro it shall not provide currency conversion services.

Accordingly TIPS shall check the currency of the originator and beneficiary accounts in TIPS; if these currencies do not match payment instructions shall be rejected.

## 2 REPORTING

### 2.1 DAILY REPORTS

*The following user requirements refer to the proposal 17.*

<b>ID</b>	<b>TIPS.02.010</b>
<b>Name</b>	Statement of transactions per account
<b>Requirement</b>	TIPS shall generate daily delta reports on the number of transactions referencing any account a participant is responsible for.

TIPS payment instructions as well as liquidity transfer instructions are referred to as transactions. The statement of transactions report shall consider, therefore, all instructions that could change the balance of an account.

Each settled instruction will be counted twice, once for the originator and once for the beneficiary account; those two accounts could be part of two different reports for different participants.

The statement of transactions report for any given participant should contain the number of instructions in status settled and rejected for each account of the same participant.

<b>ID</b>	<b>TIPS.02.020</b>
<b>Name</b>	Statement of accounts
<b>Requirement</b>	TIPS shall provide daily reports on current TIPS account balances for all accounts a participant is responsible for.

The statement of accounts report for any given participant shall return, for each account of the same participant, at least the following information: The TIPS account identifier, its currency, the current balance (incl. a credit/debit indicator), the timestamp of this balance and the owner of the account.

### 3 QUERIES

#### 3.1 DATA QUERIES

*The following user requirements refer to the proposal 16.*

<b>ID</b>	<b>TIPS.03.010</b>
<b>Name</b>	Payment instruction query
<b>Requirement</b>	TIPS shall allow participants through a query to extract the status of a payment instruction they submitted in the previous 24 hours.

During regular operation TIPS should reply with a confirmation or rejection for every payment instruction within a very short timeframe, therefore queries will usually be done after the payment instruction has been processed. The query shall therefore provide information for already processed instructions, which are either settled or rejected.

The query should at least return the following instruction related information: The participant who submitted the instruction, the instruction status (settled or rejected with rejection reasons), a processing timestamp, the accounts to be credited and debited, the transaction amount and its currency as well as an instruction identifier.

<b>ID</b>	<b>TIPS.03.020</b>
<b>Name</b>	Account cash balance query
<b>Requirement</b>	TIPS shall allow participants through a query to extract the current cash balance of any of their TIPS accounts.

The query should return at least the following information: The TIPS account identifier, its currency, the current balance, the timestamp of this balance (timestamp of the query).

## 4 REFERENCE DATA

### 4.1 REFERENCE DATA REQUIREMENTS

*The following user requirements refer to the proposal 18.*

<b>ID</b>	<b>TIPS.04.010</b>
<b>Name</b>	Reference data: Currency codes
<b>Requirement</b>	TIPS shall store a list of valid currencies as defined by the ISO standard and foresee an attribute of the currency indicating whether it is eligible for the settlement in TIPS or not.

<b>ID</b>	<b>TIPS.04.020</b>
<b>Name</b>	Reference data: Account currencies
<b>Requirement</b>	TIPS shall store for each account its currency compliant with ISO.

<b>ID</b>	<b>TIPS.04.030</b>
<b>Name</b>	Reference data: Timestamps
<b>Requirement</b>	TIPS shall use timestamps formats compliant with ISO for reporting and querying.

## 5 OTHER FUNCTIONS

### 5.1 BILLING

*The following user requirement refers to the proposal 19.*

<b>ID</b>	<b>TIPS.05.010</b>
<b>Name</b>	Raw data for billing
<b>Requirement</b>	TIPS shall provide detailed raw billable item data.

The service shall not have an independent billing module; instead it will rely on external applications. For each tariff item foreseen by the pricing scheme, the service shall be able to provide the following information: type of billable item (e.g. processed transactions, settled and rejected, executed queries, produced reports, etc.), number of billable items, aggregated by participant/account.



## 6 INTERFACES

### 6.1 MESSAGE FORMAT

*The following user requirement refers to the proposal 8.*

<b>ID</b>	<b>TIPS.06.010</b>
<b>Name</b>	Overall ISO 20022 compliance
<b>Requirement</b>	TIPS shall use ISO 20022 compliant XML messages for instructions and status messages.

All participant messages used for communication with TIPS shall be ISO 20022 compliant and aligned with SCT<sup>Inst</sup> scheme, if applicable.

## 7 NON-FUNCTIONAL REQUIREMENTS

### 7.1 DISASTER RECOVERY

#### 7.1.1 Recovery Point Objective

The following user requirement refers to the proposal 20.

<b>ID</b>	<b>TIPS.07.010</b>
<b>Name</b>	Recovery Point Objective (RPO)
<b>Requirement</b>	TIPS shall ensure a recovery point objective value of zero.

The recovery point objective (RPO) is a point of consistency to which a user wants to recover or restart the service. It is measured as the amount of time between the moment when the point of consistency was created and the moment when the failure occurred.

TIPS shall ensure synchronous point of consistency creations and, as a consequence, no data loss in case of failures.

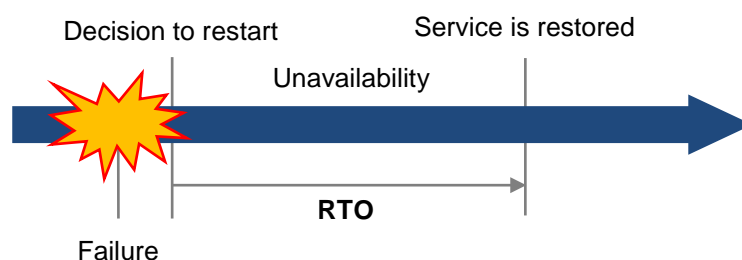


#### 7.1.2 Recovery Time Objective

The following user requirement refers to the proposal 21.

<b>ID</b>	<b>TIPS.07.020</b>
<b>Name</b>	Recovery Time Objective (RTO)
<b>Requirement</b>	TIPS shall ensure a recovery time objective of 15 minutes.

The recovery time objective (RTO) is the maximum amount of time required for recovery or restart of the service to a specified point of consistency. In case of a major failure or a regional disaster, TIPS shall ensure maximum time of unavailability of 15 minutes starting from the time when the decision to restart the service is made up to the time the service is restored.



## 7.2 ARCHIVING

*The following user requirements refer to the proposal 22.*

<b>ID</b>	<b>TIPS.07.030</b>
<b>Name</b>	Archiving of transactional data
<b>Requirement</b>	TIPS service operator shall be able to retrieve payment instruction and status message data not older than ten years, upon request by participants.

<b>ID</b>	<b>TIPS.07.040</b>
<b>Name</b>	Archiving of reference data
<b>Requirement</b>	TIPS service operator shall be able to retrieve reference data not older than ten years, upon request by participants.

<b>ID</b>	<b>TIPS.07.050</b>
<b>Name</b>	Archiving of authentication and security data
<b>Requirement</b>	TIPS service operator shall be able to retrieve authentication and security data not older than three months, upon request by participants.

## 8 DEFINITIONS

### 8.1 GLOSSARY

Item	Description	Source
Beneficiary	The payee of an instant payment instruction, i.e. the owner of the account to be credited	EPC
Billable item	Billable item is an event, transaction or a combination of both, that is used as a basis to calculate fees.	
Delta reporting	A delta report is a report which only contains data for which the status/content has changed since the generation of the previous report or since the start of the business day.	T2S
Euro Retail Payment Board	It is a group chaired by the European Central Bank that brings together associations of providers and users of payment services	ECB
European Payment Council	It is a body representing payment service providers. It supports and promotes payments integration and development in Europe.	ECB
Instant Payment	It is a payment that can be executed 24 hours a day, each day of the year, and resulting in the immediate or close-to-immediate interbank clearing of the transaction and crediting of the payee's account with the confirmation to the payer within seconds of payment initiation. This is irrespective of the underlying payment instrument used and of the underlying arrangements for clearing and settlement that makes this possible.	ERPb
Instant Payment Instruction	An instruction or message requesting the transfer of funds from a debtor to a creditor by means of an instant payment.	
Originator	The payer of an instant payment order, i.e. the owner of the account to be debited	EPC
Participant	Payment Service Provider which is subscribed to the TARGET Instant Payments Settlement Service	
Payment Service Provider	It is a provider of payment services based on SCT Inst.	
Recovery Point Objective	The recovery point objective (RPO) is a point of consistency to which a user wants to recover or restart the service.	
Recovery Time Objective	The recovery time objective (RTO) is the maximum amount of time required for recovery or restart of the service to a specified point of consistency.	
Reference data	List of transaction related items, which are used for identification, differentiation or reference of specific payment transaction.	
SCT Inst	It is the SEPA Credit Transfer proposed for instant payments by the European Payments Council. EPC issued for public consultation a draft scheme rulebook for SCT Inst in April 2016.	EPC

Item	Description	Source
Settlement	The transition of a transaction or of processing with the aim of discharging the participants' obligations through the transfer of funds and/or securities. A settlement may be final or provisional.	ECB
TIPS Operator	It is the Operator of the TIPS service.	

## **8.2 ACRONYMS**

Item	Description
EPC	European Payment Council
ERPB	Euro Retail Payment Board
PSP	Payment Service Provider
RPO	Recovery Point Objective
RTO	Recovery Time Objective
SEPA	Single Euro Payments Area
TIPS	The TARGET Instant Payments Settlement Service