

Relationship between participants and their accounts

1. Background

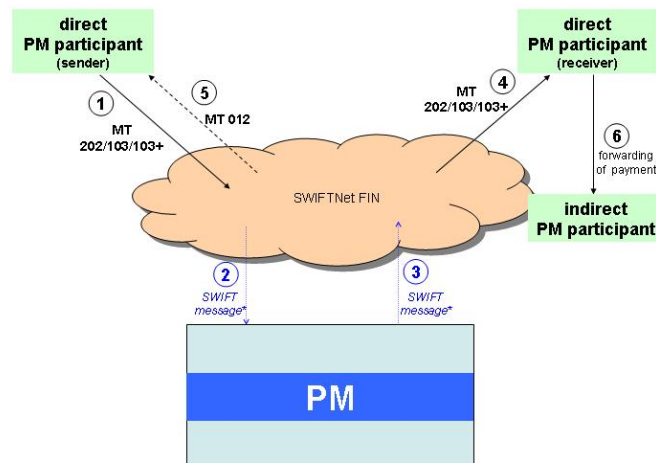
In the Task Force on Future RTGS Services on 24 April 2017, the project team asked for the participants' guidance on how to address the cases where the receiver of a payment is not an RTGS participant or has no RTGS DCA (i.e. indirect participant). In such cases, the services shall identify who is the intermediary bank for the receiver. If the intermediary bank has more than one RTGS DCAs for payment purposes, the services shall identify which of its RTGS DCAs shall be used for booking of funds for the receiver. The participants asked the project team to elaborate on the possible solutions.

2. Example

The document builds on the example of a Credit transfer from a direct participant A to an indirect participant C connected to the direct participant B.

2.1 Information provided by the sender in the message

2.1.1 Implementation in TARGET2



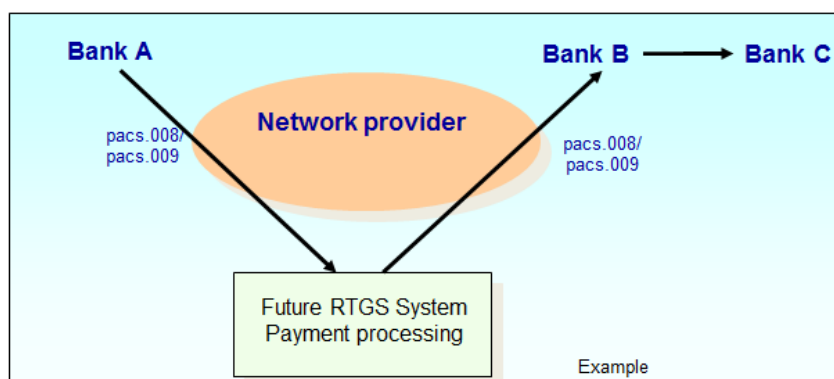
Routing:

In the current TARGET2 system, the direct participant is identified in the Header as the receiver of the message. This information is at the same time indicating the PM accounts to be credited and debited.

Payload:

The final beneficiary bank is identified in field 58a (beneficiary institution).

This information indicates purely the final receiver of the funds but is not used for booking purposes in TARGET2.

2.1.2 Current Proposal for the future RTGS services**Routing:**

The routing information will be part of the Business Application Header (BAH). The exact information given in the header will be determined during the realisation phase.

Payload:

The information relevant for the settlement of the payment will be derived from the message payload in conjunction with the Reference Data. Which information shall be provided explicitly in the payload and which information may potentially be derived from Reference Data based on other information given in the message will be determined during the realisation phase.

2.2 Relationship between BIC and account**2.2.1 Implementation in TARGET2**

In TARGET2, there is a 1:1 relationship between direct participants (identified by their BIC11) on the one hand and the PM accounts on the other hand.

2.2.2 Current Proposal for the future RTGS services

Also in the future RTGS, it is foreseen to identify participants by their BIC11 and accounts by an account number.

Each account will be assigned to one and only one account owner/direct participant.

Within each service a direct participant can have multiple accounts (e.g. in RTGS as sub-account for AS settlement).

3. Potential Consequences

At the current stage of the project, the following potential impacts have been identified as consequences of the decision on the questions raised in this context:

- 1.) Additional fields for account numbers might have to be added to the message standard, if multiple accounts should be allowed for the same type of activity (e.g. payment related).
- 2.) Segregation of liquidity will require the use of different BICs with all the opportunities and challenges involved, if multiple accounts for the same type of activity would not be allowed.
- 3.) There might be impacts on how the internal accounting on participant's side needs to be adapted.
- 4.) Allowing multiple accounts for the same type of activity would avoid creating a limitation for the potential future use of the service, but does not require that multiple accounts for the same type of activity are actually used.

4. Questions

Is there a business need for the direct participants to have, for the same BIC11, more than one RTGS DCA for payment related activities?

What examples / business cases would there be for requiring multiple RTGS DCAs per BIC11?