

# Outcome of the AMI-Pay Belgian National Stakeholders Group (BENSG) meeting

22 March 2018

## Attendees:

ANDRIES Karel	Belfius Bank
DE LEPELEIRE Kristine	UCV/CEC
DEMELENNE Anne	Febelfin
HEYVAERT Patrick	NBB (Chairperson)
JUWE Danny	Bank Nagelmackers
LAMBRECHT Thomas	NBB (Secretary)
PECKEL Nicolas	Euroclear Bank
ROBER Frederic	ING
THIERENS Franki	BNP Paribas Fortis (AMI-Pay member)
VANDERHOUEDELINGEN Jelle	KBC
VAN GASTEL Nicole	Argenta
VERSCHAEREN Rudi	NBB
WATERKEYN Axelle	NBB

## Excused:

BARBE Sarah	Argenta
CARRE Saar	Febelfin
DE SPIRLET Eric	Euroclear Bank
GOOSSENS Luc	Belfius Bank
LEJOLY Marc	NBB
MUHIGIRI Nadine	Euroclear Bank
PEREZ Marc-Stéphane	Euroclear Bank
STAES Maarten	Bank J. Van Breda
STAFRACE Darren	MeDirect Bank

## 1. Welcome

The chairman welcomes the AMI-Pay Belgian National Stakeholders Group (BENSG) members to the inaugural AMI-Pay BENSG meeting. The chairman invited the members to introduce themselves. After the meeting all the relevant documentation and/or links to the ECB website will be shared with the members. The for the Belgian market most relevant items on the agenda of the AMI-Pay ad-hoc workshops of 6 February and 12 March shall be presented together with the most recent updates on the Eurosystem Payment Infrastructures, the national Instant Payments solution and a selection of topics in retail payments.

## 2. Objectives of the AMI-Pay BENSG

The members are informed about the governance structure and the objectives of the AMI-Pay BENSG, which forms the link between the Advisory Group on Market Infrastructures for Payments (AMI-Pay) and the Belgian market. In that regards relevant topics from the AMI-Pay shall be presented to the AMI-Pay BENSG members, in addition the members are also invited to actively participate in discussions and put payment related issues on the agenda. Thereby the Eurosystem shall not only receive feedback from a top-down view, but also from a bottom-up perspective. Market consultations regarding Eurosystem Payments Infrastructure shall also be conducted through the AMI-Pay BENSG.

According to the agenda members may be joined to the meeting by experts on the related matter.

### **3. Agenda**

The chairman gives a brief outline of today's agenda.

### **4. TARGET Services**

#### *4.1 Overview*

The members receive a high level overview of the TARGET2-T2S consolidation project. Through a technical consolidation the aim of the project is to cut down costs, provide a higher level of cyber resilience and a more efficient management of liquidity. The Consolidated Liquidity Management module (CLM) shall be the pivotal point of all liquidity. From the Main Cash Account in the CLM, liquidity can be supplied to dedicated settlement services such as T2S, TIPS and the Future RTGS for settlement on Dedicated Cash Accounts (DCAs). The TARGET Services shall be able to handle multiple currencies, however each currency remains isolated from the other. Cross-currency settlement shall not be offered.

The services shall be network agnostic, meaning that the RTGS settlement shall no longer be dependent upon the SWIFT Y-copy service.

For all TARGET Services, the project shall foresee a few shared modules for reference data management, for collateral management, for billing, for data warehousing and a single gateway to the services.

#### *4.2 The TARGET Consolidation Contact Group (TCCG)*

The TCCG is a Eurosystem group to discuss implementation and technical topics during the realisation phase of the Consolidation project. The group is composed of representatives of the ECB, the 4CB, Central Bank of the Eurosystem and Market representatives participating in TARGET2. Patrick Heyvaert is member of this contact group as representative for the NBB. In this capacity he will also represent the views of the Belgian Banking community. The documents produced by the contact group are published on the ECB website: <https://www.ecb.europa.eu/paym/initiatives/html/documents.en.html?skey=T2/T2S>.

#### *4.3 Planning and Deliverables*

The members receive an overview of the timeline of the project, which is scheduled to go live in November 2021. The plan for the go-live is a Big Bang, with the project being launched in production during one weekend. Keeping in mind the necessary adaptations future participants shall have to make, the TCCG has requested the 4CB to advance the Network Service Provider dossier to the end of 2019. The 4CB will investigate this demand, future NSP should be reviewed and certified well in advance for the go-live of the project, thus giving the participants sufficient time to prepare properly.

Secondly the members receive an overview of the different documents relating to the T2-T2S Consolidation project. The chairman presents the different documents, their scope and when the different versions shall be delivered. The most important document for the banks is the UDFS, as the specifications described herein contain the necessary information for business and IT specialists of the future participants to adapt their applications to the consolidation services.

The UDFS shall be written in an incremental manner whereby every new version of the UDFS shall implement retained comments on previous versions. The first version of the UDFS (v1.0) is to be delivered by the December 2018. For UDFS v2.0 a market consultation is planned from January till March 2019. The National Bank of Belgium shall organize the consultation for the Belgian market. For both the incrementally written versions leading up to UDFS v1.0 as well as the market consultation for UDFS v2.0, the NBB shall receive input from the Belgian banks, consolidate and weigh the comments and transmit them to the Eurosystem. The AMI-Pay BENSIG members representing KBC and Belfius suggest to organize an ad-hoc session on the UDFS. The members agree on the usefulness of the idea, the NBB shall follow-up on the consultation date and organize a session in due time.

#### *4.4 ISO20022 and MyStandards*

The future TARGET Services shall no longer rely on SWIFT MT messages for communication. A new catalogue of ISO20022 compliant messages shall be published on the MyStandards webpage on the public area of the MySWIFT.com website. The consultation of this page shall be free, however registration to the EMIP group is required.

### **5. Instant Payments**

Topics regarding TIPS, the Eurosystem solution for instant payments, the national solution based on the ASI6-Real-time settlement module as well as a few issues common to instant payments are discussed.

#### *5.1 TIPS: TARGET Instant Payment Settlement*

The members are presented an overview of the planning of the TIPS project.

The members are informed on the work of the TIPS Contact Group, where Rudi Verschaeren of the NBB represents the Belgian interests. The Contact Group provides input and comments to the TIPS deliverables, among which the UDFS. A member asks in how far the national markets can provide input to the documents. The NBB acknowledges input opportunities are limited due to the time constraints of the TIPS project.

TIPS UDFS v1.0 has been approved by the Market Infrastructure Board. The TIPS User Handbook (UHB) v0.9 has been submitted for approval to the Market Infrastructure Board.

Regarding TIPS connectivity three Network Service Providers are sponsored by future participants and are in the process to procure certification. Certified Network Service Providers are allowed to offer TIPS network connectivity services to (future) TIPS parties. Members are reminded that the deadline to sponsor a Network Service Provider is March 29th 2018.

#### *5.2 TIPS User Expectations Survey*

Members are invited to indicate if and when their institution plans to become an actor in TIPS. The group agrees that a inquiry of a larger share of the market shall be conducted with the help of Febelfin. The deadline of the consultation is April 7.

#### *5.3 #TIPSapp Event*

On February 6 an event was organized at the ECB premises where companies could present their solution for instant payments initiation via mobile apps to banks, financial market infrastructures providers and industry associations. The list of participating companies and slides are available on the ECB website: [https://www.ecb.europa.eu/paym/intro/events/html/20171201\\_TIPSapp.en.html](https://www.ecb.europa.eu/paym/intro/events/html/20171201_TIPSapp.en.html).

#### *5.4 Value Dating Instant Payments*

A hot topic concerning all instant payments, whether via TIPS or ASI6RT, is the value date. Instant payments are available 24/7/365, whereas up to now value date was predominantly based on central bank money value dates. For Instant payments however, this would mean payments executed during weekends or holidays would only be value dated for the payee (and thus be subject to interest) on the next RTGS business day.

Since the PSD2 articles leave room for interpretation, the ECB AMI-Pay organized an ad-hoc workshop on March 12. The ECB presented three possible scenarios: following the calendar date, following central bank money or leave the choice to the Payment Service Provider.

ECB experts identified the pros and cons of every scenario and presented these to the workshop participants. Keeping in mind what's most intuitive for the end-user and the current market practices, the calendar date solution had the broadest support under workshop participants. Following this the ECB AMI-Pay Secretariat shall draft a non-binding recommendation by the end of April 2018.

One of the members remarks that even though the calendar solution is intuitive for end-users, it also creates arbitrage opportunities for large corporations whose treasury departments might transfer large amounts of liquidity between their accounts at multiple banks during weekends and holidays. Another member suggests that TIPS should ideally foresee in an interest compensation system.

Overall the members seem to agree that using the calendar date of the instant payment as the value date is the best solution, however they feel that a common approach to the issues rising from this solution could be useful.

### *5.5 Sanctions Screening Instant Payments*

The members are introduced to a proposal document drafted by French experts on how to treat possible Sanctions Screening hits in the context of instant payments. Because of the irreconcilability of thoroughly investigating possible hits (of which 98% false positives) with the SCT Inst threshold of 20 seconds (a member remarks that Belgium would adhere to an even shorter threshold), the French experts suggest that beneficiary banks reject every payment inducing a hit. On the long term a common EU sanctions screening approach is necessary, including an EU harmonized asset freeze list.

### *5.6 The usage of ASI6RT*

The members receive an update of the usage of the ASI6RT solution in Europe. Currently three ACHs use the ASI6RT to settle instant payments: RT1 (EU, managed by EBA Clearing), EKS AMS (Lithuania) and SNCE (Spain, managed by IBERPAY).

### *5.7 Possible enhancements to ASI6RT*

Currently three Change Requests to facilitate liquidity management in view of ASI6RT are being assessed by the 3CB. If accepted, they shall be implemented with the SSP Release 13.0 in November 2019.

### *5.8 Instant Payments in Belgium (CEC Instant)*

The CEC presents the current status of their national instant payments solution based on the ASI6RT.

## **6. Other Retail Payments Business**

### *6.1 European Retail Payments Board*

The members are informed of the updated mandate of the ERPB.

Current ERPB agenda topics:

- Mobile Proxy Lookup: in the context of instant payments (especially P2P) the possibility shall exist to link for example mobile phone numbers to IBAN account numbers. The ERPB studies where these proxies can be found and how to consult these databases (=lookup).
- EPC SCT Inst Scheme: institutions wishing to provide instant payment services via TIPS/ASI6RT should adhere to the SCT Inst Scheme. Febelfin remarks that adherence to the scheme does not necessarily equal active SCT Inst business.
- Working Group on PIS report.
- Working Group on EIPP report.

## *6.2 SEPA Migration Survey*

The members are informed of the SEPA Migration survey. The results of the survey shall be published in Q3 2018.

## *6.3 ISO IBAN Country Code*

The proposal to change the two character country code from the country in which the financial institution servicing the account resides to the country in which the financial institution services the account was received negatively among banks and central banks as the impact of the changes need to be assessed further.

In Belgium this could indeed have a considerable impact on the protocol code attribution and on the processing of payments in the back-office applications of the banks.

A member also raises concern on the AML risk. How do we know which counterparty to contact in case of a possible hit?