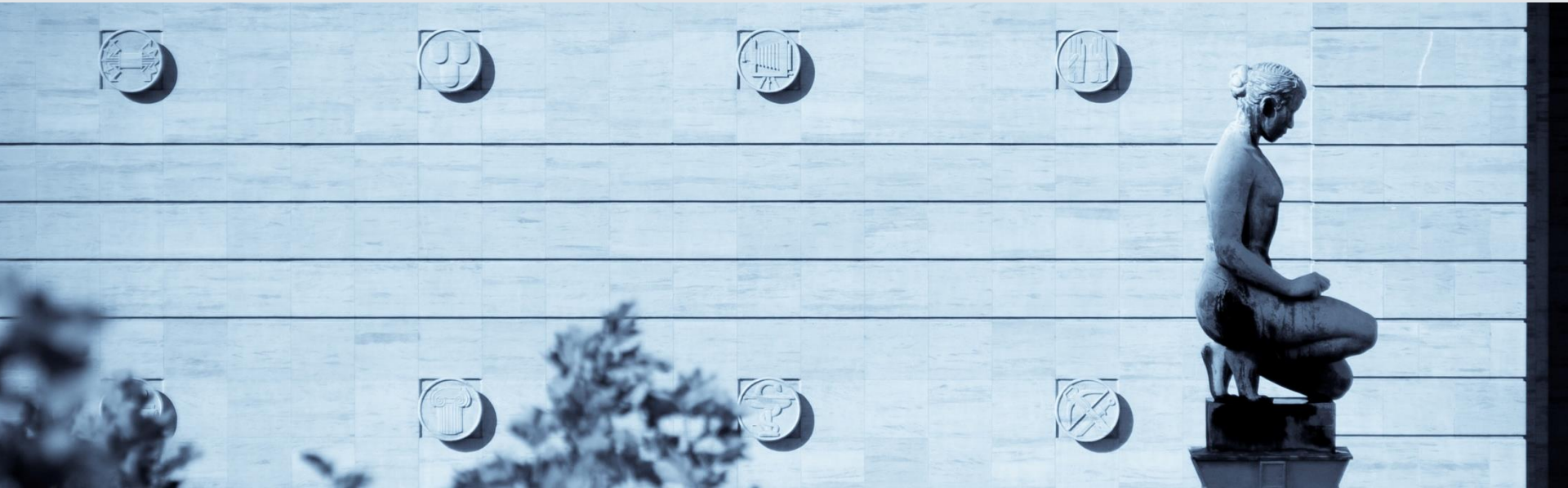


# AMI-Pay National Stakeholders Group

22 March 2018

**Patrick Heyvaert**  
Chairperson



# Ami-Pay National Stakeholders Group

- ▶ Replacing TARGET2 National User Groups
- ▶ Discuss matters related to payments
  - RTGS
  - Retail
  - Innovation
- ▶ Give input to Ami-Pay Eurosystem
  - Eurosystem Market infrastructure projects
  - Position Belgian banking community
  - Input on consultations
- ▶ Work in an open and transparent manner
  - Documentation published on NBB website



# Meeting Agenda

## ▶ TARGET Services

- *Overview*
- *T2-T2S Consolidation Contact Group*
- *Planning*
- *Deliverables*
- *ISO20022 & MyStandards*

## ▶ Instant Payments

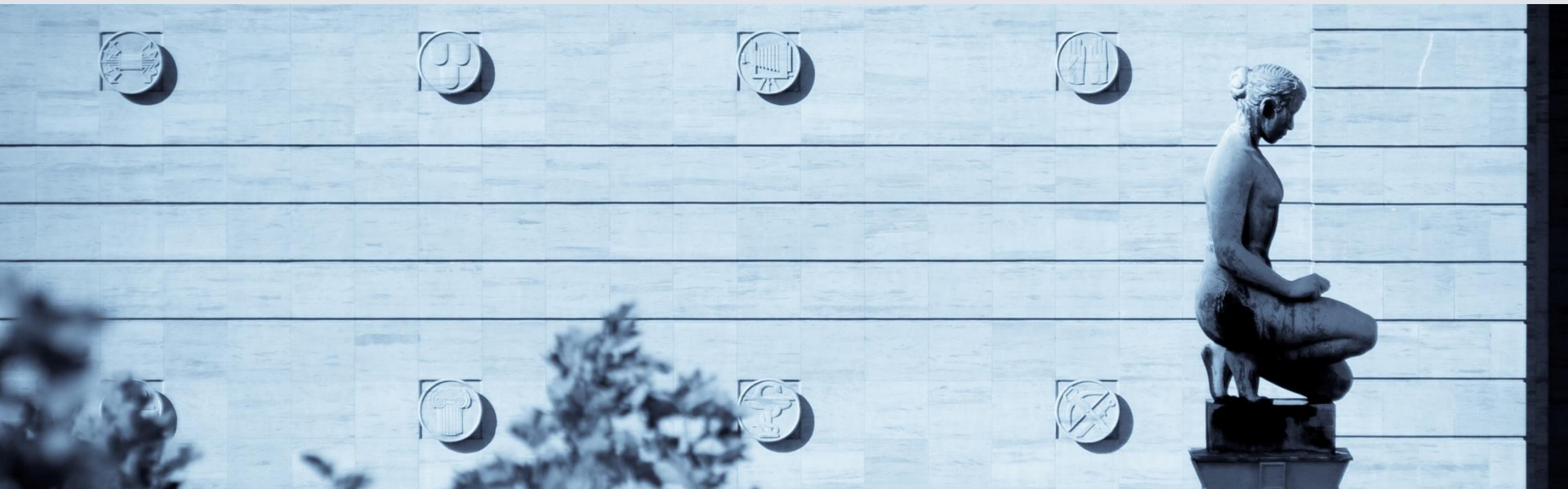
- *TIPS*
- *Value Date*
- *Sanctions Screening*
- *ASI6 RT*

## ▶ Other Retail Payments Business



# TARGET Services

## Consolidation of TARGET2 and T2S



# TARGET Services overview

## Consolidation of TARGET2 and T2S



### Technical consolidation

- Improve **efficiency**
- Cut down **operational costs**
- Increase **cyber resilience**
- Align **messaging standards** (ISO20022)
- Integrate **newest technology**
- **Multiple Network** Service Providers



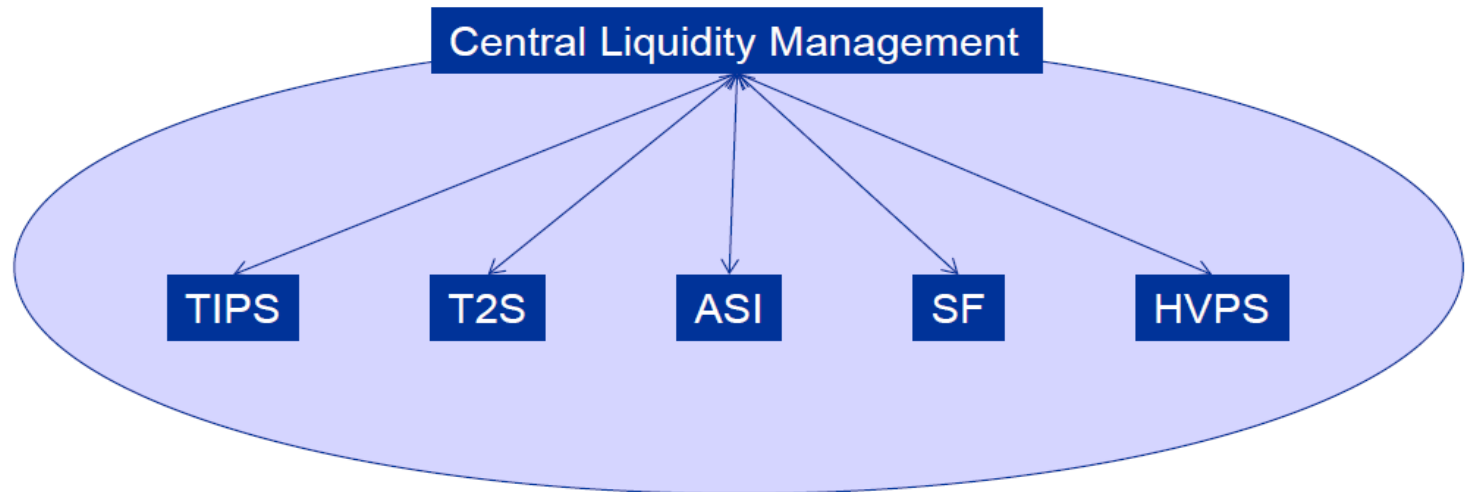
### Enhanced RTGS services

- **Multi-currency** services
- **Liquidity management** services
- **Data analysis** and **business intelligence** services
- Services related to supporting **regulatory compliance**

# TARGET Services overview

## Consolidated liquidity management

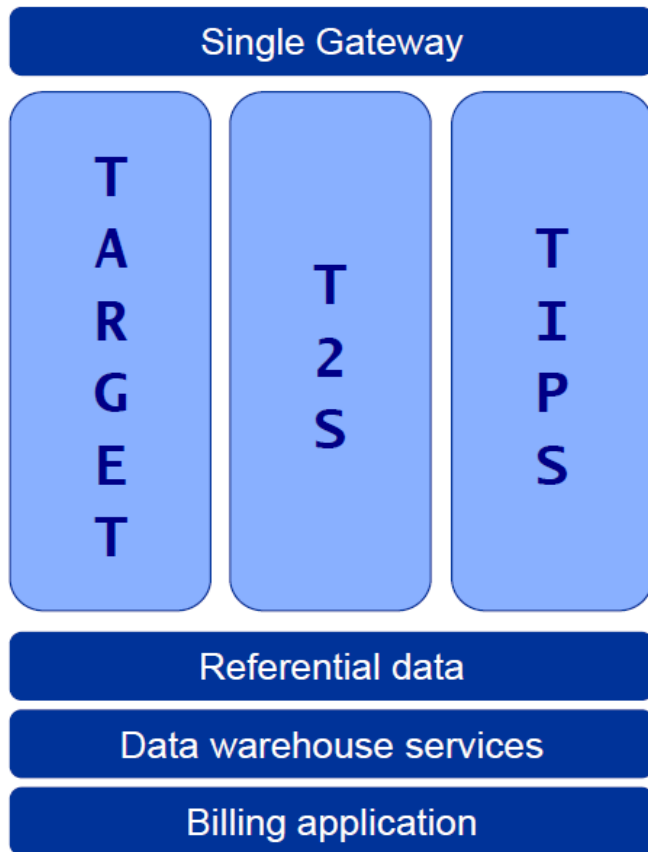
- Centralisation of Central Banks' operations on the CLM
- Dedication of liquidity to specific business usages
- Consolidation of position and centralisation of liquidity management





# TARGET Services overview

## Common modules



- ✓ Simplified access management for participants / counterparties
- ✓ More cost-efficient solution for all actors

- ✓ Reduced maintenance efforts
- ✓ Consistence of participants' static data
- ✓ Reduced number of software modules required for maintaining reference data

- ✓ Enhanced analytical capabilities
- ✓ Reports capabilities across services

- ✓ Streamlined billing processes



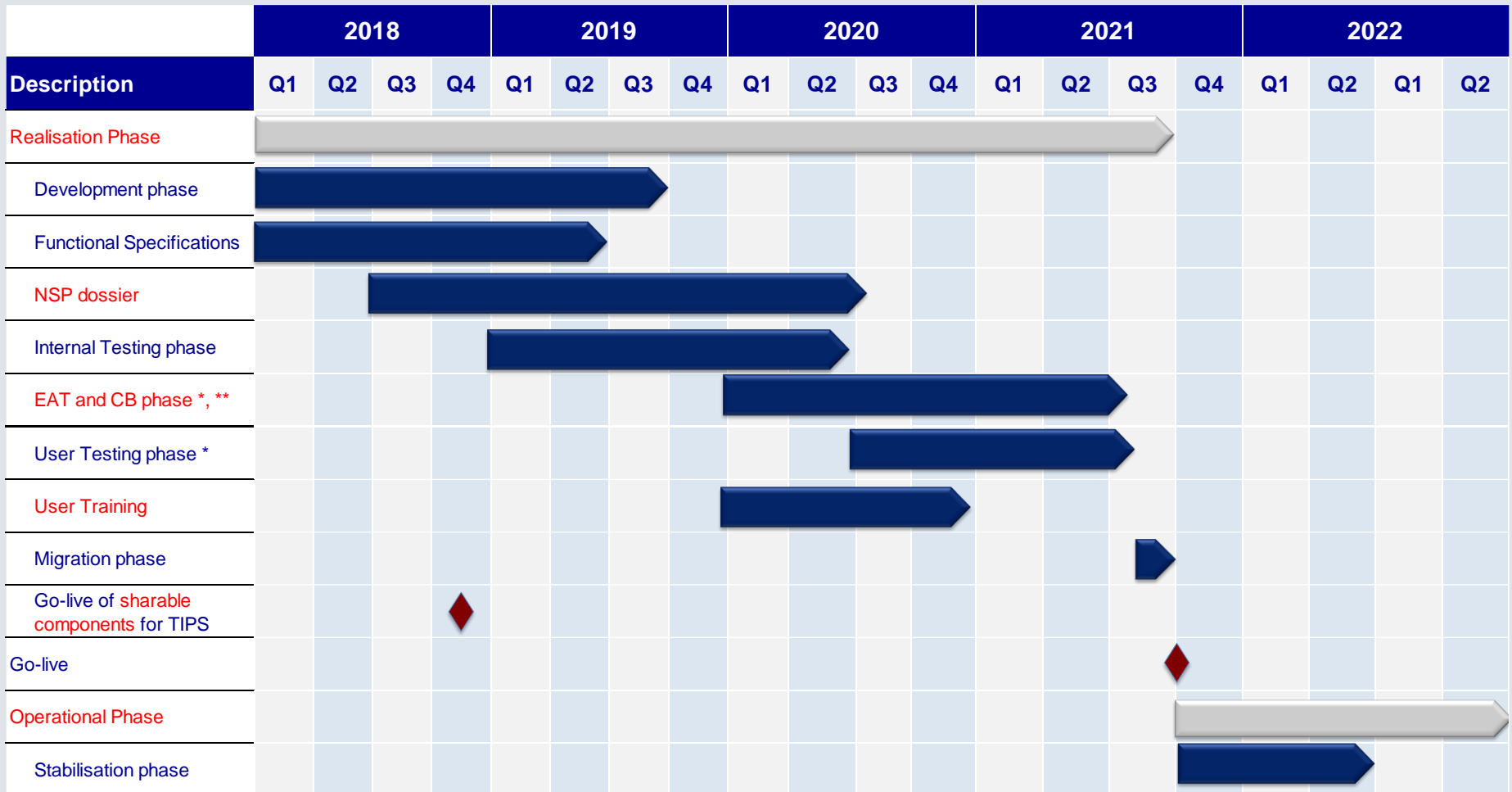
# TARGET Consolidation Contact Group (TCCG)

- ▶ Set up to discuss implementation/technical topics during realisation phase
- ▶ Composition
  - Central Banks of Eurosystem
  - Market representatives participating in TARGET2
  - 4CB
  - ECB





# High level project timeline T2-T2S Consolidation

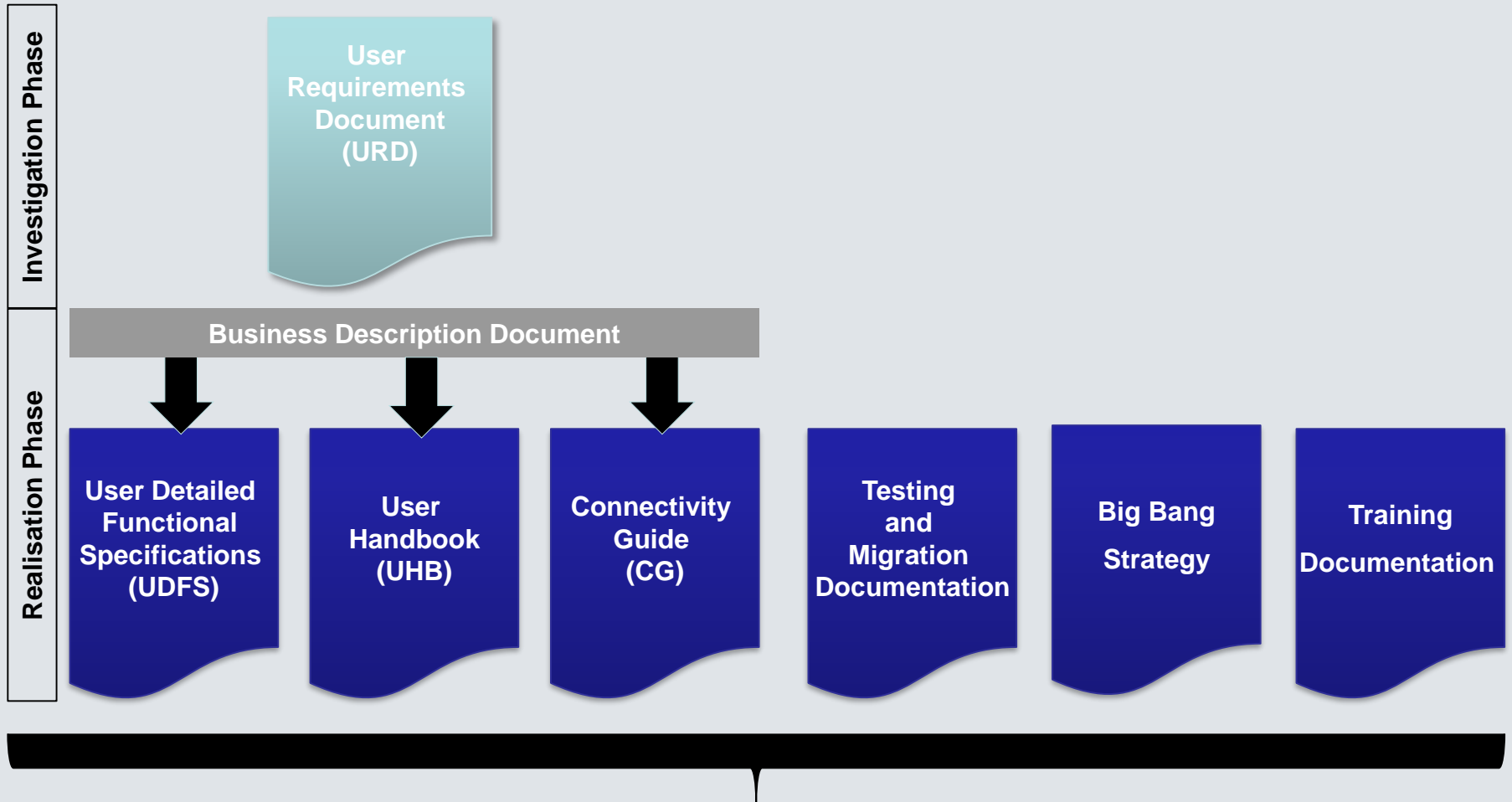


\* covering preparation and execution in equal proportions

\*\* Under analysis



# Overview of the different documents



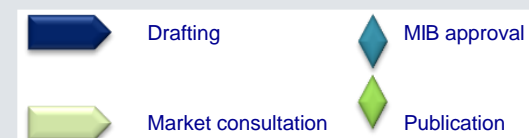
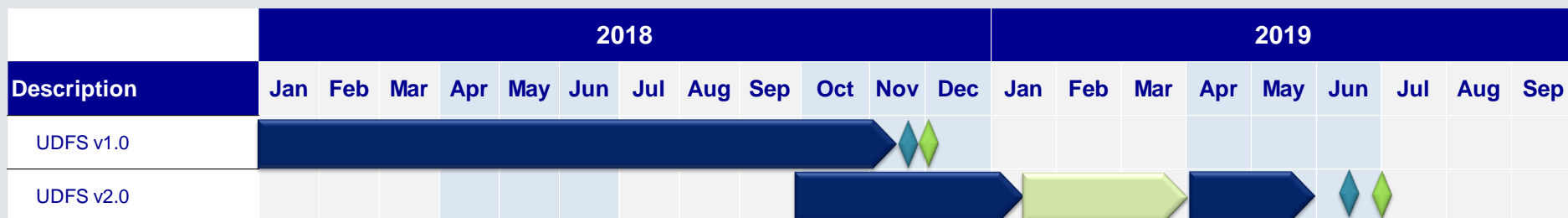
# UDFS, UHB en Connectivity guide

|                         | 2018 |    |    |    | 2019 |    |    |    | 2020 |    |    |    | 2021 |    |    |    | 2022 |    |    |    |  |
|-------------------------|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|--|
| Description             | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q1 | Q2 |  |
| UDFS v1.0               | ▶    |    |    |    |      |    |    |    |      |    |    |    |      |    |    |    |      |    |    |    |  |
| UDFS v2.0               |      |    |    | ▶  |      |    |    |    |      |    |    |    |      |    |    |    |      |    |    |    |  |
| UHB v1.0                |      |    |    |    | ▶    |    |    |    |      |    |    |    |      |    |    |    |      |    |    |    |  |
| Connectivity Guide v1.0 |      | ▶  |    |    |      |    |    |    |      |    |    |    |      |    |    |    |      |    |    |    |  |

- The above planning covers the complete process of drafting, review and approval of respective deliverables
- Banks will be involved in the review of the following project documentation:
  - User Detailed Functional Specifications (UDFS)
  - User Handbook (UHB)
  - Connectivity Guide



# Delivery of the UDFS



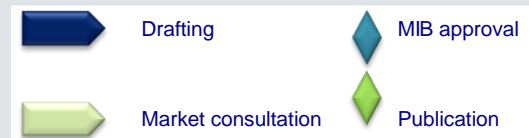
## UDFS v1.0

- Scope:
  - covers all payments-related ISO 20022 messages and related message functionalities
  - complemented by the Business Description Document
- Planning:
  - Drafting (in 4 iterations with Banks\*): January 2018 – mid-November 2018
  - MIB approval: mid-end November 2018
  - Submission of the final version to TCCG and publication on ECB website: end of November/ beginning of December 2018

\* Further details provided on following slides.



# Delivery of the UDFS



## UDFS v2.0

- Scope:
  - Full scope
- Planning\*:
  - Drafting (without the involvement of Banks, who will revise the document during the market consultation): October 2018 – mid-January 2019
  - Market consultation: mid-January – beginning-April 2019
  - Implementation of market feedback: beginning-April – end-May 2019
  - MIB approval: June 2019
  - Submission of the final version and publication on ECB website: beginning of July 2019

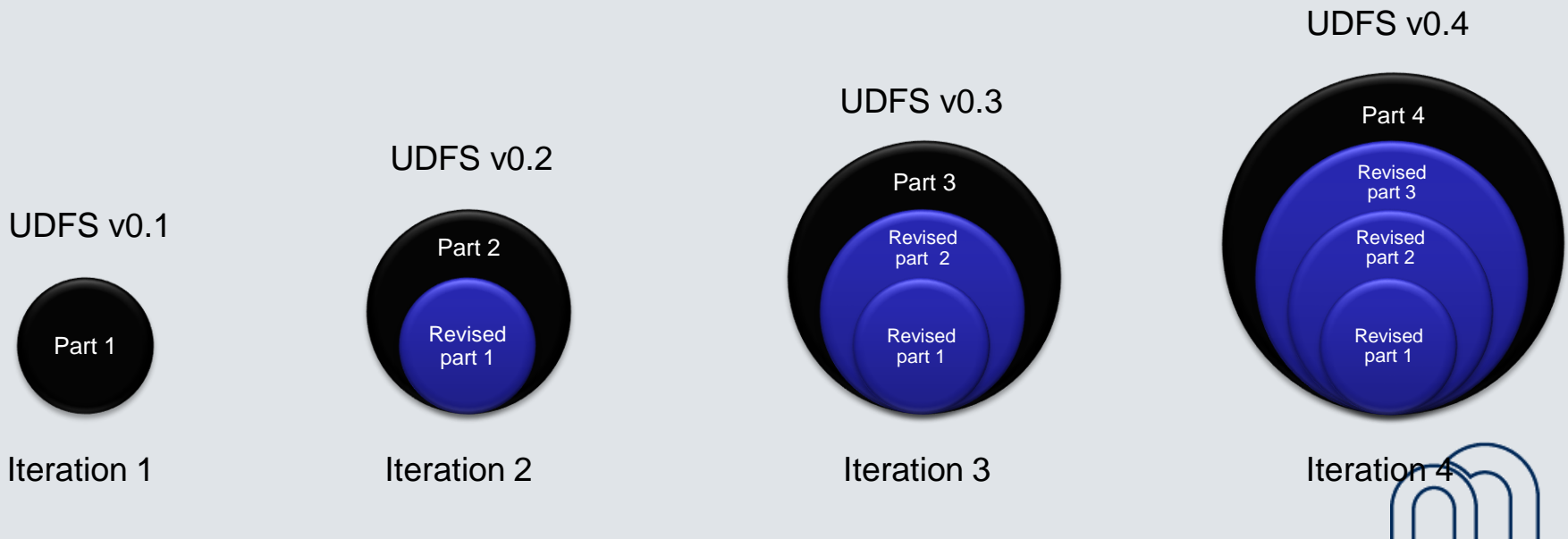
\* Planning assumptions to be confirmed.



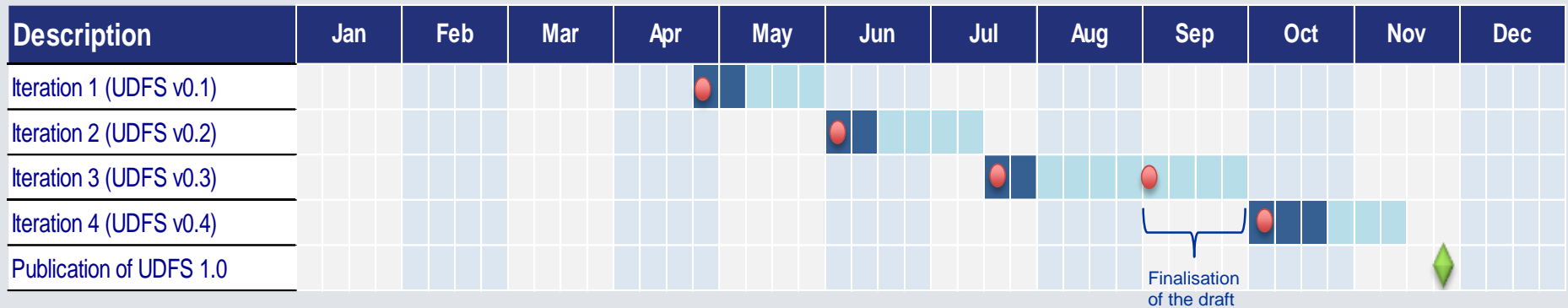
# Involvement of Banks in UDFS 1.0

- Iterations:

- The drafting of UDFS v1.0 will be split into 4 iterations, during which incremental drafts will be shared with TCCG for review:
  - *Iteration 1: UDFS v0.1*
  - *Iteration 2: UDFS v0.2 (revised v0.1 plus new chapters)*
  - *Iteration 3: UDFS v0.3 (revised v0.2 plus new chapters)*
  - *Iteration 4: UDFS v0.4 (revised v0.3 plus the remaining new chapters)*



# Involvement of Banks in UDFS 1.0



- The Central Banks play a pivotal role in the review of the UDFS drafts, by involving their national banking communities and ensuring that their views are taken on board during the review.





# ISO20022 & MyStandards

**Messages used by the future RTGS, CLM and sharable components**

## **Categories**

### **1. ISO message (no CR needed)**

- Available ISO (equivalent) message for which no CR is needed according to current status of investigations

### **2. ISO message (CR needed)**

- Available ISO (equivalent) message for which a CR is needed according to current status of investigations

### **3. New ISO message**

- No ISO (equivalent) message available, so a new ISO message has to be drafted and registered

### **4. Proprietary message**

- Available proprietary message to be used for CB business or ASI SP 4-6 only



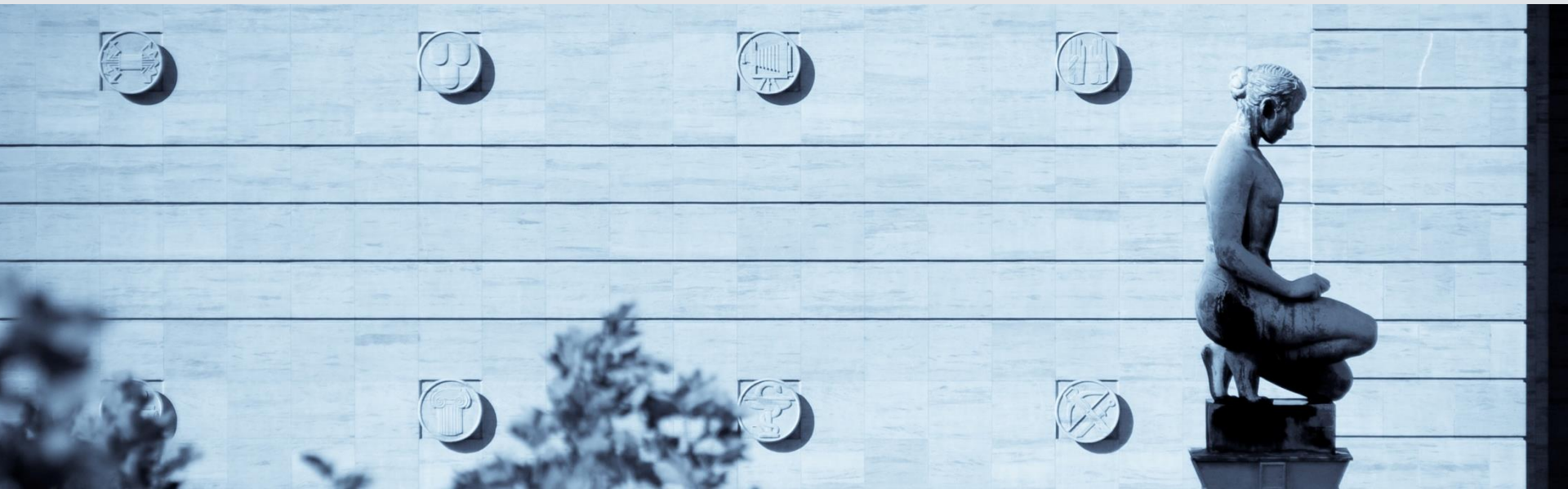
# ISO20022 & MyStandards

## ▶ MyStandards

- Placeholder for all messages
  - Messages per service
  - Examples
  - First set of messages already available
- Connection via MySWIFT.com
  - Public part MyStandards
  - EMIP group subscription

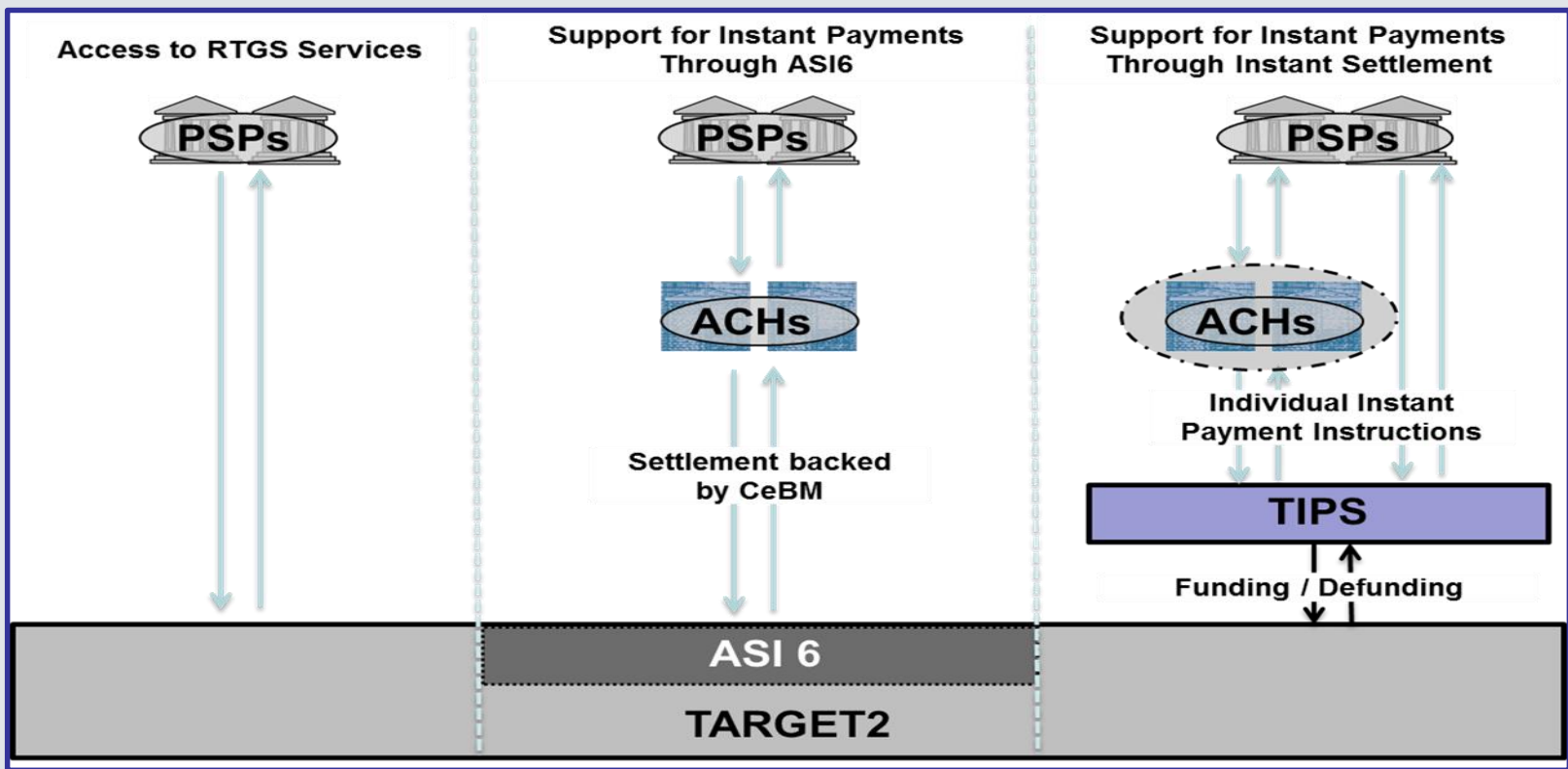


# Instant Payments



# Instant Payments

- ▶ TIPS
- ▶ ASI6-RT (Real Time Interface with T2)



# TIPS

▶ Planning



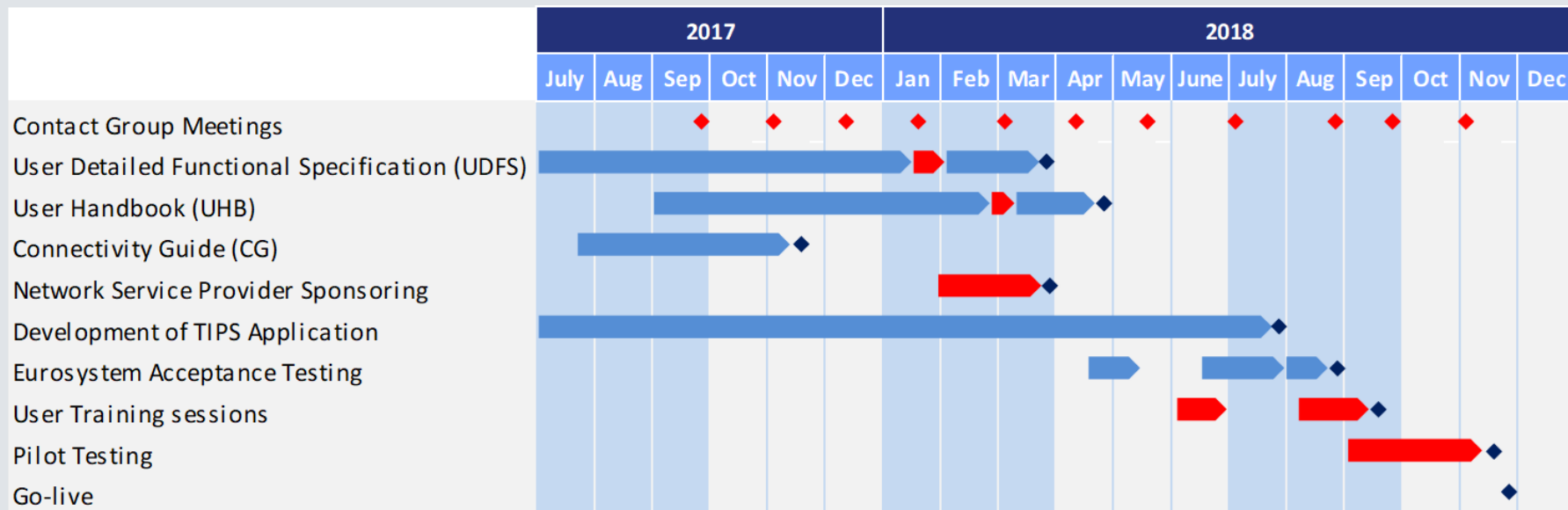
▶ App for TIPS event



▶ User consultation



# Planning



| 2016                                | 2017 |    |            |                          | 2018                     |                          |  |            |
|-------------------------------------|------|----|------------|--------------------------|--------------------------|--------------------------|--|------------|
| Q4                                  | Q1   | Q2 | Q3         | Q4                       | Q1                       | Q2                       | Q3                                     | Q4         |
| <b>TIPS Contact Group Meetings:</b> |      |    | 28/09/2017 | 07/11/2017<br>13/12/2017 | 17/01/2018<br>02/03/2018 | 09/04/2018<br>23/05/2018 | 04/07/2018<br>29/08/2018<br>26/09/2018 | 06/11/2018 |



# All documents TIPS contact group

▶ Available at site ECB:

- <http://www.ecb.europa.eu/paym/initiatives/html/index.en.html>

## TARGET Instant Payment Settlement (TIPS)

A service for instant payment settlement across Europe in central bank money.

+ What are instant payments?

+ Why are we interested?

+ What are we doing?

– Related documentation

 **TIPS user requirements - final**

 **TIPS user detailed functional specifications - final**

 **Connectivity – Technical Requirement DRAFT**

 **Public consultation on the draft TIPS user requirements - closed 24 Feb 2017**

 **Documents produced by the contact group**





# UDFS and UHB

## ▶ User Detailed Functional Specifications (UDFS)

- Final UDFS v1.0 approved by MIB
- Includes:
  - Catalogue of messages
  - List of error codes
- Potential change requests
  - ◆ Investigation query triggered by the beneficiary
  - ◆ Query on TIPS liquidity transfers to T2
- Character set : UTF8

## ▶ User Handbook

- Version 0.9
- MIB written consultation

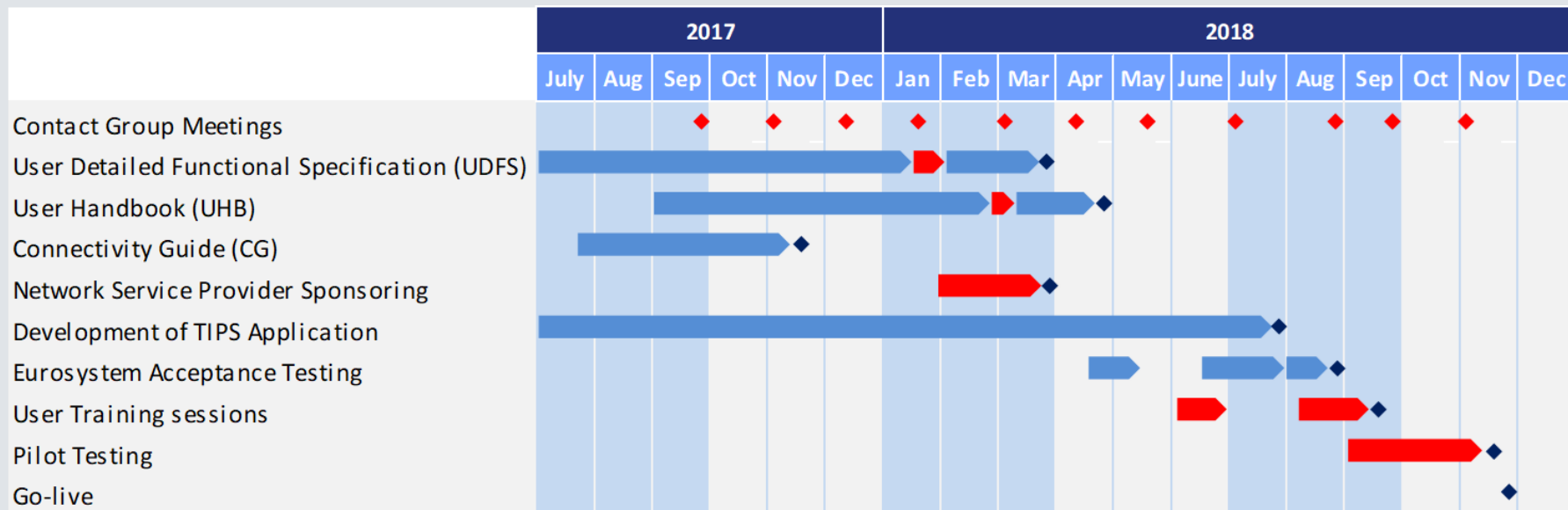


# Network service provider sponsorship

- ▶ 3 NSPs are sponsored
  - SWIFT
  - SIA
  - EFIS EDI Finance AG
- ▶ TIPS Operator (Banca d'Italia) is doing the documentation check
- ▶ **Deadline for nominations: 29 March**



# Planning



| 2016                                |    | 2017 |            |                          | 2018                     |                          |  |            |
|-------------------------------------|----|------|------------|--------------------------|--------------------------|--------------------------|--|------------|
| Q4                                  | Q1 | Q2   | Q3         | Q4                       | Q1                       | Q2                       | Q3                                     | Q4         |
| <b>TIPS Contact Group Meetings:</b> |    |      | 28/09/2017 | 07/11/2017<br>13/12/2017 | 17/01/2018<br>02/03/2018 | 09/04/2018<br>23/05/2018 | 04/07/2018<br>29/08/2018<br>26/09/2018 | 06/11/2018 |



# Eurosystem Acceptance Test

- ▶ Independant assessment done by ECB team
- ▶ 3 phases
  - 17/04/2018-14/05/2018
    - End-to-end connectivity tests
    - Settlement
    - Queries
  - 18/06/2018-27/07/2018
    - Liquidity transfers
    - Local reference data management
  - 30/07/2018-17/08/2018
    - Recall and investigations
    - Reports



# Pilot testing

## ▶ TIPS User testing – ToR

- Principles
- Type of tests:
  - Connectivity
  - Certification
  - User testing
  - Operational testing
- Involvement of participants
- Facilitating pilot testing
- Certification test cases in a separate document

## ▶ NCBs:

- Log incidents on behalf of participants
- In charge of certification for its banking community



# TIPS User Expectations Survey

- ▶ Feedback on the readiness of the market to use TIPS:
- ▶ If and when your institution plans to become a TIPS participant/reachable party/instructing party?
  - In 2018
  - In 2019
  - Beyond 2019
- ▶ Reply via mail to [amipaybensg@nbb.be](mailto:amipaybensg@nbb.be) by 29/03 cob.



# #TIPSapp Event

- ▶ To help create awareness about Instant Payments
  - Held at ECB premises
  - Attended by Banks, NCBs, financial market infrastructures providers and industry associations
- ▶ Over 10 companies presented their mobile apps for initiation and processing of instant payments
  - List of companies and slides available on 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)





# Value Dating Instant Payments

- ▶ Instant Payments 24/7/365 ↔ RTGS date in CB money
- ▶ Issues:
  - Change of (business) day
  - Weekends & Holidays
  - Time zones
- ▶ PSD2 is open for interpretation



# ECB identified 3 potential scenarios

(Ad-hoc AMI-Pay meeting 12/03)

| Calendar date   | Central bank money date   | Individual choice of the PSP   |
|---|---|--|
| <ul style="list-style-type: none"><li>✓ Transaction date = value date</li><li>✓</li><li>✗ Most intuitive for end-user</li><li>✗ Common cut-off time needed</li><li>✗ Difference between end-user value date and PSP RTGS account value date</li></ul> | <ul style="list-style-type: none"><li>✓ Value date end-user account and PSP RTGS are aligned</li><li>✗ Counter-intuitive for end-user</li><li>✗ PSD2 implies that debit and credit value dates should be same as booking date</li></ul> | <ul style="list-style-type: none"><li>✓ Freedom of choice</li><li>✗ Lack of a harmonized approach causes confusion for end-users.</li><li>✗ Creates impression that PSPs are taking advantage of arbitrage</li></ul> |



# Market practices



No formal agreement, but intention of banking community: value date = calendar date



Each PSP decides its own practices



Value date = calendar date, but date shift differs bank to bank



Value date = calendar date (ACH will include the value date in the clearing system reference)



# Way forward

- ▶ Ideally harmonisation at pan-European level (but needs legal support)
- ▶ Calendar date = value date appears to have broadest support
- ▶ ECB AMI-Pay secretariat will draft a non-binding recommendation by end of April



# Sanctions Screening Instant Payments

- ▶ Difficult to combine SCT Inst Scheme and EU measures on financial sanctions
- ▶ How to investigate hits (of which 98% false positives) within SCT Inst threshold of 20 sec?
- ▶ New EPC Rulebook Appendix suggests: positive confirmation message but block funds until hit has been analyzed. However:
  - Ordering client has positive confirmation, yet beneficiary is waiting for funds
  - Hours of analysis is far from instant



# Sanctions Screening solution proposals

## ▶ Short Term:

- Potential hit = payment.



Beneficiary bank rejects

## ▶ Mid to Long Term:

- EU harmonized asset freeze list
- Common EU norms on sanctions screening



# Instant Payments with ASI6RT

- ▶ Usage of ASI6RT by ACHs and local communities
- ▶ Change requests
- ▶ Current status in Belgium (CEC)



# ESCB T2 Analytical Group



▶ Features of the instant payment systems



▶ Analysis and monitoring of ASI6RT in T2



▶ Technical features for T2



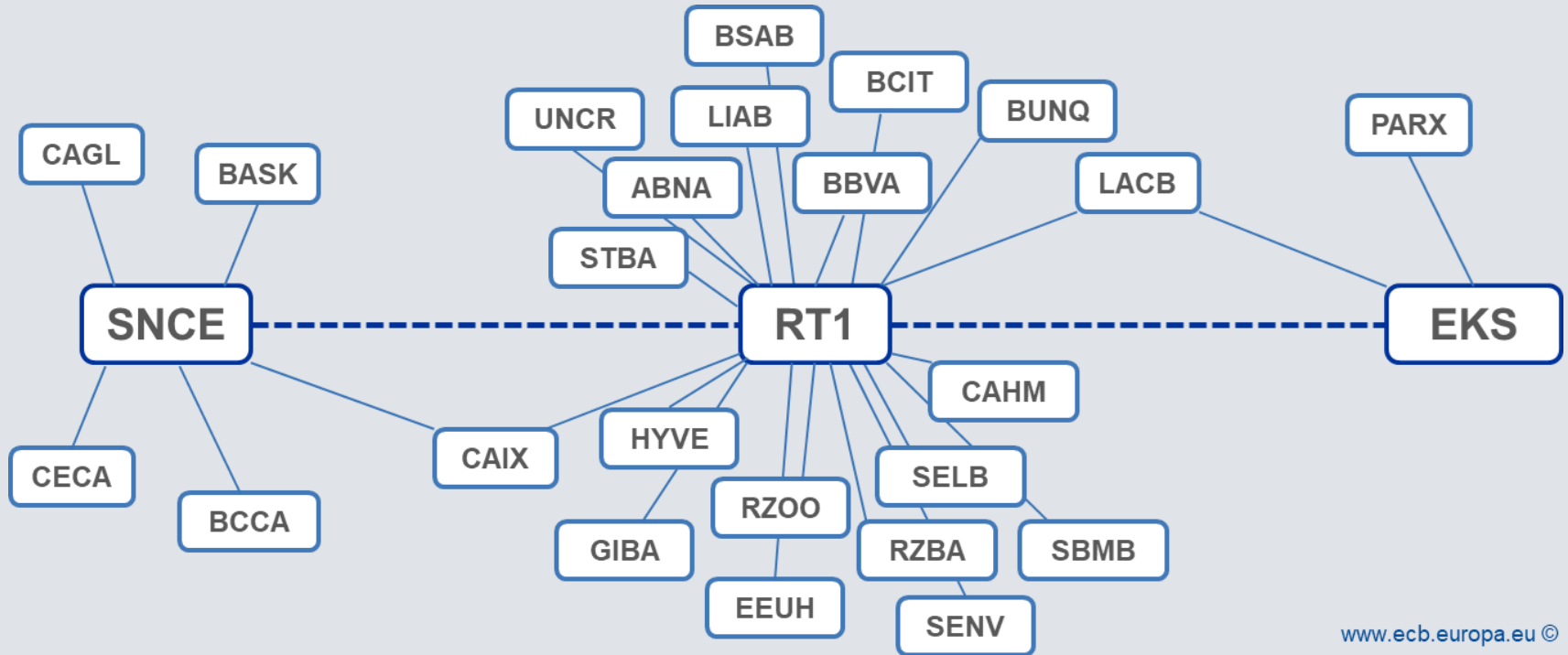


# The usage of ASI6RT

- ▶ ASI6RT went live on 21st Nov 2017
- ▶ 3 ACHs
  - RT1 – managed by EBA Clearing (EU)
  - EKS AMS (LV)
  - SNCE – managed by IBERPAY (ES)
- ▶ 20-25 banks active
- ▶ Most traffic involves IT, LV and NL



# ASI6RT ACHs and banks

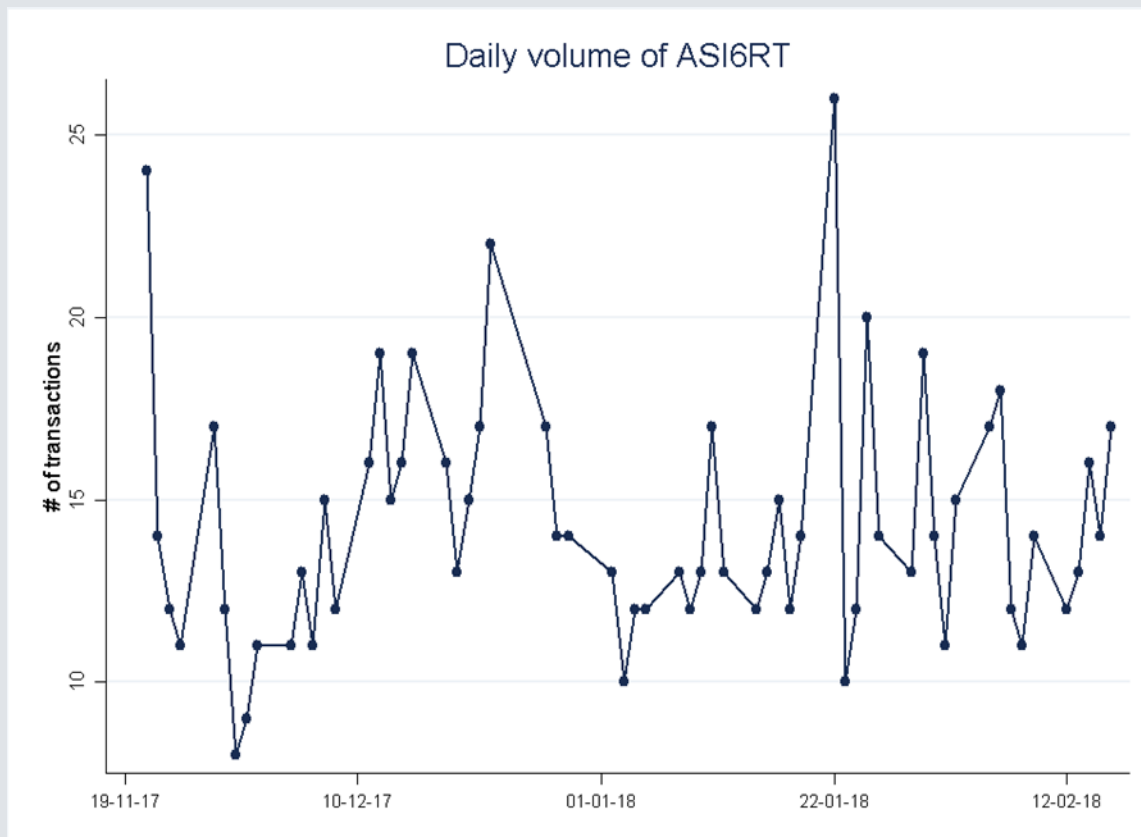


[www.ecb.europa.eu](http://www.ecb.europa.eu) ©



# Activity

- ▶ Activity in volume is still limited
  - 14 transactions per day (funding & defunding)



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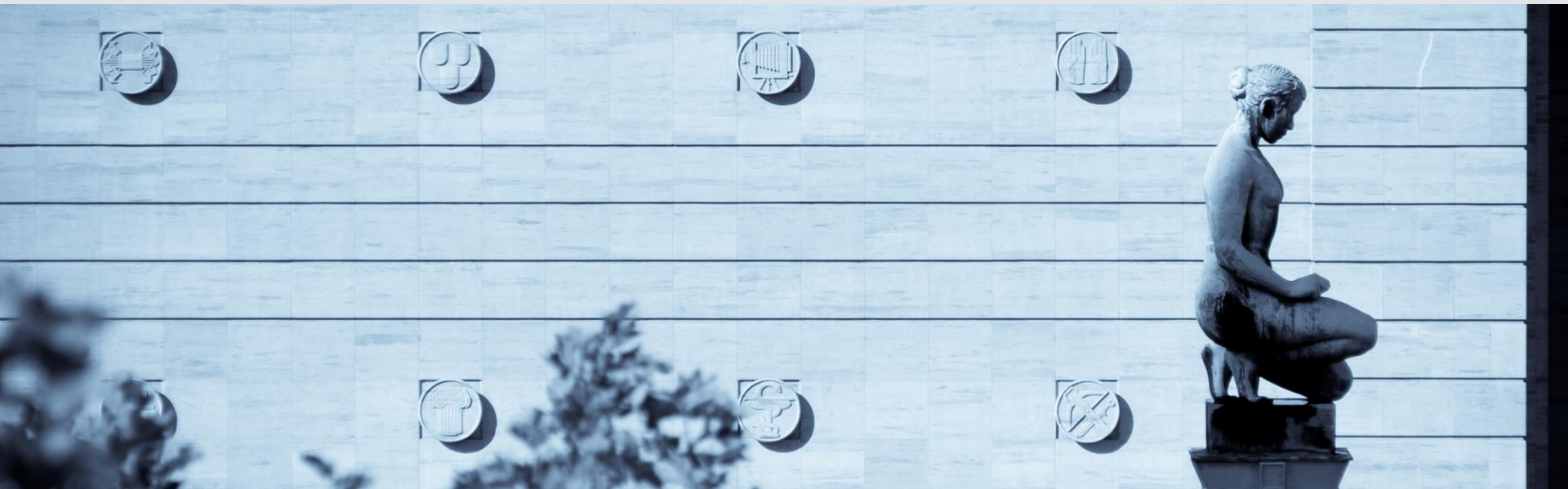


# Possible enhancements to ASI6 RT

- ▶ 3 CR's sent to 3CB for assessment:
  - End of day notification sent to ASI6 RT:
    - By ASI when balances on technical account are fixed;
    - Reduces risk in case of delayed closing;
    - Eases interest calculation
  - Display resulting balance in instruction sent by Target2 to AS:
    - When Payment bank pushes liquidity from Target2;
    - Enables early detection of anomalies;
    - Allows AS to monitor liquidity
  - AS to query technical account in a2a mode
- ▶ If accepted: implementation in Release 13.0

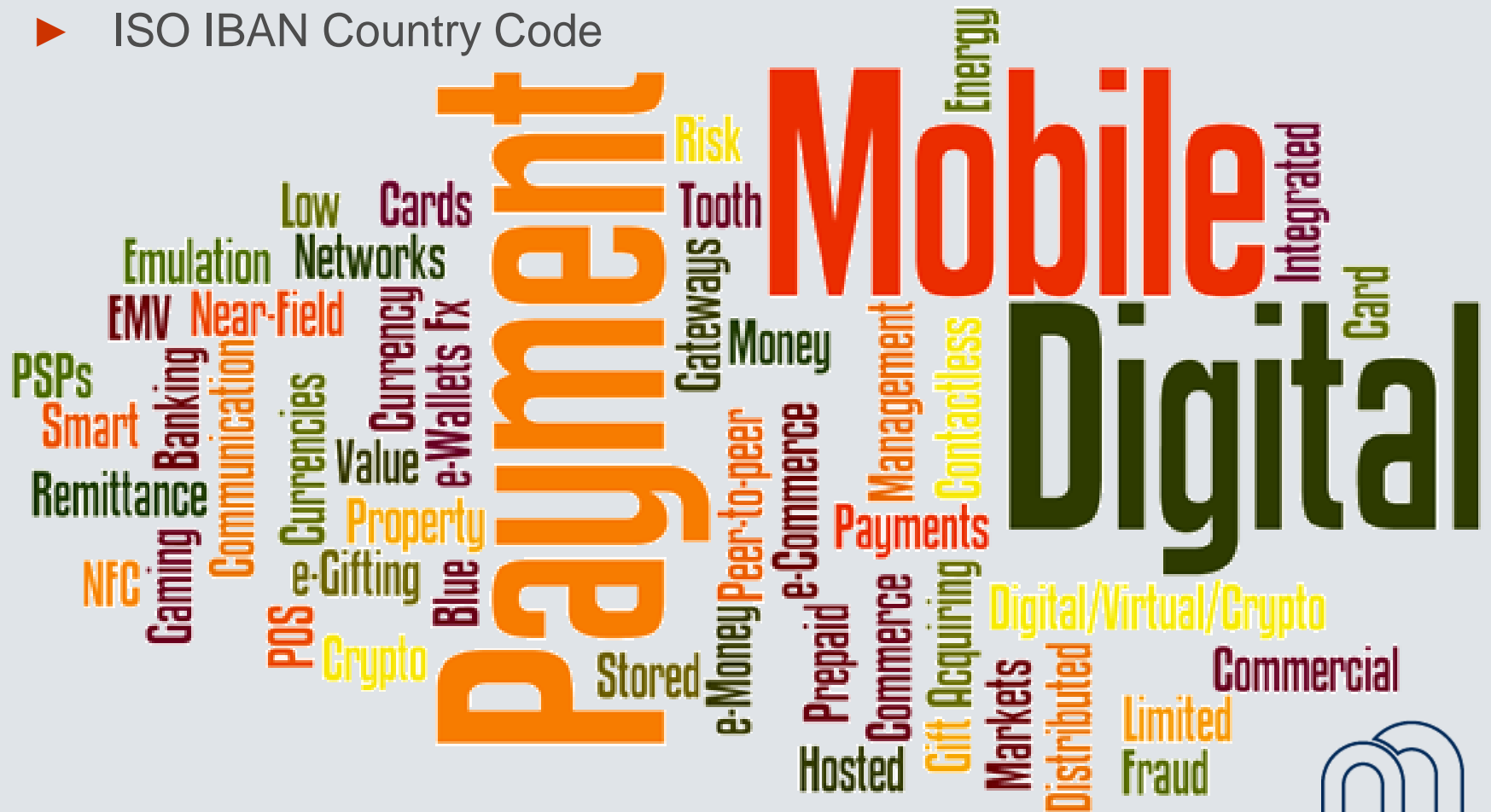


# Other Retail Payments Business



# Other retail payments business

- ▶ ERPB
- ▶ SEPA Migration Survey
- ▶ ISO IBAN Country Code



# Other retail payments business

## ▶ ERPB

- Update of the mandate

### *Article 7*

#### *National payments committees*

1. The EU NCBs act as a link between the ERPB Secretariat and national payments committees in conveying national market feedback to the ERPB and in transmitting in both directions relevant information, documentation, requests, issues for discussion and suggestions. The **European Forum for Innovation in Payments**, cochaired by the ERPB Chair and the European Commission, aims to ensure coordination of the objectives pursued by national payments committees and the ERPB.
2. National payments committees and the European Forum for Innovation in Payments may suggest to the ERPB Chair agenda items and issues for discussion.



# Other retail payments business

## ▶ ERPB

- Previous meeting agenda
  - Mobile Proxy Lookup
  - EPC SCT<sup>inst</sup> scheme
  - WG on PIS report
  - WG on EIPP report
- Next meeting – 18.06.2018





# Other retail payments business

## ▶ SEPA Migration Survey

- ECB Payment Policy WG assessment report on the migration to SEPA
- 5 surveys
  - Consumers
  - Payment Service Providers
  - EPC
  - Companies
  - Public Administrations
  - Infrastructures
- Publication in Q3 2018



# Other retail payments business

## ▶ ISO IBAN Country Code

- The IBAN consists of up to 34 alphanumeric characters, as follows:
  - country code using **ISO 3166-1** alpha-2 – two letters,
  - check digits – two digits, and
  - Basic Bank Account Number (BBAN) – up to 30 alphanumeric characters that are country-specific.
  - **BE05 1234 5678 0101**



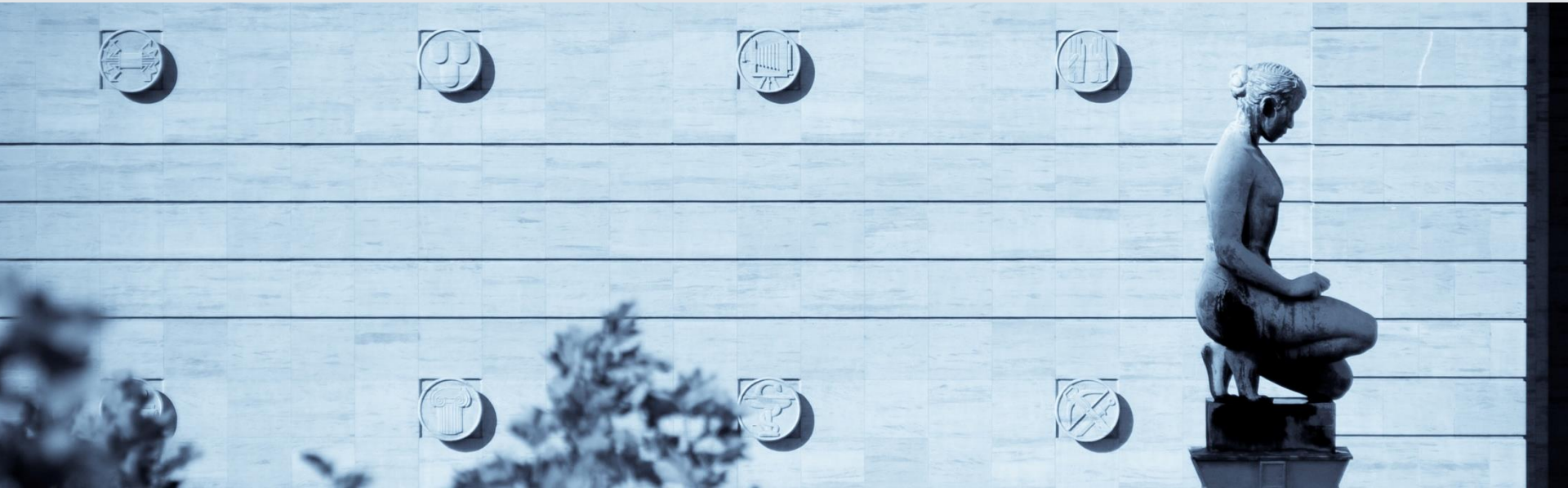
# Other retail payments business

## ▶ ISO IBAN Country Code

- According to the standard the first two letters of the IBAN shall always be the two-character country code **of the country in which the financial institution servicing the account resides**. The proposal is to change this to ***of the country in which the financial institution services the account***.
- The negative vote was supported by banks and central banks, as the impacts of the change – described as minor in the change request – need to be further assessed.



# Any Other Business



# Follow-up

- ▶ Meeting Agenda, minutes and presentations shall be published on the AMI-Pay BE NSG website:
  - <https://www.nbb.be/en/payments-and-securities/eurosystem-advisory-groups-market-infrastructures/ami-pay-bensg/ami-pay>
- ▶ TIPS Participation Expectation:
  - Reply by March 29 if and when your institution envisages to go-live.



# Questions?

## ▶ AMI-Pay BE NSG Secretariat

- [Amipaybensg@nbb.be](mailto:Amipaybensg@nbb.be)



- +32 2 221 28 37



# Thank you for your attention!

