# TIPS Community Readiness Report

## Status as of Q3 2021 (cut-off date 30/07/21)

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## *Executive Summary*

This Readiness Report depicts the status of all NCBs communities[1] (i.e. PSPs and ACHs subject to the TIPS Pan-European Reachability Measures) as of 30 July 2021.

In line with the introduction of different milestone dates by wave and the timeline of the key milestones for the ACHs to ensure a successful and timely migration to TIPS, the following current and past milestones cover both uncompleted and due milestones related to this reporting round[2]:

- TIPS.NSP3.ACH - NSP selection and contract preparation completed - 31/03/2021

- TIPS.NSP4.ACH - NSP procurement completed - 31/03/2021

- TIPS.IAD4.ACH - Drafting of internal applications documentation completed - 28/05/2021

- TIPS.IAD5.ACH - Software development for the required internal system adaptations started - 01/06/2021

- TIPS.IAD7.ACH - Testing of the internal applications started - 01/07/2021

- TIPS.NCO1.ACH - Network connectivity tests on testing environment started - 01/06/2021

- TIPS.NCO2.WA1.ACH - Network connectivity tests on testing environment completed for ACHs of the Wave 1 - 30/06/2021

- TIPS.IST2.WA1.ACH - Internal staff training completed for ACHs of the Wave 1- 30/07/2021

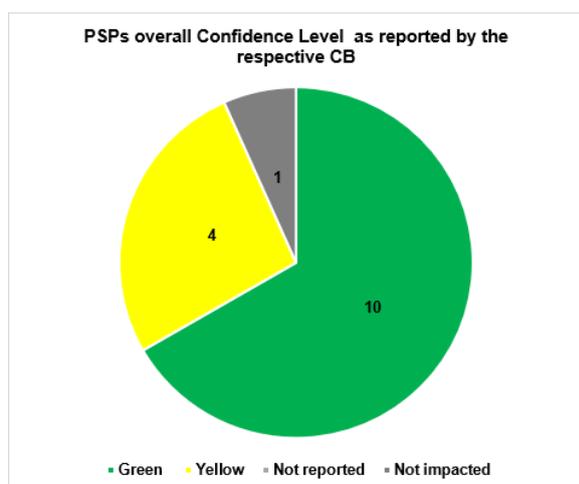1. **PSP Community readiness to migrate to TIPS**

**Confidence level reported by NCBs**

The overall confidence level reported by the NCBs for their PSP communities subject to this reporting is significantly good. From a total of 15 NCBs, 10 reported a green status for their PSP communities, 4 NCBs reported a yellow status and one NCB has not yet reported any status.

The overall confidence level of this 4th reporting cycle is slightly decreasing. The confidence level reported by 1 NCB has decreased in comparison with the previous reporting cycle. One NCB has downgraded their overall confidence level from Green to Yellow since one Direct Participant has changed its confidence level from Green to Yellow and another one has changed it from Yellow to Red due to dependencies on their IT suppliers and other internal priorities.

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[1] Nine Central Banks have reported that none of their national community members are impacted by the TIPS Pan-European Reachability Measures. Thus, no PSPs nor ACH in Bulgaria, Croatia, Cyprus, Denmark, Ireland, Malta, Poland, Romania and Slovakia are subject to the TIPS Reachability Measures, and therefore these Central Banks are excluded from the scope of this report.

[2] Two current and past milestones have been affected by the introduction of specific milestone dates for wave 3: NCO2 and IST2. Given that these milestones are due in the future for ACHs involved in wave 3, it has been decided to exclude them from the current scope of the past and current milestones. Status reported by ACHs involved in wave 3 on both milestones during this reporting cycle is rather included in the view on the ACHs upcoming milestones confidence level.

**PSPs overall Confidence Level  as reported by the respective CB**

■ Green  ■ Yellow  ■ Not reported  ■ Not impacted

**Confidence level reported by the TIPS Direct Participants and Reachable Parties[3]**

TIPS Direct Participants confidence level:

A very good response ratio was observed during this fourth readiness reporting exercise: out of 112 TIPS Direct participants, only 2 (2%) did not report their readiness status.

The overall confidence level of the TIPS Direct Participants remains positive and in line with the previous reporting: 74 out of 112 (66%) have reported a green status, 30 (27%) have indicated a yellow level of confidence and 6 (5%) have reported a red status .

In this reporting cycle, we could see a slight decrease in the total number of Direct Participants reporting their readiness: 112 TIPS Direct Participants have reported their readiness during this reporting cycle instead of 120 in the previous reporting cycle. Some NCBs have reported that some of their Direct Participants have already joined TIPS, that they have decided to become reachable via another Participant or that they no longer aim at becoming SCT Inst scheme compliant this year. These variations remain limited.

TIPS Reachable Parties confidence level:

All Reachable Parties subject to this reporting have reported their readiness status.

In this reporting cycle, we could see a slight increase in the total number of Reachable Parties reporting their readiness: 2121 TIPS Reachable Parties have reported their readiness during this reporting cycle instead of 2118 in the previous reporting cycle. Some NCBs have reported additional Reachable Parties joining while some others reported a decrease in these numbers, these variations remain limited.
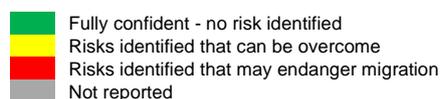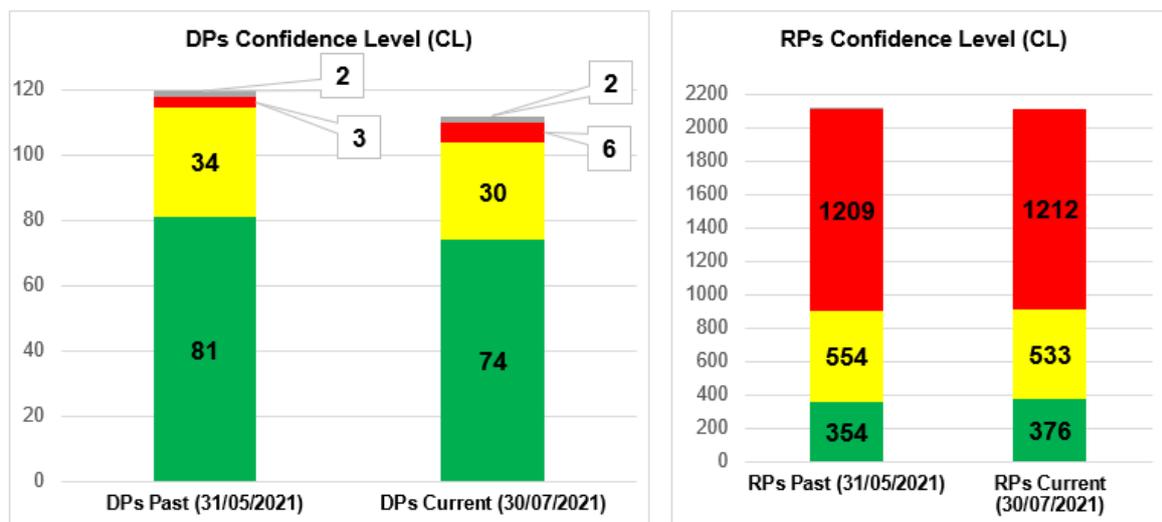
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[3] *PSPs reachability measure -* All PSPs which are compliant or intend to be compliant by November 2021 to the SCT Inst scheme and are reachable in TARGET2 should also become reachable in a TIPS central bank money liquidity account, either as a participant or as reachable party (i.e. through the account of another PSP which is a participant).

While 18% of Reachable Parties (376) have reported a green status, respectively 25% (533) and 57% (1212) out of the 2121 TIPS Reachable Parties have reported a yellow and a red status. The latter are mainly concentrated with one Direct Participant.

The main issues and concerns encountered by the PSP communities are as follows:

- Tight project timeline.

- Dependencies with external providers (e.g. Software vendors, NSPs…) and other priorities.

- High concentration of activities towards the end of the project deadline, leaving little buffer in case of slippage.

- Some PSPs have open questions on TIPS functionalities, related CRs and supporting documentation which can impact their project preparation timeline.

- Potential resource constraints due to parallelism of internal initiatives.

- [For Reachable Parties]: Concentration risk as many Reachable Parties rely on the readiness of one specific institution to on-board to TIPS.

These issues are in the process of been mitigated and should not impact the ability of these PSPs to reach the agreed deadline for on-boarding.



Fully confident - no risk identified
Risks identified that can be overcome
Risks identified that may endanger migration
Not reported

## PSPs readiness per key phase

With respect to the overall readiness of the PSPs by key phase of the project, the following table highlights the fact that most of the PSPs (1853, i.e. 83%) are still in the preparation phase and 17% (377) have completed that phase.

In comparison with the previous reporting cycle, we could see that many PSPs progressed in their projects and that 87% of the PSPs (most of them are Reachable Parties) started the subsequent

Implementation phase. The number of PSPs having also started the remaining Testing and On-boarding phases (On-going status) has sharply increased from around 3% towards respectively 21% (490) and 20% (460), mainly due to progress made by some Reachable Parties.

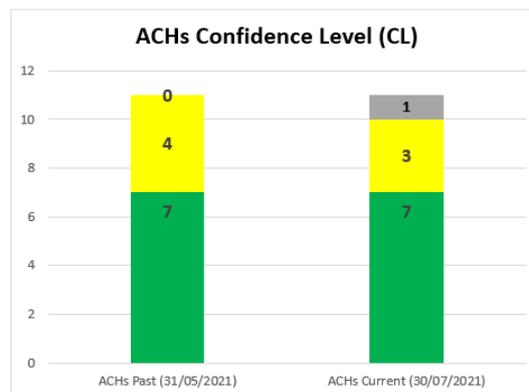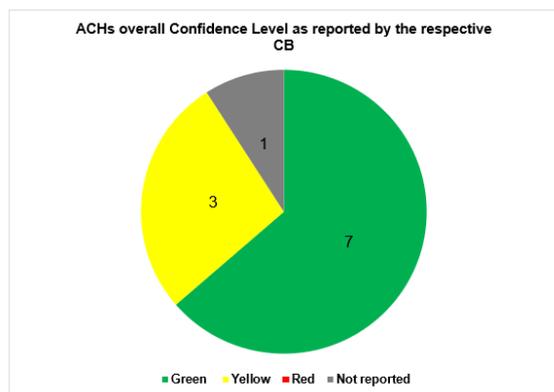| PSPs Overall status per Key phase | | | | | |
|---|---|---|---|---|---|
| | **Not started** | **On-going** | **Completed** | **Not Reported** | **TOTAL** |
| **Preparation** | 2 | 1853 | 377 | 1 | 2233 |
| **Implementation** | 112 | 1962 | 158 | 1 | 2233 |
| **Testing** | 1605 | 490 | 137 | 1 | 2233 |
| **On-boarding** | 1679 | 460 | 93 | 1 | 2233 |

## 2. ACH Community readiness to migrate to TIPS

**Confidence level**

All ACHs subject to the TIPS reachability measures have provided information on their readiness status to migrate to TIPS except one that has not yet reported any status.

The overall confidence level reported by the ACHs is good and "Green" confidence level has been reported for 7 ACH as it was the case in the previous reporting cycle.

From a total of 11 ACHs, 7 (64%) have reported a green status, 3 (27%) have stated a yellow status and 1 ACH (9%) has not yet reported any status



| | |
|---|---|
| 🟩 | Fully confident - no risk identified |
| 🟨 | Risks identified that can be overcome |
| 🟥 | Risks identified that may endanger migration |
| ⬜ | Not reported |

Confidence level reported by 2 ACHs during this reporting cycle has improved from a Yellow status to a Green status: the introduction of specific milestone dates for ACHs involved in Wave 3 and the derogation received from the Governing council of the ECB to settle both SCT and SCT Inst transactions over TIPS technical account have increased the confidence level to migrate to TIPS on time.

Confidence level reported one ACH during this reporting cycle has decreased from a Green status to a Yellow status. According to this ACH, the Detailed Migration Document has not yet been published and that the TIPS registration guide has not yet been updated, leading to some confusions regarding the registration process.

The main issues and concerns highlighted by the ACHs in their reporting are as follows:
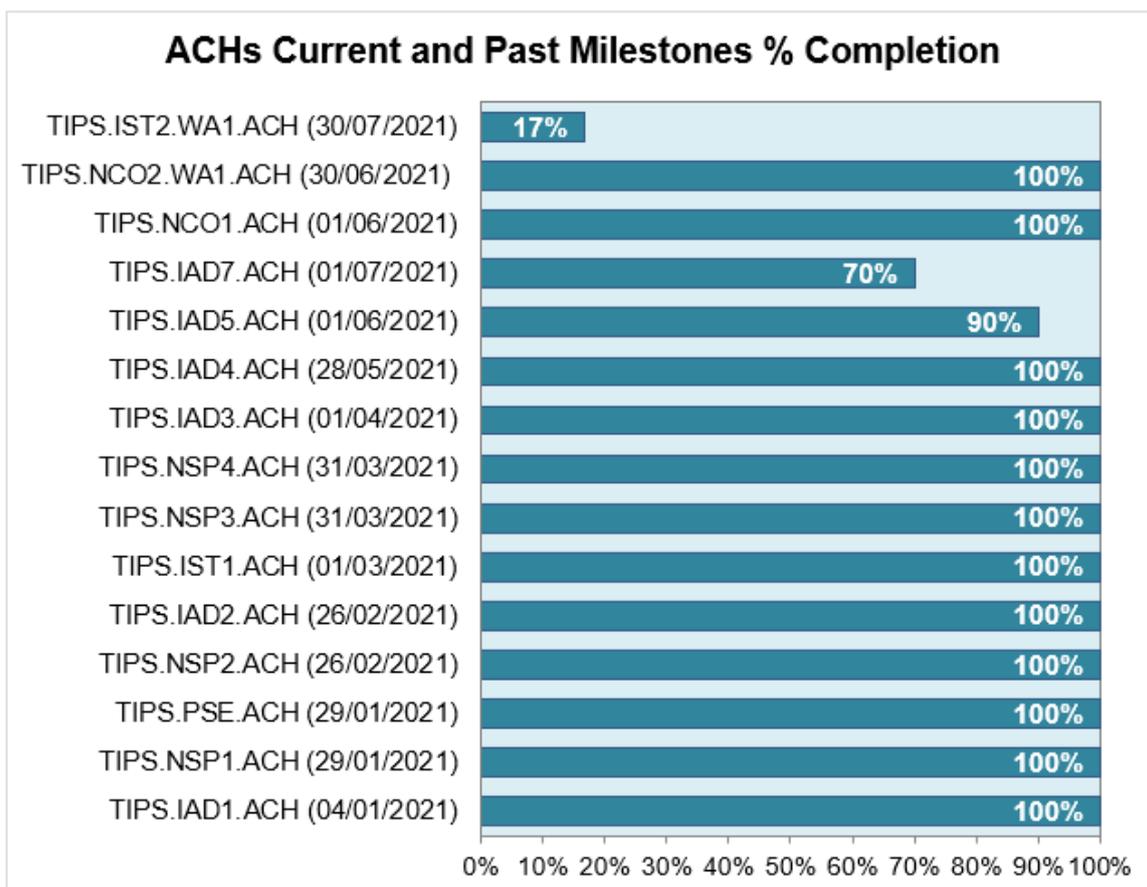
- Lack of visibility on the operational processes and contractual aspects

- Missing documentation / information from the Eurosystem and from external parties

- Dependencies with other internal projects

- Different internal timeline for a milestone.

The documentation part is currently still under investigation.

**Milestone completion**

Regarding milestones completion, the current milestones for the ACHs were significantly met as presented in the below chart[4]:

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[4] *Reminder: Two current and past milestones have been affected by the introduction of specific milestone dates for wave 3: NCO2 and IST2. Given that these milestones are due in the future for ACHs involved in wave 3, it has been decided to exclude them from the current scope of the past and current milestones. Status reported by ACHs involved in wave 3 on both milestones during this reporting cycles is rather included in the view on the ACHs upcoming milestones confidence level.*

## ACHs Current and Past Milestones % Completion

| Milestone | % Completion |
|---|---|
| TIPS.IST2.WA1.ACH (30/07/2021) | 17% |
| TIPS.NCO2.WA1.ACH (30/06/2021) | 100% |
| TIPS.NCO1.ACH (01/06/2021) | 100% |
| TIPS.IAD7.ACH (01/07/2021) | 70% |
| TIPS.IAD5.ACH (01/06/2021) | 90% |
| TIPS.IAD4.ACH (28/05/2021) | 100% |
| TIPS.IAD3.ACH (01/04/2021) | 100% |
| TIPS.NSP4.ACH (31/03/2021) | 100% |
| TIPS.NSP3.ACH (31/03/2021) | 100% |
| TIPS.IST1.ACH (01/03/2021) | 100% |
| TIPS.IAD2.ACH (26/02/2021) | 100% |
| TIPS.NSP2.ACH (26/02/2021) | 100% |
| TIPS.PSE.ACH (29/01/2021) | 100% |
| TIPS.NSP1.ACH (29/01/2021) | 100% |
| TIPS.IAD1.ACH (04/01/2021) | 100% |

As highlighted in the diagram above, we can see that most of the ACHs involved in wave 1, except one, are experiencing delays on the completion of the milestone IST2 (Internal staff training completed).

Most of these ACHs involved in wave 1 follow a different internal timeline for the completion of IST2 milestone. Milestone completion is currently ongoing, but delays have arisen, mainly due to:

- Missing documentation / information from the Eurosystem and external parties,

- Dependencies with internal projects

The documentation part is currently still under investigation.

Delays for the completion of the milestone IAD7 (Testing of the internal applications started) remain limited since 2 ACHs should be able to complete this milestone by August 15th. One of these 2 ACHs follows a different internal timeline for the completion of this milestone but milestone completion is ongoing.

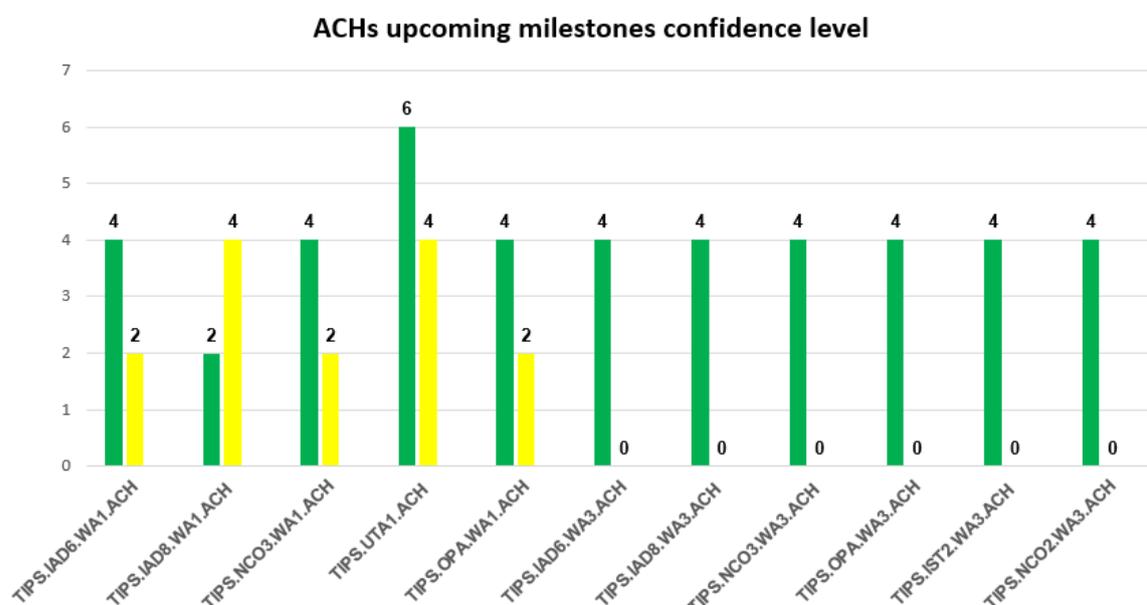The list of the upcoming milestones is detailed here below:

- TIPS.IAD6.WA1.ACH - Software development for the required internal system adaptations completed for ACHs of Wave 1 - 31/08/2021
- TIPS.IAD8.WA1.ACH - Testing of the internal applications completed for ACHs of Wave 1- 31/08/2021

- TIPS.NCO3.WA1.ACH - Network connectivity tests on production environment started for ACHs of Wave 1- 01/09/2021
- TIPS.UTA1.ACH - User testing activities started - 13/09/2021
- TIPS.OPA.WA1.ACH - Operational procedure adaptations completed for ACHs of Wave 1- 30/09/2021
- TIPS.IAD6.WA3.ACH- Software development for the required internal system adaptations completed for ACHs of Wave 3- 12/11/2021
- TIPS.IAD8.WA3.ACH - Testing of the internal applications completed for ACHs of Wave 3- 12/11/2021
- TIPS.NCO3.WA3.ACH - Network connectivity tests on production environment started for ACHs of Wave 3- 12/11/2021
- TIPS.OPA.WA3.ACH - Operational procedure adaptations completed for ACHs of Wave 3- 10/12/2021
- TIPS.IST2.WA3.ACH - Internal staff training completed for ACHs of the Wave 3- 12/10/2021
- TIPS.NCO2.WA3.ACH- Network connectivity tests on testing environment completed for ACHs of the Wave 3- 10/09/2021

The overall trend reported by NCBs whose ACH is involved in wave 1 remains positive but 4 NCBs currently report a yellow confidence status regarding the completion of the upcoming milestone IAD8.

The overall trend reported by the 4 NCBs whose ACH is involved in wave 3 is significantly positive and these 4 NCBs currently report a green status regarding the completion of the upcoming milestones.

4 ACHs also currently report a yellow confidence level for the completion of the milestone UTA1.



ACHs upcoming milestones confidence level

The overall level of confidence reported by the Direct Participants is slightly decreasing while the one reported by the Reachable Parties remains stable. The overall level of confidence reported by the ACHs is increasing.

Here below is presented the overall level of confidence reported by the PSPs and ACH communities.

| | PSP and ACH Communities Confidence Level | | | | | |
|---|---|---|---|---|---|---|
| | **PSP Direct Participants** | | **PSP Reachable Parties** | | **ACHs** | |
| | Previous Status (31/05/21) | Current Status (30/07/21) | Previous Status (31/05/21) | Current Status (30/07/21) | Previous Status (31/05/21) | Current Status (30/07/21) |
| **Green** | 81 (68%) | 74 (66%) | 354 (17%) | 376 (18%) | 7 (64%) | 7 (64%) |
| **Yellow** | 34 (28%) | 30 (27%) | 554 (26%) | 533 (25%) | 4 (36%) | 3 (27%) |
| **Red** | 3 (2%) | 6 (5%) | 1209 (57%) | 1212 (57%) | 0 | 0 |
| **Not reported** | 2 (2%) | 2 (2%) | 1(0%) | 0(0%) | 0 | 1 (9%) |
| **TOTAL** | **120 (100%)** | **112 (100%)** | **2118 (100%)** | **2121 (100%)** | **11 (100%)** | **11 (100%)** |

# Annex 1: ACH Key Milestones

**TIPS Reachability - List of Project Key Milestones**

The **key milestones** (solely relevant to ACHs) are as follows:

| Code | Milestone | Deadline |
|---|---|---|
| | **Project Setup** | |
| TIPS.PSE.ACH | Project set up<br><br>- ACHs have nominated a project manager and set up the project (allocated resources, required budget and started the impact analysis). | 29 January 2021 |
| | **Internal Adaptations** | |
| | **Impact Assessment** | |
| TIPS.IAD1.ACH | Impact assessment started<br><br>- ACHs have started with the detailed business and technical impact assessment to adapt their IT systems and processes to the new service. This includes the impact assessment on how to connect their IT systems to the system. | 4 January 2021 |
| TIPS.IAD2.ACH | Impact assessment completed | 26 February 2021 |

| | | |
|---|---|---|
| | - ACHs have completed the detailed business and technical impact assessment to adapt their IT systems and processes to the new service. This includes the impact assessment on how to connect their IT systems to the system. | |
| **Documentation** | | |
| TIPS.IAD3.ACH | Drafting of internal applications documentation started <br><br> - ACHs have started the drafting of their internal applications documentation (e.g. business requirements and functional specifications for key functionalities). | 1 April 2021 |
| TIPS.IAD4.ACH | Drafting of internal applications documentation completed <br><br> - ACHs have finalised the drafting of their internal applications documentation (e.g. business requirements and functional specifications for key functionalities). | 28 May 2021 |
| **Network Service Provider Procurement Process** | | |
| TIPS.NSP1.ACH | Network service provider selection criteria development completed <br><br> - ACHs have developed the selection criteria for the network service providers (e.g. decision on direct or indirect connection, value added | 29 January 2021 |

| | | |
|---|---|---|
| | services expected from network service providers). | |
| TIPS.NSP2.ACH | New connectivity design strategy and planning completed<br><br>- ACHs have completed the new connectivity design strategy (e.g. on U2A/A2A) and planning. | 26 February 2021 |
| TIPS.NSP3.ACH | Network service provider selection and contract preparation completed<br><br>- ACHs have selected their network service provider and completed the preparation for the contract signature. | 31 March 2021 |
| TIPS.NSP4.ACH | Network service provider procurement completed<br><br>- ACHs have procured and signed a contract with their selected network service provider. | 31 March 2021 |
| **Contractual and Legal Adaptation** | | |
| TIPS.CLA.ACH | Contractual and legal adaptations completed<br><br>- ACHs have completed contractual and legal adaptations. | 29 October 2021 |
| **Go-live (first business day)** | | |
| TIPS.GLI.ACH | Go-live (first business day)<br><br>- ACHs will decide in which wave they intend to participate | 10 December 2021 |

The milestones related to the **migration waves for ACHs** are the following:

| Code | Milestone | Deadline |
|---|---|---|
| | **Internal adaptations** | |
| | **Software development** | |
| TIPS.IAD5.ACH | Software development for the required internal system adaptations started<br><br>- ACHs have started their internal developments to adapt their IT systems and processes to the new service. | 1 June 2021 |
| TIPS.IAD6.WA1.ACH | Software development for the required internal system adaptations completed for ACHs of Wave 1<br><br>- ACHs of the first wave have finalised their internal developments to adapt their IT systems and processes to the new service. | 31 August 2021 |
| TIPS.IAD6.WA3.ACH | Software development for the required internal system adaptations completed for ACHs of Wave 3 | 12 November 2021 |

| | | |
|---|---|---|
| | - ACHs of the third wave have finalised their internal developments to adapt their IT systems and processes to the new service. | |
| | **Internal testing** | |
| TIPS.IAD7.ACH | Testing of the internal applications started<br><br>- ACHs have started the internal testing. | 1 July 2021 |
| TIPS.IAD8.WA1.ACH | Testing of the internal applications completed for ACHs of Wave 1<br><br>- ACHs of the first wave have completed their internal testing of key functionalities to enable the User testing and migration. | 31 August 2021 |
| TIPS.IAD8.WA3.ACH | Testing of the internal applications completed for ACHs of Wave 3<br><br>- ACHs of the third wave have completed their internal testing of key functionalities to enable the User testing and migration. | 12 November 2021 |
| | **Network connectivity testing** | |
| TIPS.NCO1.ACH | Network connectivity tests on testing environment started<br><br>- ACHs have started the connectivity testing on the testing environment before user testing activities. | 1 June 2021 |

| | | |
|---|---|---|
| TIPS.NCO2.WA1.ACH | Network connectivity tests on testing environment completed for ACHs of Wave 1<br><br>- ACHs of the first wave have completed the connectivity testing on the testing environment and are ready to start the user testing. | 30 June 2021 |
| TIPS.NCO2.WA3.ACH | Network connectivity tests on testing environment completed for ACHs of Wave 3<br><br>- ACHs of the third wave have completed the connectivity testing on the testing environment and are ready to start the user testing. | 10 September 2021 |
| TIPS.NCO3.WA1.ACH | Network connectivity tests on production environment started for ACHs of Wave 1<br><br>- ACHs of the first wave have started the connectivity testing on the production environment before pre-migration activities. | 1 September 2021 |
| TIPS.NCO3.WA3.ACH | Network connectivity tests on production environment started for ACHs of Wave 3<br><br>- ACHs of the third wave have started the connectivity testing on the production environment before pre-migration activities. | 12 November 2021 |
| TIPS.NCO4.WA1.ACH | Network connectivity tests on production environment completed for ACHs of Wave 1 | 15 October 2021 |

| | | |
|---|---|---|
| | - ACHs of the first wave have completed the connectivity testing on the production environment and are ready to start the pre-migration activities. | |
| TIPS.NCO4.WA3.ACH | Network connectivity tests on production environment completed for ACHs of Wave 3<br><br>- ACHs of the third wave have completed the connectivity testing on the production environment and are ready to start the pre-migration activities. | 14 January 2022 |
| **Training** | | |
| TIPS.IST1.ACH | Internal staff training started<br><br>- ACHs have started the internal training for the user testing and operational activities. | 1 March 2021 |
| TIPS.IST2.WA1.ACH | Internal staff training completed for ACHs of the Wave 1<br><br>- ACHs of the first wave have completed internal training for the user testing and operational activities. | 30 July 2021 |
| TIPS.IST2.WA3.ACH | Internal staff training completed for ACHs of the Wave 3<br><br>- ACHs of the third wave have completed internal training for the user testing and operational activities. | 12 October 2021 |
| **User Testing Activities** | | |
| TIPS.UTA1.ACH | User testing activities started<br><br>- All ACHs have started the user testing activities. | 13 September 2021 |

| TIPS.UTA2.ACH | User testing activities completed for ACHs of Wave 1<br><br>- ACHs of the first wave have completed the user testing (including community and dress rehearsals for the migration) and have completed the certification test cases required by the Eurosystem. | 12 November 2021 |
|---|---|---|
| TIPS.UTA3.ACH | User testing activities completed for ACHs of Wave 2<br><br>- ACHs of the second wave have completed the user testing (including community and dress rehearsals for the migration) and have completed the certification test cases required by the Eurosystem. | 14 January 2021 |
| TIPS.UTA4.ACH | User testing activities completed for ACHs of Wave 3<br><br>- ACHs of the third wave have completed the user testing (including community and dress rehearsals for the migration) and have completed the certification test cases required by the Eurosystem. | 18 February 2022 |
| | **Operational Procedure Adaptation** | |
| TIPS.OPA.WA1.ACH | Operational procedure adaptations completed for ACHs of Wave 1 | 30 September 2021 |

| | | |
|---|---|---|
| | - ACHs of the first wave have completed the operational procedure adaptations. | |
| TIPS.OPA.WA3.ACH | Operational procedure adaptations completed for ACHs of Wave 3<br><br>- ACHs of the third wave have completed the operational procedure adaptations. | 10 December 2021 |
| **Migration Activities** | | |
| TIPS.MIG1.ACH | Pre-migration activities started for ACHs of Wave 1<br><br>- ACHs of the first wave are ready to start the pre-migration activities and to setup reference data (e.g. users, access rights, etc.) on the production environment according to the migration plan. | 22 November 2021 |
| TIPS.MIG2.ACH | Pre-migration activities completed for ACHs of Wave 1<br><br>- ACHs of the first wave have completed the pre-migration activities on the production environment and are ready for the go-live. | 3 December 2021 |
| TIPS.MIG3.ACH | Pre-migration activities started for ACHs of Wave 2<br><br>- ACHs of the second wave are ready to start the pre-migration activities and to setup reference data | 3 January 2022 |

| | (e.g. users, access rights, etc.) on the production environment according to the migration plan. | |
|---|---|---|
| TIPS.MIG4.ACH | Pre-migration activities completed for ACHs of Wave 2<br><br>- ACHs of the second wave have completed the pre-migration activities on the production environment and are ready for the go-live. | 14 January 2022 |
| TIPS.MIG5.ACH | Pre-migration activities started for ACHs of Wave 3<br><br>- ACHs of the third wave are ready to start the pre-migration activities and to setup reference data (e.g. users, access rights, etc.) on the production environment according to the migration plan. | 7 February 2022 |
| TIPS.MIG6.ACH | Pre-migration activities completed for ACHs of Wave 3<br><br>- ACHs of the third wave have completed the pre-migration activities on the production environment and are ready for the go-live. | 18 February 2022 |
| **Go-live (first business day)** | | |

## Annex 2: ACH Migration Waves

### TIPS Reachability - List of Migration Waves

| Code of the Wave | Name of the Wave | Go Live Date |
|---|---|---|
| TIPS.WAV1.ACH | First wave of ACHs | 10 December 2021 |
| TIPS.WAV2.ACH | Second wave of ACHs | 21 January 2022 |
| TIPS.WAV3.ACH | Third wave of ACHs | 25 February 2022 |
| TIPS.WAVC.ACH | Contingency wave | 25 March 2022 |