



EUROPEAN CENTRAL BANK

EUROSYSTEM

TIPS cross- currency dossiers

TIPS-CG meeting

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ECB-RESTRICTED



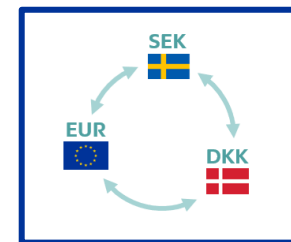
target
services

Background

Today, TIPS settles only mono-currency transactions. The enabling cross-currency capabilities for TIPS unlocks the materialisation of two different cross-currency payment variants:

A. Instant payments within TIPS hosted currencies

Intra-TIPS x-ccy settlement within TIPS hosted currency (e.g., EUR-SEK, SEK-DKK and future TIPS currencies)



B. Cross-platform instant payments

- i. **Interactions** with other IP platforms
- ii. **Establishing technical links** (bilateral/multilateral) with other instant payment systems (IPS)

Both cross-currency payments variants in TIPS will be implemented through a phased approach

A phased approach

Phase 1 → Implementation of first TIPS cross-currency settlement service



Allows for x-ccy transactions between TIPS and other payments platforms, without the need to establish technical links

Phase 2 → Implementation of enhanced linked transaction (LKT) settlement model



Go-live of intra-TIPS x-ccy settlement service and paving the way for potential future establishment of links with external IPS

Phase 3 → Further enhancements of cross-currency service



Considerations on value-added enhancing features for x-ccy service (e.g., optimisation of FX determination)

First TIPS cross-currency settlement service

- ❑ The first x-ccy settlement service will be deployed in TIPS by means of change request **TIPS-0064-URD** “*Adaptation of TIPS for the settlement of cross-currency transactions (based on OCT Inst)*”
- ❑ Key elements of this change request are:
 - ✓ In terms of **settlement flow**, this change request **follows the EPC OCT Inst scheme**
 - ✓ **One superset of XSDs** that is comprehensive of all TIPS hosted currencies (**suffix “XCY”**) and that is valid for both directions (incoming/outgoing)
 - ✓ **Optionality of service** is reflected in the TIPS directory → there will be a flag showing **whether a certain BIC accepts cross-currency IPs**

Enhanced linked transaction (LKT) settlement model

- ❑ Building to the maximum possible extent on the message specifications and application logic of TIPS CR64, **TIPS-0065-URD** “*Enhanced Linked Transaction (LKT) settlement model for cross-currency in TIPS*”, will **deploy an efficient end-to-end x-ccy solution** → release allocation to be confirmed once FA and DA are performed/completed

- ❑ Key elements of the enhanced LKT settlement model:
 - ✓ The focus is on the **optimisation of cross-currency transactions for TIPS hosted currencies**
 - Funds on originating leg are reserved until on the beneficiary leg a payment confirmation is sent by the beneficiary bank
 - Upon this payment confirmation, a series of steps are triggered in an ***all-or-nothing*** approach:
 - I. Beneficiary leg settles
 - II. Originating leg settles
 - III. Settlement confirmations are sent to involved actors

“*Atomic*”
settlement

This CR also sets the basis for
potential future bilateral/multilateral
links with external IPS

**Thank you for your
attention!**

