

20 February 2021

## OUTCOME OF THE TIPS CONSULTATIVE GROUP (TIPS-CG)

27 January 2021

*Held via Webex*

### 0. Introductory Remarks

The Chairperson will welcome the participants and briefly introduce the agenda.

Outcome:

*The Chairperson welcomed the participants to the sixth meeting of the TIPS Consultative Group.*

*In consideration of the fact that this was the first meeting of the TIPS Consultative Group in its new composition, including also representatives of the Automated Clearing Houses (ACHs) active in TIPS, all members were invited to introduce themselves and their role in their own Institution.*

*The Agenda was approved.*

### 1. Mandate of the TIPS-CG

The participants will be introduced to the new mandate and composition of the TIPS-CG.

Document:

- Mandate of the TIPS Consultative Group

Outcome:

*The new Mandate of the TIPS Consultative Group was presented by an ECB Representative.*

*In the following discussion, the issue of whether this group could be seen as a duplicate of the AMI-pay was tackled. In this regard it was explained that the TIPS Consultative Group is formally established in the TIPS Governance and its activity has a peculiar focus on the prioritisation of TIPS Change Requests and operational matters. The AMI-Pay is an advisory group to the Market Infrastructure Board on payment matters but plays no role in the Change and Release Management of TIPS.*

## **2. Debriefings**

The participants will be debriefed on the latest relevant TSWG discussions:

- the idea and way forward regarding the informal group of “TIPS Champions”; and
- the current status of the cross-currency instant payments EUR/SEK investigation undertaken in collaboration with Sveriges Riksbank and the Eurosystem.

### Outcome:

*The Group was informed about the recent creation of the “TIPS Champions”, a group of colleagues of NCBs that will work to produce content related to TIPS to be published on the ECB website, with the aim to create awareness on some specific initiatives, e.g. the Single Instructing Party settlement model.*

*An update of the investigation of a possible solution based on TIPS for the settlement of cross-currency instant payments between EUR and SEK was also provided. In this context it was reported that the work is progressing tackling the technical perspective, the legal implications and the policy analysis.*

*In the context of this agenda item, an ECB Representative also reported of the envisaged introduction of ASTRA, which is the ECB platform for exchanging information with external institutions. After the meeting all members would be requested to share their details for the inclusion in the list of members authorised to access the ASTRA space of the TIPS Consultative Group.*

## **3. Pan-European reachability**

The ECB will present a summary of the entire documentation which will be released by the Eurosystem related to the pan-European reachability.

### Document:

- Eurosystem pan-European reachability documentation deliverables (Presentation ECB)

Outcome:

The documentation related to the pan-European reachability was presented to the Group by an ECB Representative. In this context several clarifications were provided:

- Steps that are specifically linked to banks in the migration will be added to the Migration Playbook. In other words, the playbook will not include exclusively the ACHs migration phases.
- The legal framework supporting the pan-European reachability in TIPS will be incorporated in the TARGET Guideline. In this regard, the members of the Group were informed of an ad hoc workshop on legal matters to be taking place on 8 March, to introduce the amendment to such Guideline.
- All the documentation currently published on the ECB website is already valid for PSPs.
- The migration related documentation will be updated iteratively during the testing period.

#### 4. Status of Current and Upcoming TIPS Releases

The ECB will present an update on the status of the TIPS change requests for current and upcoming releases.

Document:

- Status of TIPS Releases (Presentation ECB)

Outcome:

An overview of the status of the TIPS Change Requests and Releases was provided to the Group. In the discussion that followed, some clarifications were also provided:

- It is possible for TIPS Actors to make use of both the Network Service Providers (NSPs) for contingency purposes, though not required. In view of the introduction of ESMIG, no technical change is envisaged for users that keep their current NSP.
- The TIPS platform will be updated in view of a full alignment to the SCT Inst scheme, whose new version will become operational as of November 2021.
- Request to Pay is decoupled from the SCT Inst scheme. It was seen by participants as a strategic issue that would foster new business cases, also to replace in some cases the current SEPA Direct Debit that is considered not always sufficiently fast and convenient.
- The majority of views in the Group supported an analysis of RTP for TIPS, but not necessarily an early adoption of it. It was recognised in this regard, that the opinion of banks should be considered and not the opinion of ACHs participating in the Group.

- *As for the proposal regarding the non-time critical instant payments, it was recalled that such a feature has been already introduced in the market (Dutch community) with a big success in terms of number of transactions settled per day. The proposal does not aim at slowing down the settlement of payments: in fact, where implemented the vast majority of payments are settled immediately. At the same time the feature provides additional time that might be required for potential hits on AML/CTF. From a functional standpoint, the Dutch representatives explained that a non-time critical instant payment is essentially equivalent to an instant payment, with the only difference (technically) of having a much longer expiration time-out (e.g. 72 hours).*
- *On the One-Leg-Out (OLO) payments, it was reported that the EPC has established an ad hoc group that is expected to publish the results of their analysis in March 2021. At the time of the Consultative Group meeting it remained to be seen whether the ad hoc group would have pushed for a separate scheme for OLO transactions or whether it would have supported an already existing one. It is clear that regardless of the scheme choice, OLO is most probably going to support instant processing.*
- *It was announced that it is the intention of the ECB to publish all TIPS Change Requests (unless some might have a confidential content), including those which are not scoped yet for any release. This is going to be done in conjunction with the review of the TIPS page within the website of the ECB.*

## 5. Operational Matters

### 5.1 TIPS in operation

The participants will be provided with general information on TIPS in operations. This update will also cover the most recent incidents encountered on the system (i.e. sequence of events, root cause and lessons learnt).

#### Document:

- TIPS incidents (Presentation Banca d'Italia)

#### Outcome:

*A Banca d'Italia Representative reported on three recent incidents affecting the TIPS service, out of which only one could be attributed to TIPS<sup>1</sup>. The current work, after these incidents, is focused on improving the detection time of any malfunction in the provision of TIPS services (end-to-end) and on the communication to the TIPS community.*

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<sup>1</sup> The other two incidents are attributable to technical problems on the side of an NSP.

*Some important improvements to TIPS resilience are currently being considered, with the aim to present some concrete proposals in the next TIPS Consultative Group meeting.*

*An ECB Representative stated that the implementation of the pan-European reachability plus the start of operations of the Swedish community in TIPS will lead to a review of the criticality of TIPS, and therefore the Change Requests that are improving the resilience of TIPS should also be given a high priority. Even though only one of the incidents originated in TIPS, detection and communication need to be reconsidered for the future.*

## **5.2 TIPS planned downtimes**

The participants will be provided with information on the needs for TIPS planned downtimes as well as the procedures followed for the communication of such downtimes. Additionally, the ECB will inform the participants about the Eurosystem's envisaged next actions in view of significantly reducing the frequency and duration of such downtimes.

### Document:

- TIPS planned downtime (Presentation ECB)

### Outcome:

*An ECB Representative reported on TIPS planned downtimes, that are short periods of time when the TIPS service is temporarily unavailable. In general, these may arise in the following circumstances:*

- 1. Mandatory business continuity tests (as TIPS is subject to TIPS disaster recovery test twice a year).*
- 2. Scheduled maintenance activities that cannot be executed without interrupting the service. The last Planned downtimes were a consequence of the fact that, according to the current TIPS architecture, part of the technical infrastructure is shared with TARGET2 and T2S (e.g. 4CB internal network). In such cases, it is not possible to execute maintenance activities on these components without having short interruptions on TIPS.*

*In this respect, it was communicated that the Eurosystem had already investigated a solution to remove such dependency and eliminate the related Planned downtimes. In addition, this solution would allow the execution of the disaster recovery by reducing the Recovery Time Objective (currently set at 15 minutes) to zero, thus allowing business continuity test with no impact on the service.*

*The current investigations should lead to a Change Request to be implemented in one of the next releases, and the TIPS Consultative Group will be informed of the concrete outcome of the assessment in one of the next meetings of the Group.*

*Some ACH Representatives expressed their support for shortening or eliminating Planned downtimes as much as possible.*

*The Banca d'Italia Representative recalled that downtimes are always possible, as clearly stated in the URD, and this will be the case also after the implementation of the aforementioned changes or any further enhancement of the TIPS architecture, because there might be unpredictable and extraordinary necessities for which the service needs to be interrupted (e.g. security updates impossible to postpone).*

### **5.3 Overview of rejections/expired messages**

The participants will be provided with information on the detailed analysis performed by Banca d'Italia for the months of August – November 2020. The analysis focuses on the two main error codes sent/received by TIPS actors:

- a) AB05 – Transaction stopped due to timeout at the Creditor Agent
- b) AB08 – Creditor Agent is not online.

#### Document:

- Overview on expired messages (Presentation Banca d'Italia)

#### Outcome:

*The Consultative Group was presented some preliminary results of an analysis conducted by the 4CB regarding rejections and the number of expired messages. While the investigation has not reached any definitive conclusion and will continue in the coming months within each banking community, some trends were already emerging. They indicate that expirations due to a late delivery of the pacs.002 from the beneficiary and the lack of connection altogether on the beneficiary side seem to be the main origin of expired messages. It was also reported that new markets joining the platform temporary had a higher number of rejections, due to initial setup issues.*

*The analysis was only presented in an aggregate manner, but it was announced that the central banks were going to receive more detailed information regarding their market, in order to allow them to follow-up with their own participants. This follow-up phase will be essential as it focuses also on banks which might cause rejections (for example not being “connected” on a 24/7 basis), helping them to take appropriate measures to limit their impact on the overall rejection rate of TIPS.*

## **6. Any Other Business**

The participants will be provided the opportunity to raise further questions and remarks stemming from the discussion.

Outcome:

*The calendar of meetings of the TIPS Consultative Group for 2021 will be provided to all participants via email.*