



EUROPEAN CENTRAL BANK

EUROSYSTEM

TIPS – Main features and how to participate

TARGET Instant Payment
Settlement (TIPS)



Overview

- 1 What is TIPS: main features and account structure
- 2 Pan-European reachability
- 3 Types of participation
- 4 TIPS Onboarding
- 5 Liquidity management

TIPS within TARGET Services

TIPS, a response to the market trends:

TIPS is an efficient and reliable instant payment settlement service



“Our real-time settlement platform is a pivotal contribution to Europe’s endeavours to satisfy citizens’ increasing demand for faster, cheaper and convenient payment services without compromising on security”

ECB PRESIDENT CHRISTINE LAGARDE

Challenges

TIPS features

1

Digitalisation of the economy



TIPS settles instant credit transfers in central bank money

2

Instant availability



TIPS offers a seamless settlement service enabling users to pay in a few seconds, every day of the year

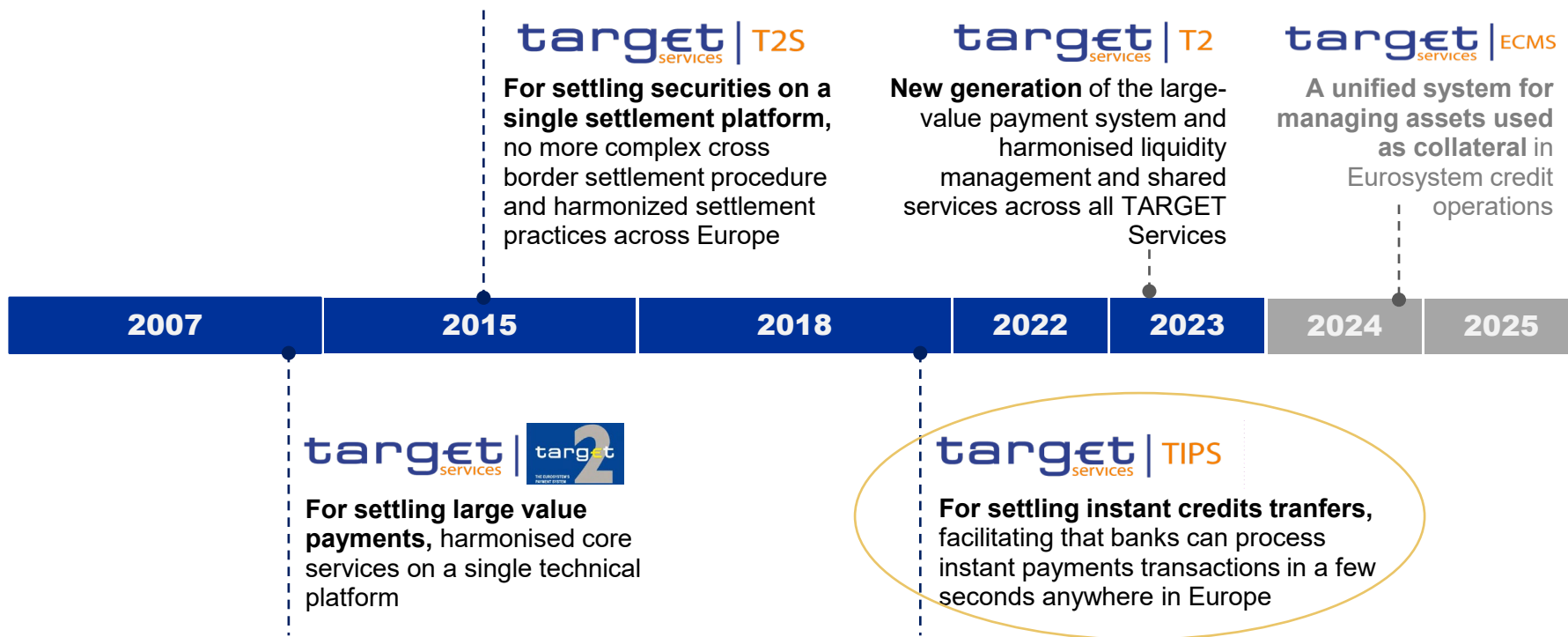
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Fragmentation risk



TIPS is a pan-European service by construction

TIPS within TARGET Services



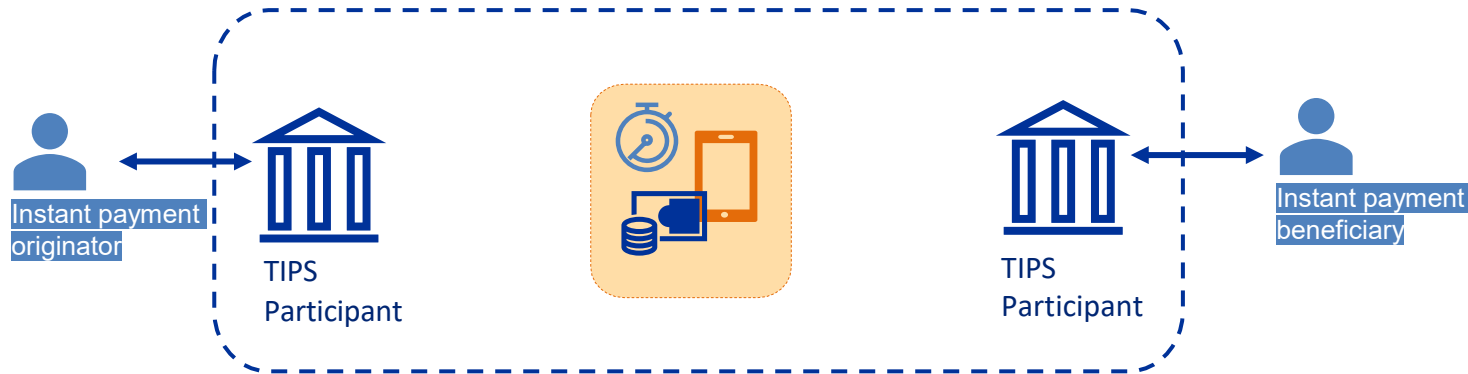
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What is TIPS?

Main features and account structure

What is TIPS?

TARGET Instant Payment Settlement (TIPS) allows **instant settlement of funds** between users in **real time, 365 days a year** and **around-the-clock**.



At the end of the process, the sending and the receiving participants get a **payment confirmation**. ✓

How does TIPS work: other main features

target | T2
services

Same **participation criteria** as for T2



Instant payments settlement in **central bank money (CeBM)**



Multi-currency technical capability

SEPA
Single Euro Payments Area

Supports participants to comply with the **SEPA Instant Credit Transfer (SCT Inst) scheme**



Pan-European platform following the **ISO 20022 standard**



Operated on a **full cost-recovery and not-for-profit** basis

See brochure: [Instant payments: TIPS for getting there](#)

How does TIPS work: other main features



EPC scheme requirement:
End-to-end processing
time within 20"

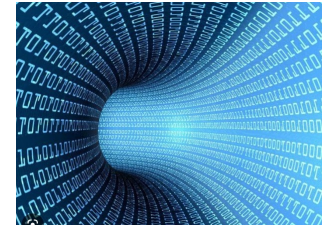


**Availability around
the clock** (no daily
maintenance window)

new release



Updates **deployed
without service
interruption**



**Large volumes and
scalability**

TIPS is much faster:
✓ committed to settle 99%
of the cases in less than 5
seconds
✓ in practice, settles in
less than 1 second



✓ Today TIPS is managing large
volumes coming from EUR and
SEK transactions
✓ In case of need, TIPS capacity
could be increased

How to settle in TIPS?

PSP1 sends instant payment to PSP2

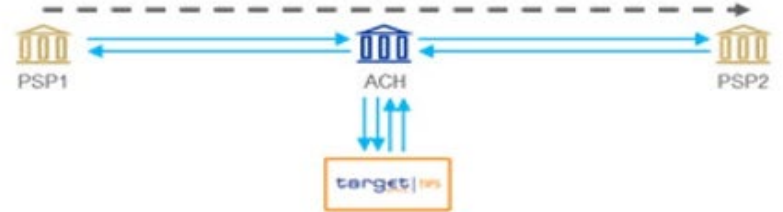
Option A

Instruct in TIPS and settle in TIPS
No ACH involvement for Originator PSP



Option B

Instruct in ACH and settle in TIPS
*PSP instructs in ACH and ACH instructs in TIPS
via an ACH's TIPS technical account (B1) or a PSP's TIPS DCA (B2)*



Option C

Instruct in ACH and settle in ACH
ACH provides finality in its own books fully backed by CeBM guarantee



Note: The arrows represent instructions. Bookings across accounts are not displayed.

TIPS Pricing

TIPS settlement fee = EUR 0.002

- Shared between the Originator and the Beneficiary:

This translates into:

Originator: EUR 0.001 / Beneficiary: EUR 0.001

- The sharing of the settlement fee applies to all relevant accounts (i.e. to all TIPS **Dedicated Cash Accounts (DCAs)** and to all **Ancillary System Technical Accounts (ASTAs)**)

TIPS Pricing

Fixed monthly fee for TIPS DCA:

- Each **TIPS Dedicated Cash Account (DCA)** set at EUR 800 per month
- Each BIC that is authorised to settle instant payments on a DCA set at EUR 20 per month:
 - One BIC is always included per DCA so that it will not have been to be paid for
 - A maximum of 50 BICs per DCA will be charged

TIPS Pricing

Other services in TIPS:

- No entry fee
- No information services fee (reports and queries)
- No fee for the liquidity transfers between TIPS and other TARGET services (e.g. from TIPS to RTGS, or from RTGS to TIPS)



2

Pan-European Reachability

For PSPs and ACHs

Pan-European Reachability

Pan-European reachability measures set out the **obligation of becoming reachable** in a TIPS central bank money liquidity account

For Payment Service Providers (PSPs)

For Automated Clearing Houses (ACHs) providing instant payment services

Pan-European Reachability measures ensure that all actors are reachable **across the chain**, irrespective of which CSM* they choose to use for instant payments

Pan-European Reachability

Pan-European reachability measures set out the **obligation of becoming reachable** in a TIPS central bank money liquidity account



If a **PSP**:

1. Has adhered to the **SCT Inst scheme**
 - +
 2. Is reachable in **T2**
- = the PSP shall also become **reachable in TIPS** (either as a TIPS participant or as reachable party)

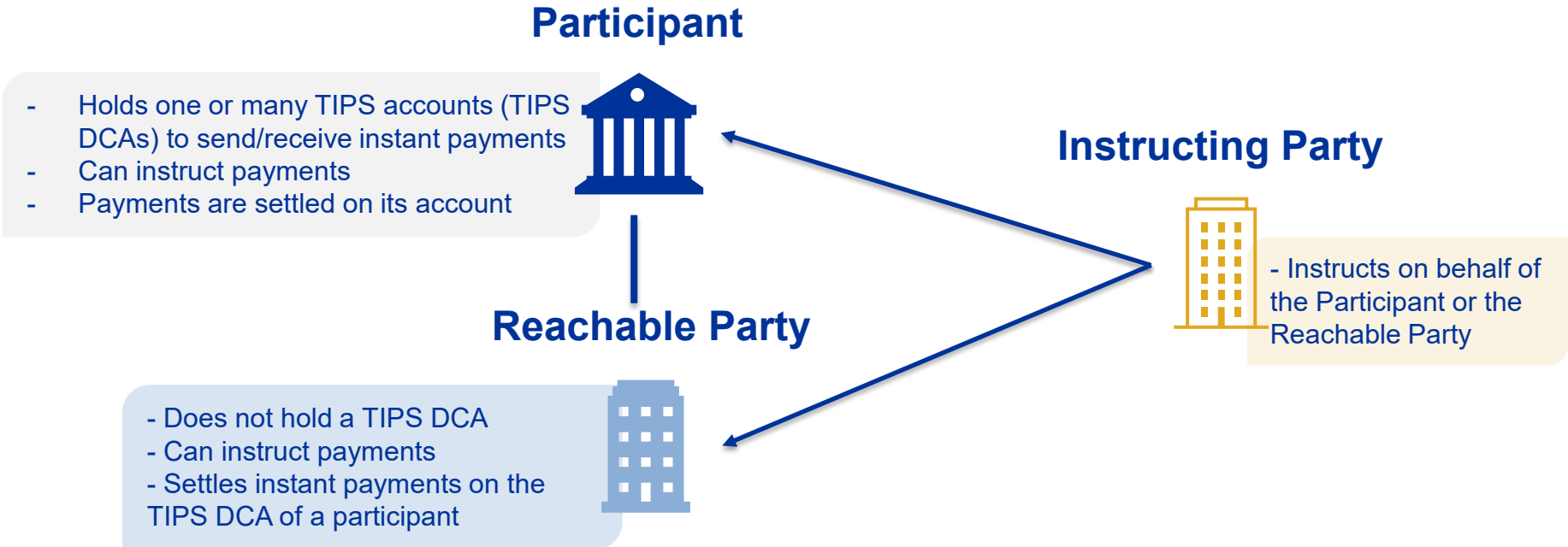
All **ACHs** offering instant payment services migrated their **technical accounts** from **T2** to **TIPS**

3

Types of participation

TIPS Participant, Reachable Party,
Instructing Party

Who participates in TIPS



TIPS actors

TIPS Participant

- Allowed to **hold one or many TIPS DCAs** (Account Holder)
- Subject to the same access criteria as those to open an MCA* (i.e., same participation criteria as for T2)
- Has to adhere to the EPC's SCT Inst scheme
- Has a unique BIC 11 identification
- Manages the liquidity of its TIPS DCAs

* Main Cash Account (MCA)

TIPS actors

TIPS Participant

- Registers its BIC and its reachable parties' BICs as **authorized BICs** to settle on its accounts (Authorized Account User – **AAU**)
- Manages its **AAUs** settlement through the **optional use of a CMB*** in its DCA account
- Can **instruct** its payments to the platform in A2A** mode either **directly or through an instructing party**
- Might have direct connectivity (U2A*** and/or A2A) with the platform through one of the authorized network service providers (NSP)

* CMB: Credit Memorandum Balance: allows to set a limit for the usage of the liquidity of the DCA per AAU

** A2A: Application-to-Application

*** U2A: User-to-Application

TIPS actors

TIPS Participant

- Defines its configuration:
 - To identify **at least one DN** (*), per each authorized BIC11, **to send** payment messages and liquidity transfers
 - To identify **one DN** per authorized BIC11 **to receive** payment messages
 - Optionally, to identify **one DN** to receive floor and ceiling **notifications** (DCA and CMB). It can be a different one from the one used for the payment messages.
 - To identify at least one DN to receive reports

* DN: Distinguished Name

TIPS actors

Reachable party

- An entity which (i) holds a BIC, (ii) is designated as an AAU in the TIPS participant Account, and (iii) is a correspondent, client or branch of the TIPS DCA holder
- Its instant payments **are settled in the TIPS participant account** (CMB definition is optional)
- Has to **adhere to the SCT Inst scheme**

TIPS actors

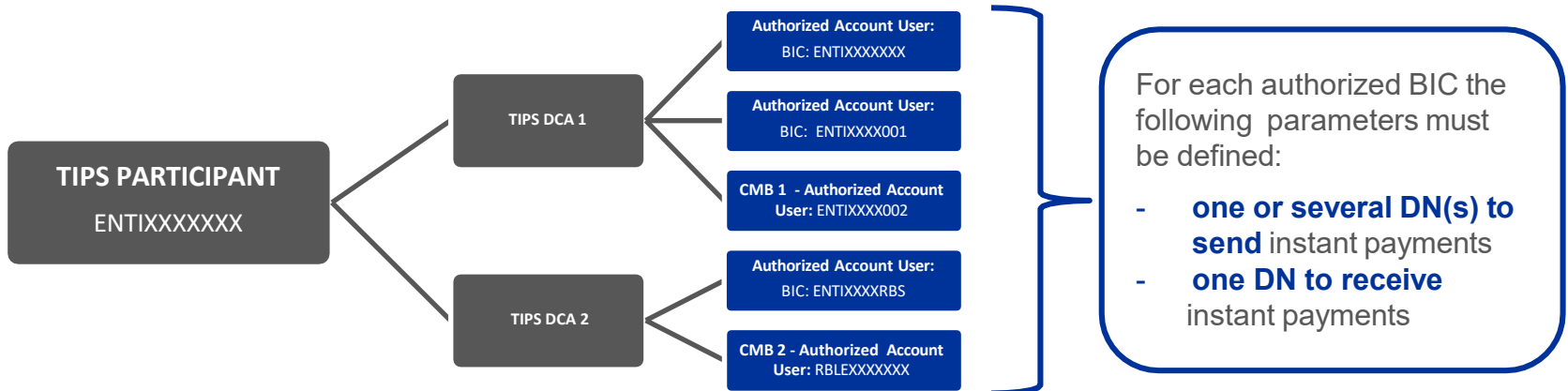
Reachable party

- Can instruct their payments **directly** to the platform **or** through an **instructing party**
- The TIPS DCA holder configures the following parameters in TIPS on behalf of the reachable party:
 - **at least a DN** per authorized BIC11 **to send** payments messages
 - **one DN** per authorized BIC11 **to receive** payments messages

TIPS actors

Principles to settle in a TIPS DCA:

- BIC11 must be identified as an Authorized Account User (AAU)
- There must be a unique relation between BIC-DCA
- Each Authorised Account User can be linked to one and only one TIPS Account, TIPS AS Technical Account or CMB



TIPS actors

Instructing party

- Entities allowed by TIPS DCA holders, TIPS AS technical account holders or Reachable parties to **send/receive** instant payment orders or liquidity transfers and reports, **on their behalf**, through the definition of a BIC-DN relationship. Participants, ancillary systems and reachable parties may act as instructing parties as well.
- Once granted with the corresponding roles and privileges by the TIPS participant, the instructing party may:
 - **Manage the static data** on the TIPS DCA
 - To block/unblock a CMB (U2A and A2A)
 - Adjust the CMB limit (U2A and A2A)

TIPS actors

Instructing party

- **Manage the liquidity** on the TIPS DCA
 - To send liquidity transfers from TIPS to T2 (U2A* and A2A**)
 - To query CMB limit and status (U2A and A2A)
 - To query TIPS accounts balance and status (U2A and A2A)
 - To receive DCA queries and balance reports (A2A)
 - To receive floor and ceiling notifications and CMB limits notifications (A2A)
- It will have **direct connectivity** with TIPS A2A and U2A (if the TIPS DCA holder has authorized it)

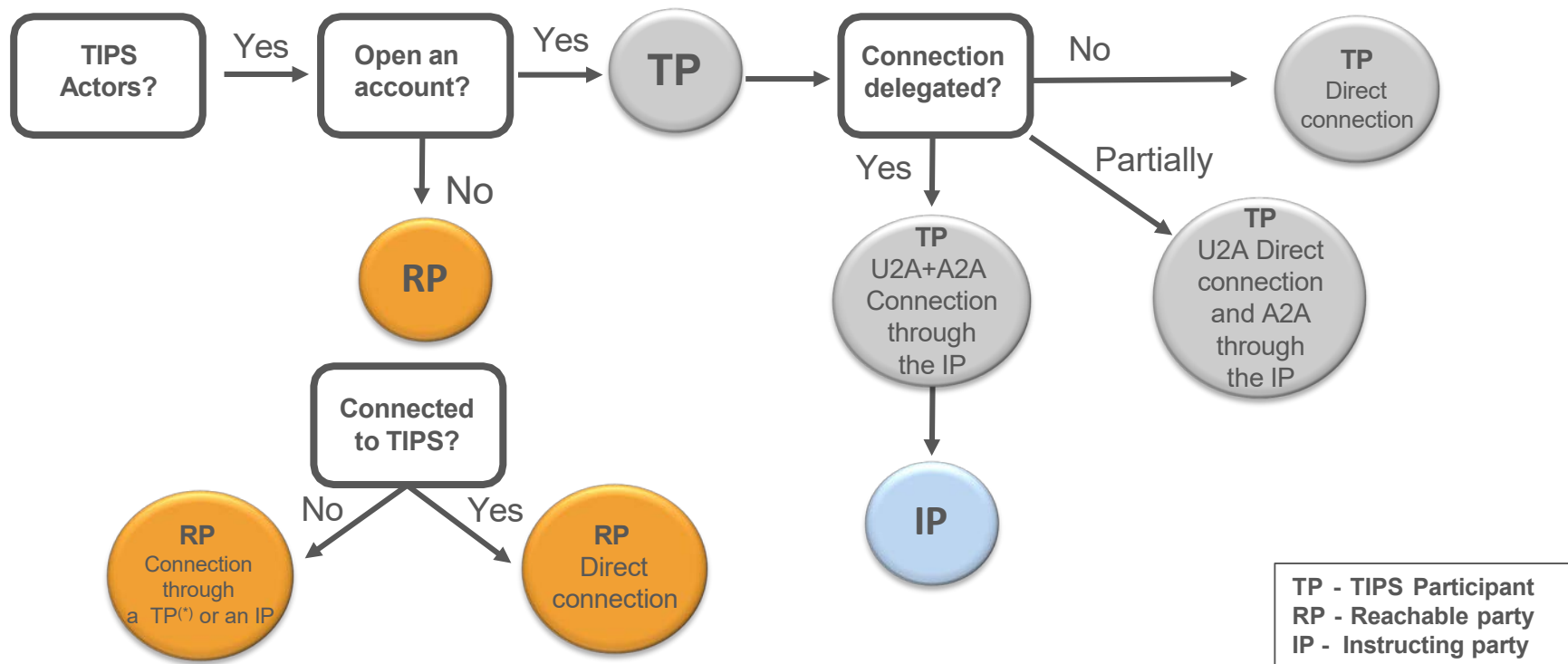
*U2A: user-to-application

**A2A: application-to-application

4

TIPS Onboarding

Decisions to take



(*) In this case, the TIPS Participant would act as an Instructing Party

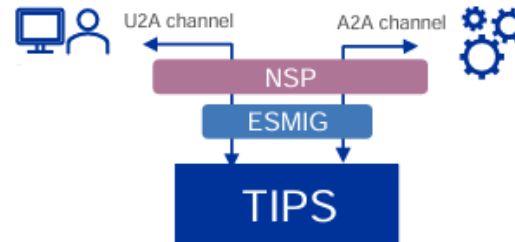
General features

TIPS Actors can access TIPS through two different channels

A2A or U2A

1. **Application-to-Application (A2A) channel**, that is application-oriented and allows TIPS Actors' system to interact with TIPS (relies on ISO20022 standard XML messages, where applicable)
2. **User-to-Application (U2A) channel**, that is user-oriented and offers user-friendly application access through a Graphical User Interface (GUI)

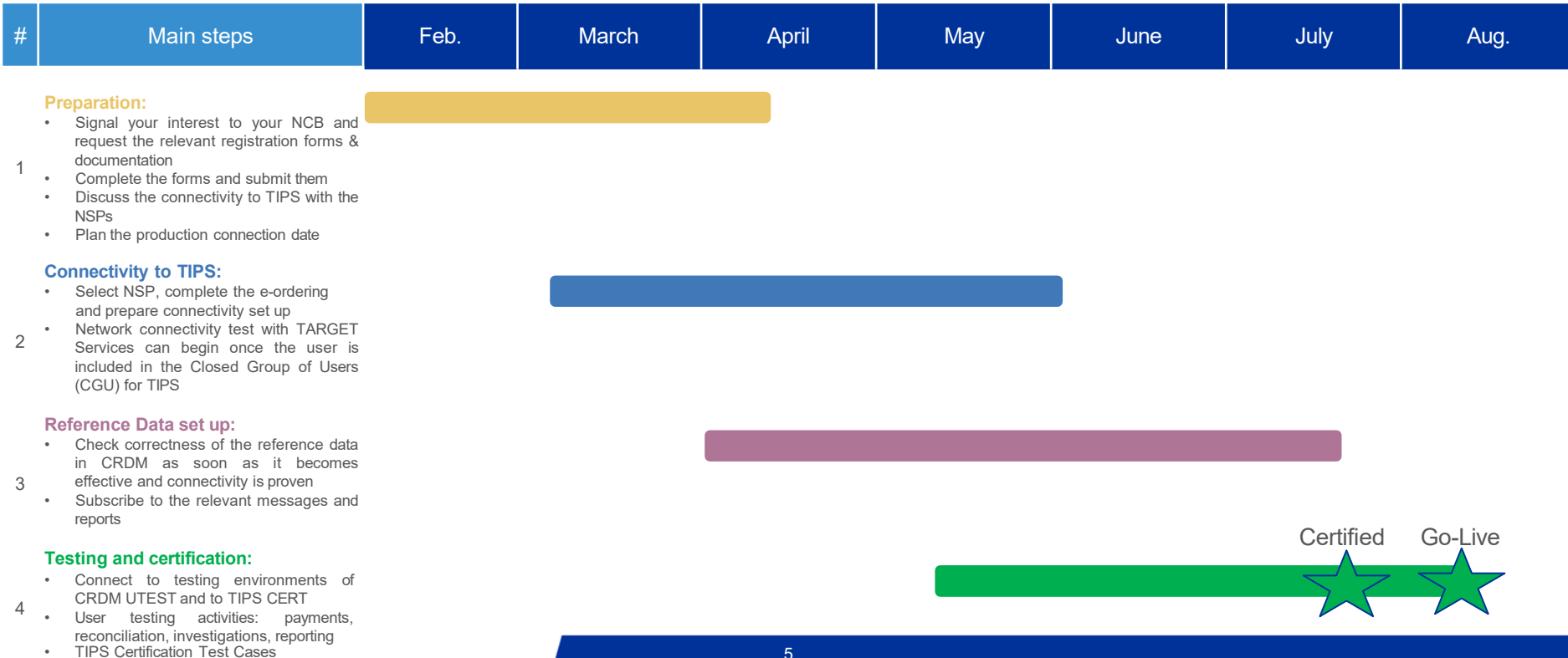
→ TIPS Actors access TIPS, in A2A or U2A mode, via the respective Network Service Providers* (NSP) and through the ESMIG** compone



*The Eurosystem has so far selected two NSPs, Nexi-Colt and SWIFT

**ESMIG: Eurosystem Single Market Infrastructure Gateway

Main steps towards participation in TIPS



Reference Data Set-Up

- **Aim: to set up users, access rights, etc. on the production environment**
 1. The relevant NSD will set up the participants reference data in the Common Reference Data Management (CRDM) and TIPS in accordance with the **Registration Form**
 2. The **Roles** required by the TIPS participant must be included in the form
 3. The participant will have further reference data to set-up in terms of **message subscription** and **report configuration**
 - Consult the **User Handbook (UHB)** and the **Reference Data Guide**
 4. All questions related to reference data setup should be addressed to the **NSD**



Legal documentation

TIPS participants **shall** submit the following documents to their respective national central bank:

- Evidence of adherence to the SCT Inst scheme
- Completed reference data collection forms for TEST and PRODUCTION
- Any additional information that each NCB deems necessary to decide on an application to open a TARGET account.



Legal documentation

- Moreover, if not present beforehand, participants will have to submit the following documents (if applicable):
 - Capacity opinion
 - Country opinion
 - Contact person form
- The reachable parties (RP) will not send any type of documentation, since they have a contractual relationship with the TIPS participant. The latter will send the necessary legal documentation on its behalf

For more information on the legal documentation, you can refer to [TARGET Guideline](#)

Testing and certification

- **Certification Testing**



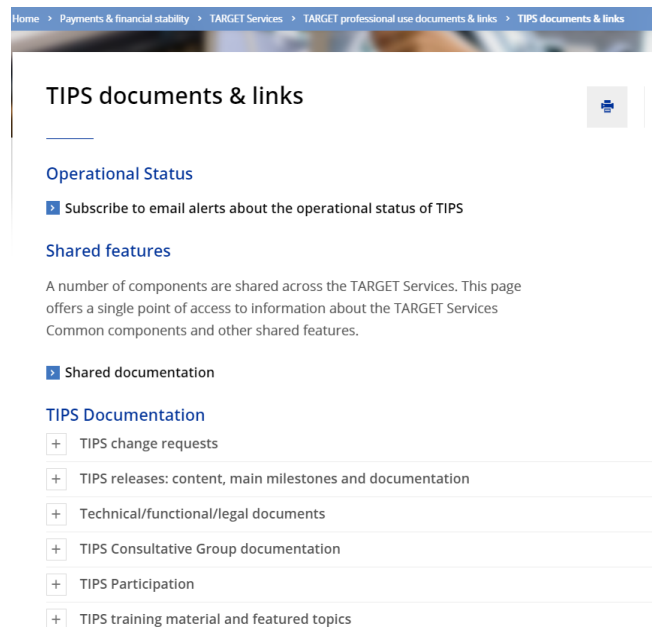
Participant must be certified by the responsible NCB in order to access TIPS and CRDM production

- The participant must perform the [TIPS Certification Test Cases](#) in order to be certified to go-live in production:
 - The **test cases are designed to cover the main functionality of the system** to ensure that the participant is able to correctly interact with the platform
 - The **National Service Desk (NSD) will assist in all queries** in relation to the certification tests
 - **Participants need only perform the test cases related to their form of participation**
 - The **NSD may complement the suite of test cases with national authorisation test cases**
 - Please consult the [TIPS User Testing Terms of Reference \(TOR\)](#)
- Reach out to your NCB for assistance

TIPS information and documents

On the **ECB website** you may find **all information regarding TIPS:**

- [Onboarding](#)
- [TIPS change requests](#)
- [Pricing guide](#)
- TIPS Releases: content, main milestones and documentation
- Technical /functional/legal documents



The screenshot shows a breadcrumb trail at the top: Home > Payments & financial stability > TARGET Services > TARGET professional use documents & links > TIPS documents & links. The main heading is 'TIPS documents & links'. Below it, there are sections for 'Operational Status' with a 'Subscribe to email alerts about the operational status of TIPS' button, 'Shared features' with a paragraph of text, and 'Shared documentation' with a 'TIPS Documentation' section. This section contains a list of links, each with a plus icon in a box: 'TIPS change requests', 'TIPS releases: content, main milestones and documentation', 'Technical/functional/legal documents', 'TIPS Consultative Group documentation', 'TIPS Participation', and 'TIPS training material and featured topics'.

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Liquidity Management

General features

Settlement of instant payments 24/7/365 round-the-clock

- Without interruption for technical maintenance
- Value date according to T2 calendar
- T2 continues with its current operating day

Settlement date in TIPS = settlement date in T2



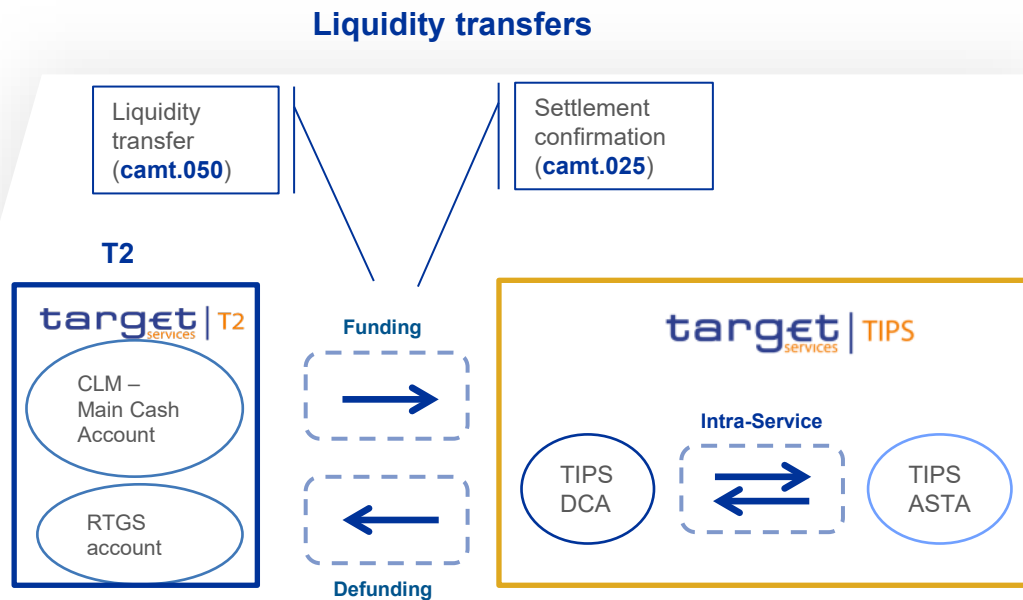
Calendar:

- TIPS changes its value date at the end of the day in T2 (18:00)
- The value date on Friday evenings (after 18:00), Saturdays and Sundays is Monday
- The value date in TIPS on a T2 holiday is the one of the next working day

Liquidity management for TIPS (1/2)

- **Funding/defunding** is available between TIPS and the connected RTGS during the opening hours of the RTGS
- **Intra-service Liquidity transfers are enabled between TIPS DCA and TIPS AS Technical accounts 24/7/365**
- **TIPS settlement** in a given currency will have the **same business day** as the corresponding RTGS

Note: Value date for end customers – According to Instant Payment Regulation: The payee's PSP shall ensure that the credit value date for the payee's payment account is the same date as the date on which the payee's payment account is credited by the payee's PSP with the amount of the payment transaction



Liquidity management for TIPS (2/2)

Minimum reserve fulfillment:

- ✓ **TIPS DCA balances** are counted towards the **minimum reserve requirements**

Note: TIPS Ancillary System Technical Account (ASTA) balances are not

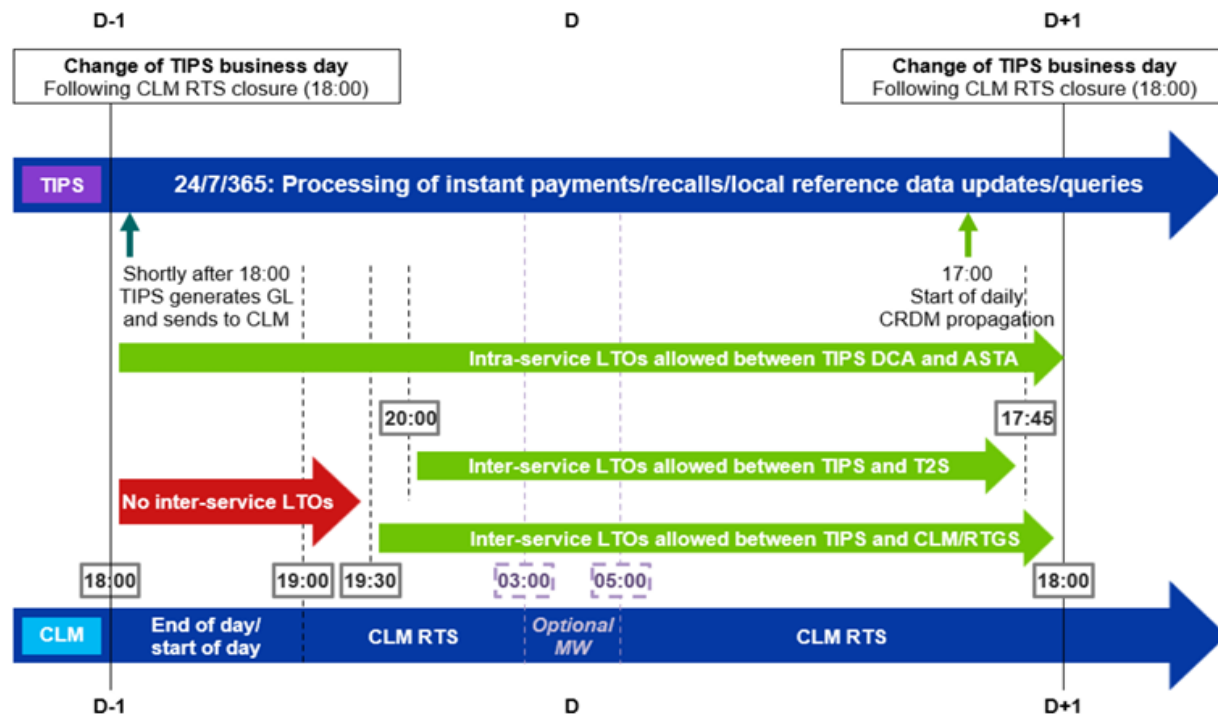


Marginal Lending:

- ✓ **TIPS DCA balances reduce recourse to the automatic marginal lending facility** (in case of negative balance on CLM MCA)

CLM + RTGS + T2S balance	-200
TIPS balance	350
Automatic marginal lending facility	0
Contribution to minimum reserves	150

One day in TIPS



During the non-optional maintenance windows, which take place weekly from 02:30 Saturday until 02:30 Monday, settlement of Liquidity Transfer Orders between TIPS and CLM, RTGS or T2S will be unavailable.

 **TIPS@ecb.europa.eu**

www.ecb.europa.eu/paym

 **ECB: market infrastructure and payments**