



EUROPEAN CENTRAL BANK

EUROSYSTEM

Instant payments regulation and TIPS

**MMCG meeting
12 June 2024**

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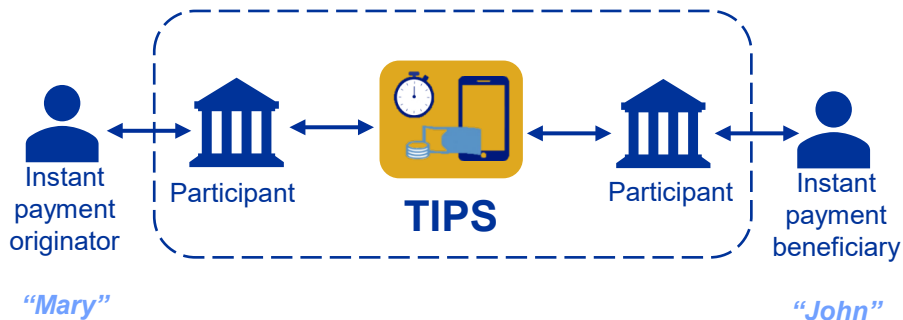
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1. TIPS – the TARGET Instant Payment Settlement
2. Instant Payments Regulation
3. Liquidity management in TIPS
4. Overnight liquidity in TIPS

TIPS – the TARGET Instant Payment Settlement

TIPS enables citizens and firms to transfer money between each other in real time and in central bank money



- ✓ **Any time of the day**
- ✓ **Any day of the year**
- ✓ **Final and irrevocable** settlement of instant payments
- ✓ Settlement in **central bank money**
- ✓ **Sending and the receiving participants get a payment confirmation**

Compliance with the IPR

Requirements
towards the
PSPs
stemming
from the IPR



Instant payments and channels

Instant processing of payments shall be offered across all channels



Fraud

Obligation to offer a Verification-of-Payee (VoP) service



Price of an instant payment

Obligation to offer instant at no extra cost compared to regular credit transfers



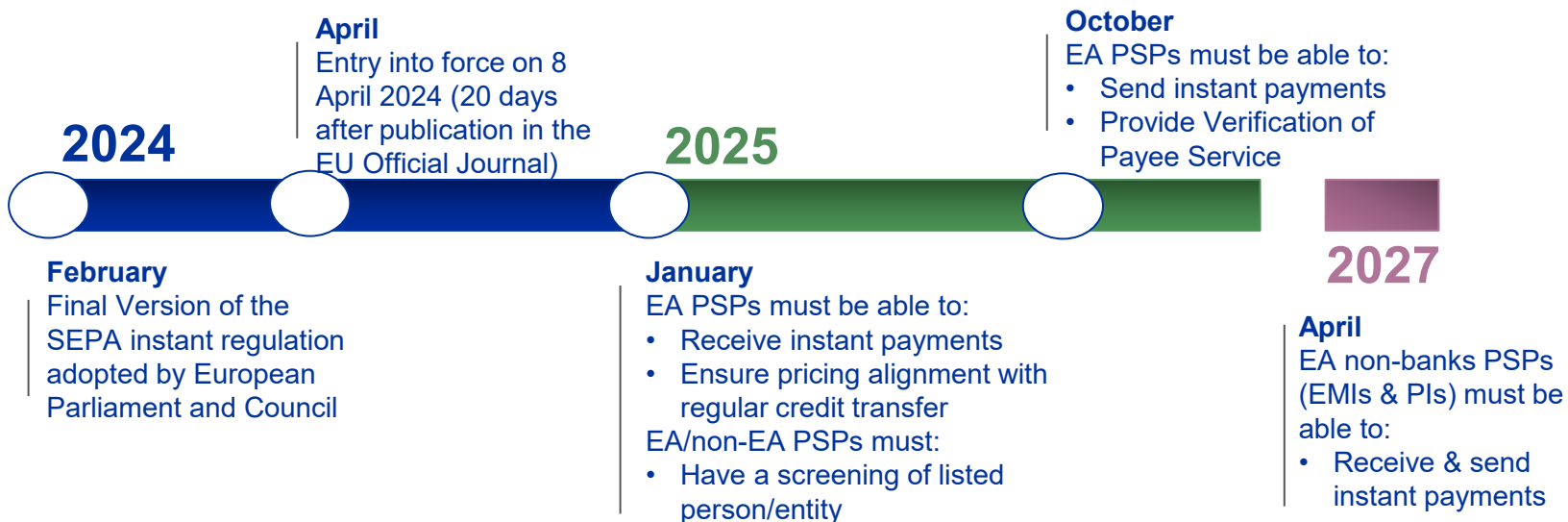
Screening

Verify at least daily clients against EU sanctions lists

Note: PSPs are entities providing the payment service of sending and receiving credit transfers in euro. They include banks, payment institutions (Pis) and electronic money institutions (EMIs).

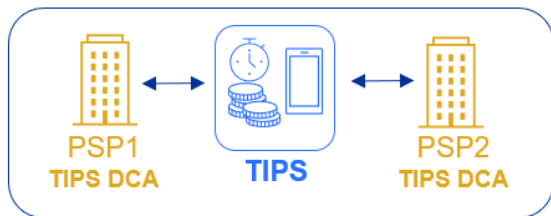
Compliance with the IPR

Most relevant milestones for euro area (EA) PSPs

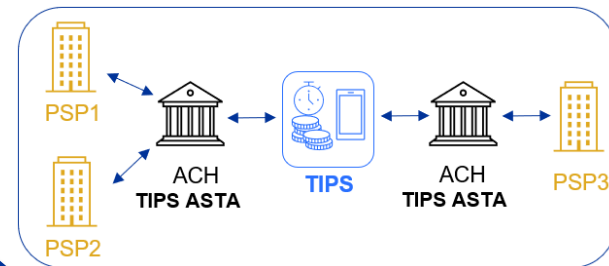


Participation in TIPS

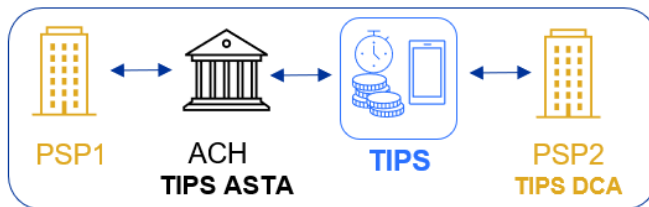
A. Instruct in TIPS and settle in TIPS DCAs



C. Instructing in an ACH and settling in an ACH



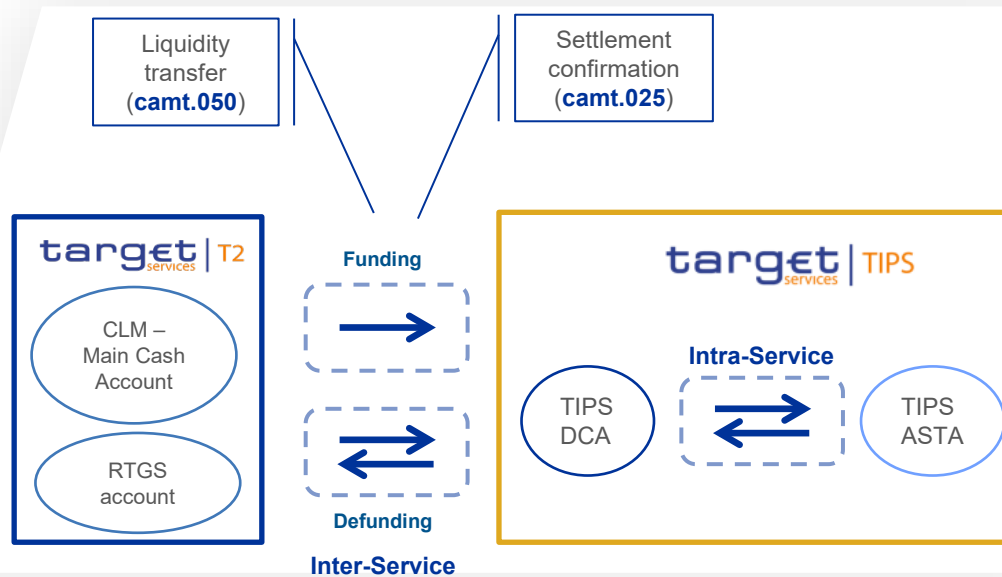
B. Instructing in an ACH and settling in TIPS DCA



Liquidity management for TIPS

- **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 ASTA 24/7/365
- **TIPS settlement** in a given currency shall have the **same business day** as the corresponding RTGS

Liquidity transfers



TIPS Accounts specifications



____: TIPS ASTA balances are not, as they are owned by their settlement banks

Remuneration

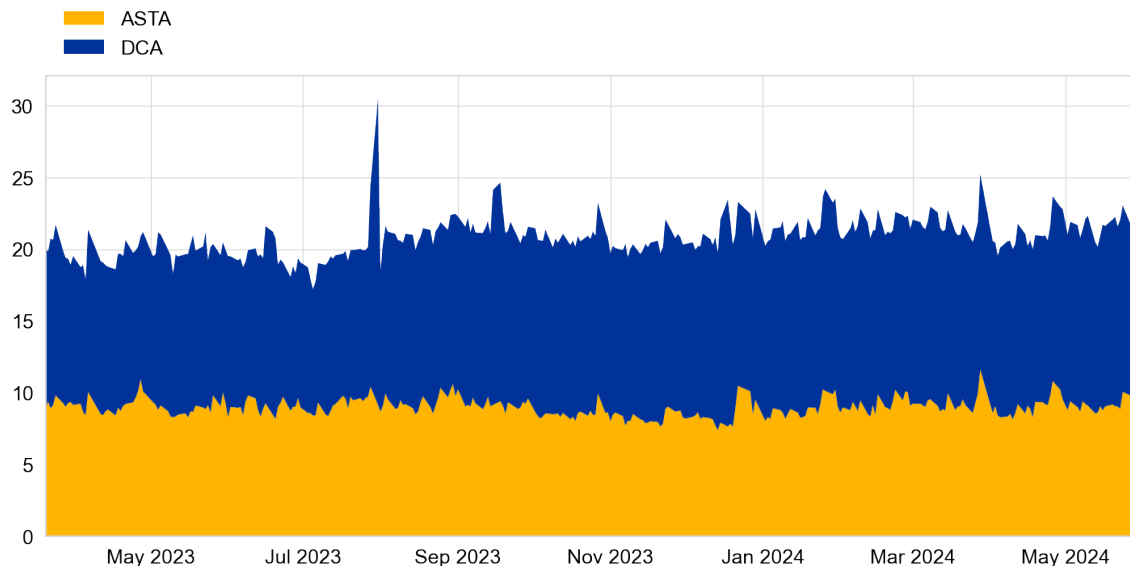
- ✓ **TIPS DCA:** (i) up to MR fulfillment: 0, (ii) excess reserves: $\min [0, \text{DFR}]$
- ✓ **TIPS ASTA:** DFR → from Dec 1 2024: €STR

Marginal Lending Facility

- ✓ **TIPS DCA balances reduce recourse to the marginal lending facility** (in case of cumulative negative TARGET accounts' balance for a participant)

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

Overnight liquidity in TIPS



- In 2024, the average liquidity left overnight in TIPS quite stable at around €22 bn
- Most of the funds stayed on TIPS DCAs (for 58%) and the rest on TIPS ASTAs (for 42%)

Thank you