



TIPS User Requirements Consultation, dated 9.2.2017

We thank you for the opportunity to provide input to the consultation of the TIPS User Requirements document.

A question of a new instant payment system has been relevant for the Finnish banking community already for some years, as there is a need to replace the national urgent payment system (POPS). In spring 2014 a working group at FFI drafted requirements and gathered information on possible solutions to transfer payments of both corporate and private customers instantly, 24/7/365, also cross border in SEPA area. The following questions are based on the requirements, that were drafted on clearing and settlement of the payments.

Project scope and description of TIPS system

- We understand TIPS to be an end-to-end solution separate to the other instant payment solutions in the market. We also understand that TIPS does not support interoperability with other solutions. Does ECB envisage to develop support to interoperability in the future? Or does ECB envisage TIPS system to become a mandatory solution to PSPs in the future?
- Reserve management for TIPS is different to what is provided to other solutions. We wish ECB to clarify the status of ASI6 settlement account interest practices related to reserve management of the participants. Would TIPS settlement account be treated differently from commercial instant payment settlement accounts?
- If the price difference of standard T2 payments remains at current level and TIPS payments are envisaged at a fraction of this, what would prevent banks from using TIPS for all payments? ISO20022 standard is already used by all banks for SEPA payments.
- Is there a maximum amount limit for an instant payment in TIPS? There is a limit of 15.000 euros in SEPA instant credit transfer scheme, but the participants of the scheme may bilaterally or multilaterally agree on a higher limit. Is the TIPS system envisaged to have closed user groups or other arrangements to allow this? A possibility to higher amounts is very important to the Finnish banking community.
- Through which network operators will TIPS be available (e.g. SIA, EBICS, SWIFT)? What are the technical requirements for the network operators?
- Please, elaborate the multicurrency option for the TIPS system.
- How has the ECB evaluated the systemic risk related to the TIPS system, if it is working so close to T2 system? Have contingency arrangements been planned for the system?

Looking at the many questions arising, it seems that the TIPS system would need modification and elaboration. We see the TIPS system viable only, if it provides functions that attract a wide banking industry to support it, as there will be commercial services available already a year before the foreseen implementation of TIPS. Without supporting interoperability with other CSM:s the current design and timetable of TIPS system adds confusion and fragmentation in the market. It may slow down adherence to the SEPA Instant Credit Transfer scheme and also hinder development of other instant payment systems. We believe that if ECB re-evaluated the scope of the TIPS project and focused on online settlement services (24/7/365) and interoperability between different instant payment systems, it would benefit all payment service providers and users, enabling innovations and new services to boost the economy in Europe.