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Facilitating an integrated pan-European market infrastructure

11th Conference for Payments and Market Infrastructures:

Let's Get Digital

Ohrid 2018

Overview

- 1** The ECB's role in market infrastructure and payments
- 2** Promoting integration and innovation in Europe
- 3** TARGET Services

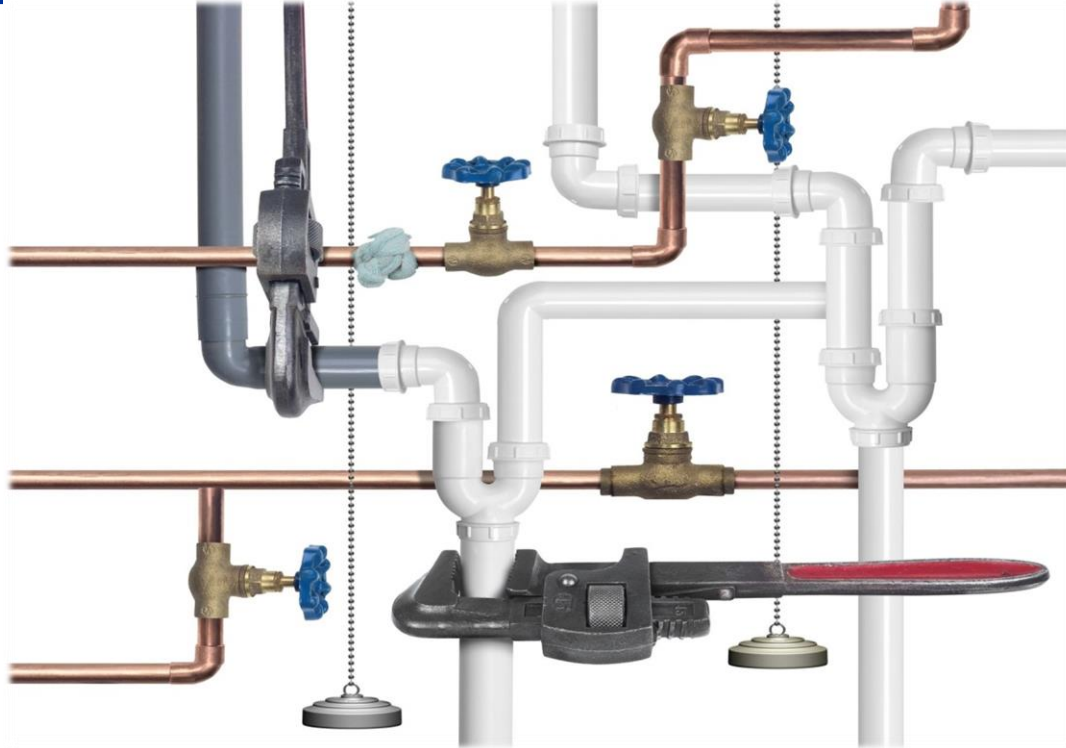
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Central banks' role in market infrastructure and payments:



The European Central Bank

Exchange operations

To conduct foreign exchange operations

Monetary policy

To define and implement monetary policy

Market infrastructures

To promote the smooth operation of payment systems (Art. 3 ESCB/ECB Statute)

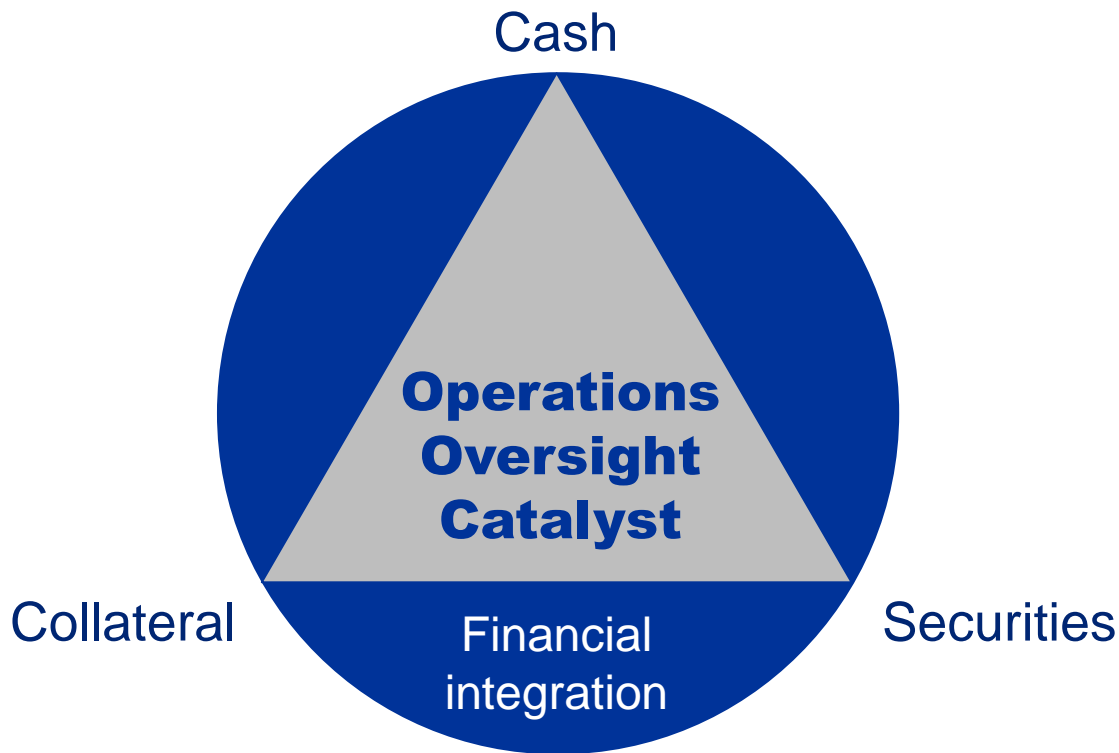
The ECB and national central banks may **provide facilities**, and the ECB may make **regulations**, to ensure **efficient** and sound clearing and payment systems within the Union and with other countries.

(Art. 22 ESCB/ECB Statute)

Foreign reserves

To hold and manage the official foreign reserves of the participating EU Member States

The three roles of central banks in the Eurosystem



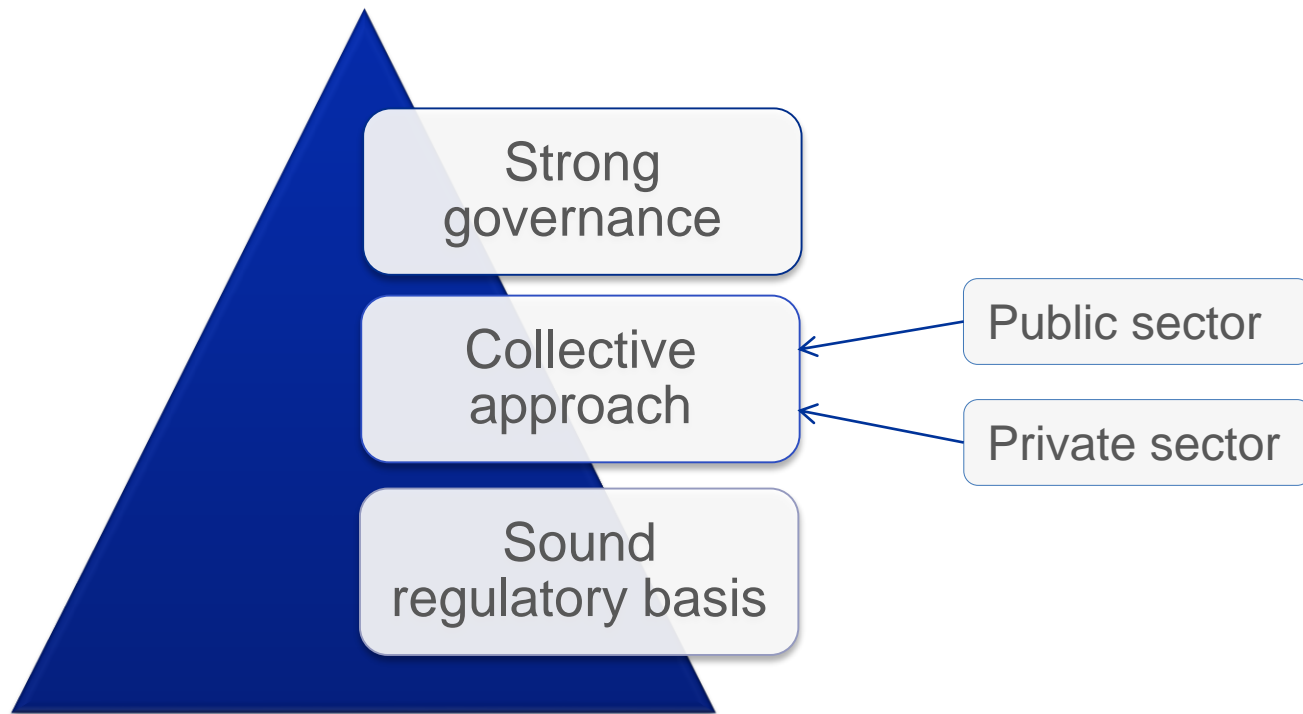
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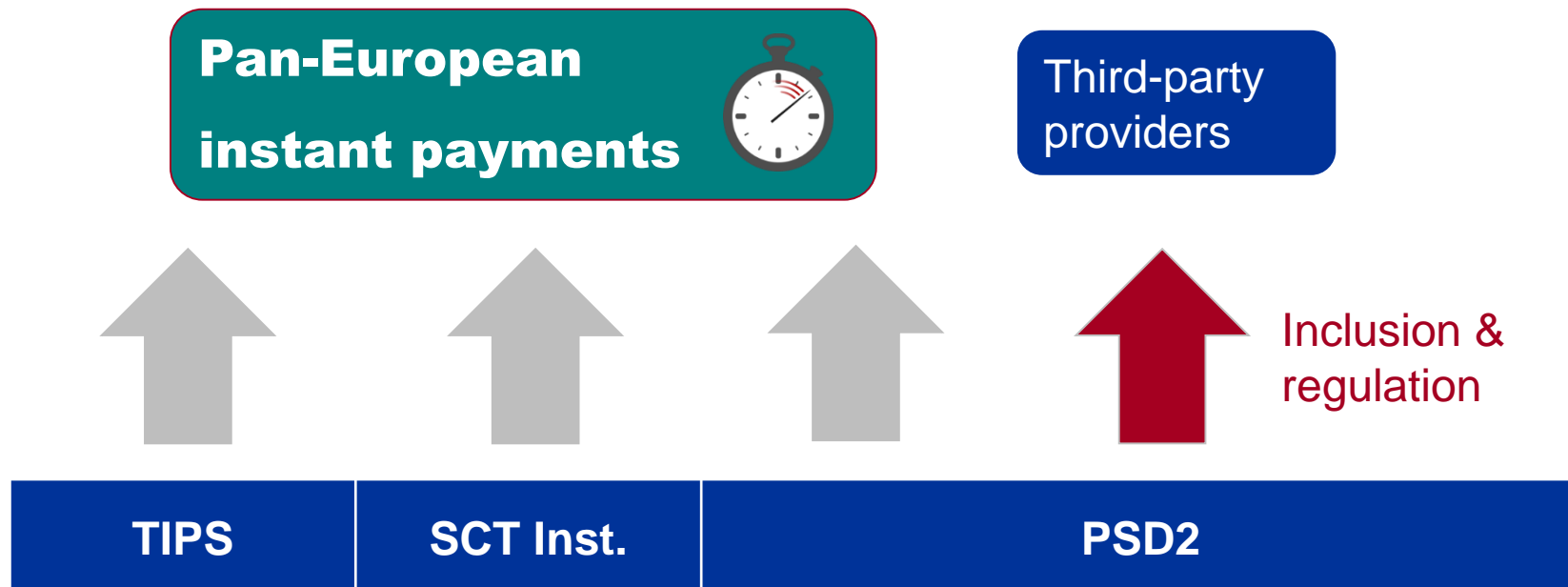
Building an integrated financial infrastructure



The Eurosystem as a catalyst

Post-trade	Retail payments integration
<i>Governance: Market Infrastructure Board</i>	<i>Governance: SEPA Council and European Retail Payments Board</i>
CSD regulation (CSDR) TARGET2-Securities	Payment Services Directive in 2007 (PSD)  Legal platform SEPA – Single European Payments Area

Innovation in European instant payments



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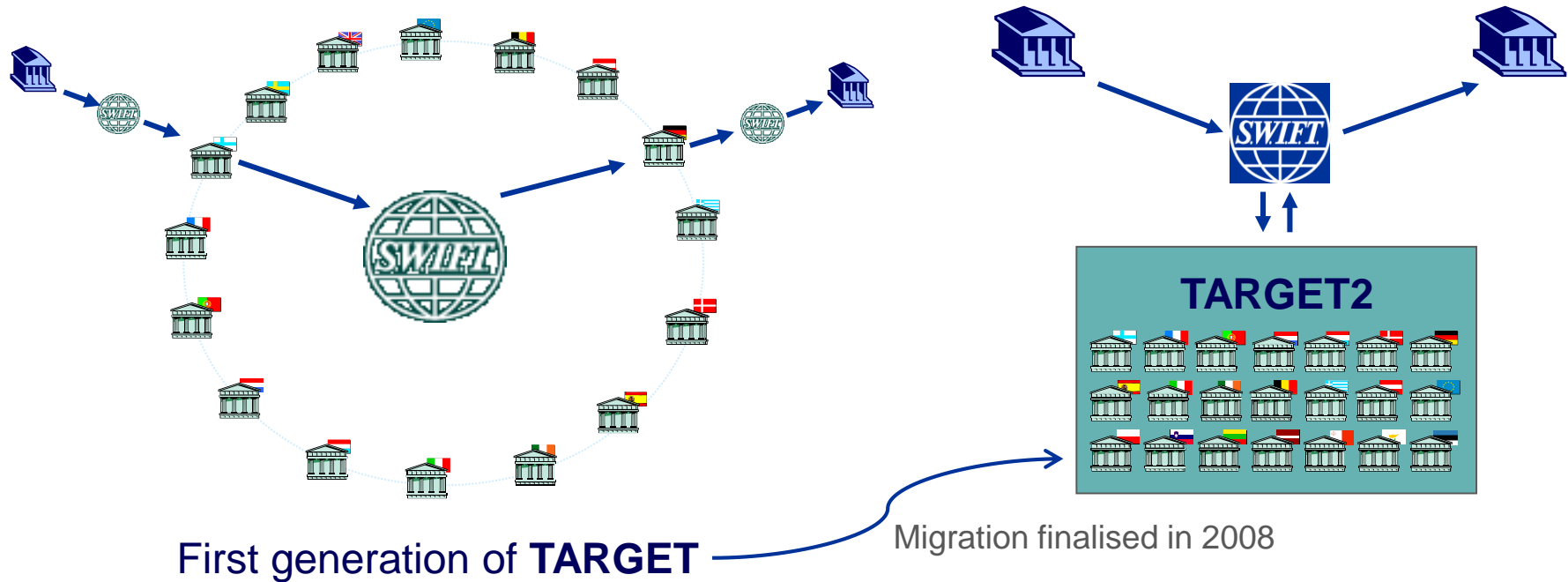


TARGET2

T2S

TIPS

From a decentralised to a fully centralised system



Central Banks' connection to TARGET2

- Mandatory for EMU Central Banks
- Optional for non-EMU EU Central Banks
- Not possible for non EU Central Banks

20



EMU Central Banks
connected to TARGET2

5



Non-EMU EU Central Banks
connected to TARGET2



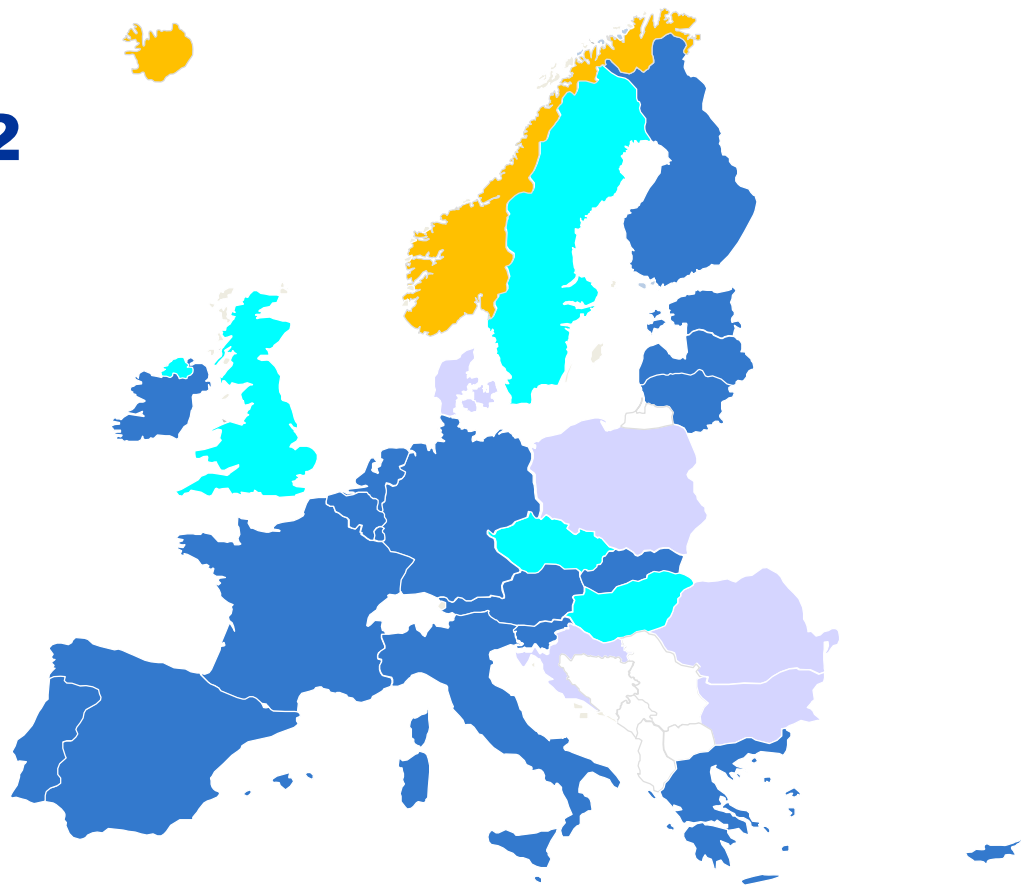
EU Central Banks not
connected to TARGET2



EEA Central Banks

25

Total



Participation

- 1,963 RTGS accounts
- 1,073 direct participants
- 684 indirect participants
- 49,800 addressable institutions
- 80 market infrastructures / ancillary systems



TARGET Annual Report
2017



Traffic

- On average 350,106 transactions daily for 1.7 trillion €
- Highest peak in volume 596,940 transactions (on 2 April 2013)
- Highest peak in value was 4 trillion € (on 30 June 2008)

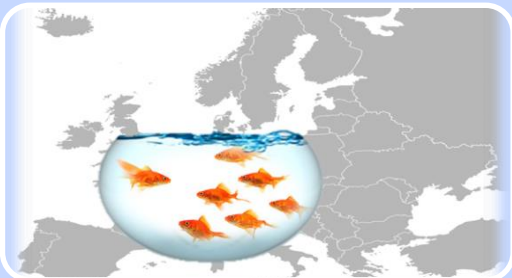
* Source: TARGET Annual Report 2017 (ECB)

T2S in full operation



- Migration to T2S completed
- 21 CSDs representing 20 European markets on board
- An average of 550,000 transactions to be settled daily
- Enhanced harmonisation of T2S markets

What benefits does T2S bring?



Single pool of
cash and
collateral



Single interface
and technical
infrastructure

harmonisation

Harmonisation
and single
rulebook

What is ahead?

- New currencies (e.g. DKK Migration)
- New instruments not currently held within T2S CSDs (eurobonds, funds)?
- TARGET consolidation / new RTGS services and central liquidity management
- Compliance with CSDR



New activities in the pipeline

Enhancing
efficiency
and improving
integration
of the payment
landscape



New RTGS services



Instant Payment Settlement service



Eurosystem Collateral Management System

New RTGS services



INNOVATION



Data analytics



Multi-currency settlement



EFFICIENCY



Central liquidity management



Extended operating hours



Migration to ISO 20022



SAFETY



Enhanced cyber security

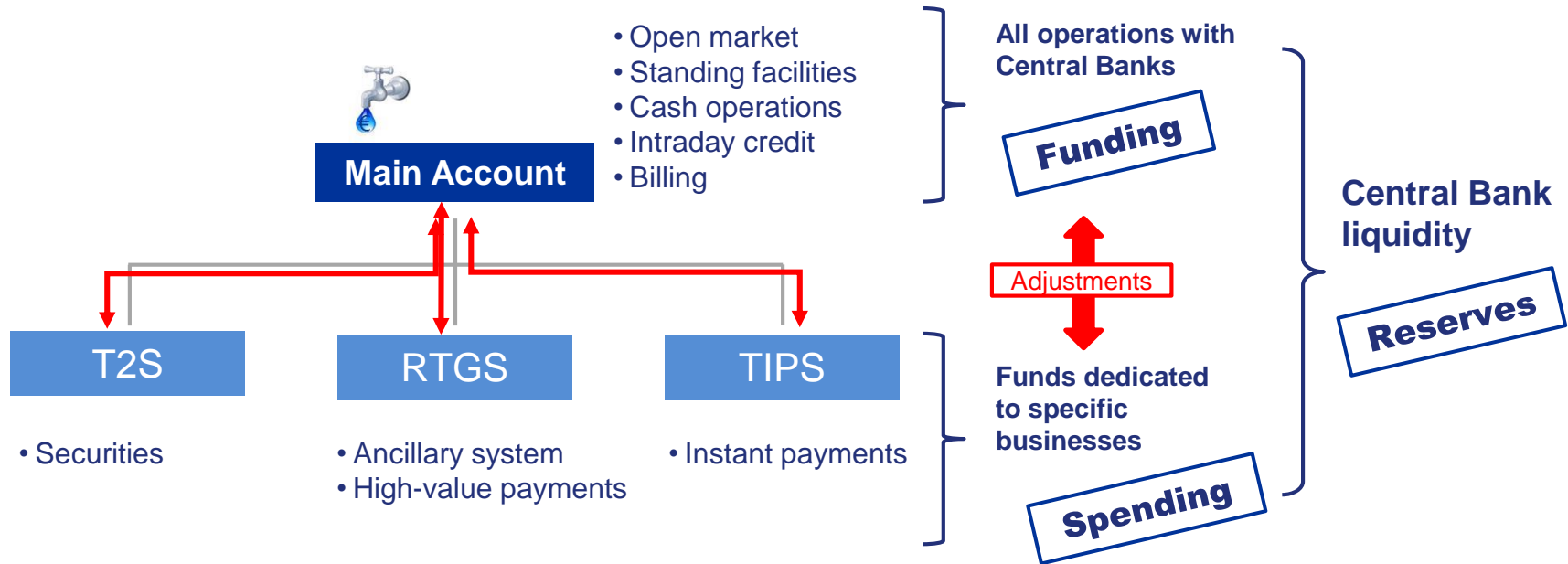


RESILIENCE



Multi-network service providers

Central liquidity management



Roadmap



December 2017: Decision by the ECB Governing Council

2018: Definition of the ISO 20022 messages

2019: Internal testing

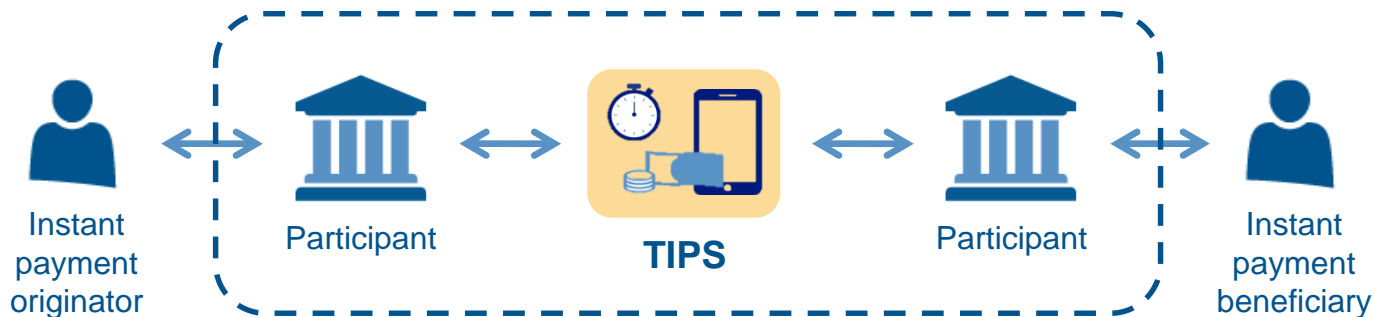
2020: Acceptance testing and start of user testing

Q4 2021: Go-live in big bang approach

What is TIPS?

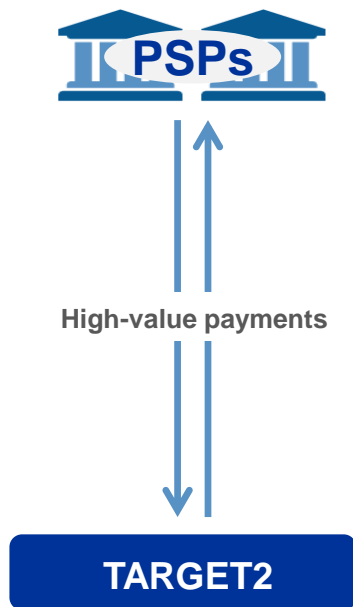
TIPS is the new service for the settlement of instant payments

TIPS will enable citizens and firms to transfer money between each other in real time, **24/7** and **365 days** a year:



Coexistence of settlement systems

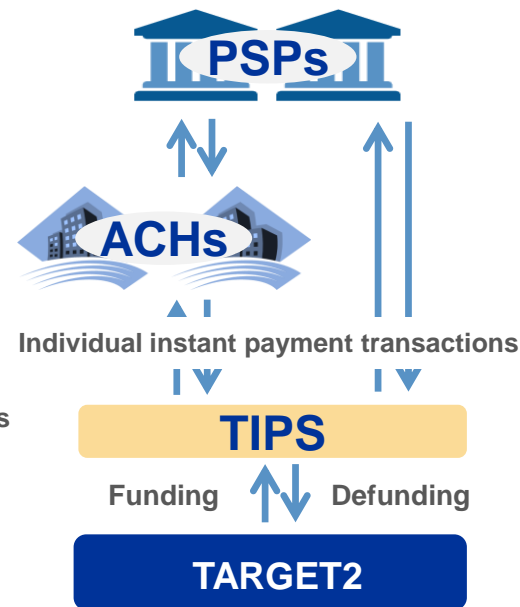
access to RTGS services



instant clearing



instant settlement



TIPS principles



**Same participation
criteria** as for
TARGET2



Instant payments
**settlement in
Central Bank Money**



24/7/365
operating hours



Operated on a
full cost recovery
basis



Supports participants to
comply with the
SCT Inst scheme

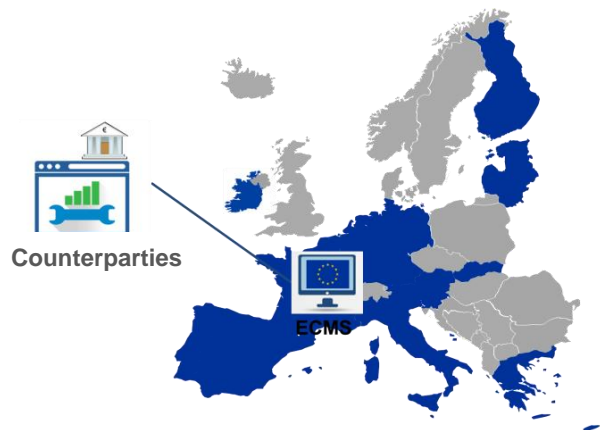


Multi-currency
technical capability

Eurosystem Collateral Management System

Current situation

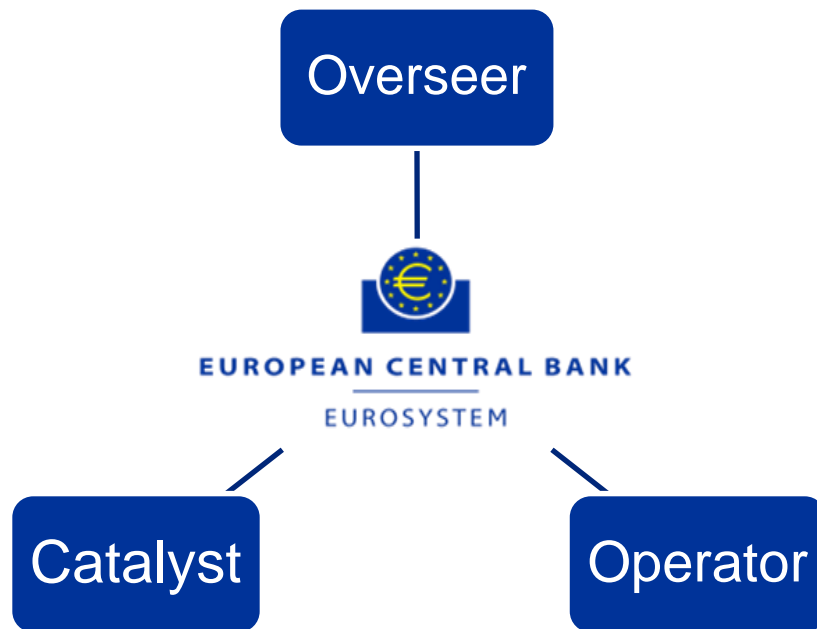
Currently, there are **19 different local systems** used for managing eligible assets mobilised as collateral in Eurosystem monetary policy operations.



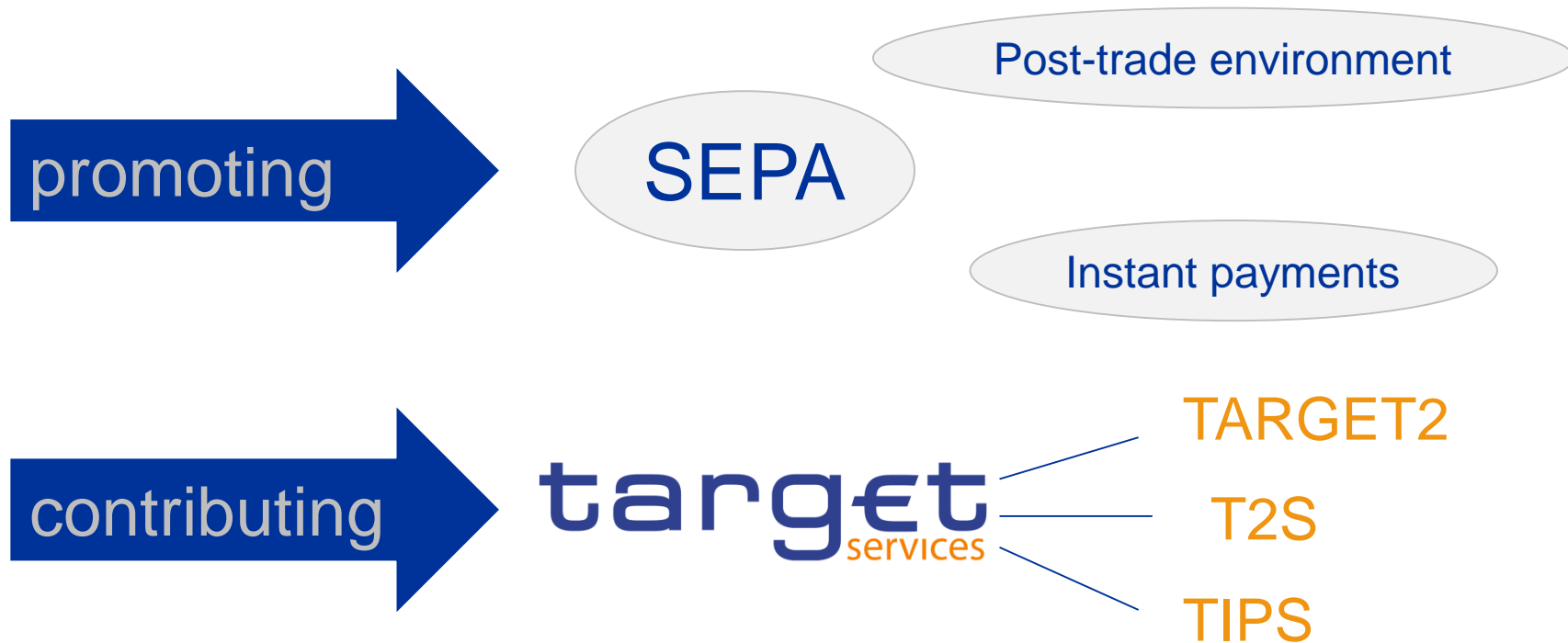
With the ECMS, there will be a **single system** for managing those assets as collateral in Eurosystem monetary policy operations.

Future situation

The ECB in the Eurosystem: conclusion



The ECB in the Eurosystem: examples



Thank you for the attention!

www.ecb.europa.eu/paym

 **ECB: market infrastructure and payments**

 **@TARGET_ECB**