

European Central Bank  
Eurosystem  
Directorate General Market Infrastructure  
& Payments  
Mr Marc Bayle

60640 Frankfurt am Main

Frankfurt, 08 September 2017

### **Instant Payments - Common Standards, Processes and Interfaces**

Dear Mr Bayle,

In March 2017 representatives of German banks (Commerzbank and Deutsche Bank) have proactively requested to establish common rules for Instant Payments. Strategic focus for this initiative was the RT1 System of EBA Clearing, being developed by 40 European banks, as well as the TIPS System of Eurosystems.

As a „First Mover“ in this market, RT1 will reach its critical mass of active users in Summer 2018, raising demand for common standards, processes and interfaces to handle the clearing and settlement of Instant Payments in Euro.

Only harmonisation and standardisation ensure that German banks – as with individual payments via Target2 or EURO1 – can avoid significant project efforts and higher current costs by maintaining a connection with two Instant Payments systems.

Deutsche Bundesbank has supported this harmonization initiative from the very beginning and all other major German banks (e.g. DZ BANK, HypoVereinsbank, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen, Postbank) have recommended this, too.

Recently it became publicly known that there are plans to determine rules for TIPS, deviating in a number of major aspects from those of RT1. Representatives of German banks agree in taking a critical position on this development.

It is not conclusive for a project of this size, why the TIPS project team / Eurosystem, does not simply adopt the principles of the RT1 procedures wherever possible. Especially as RT1 will already start in autumn 2017, i.e. one year before TIPS, is backed by a development team from 40 banks and has completely adopted input given by all major experts for payment services.

Meetings with representatives from RT1 and TIPS project teams have been conducted in the meantime, however standardisation and harmonisation efforts need to be continued and consistently implemented.

With regard to a broad and cost-effective way to offer Instant Payments it is beneficial for market players to adopt proven market standards and in consequence to closely cooperate, aiming for standardisation with a broad coverage across the market.

Unified standards for RT1 and TIPS from the very start are of even more importance, as based on current information these systems will be the only Instant Payment systems with Pan-European focus.

From a user's perspective a maximum degree of reachability is deemed to be a critical success factor for the implementation of Instant Payments. A comprehensive use by all market players is again asking for uniform standards, allowing concurrent utilisation of different infrastructures as well as interoperability.

However, at the same time it would be advantageous for the market to achieve reachability by focusing on a single system offering Instant Payments.

German banks process approximately 30 percent of all Euro payments. A figure which should be taken into account while developing a major new Clearing /Settlement System (TIPS and RT1). It is the acknowledged aim to support and offer Instant Payments, however estimated volumes towards TIPS cannot be met, if the system itself is deviating significantly.

**Therefore we kindly ask for your active support regarding the initiative of the German banks and their stated goal to support RT1 and TIPS with common standards, processes and interfaces.**

Yours sincerely,



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Chief Operating Officer



**Deutsche Bank AG**  
Kim Hammonds  
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