

AMI-PAY

FINAL

13 January 2021

OUTCOME

MEETING OF THE ADVISORY GROUP ON MARKET INFRASTRUCTURES FOR PAYMENTS (AMI-Pay)

3 December 2020, 13.30 – 15.30 (CET)

WebEx teleconference

0. Introductory remarks and approval of the agenda

Outcome:

The Chair welcomed the members.

The members agreed on the agenda.

1. Debriefing

AMI-Pay participants will be updated on relevant developments in the field of payments.

Outcome:

AMI-Pay participants were debriefed by the European Commission on their Retail payments strategy for the EU – adopted as part of the Digital Finance package – composed of four pillars namely (i) the rollout of instant payments as the new normal, (ii) a well working and regulated payments market, (iii) the interoperability and unrestricted access of infrastructures, and (iv) improved cross-border payments.

The ECB informed the members of:

- the renewed Eurosystem retail payments strategy¹ with the following main goals: fostering the development of a pan-European solution for point-of-interaction payments, the full deployment of instant payments, the support for an innovative European payments ecosystem, improvement of cross-border payments (in/out the EU), as well as the work on eID/eSignature, and the investigations on how sustainability and usability can be promoted in the area of retail payments.

¹ See also speech by Mr. Panetta on 22 October 2020:

<https://www.ecb.europa.eu/press/key/date/2020/html/ecb.sp201022~d66111be97.en.html> as well as by Mr. Coeuré on 26 November 2019: <https://www.ecb.europa.eu/press/key/date/2019/html/ecb.sp191126~5230672c11.en.html>

- the G20 work on cross-border payments, noting in particular that the roadmap identifying practical steps and stakeholders to bring individual building blocks forward was endorsed in the G20 meeting on 14 October 2020.
- the ECB-Riksbank joint investigation on cross-currency payments², analysing whether and how TIPS could support payment transactions across different currencies.

2. TARGET2 – Upper limit transaction

Today no upper limit to transactions is foreseen in TARGET2. The ECB will make a presentation on possible business practices to set a maximum amount to payments in TARGET2.

Document:

Upper limit to TARGET2 transactions? - Business practices proposal

Outcome:

The ECB presented the possible business practices to set a maximum amount to payments in TARGET2 with the aim of bringing the topic to the attention of the participants and see if there would be interest for such an approach.

The participants overall did not see the need to pursue such an approach considering that the resulting splitting of large payments may imply operational risk and possible reconciliation issues for clients.

3. Instant payments

3.1. Implementation of pan-European reachability measures

Following the 8 September 2020 ad hoc AMI-Pay call, the ECB will update AMI-Pay participants on the progress towards the implementation of the measures to support the pan-European reachability of instant payments.

Document:

TIPS Migration, Testing and Readiness Strategy for the Reachability Measures

Outcome:

The ECB presented the latest developments following the decisions of the ECB Governing Council to take significant steps to support the full deployment of the pan-European reachability of instant

² See news published on 6 October 2020 on the ECB website:

<https://www.ecb.europa.eu/paym/intro/news/html/ecb.mipnews201006.en.html> as well as Riksbank website: <https://www.riksbank.se/en-gb/press-and-published/notices-and-press-releases/notices/2020/the-riksbank-and-the-ecb-to-explore-cross-currency-instant-payments/>

payments, in line with the objectives shared with the European Commission. The presentation focused on the implementation strategy of these measures in terms of readiness, testing and migration related to the on-boarding of banks and ACHs in TIPS.

In connection to the unusually high number of “unsettled” payments (especially on a cross-border basis) and possible corrective measures, AMI-Pay participants were invited to exchange views on the possible underlying reasons for this phenomenon that goes beyond TIPS. The European Payments Council representative, in their capacity as SCT Inst scheme manager, informed that they are aware of the issue that was first a ramp up phenomenon with some adhering banks planning to open their accounts in batches. After three years of implementation of the scheme, this phenomenon is still visible and not restricted to cross-border transactions.

In reply to questions raised by some participants, the ECB clarified the following points:

- **Overview of connectivity options:** The Eurosystem does not foresee the publication of an overview of the connectivity options planned to be used by various participants and of the connectivity options planned to be offered by ACHs. PSPs are asked to contact their NSP or their intended instructing party at first instance.
- **Timing for testing:** PSPs can already start their onboarding activities in TIPS. They should contact their central bank.
- **Migration plan:** The first version of the migration plan (for ACHs) will be available very early in 2021. This plan will be refined after feedback from the ACHs and will be the basis for the migration tests.
- **PSPs onboarding deadline:** No room for manoeuvre is envisaged for PSPs' onboarding deadline 15 November 2021
- **Specifications:** The ancillary systems specifications have been delivered. ACHs are asked to immediately begin the review and to revert to the Eurosystem with their comments.

The ECB further invited participants to raise any remaining questions they would have on the implementation of the pan-European reachability measures.

Finally, the ECB noted they heard about temptations to circumvent the monetary policy rules and try some artificial way to move liquidity very quickly back and forth at the time of the “snapshot” to ensure that the balance is treated by the Eurosystem as central bank account balance, even though the funds would be on the central bank account only for a few minutes or even seconds. While being confident that all the market players will abide by the rules, the ECB has the technical capability to monitor the flow of liquidity and will take actions to address the issue if any opportunistic behaviour in the management of liquidity occurs.

3.2. TIPS pricing

The ECB will present the new TIPS pricing policy to AMI-Pay participants.

Document:

TIPS 2020 pricing review

Outcome:

The ECB informed AMI-Pay participants of the revised TIPS pricing as endorsed by the Governing Council³.

The members took note of the new pricing.

3.3. Instant payments and sanctions screening

Sanctions screening had been identified as an area requiring further considerations in the context of an ad hoc AMI-Pay workshop held in March 2018. In this context, in the short term, it was proposed that beneficiary PSPs should reject SCT Inst transactions in the case of a potential hit, possibly with a specific reason code (referred to as black-or-white approach), which was reflected in the SCT Inst risk management annex. It was further noted that in the medium to long term further actions could be considered such as creating an EU-wide asset-freeze list and abolishing national ones, adopting common guidelines on sanction screening and as a final step making each PSP responsible for its own clients thereby eliminating the need for the beneficiary PSP to repeat screening that has already been done by the originator PSP.

AMI-Pay participants will be invited to share their experience with regard to sanctions screening for instant payments and consider on this basis possible next steps.

Document:

Instant Payments and Sanctions Screening

Outcome:

The ECB presented the outcome of the stock-take exercise conducted among AMI-Pay members ahead of the meeting to gather feedback on the topic of sanctions screening of instant payments as regards (i) the issues faced, and (ii) the efforts undertaken to resolve these issues and their results. The feedback received suggests that the biggest issue in sanctions screening is the high number of false positive matches and rejections rates. As to the actions implemented, the most frequent initiatives appear to be the review and adaptation of the sanctions screening system and the enhancement of sanctions screening rules.

The European Commission representative noted that the European Commission services would have to reflect on this topic considering the existing frictions but highlighted the absolute priority of AML and CFT objectives that should not be compromised and that any solution has to be in line with the existing legal framework.

The Chair stressed that the importance to deal with this issue considering the number of rejections on linked to sanctions screening that constitute a serious issue for the trust of customer in using instant cross-border.

The ECB will suggest next steps to be considered at the level of AMI-Pay.

4. ECB report on a digital euro

On 2 October 2020, the ECB published a comprehensive [report](#) on the possible issuance of a digital euro prepared by the Eurosystem High-Level Task Force on central bank digital currency. The ECB will recall the key messages of the report and the purpose of the related public consultation inviting AMI-Pay participants to give their views.

Document:

Digital euro report

Outcome:

This topic could not be covered due to lack of time and will be dealt with in an ad hoc call on 18 December 2020.

5. Any other business

Outcome:

Following the question of one participant on statistics on the take-up of instant payments, the ECB explained that the Eurosystem monitors the use of SCT Inst via a euro area SCT Inst indicator, published on the ECB website⁴. The ECB will consider if additional statistics can be provided.

³ See new items published on 3 December:

https://www.ecb.europa.eu/paym/intro/news/html/ecb.mipnews.201203_2.en.html

⁴ The euro area SCT Inst indicator can be accessed at the following link:

https://www.ecb.europa.eu/paym/integration/retail/instant_payments/html/index.en.html