



EUROPEAN CENTRAL BANK

EUROSYSTEM

Value dating for SCT Inst

14th AMI-Pay
meeting

2/12/2022



A brief recall of the issue at stake

- Value dating for SCT Inst was first raised as action point for further investigation during the first AMI-Pay meeting in February 2017.
- Discussed during the TIPS presentation for the AMI-Pay teleconference in March 2017:
“**Q:** *How should the value date be handled?*
A: *This will be **outside the purview of TIPS**. Market and policy makers have to work together to determine how to handle value dates for all instant payment transactions where customer to bank settlement and interbank settlement have different value dates.*”
- As such, this marked the starting point for the market and policy makers in developing a non-binding AMI-Pay market best practice.

The chosen way forward

- Several notes and presentations on this topic were discussed during the 2nd AMI-Pay meeting in May 2017, the 3rd AMI-Pay meeting in September 2017 and the 4th AMI-Pay meeting in December 2017. However, several aspects (including the definition of “business day” in PSD2) remained unclear.
 - An ad hoc workshop on this topic was organised in March 2018 to identify the different scenarios and having a technical discussion to resolve the matter.
 - Three different scenarios were considered as a possible way forward:
 1. **value date = calendar date;**
 2. value date = central bank money value date;
 3. value date is up to PSP, within the boundaries of PSD2.
- ⇒ The members agreed upon the first scenario during the workshop and the 5th AMI-Pay meeting in April 2018. The idea of a non-binding best practice was also supported.

Effects of value date = calendar day

- The first option is **intuitive** for the end-user, as the booking date is always the same as the value date. This is also **more consistent** with the concept of ‘instant payments’.
- However, there are also **financial consequences** for PSPs in a positive interest rate environment:
 1. receiving PSP starts paying interest before funds have been credited to its RTGS account;
 2. sending PSP stops paying interest before funds have been debited from its RTGS account;
 3. limited arbitrage possibilities if a common cut-off time is applied across time zones;
 4. if calendar date rule is applied strictly arbitrage may occur between time zones.
- The non-binding AMI-Pay best market practice was published in August 2018, **excluding** issues concerning **time zones**.

Discussing the separate issue on time zones

- The ECB presented a note on the **separate discussion** concerning transactions crossing **different time zones** in the context of value dating for SCT Inst.
- Three different approaches were considered:
 1. **each PSP value dates transactions according to its local calendar date;**
 2. PSPs value date transactions according to the calendar date in CET;
 3. PSPs value date transactions according to the local calendar date of the sending.
- Considering the feedback received on this topic, it was suggested to take the **first** approach.
- Two members noted that the issue already exists and **has been managed so far**. AMI-Pay **would monitor** whether this option does not raises any issue in the future.

The discussion on value dating for SCT Inst revived

- There were **no issues reported** on the market practice itself and regarding value dating of transactions crossing different time zones during the 6th (Nov. 2018), 7th (May 2019) and 8th (Dec. 2019) AMI-Pay meetings.
 - However, one member pointed out that the time zones issue **might arise** and will need attention in the future when SCT Inst becomes even more common.
 - Discussion revived after one member raised the question of value dating for SCT Inst during the 13th AMI-Pay meeting in May 2022 => Member's considerations presented in this meeting.
- ⇒ In view of possible Eurosystem consideration, the members are invited to **share** their **implementation experiences** concerning the non-binding AMI-Pay market best practice.