

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

7 December 2021, 9:30 – 12:00 and 13:00 – 14:00 (CET)

WebEx teleconference

0. Introductory remarks and approval of the agenda

The Chair welcomed the participants.
The participants agreed on the agenda.

1. TARGET2 – criteria to identify critical participants

The ECB will provide a presentation on the criteria to identify critical participants in TARGET2.

Document:

Presentation – criteria to identify critical participants

Outcome:

Following the September 2021 joint AMI-Pay – AMI-SeCo workshop on TARGET Services external review and questions raised on the criteria to identify TARGET critical participants that will be part of the TARGET Crisis Communication Group, the ECB presented the methodology to identify critical participants in TARGET2 today. The presentation detailed the motivation and set-up of this identification before focusing on the methodology for credit institutions based on a turnover and a simulation criterion. Critical participants have to fulfil obligations related to business continuity, testing and incident reporting. The members took note of the update.

Following the questions of some participants it was clarified that:

- Ancillary Systems are designated as critical based on their type. Besides this, the SIPS regulation requires that the settlement of some ancillary system payments is ensured even in a contingency scenario (e.g. if ECONS II is activated) and this would be the case for critical AS.
- With the application of some filters, the liquidity transfers to TIPS are already included in the exercise today, but it is expected that their relevance will grow with the upcoming migration waves to TIPS.

-It was clarified that, with the go-live of the T2/T2S consolidation, the methodology for the designation of critical participants will have to be adjusted to the set-up of the future RTGS system.

2. Instant payments

2.1 Implementation of pan-European reachability measures

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, including the market readiness milestones as well as the community readiness monitoring.

Document:

Pan-European reachability of instant payments – update

Outcome:

The ECB updated AMI-Pay participants on the implementation of the pan-European reachability measures, focusing on the TIPS Readiness status of the PSP and ACH communities, and presenting the main outcome of the last reporting cycle including a view on the most common issues reported by the PSP and ACH communities. The benefits of the pan-European reachability measures were also recalled, namely that PSPs will always have the possibility to send payments either for an ACH to process internally, from an Ancillary System technical account, or using their TIPS DCA (either instructing directly or by making use of the instructing party service).

Based on the feedback from some PSPs, the ECB drew the attention of AMI-Pay to the fact that there are no limitations in terms of volume that can be transmitted via the instructing party service. PSPs and ACHs confronted with restrictions of access to the instructing party service are invited to contact the ECB.

AMI-Pay took note of the update.

Some participants suggested looking into lessons learned in the ongoing migration for TIPS especially in consideration of the testing challenges that emerged in the run up to the deployment.

Following the question of a member it was clarified that the last window for ACHs migration was end-February 2022, while the third wave was kept as contingency.

2.2 Issues related to SCT Inst for B2B and B2C transactions

AMI-Pay and NSGs were invited to reply to a questionnaire on possible means to overcome barriers to the uptake of instant payments for business-to-business and business-to-consumer transactions, focusing on two main aspects, transaction amount limits and bulk payments. The ECB will present the feedback received.

AMI-Pay participants are invited to take note of the outcome and agree on the way forward.

Document:

Outcome of the questionnaire on amount limit and bulk payments for SCT Inst

Outcome:

The ECB presented the AMI-Pay and NSGs feedback to the questionnaire on amount limit and bulk payments for SCT Inst and possible way forward.

The following main comments were raised in the ensuing discussion:

- on amount limit: while acknowledging the regular review process conducted by the EPC as the SCT Inst scheme manager, some participants favoured further exchanges and investigations in the AMI-Pay context also considering the broader impact an increase of the maximum amount limit would have on banks' liquidity management. If so, complementarity would have to be ensured with the EPC work on this topic.
- on bulk payments: one participant stressed the need to better substantiate the rationale to further investigate possibilities of establishing standardised/harmonised solution(s) to process SCT Inst instructions received in bulk from businesses at the euro area level.
- more generally, some noted that those aspects are part of the bigger discussion on instant payments becoming the new normal, the meaning of which may not be the same for all.

Follow-up:

The ECB, in close contact with the EPC to ensure a complementary approach regarding the SCT Inst amount limit, will prepare a note developing the issues at stake taking a broader perspective in view of the next AMI-Pay meeting.

2.3 Instant payments and sanctions screening

Following the June 2021 AMI-Pay meeting, AMI-Pay will be updated on the progress of various streams of work related to sanctions screening for instant payments, namely by the ECSAs on

banks internal operational processes and the EPC on possible actions at scheme level. The European Commission will further inform AMI-Pay on activities undertaken in this field.

AMI-Pay members are invited to consider the updates provided.

Document:

Sanctions screening and instant payments – Update on ECSAs work

Outcome:

Following its May meeting, AMI-Pay participants were informed of the progress of the different streams of work related to sanctions screening for instant payments.

- The chair of the **ECSAs ad hoc task force on sanctions screening and instant payments** presented the work conducted so far, following the AMI-Pay request for the ECSAs to work on banks' own internal operational processes (e.g., decision reapplication modules, transformation of the internal operation into a 24/7 manner etc.), which may contribute to a more effective sanctions screening of financial Institutions, and consequently to the reduction of false positives. According to the analysis conducted so far, the task force concluded that focusing solely on internal bank processes would not be sufficient. Instead, regulatory changes would be desired as SCT Inst has uncovered issues with the underlying sanctions screening framework that are not conducive to a real-time world. To this end, the task force proposes two regulatory changes to address the high false positives rate: (i) creating a common EU sanctions framework where each payment service provider both screens its customers at onboarding and is required to check its customer database on a daily basis, rather than checking every single transaction, which requires time-intensive human interaction, (ii) putting SCT Inst on an equal footing with cards at the POI, so that SCT Inst transactions should be treated similarly to card transactions when it comes to sanctions screening. The task force is expected to finalise its work by the end of 2021.

- The **EPC** reported on the outcome of the analysis of possible actions at scheme level such as (in the SCT Inst scheme) compulsory and standardised usage of purpose and reject reason codes; (in the SEPA request-to-pay scheme) the possible use of purpose codes or other additional data to identify payments at the POI. The EPC analysis concurred with the preliminary findings of the ECSAs work, namely that only a structural solution (i.e. regulatory changes) would help progress on this matter. If such an approach were to be followed, it could be complemented with some actions at scheme level.

- **SWIFT** updated on the progress of their sanctions screening programme and next steps envisaged as regards screening practices and data quality, RFI and the future of screening.

- The **European Commission** updated on its initiative – to be delivered in the second quarter of 2022 – to accelerate the roll-out of instant payments considering several areas including sanctions screening. In this regard, after a first workshop in June 2021, a second workshop with relevant national authorities will be organised in December 2021 to consider possible solutions to the frictions identified. While having in mind the need to reduce the number of false positive hits arising during the sanctions

screening of instant payments, the broader policy objectives of sanctions screening should be continually complied with.

AMI-Pay took note of the updates provided and welcomed the comprehensive work conducted by the ECSA's ad hoc task force since the May AMI-Pay meeting.

Follow-up:

AMI-Pay participants will consider this topic in its next meeting with an ECB presentation providing some conclusions and a way forward, liaising in the meantime with the various contributors to this topic.

3. Cross-currency instant payments in TIPS

AMI-Pay will be informed of the work on cross-currency instant payments in TIPS following the June 2021 decision by the ECB Governing Council to continue the investigation of such a functionality in TIPS.

AMI-Pay members are invited to take note of the update and provide feedback.

Document:

Cross-currency instant payments in TIPS

Outcome:

The ECB, Sveriges Riksbank and Banca d'Italia presented the work conducted for a cross-currency instant payments functionality in TIPS following the June 2021 ECB Governing Council and Sveriges Riksbank decisions to continue such investigations. The presentation recalled the rationale and policy objectives of this endeavour, the work conducted so far and envisaged next steps. The latter includes notably a market survey to be launched in December 2021 to collect feedback from the market on this initiative. The envisaged functional and technical models for the cross-currency functionality would be part of the documentation supporting the market survey.

Participants took note of the update and were invited to share initial reactions. Members expressed their interest in better understanding the technical and functional details. Some stressed the importance that the model to be introduced should support equal opportunities (level playing field) for all participants and not only focus for cross border based upon cross currency, but also support single currency cross border solutions.

Follow-up:

A market survey on this initiative will be shared with AMI-Pay members to collect further comments on the technical envisaged solution and the impact on the market.

4. Any other business

Outcome:

AMI-Pay participants were informed of the publication of the [CPMI report](#) “Extending and aligning payment system operating hours for cross-border payments” and encouraged to provide feedback in the context of the consultation open until 14 January 2022.