



EUROPEAN CENTRAL BANK

EUROSYSTEM

**Sylvain Debeaumont**

Head of Market Infrastructure  
Management Division, ECB

# **What new functionalities could a consolidated platform offer?**

**Consultation on the future of  
RTGS services**

Information session

22 March 2016, Frankfurt am Main

## Overview

- 1 Remittance and payments data
- 2 Opening hours
- 3 Multi-currency services
- 4 Account management
- 5 Openness to new technologies

Future enhanced functionalities may arise from ...

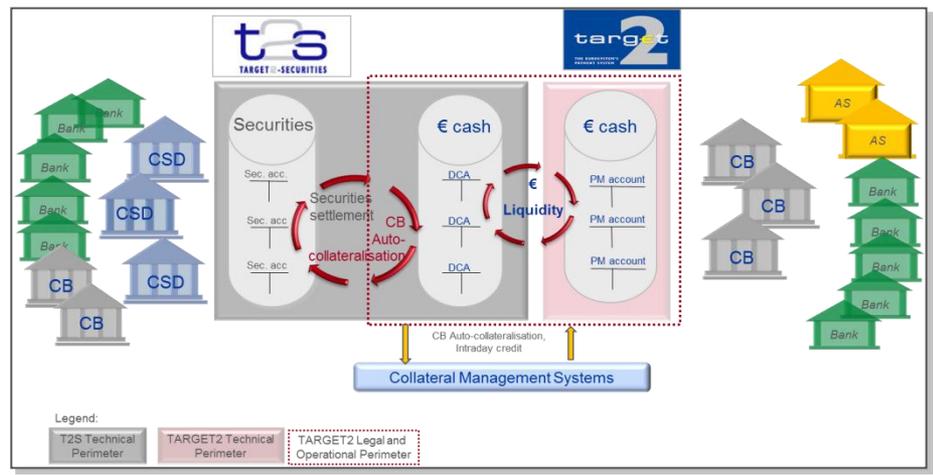
... reviewing today's RTGS features;



**“TARGET2: Principles and structure”, 14 July 2003**

**Go-live 1<sup>st</sup> wave: 19 Nov 2007**

... bringing the two platforms together;



... understanding future needs of the market!

# Overview

## 1 Remittance and payments data

2 Opening hours

3 Multi-currency services

4 Account management

5 Openness to new technologies

# Remittance and payments data

## *Background*

- New opportunities brought by the migration to ISO20022 standards
- Exploiting the richness of new standards
- Going beyond the like-for-like
- Standardisation exercise

# Remittance and payments data

## Options

Clearing channel

Supplementary data

Unique Transaction Identifier

**Legal Entity Identifier**

Remittance information

*Structured postal address*

*Tax ID*

End-to-end identification

Ultimate creditor

TAX INFORMATION

Intermediary bank

**Instructing agent**

Extended reference field

*Structured regulatory reporting*

*Creditor reference information*

Extended character set

*Instruction for next agent*

# Remittance and payments data

## *Expected benefits*

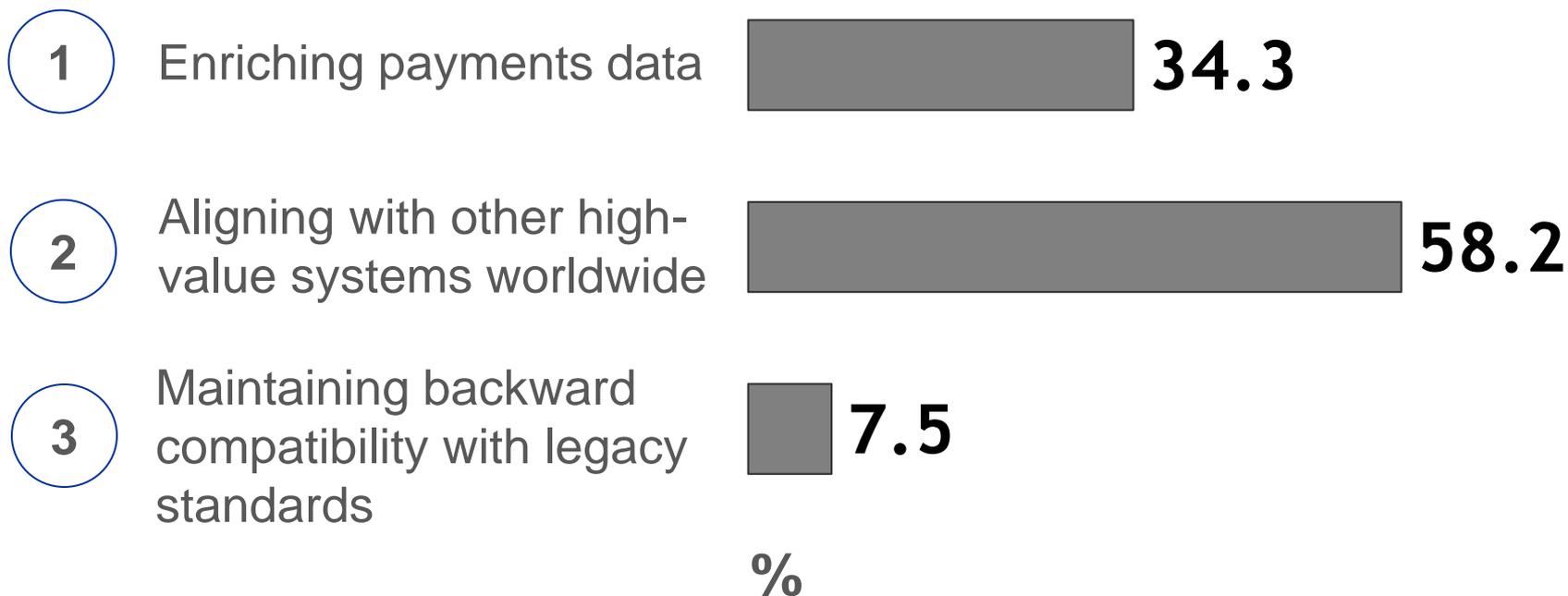
- Better integration of participants' internal (back-office) applications
- Optimisation of the end-to-end processing (e.g. corporate flows)
- Creating value



- *Coexistence with correspondent banking flows*
- *Converging standards for high-value payment systems worldwide*
- *Dependence towards ISO standards*



## What is most important in terms of remittance and payments data?



The results above present the vote of the participants at the information session.

## Overview

1 Remittance and payments data

**2 Opening hours**

3 Multi-currency services

4 Account management

5 Openness to new technologies

# Opening hours

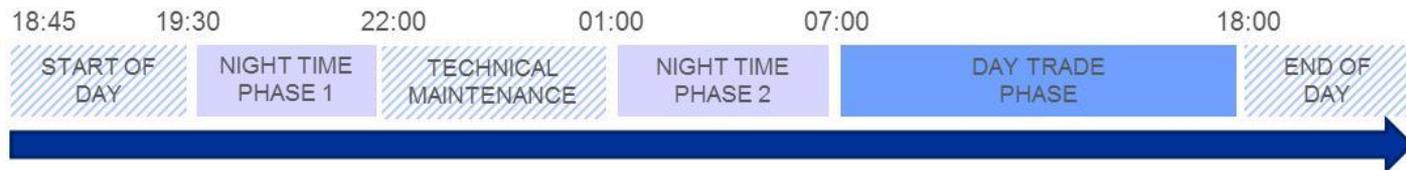
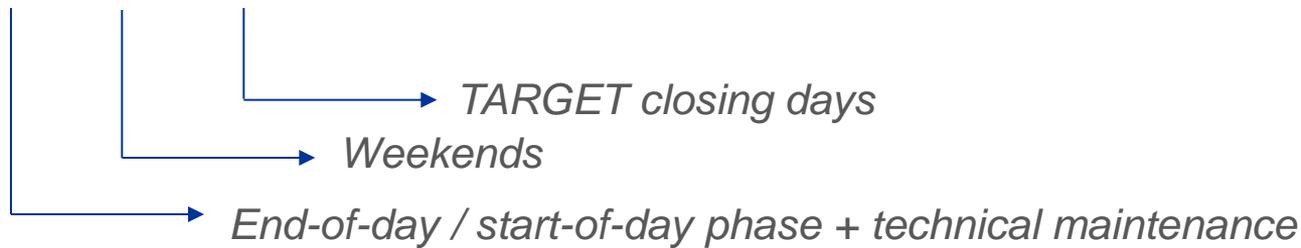
## *Background*

- Expand existing cut-offs
- Globalisation of the economy
- Support to new initiatives
- Technological choice

# Opening hours

## Options

**24 / 7 / 365**



- Level of service / reactivity?
- Which services available during the night?
- Differentiation between RTS / NTS?

# Opening hours

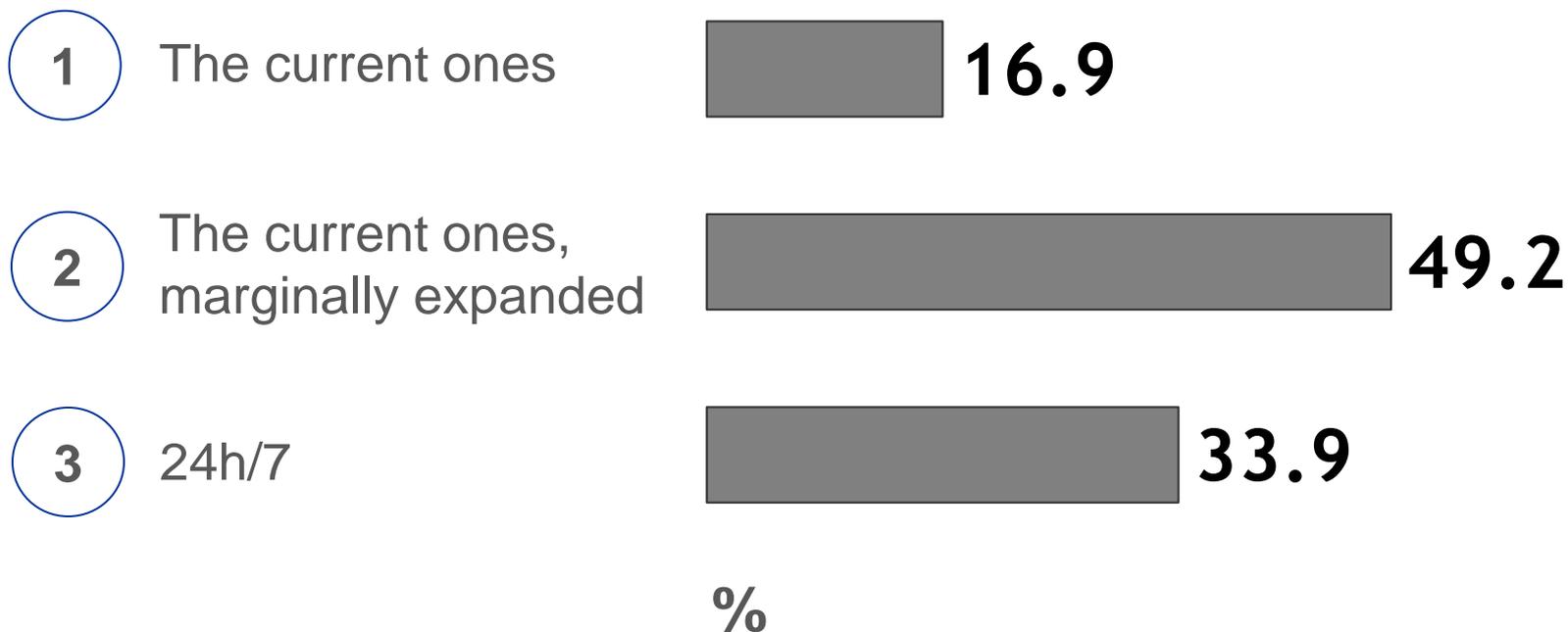
## *Expected benefits*

- Better support market needs
- Attract new business
- More evenly spread out volume / turnover



- *Cost implications*
- *Organisational implications*
- *Liquidity management implications*

## What should be the operating hours of regular payments ?



The results above present the vote of the participants at the information session.

## Overview

1 Remittance and payments data

2 Opening hours

**3 Multi-currency services**

4 Account management

5 Openness to new technologies

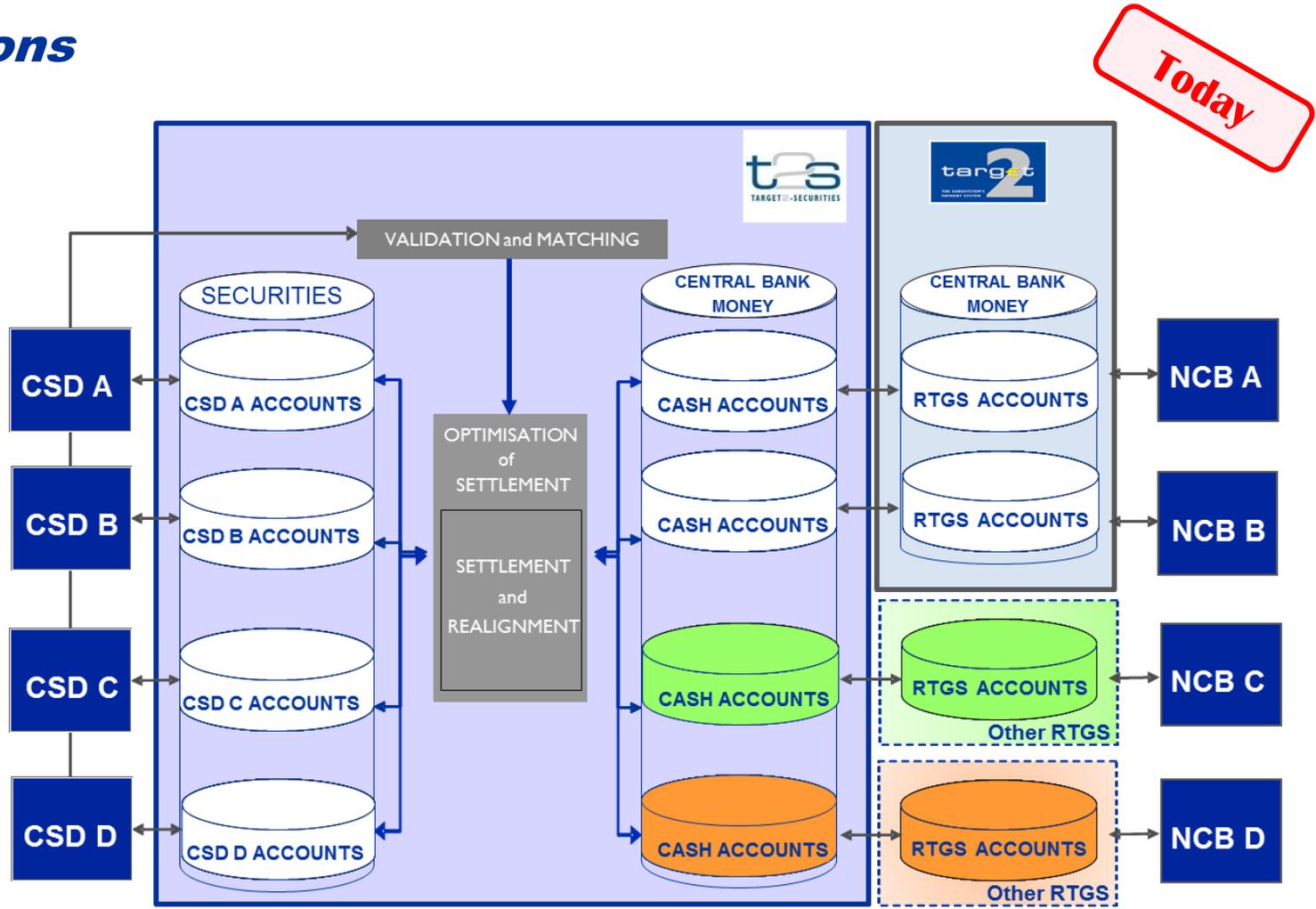
# Multi-currency services

## *Background*

- T2S as multi-currency platform
- Initial requirement vs later enhancement
- Example of multi-currency platforms
- Primarily a policy decision by Central Banks to join
- Confirmed interest by some markets / Central Banks

# Multi-currency services

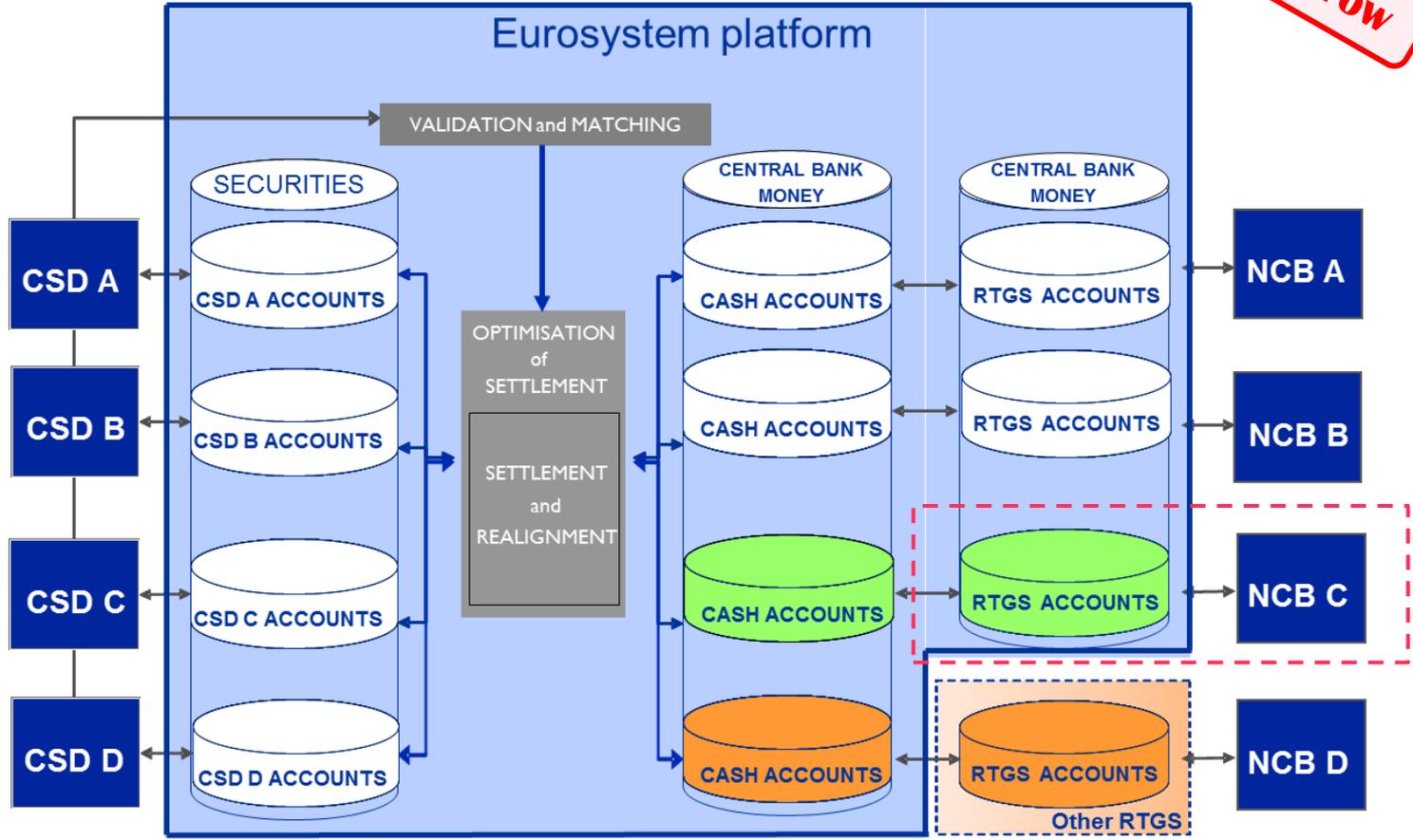
## Options



# Multi-currency services

## Options

**Tomorrow**



# Multi-currency services

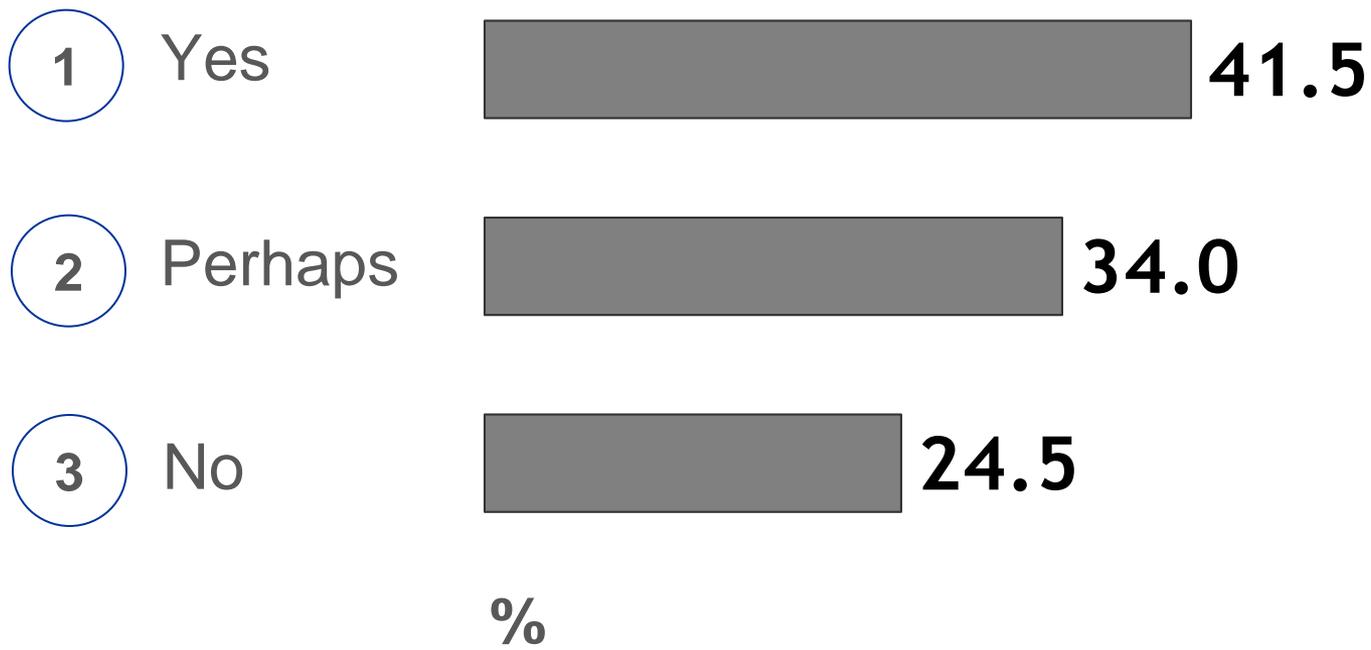
## *Expected benefits*

- Euro area banks active in joining countries
- Banks in joining countries active in the euro area
- Lower investments and running costs
- Eases joining EMU
- Possibility to settle individual PvP transactions ?



- *Increasing level of interdependencies*
- *Governance aspects*
- *Crisis management*

# Would you be interested in making use of PvP services?



The results above present the vote of the participants at the information session.

## Overview

1 Remittance and payments data

2 Opening hours

3 Multi-currency services

4 **Account management**

5 Openness to new technologies

# Account management

## *Background*

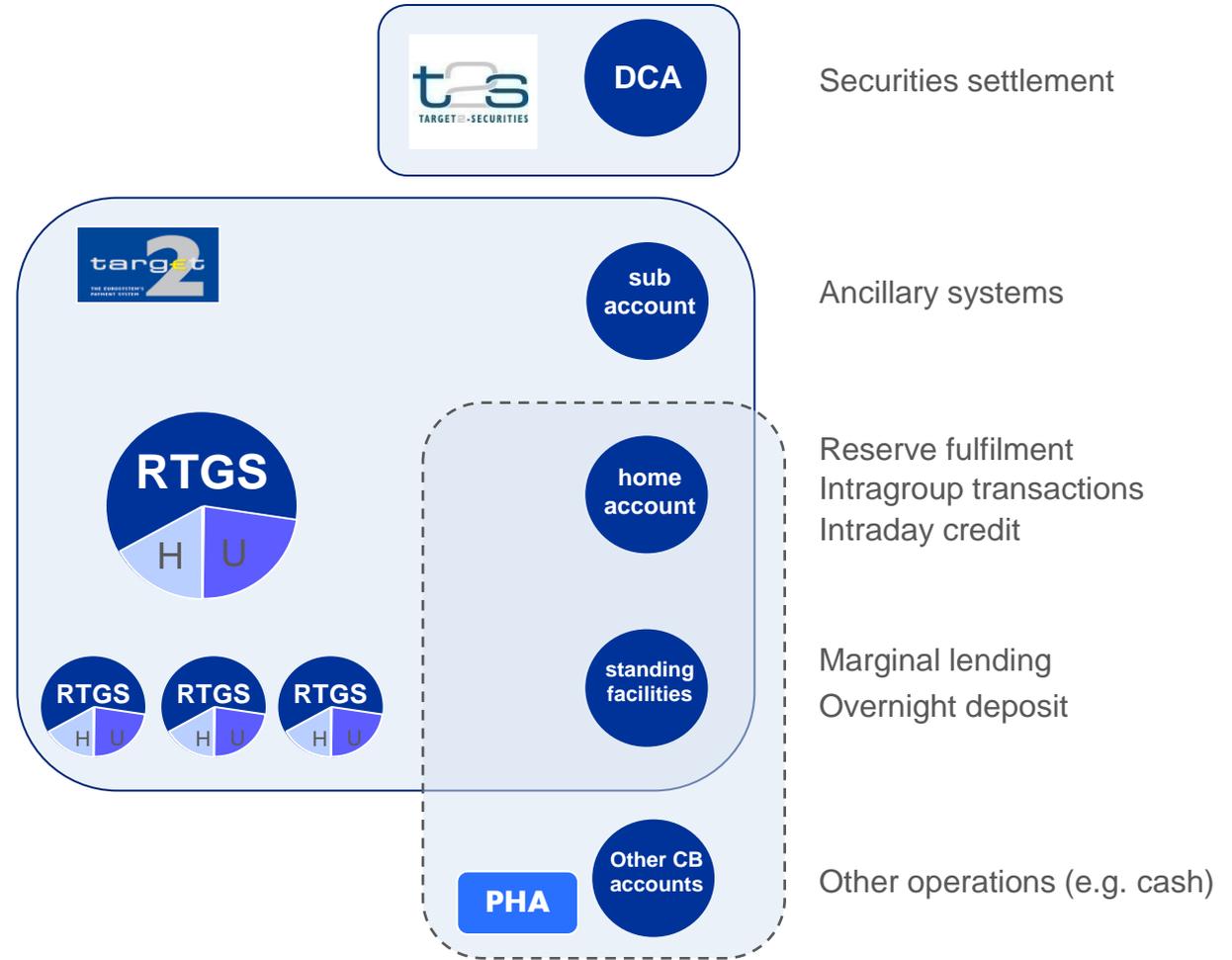
- Consolidation of technical services vs consolidation of accounts
- Pooling of liquidity vs segregation of funds
- Role of the RTGS account in the management of liquidity
- Organisation of banking groups

# Account management

## Options



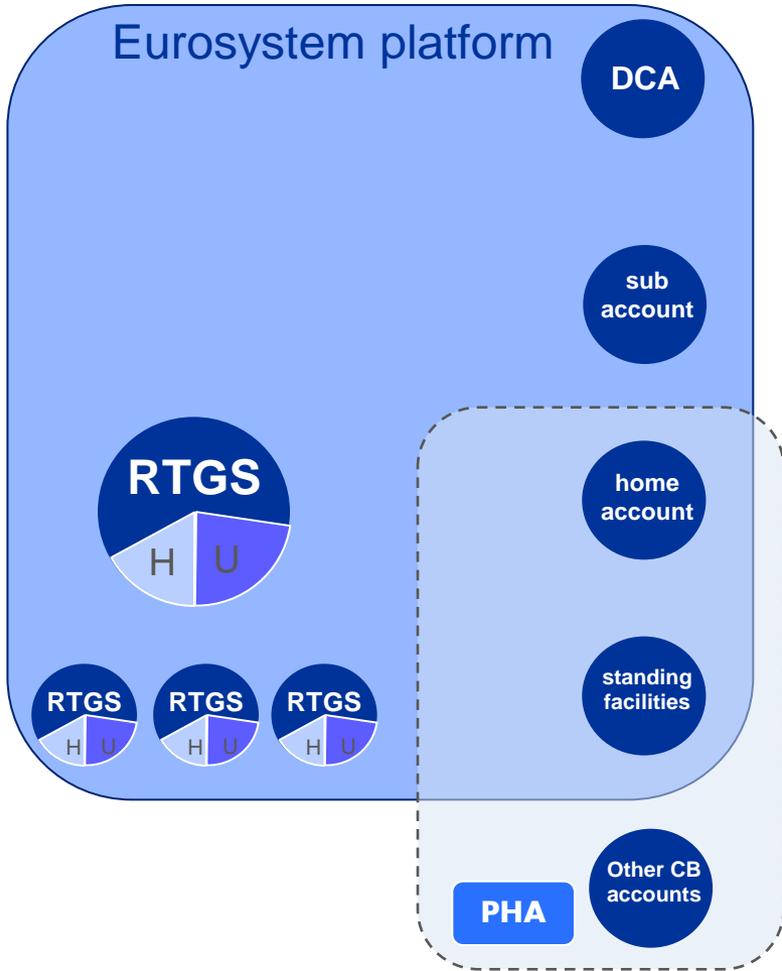
- Monetary policy
- Intragroup transactions
- Payments to third parties
- Intraday credit
- Ancillary systems
- Reserve fulfilment
- Other operations



# Account management

## Options

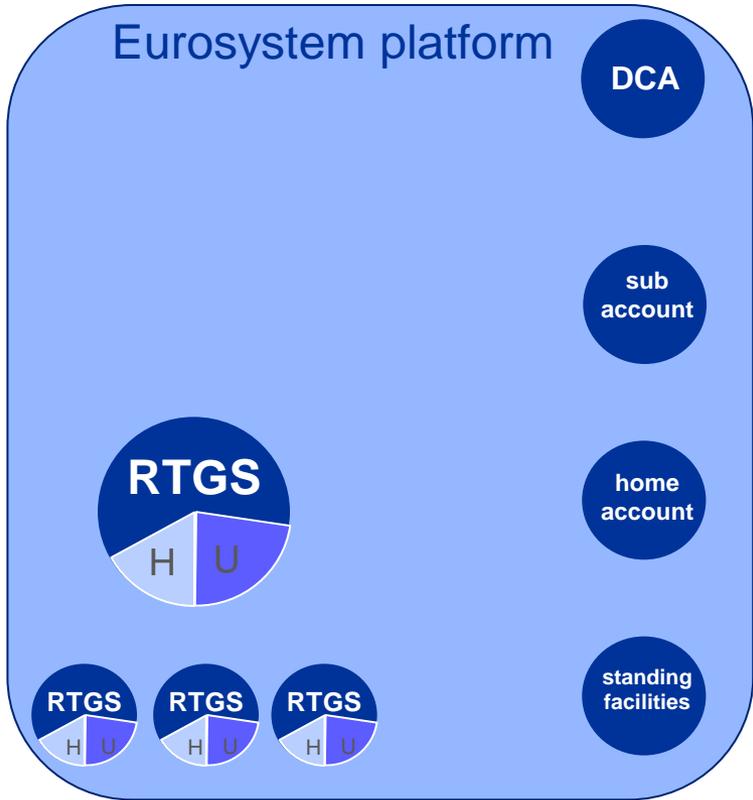
**Tomorrow**



# Account management

## Options

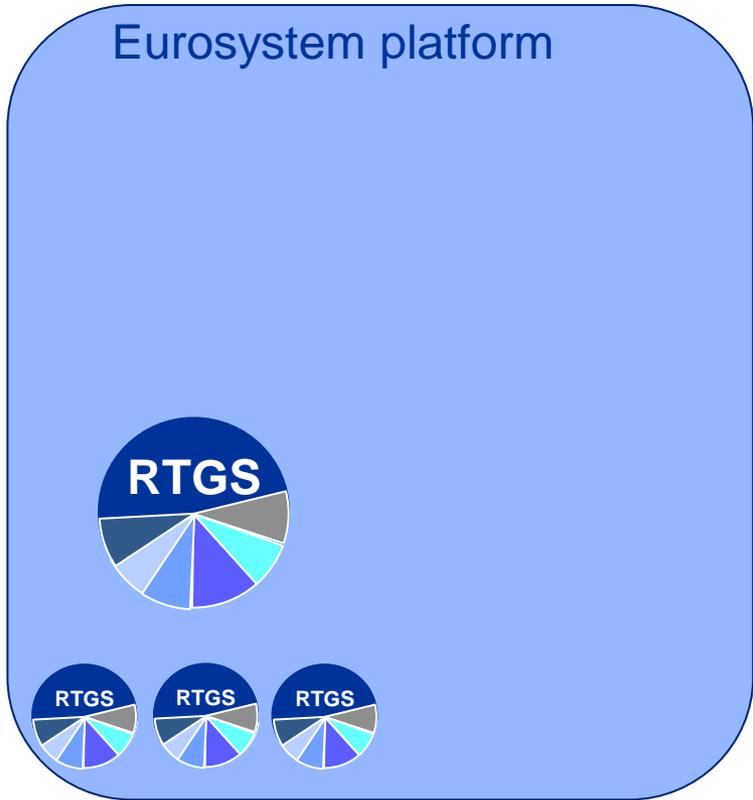
**Tomorrow**



# Account management

## Options

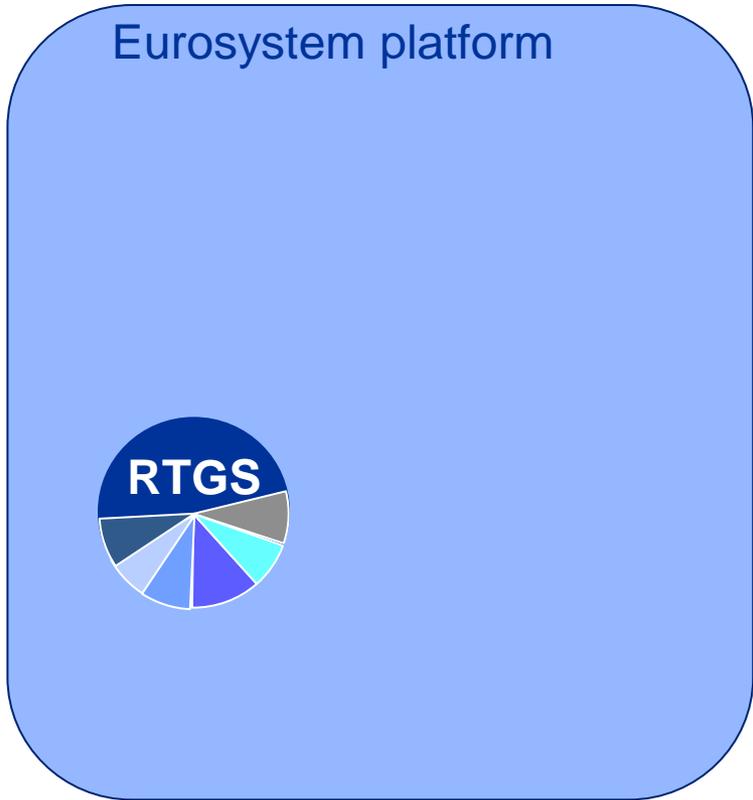
**Tomorrow**



# Account management

## Options

**Tomorrow**



# Account management

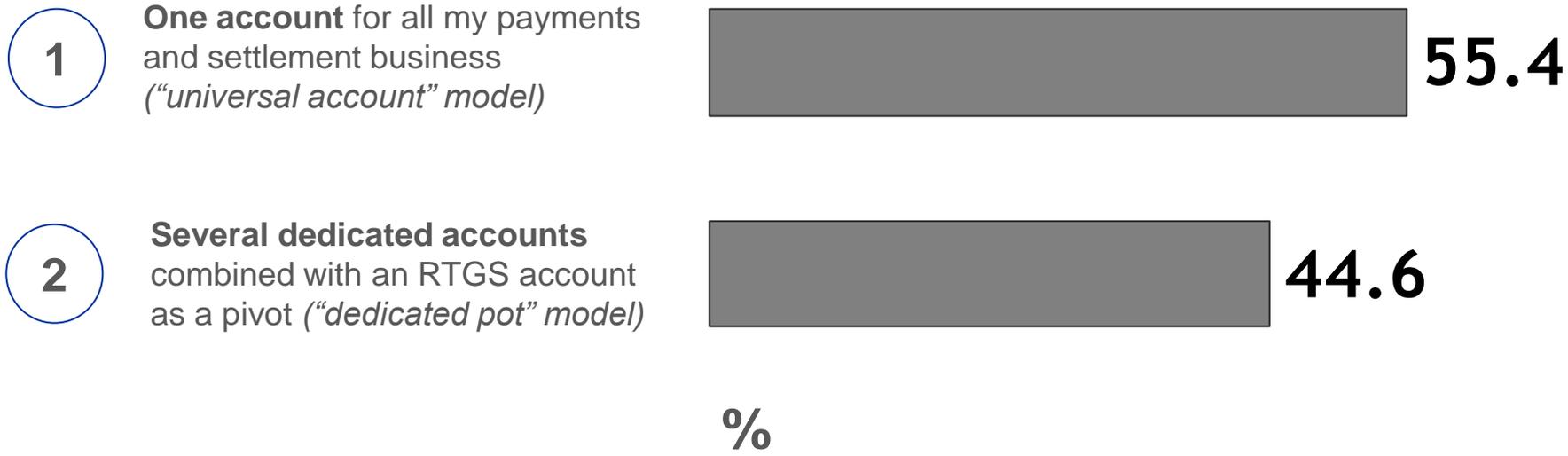
## *Expected benefits*

- Limit the number of accounts
- Managing concurrent usage of liquidity
- Simplify banks' liquidity management



- *Heterogeneity of requirements*
- *Specificity of banking groups*
- *Strong link with liquidity management features*

# What type of an account set up would you prefer?



The results above present the vote of the participants at the information session.

## Overview

- 1 Remittance and payments data
- 2 Opening hours
- 3 Multi-currency services
- 4 Account management
- 5 Openness to new technologies**

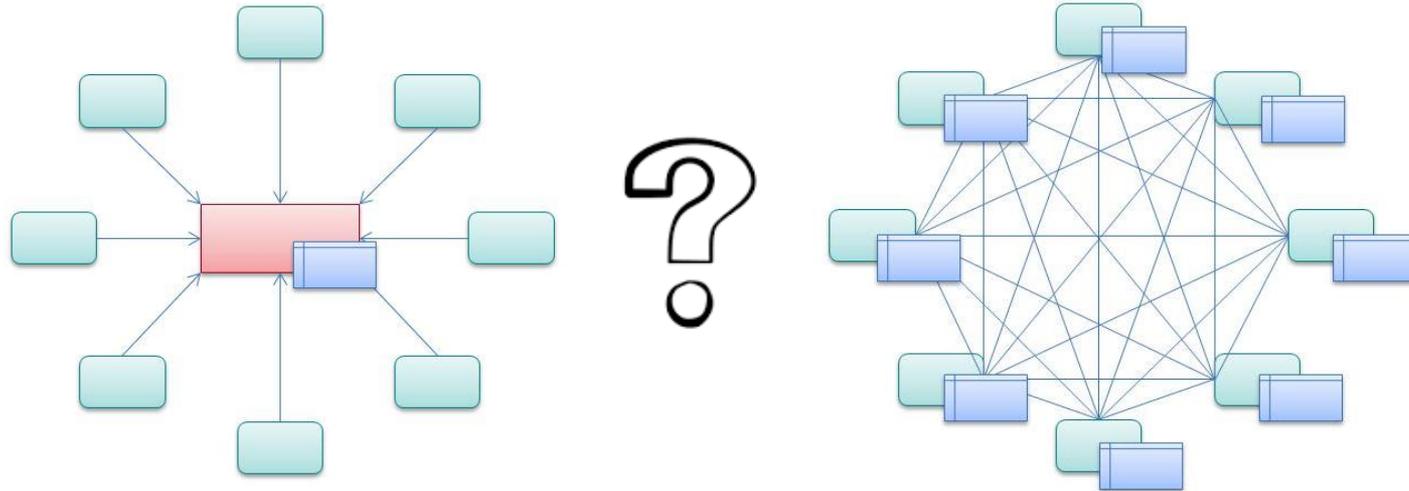
# Openness to new technologies

## *Background*

- Innovation opportunities brought by new technologies
- Centralised set-up of Financial Market Infrastructures
- Emerging demand from the market
- Growing interest from banks and central banks

# Openness to new technologies

## Options



- For the operation of the RTGS system itself ?
- For supporting the other financial market infrastructures ?
- For providing new services ?

# Openness to new technologies

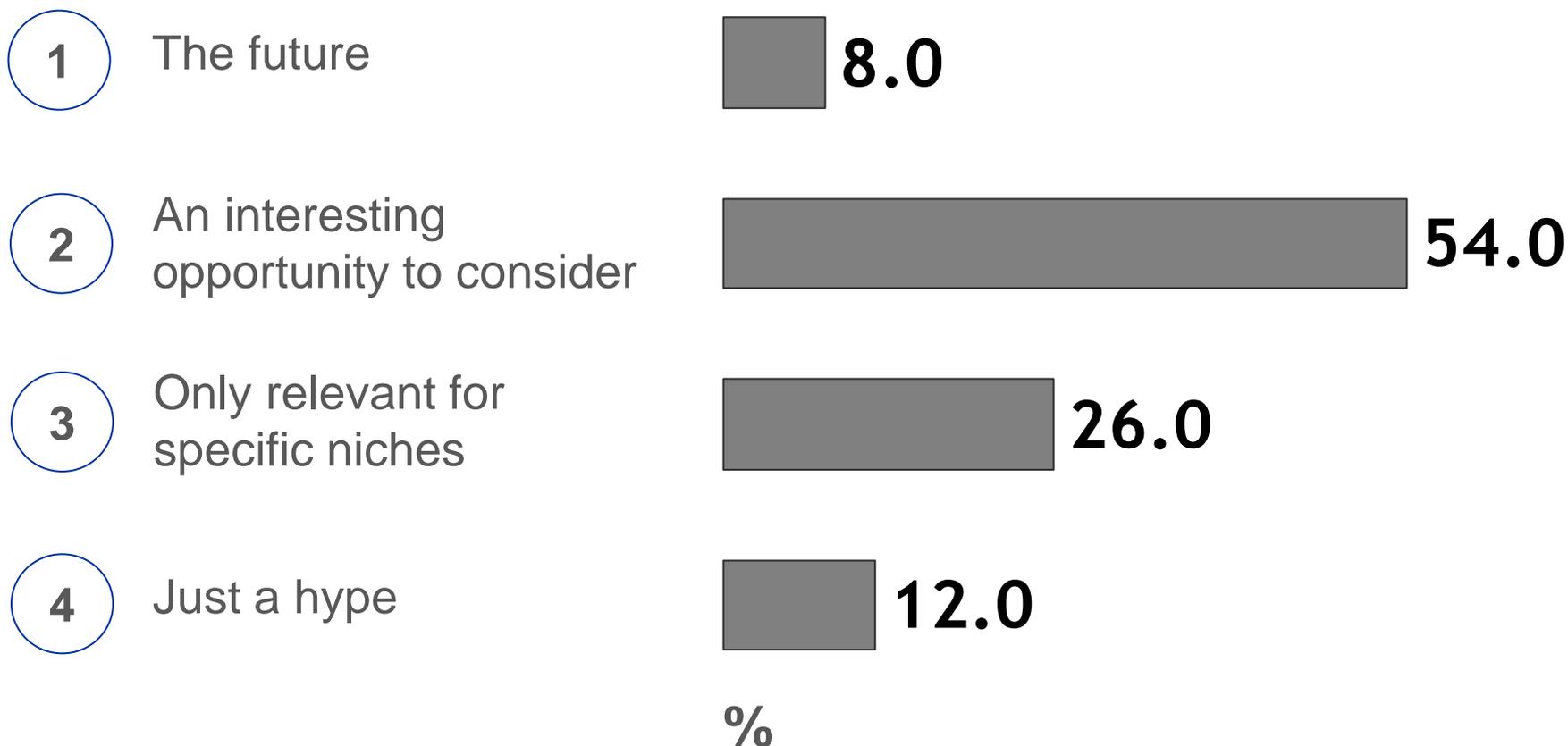
## *Expected benefits*

- Positive effect on resilience ?
- Positive effect on cyber security ?
- Positive effect on costs ?
- Positive effect on revenues ?



- *Moving target*
- *Need to join the dots*
- *What's behind the hype ?*

# Blockchain and DLT in the payments business are:



The results above present the vote of the participants at the information session.



EUROPEAN CENTRAL BANK

EUROSYSTEM

# Thank you for the attention!

[www.ecb.europa.eu/paym](http://www.ecb.europa.eu/paym)

 @T2SECB

#target2 #t2s