



EUROPEAN CENTRAL BANK

EUROSYSTEM

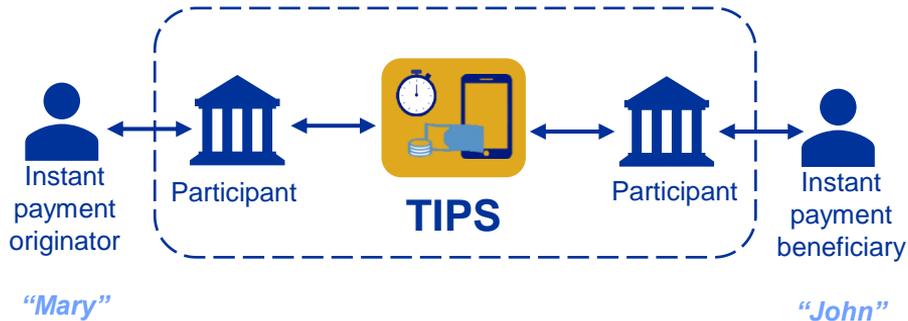
How does TIPS operate?



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How does TIPS work?

- TIPS enables citizens and firms to **transfer money** between each other in **real time**



- ✓ **Any time** of the day
- ✓ **Any day** of the year
- ✓ **Final and irrevocable** settlement of instant payments
- ✓ Settlement in **central bank money**

Who participates in TIPS (1/2)

- ✓ **Same participation criteria as for T2**
- ✓ **Simple contractual arrangements**
 - addition of just one more type of account for existing TARGET participants

There are three ways to access TIPS

- 1. Participant** - owning one or more TIPS accounts
 - TIPS Dedicated Cash Account (TIPS DCA)
 - TIPS Ancillary System Account (TIPS ASTA)
- 2. Reachable Party** - able to access a participant's TIPS account by entering into a contractual agreement with that participant
- 3. Instructing Party** - enters into a contractual agreement with one or more participant/reachable party to instruct on their behalf



Who participates in TIPS (2/2) - Recap

Participant

- Holds one or many TIPS accounts to send/receive instant payments
- Can instruct payments
- Payments are settled on its account



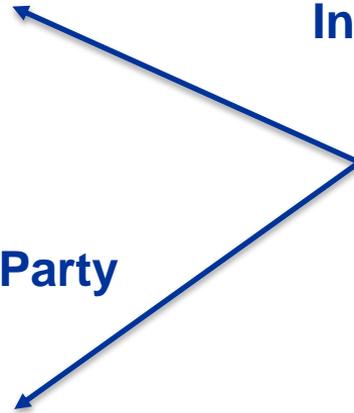
Reachable Party

- Does not hold a DCA
- Can instruct payments
- Settles instant payments on a participant's TIPS account



Instructing Party

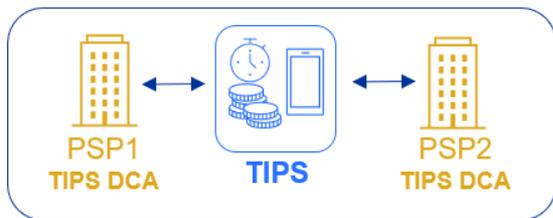
- Instructs on behalf of the Participant or the Reachable Party



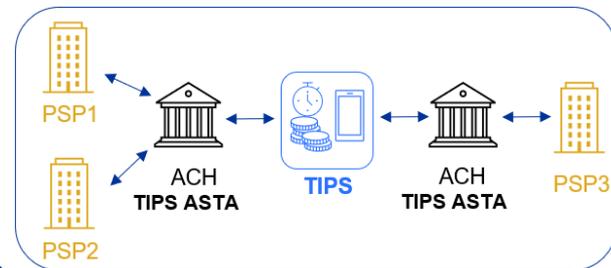
Participation in TIPS

There are 3 different options for the PSPs to settle an instant payment:

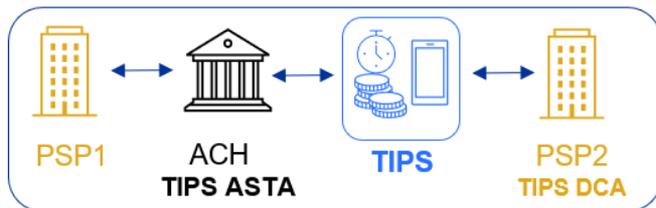
A. Instruct in TIPS and settle in TIPS DCAs



C. Instructing in an ACH and settling in an ACH

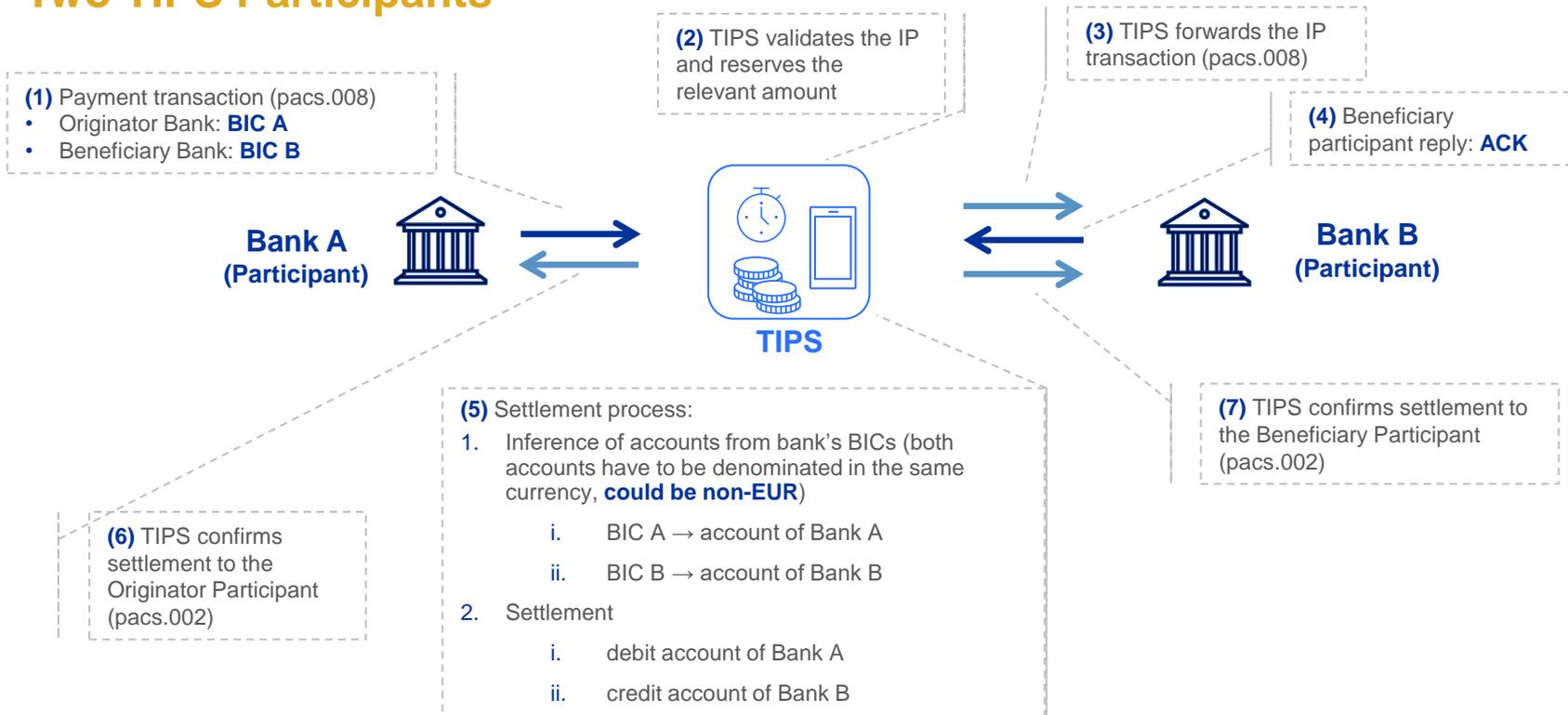


B. Instructing in an ACH and settling in TIPS DCA



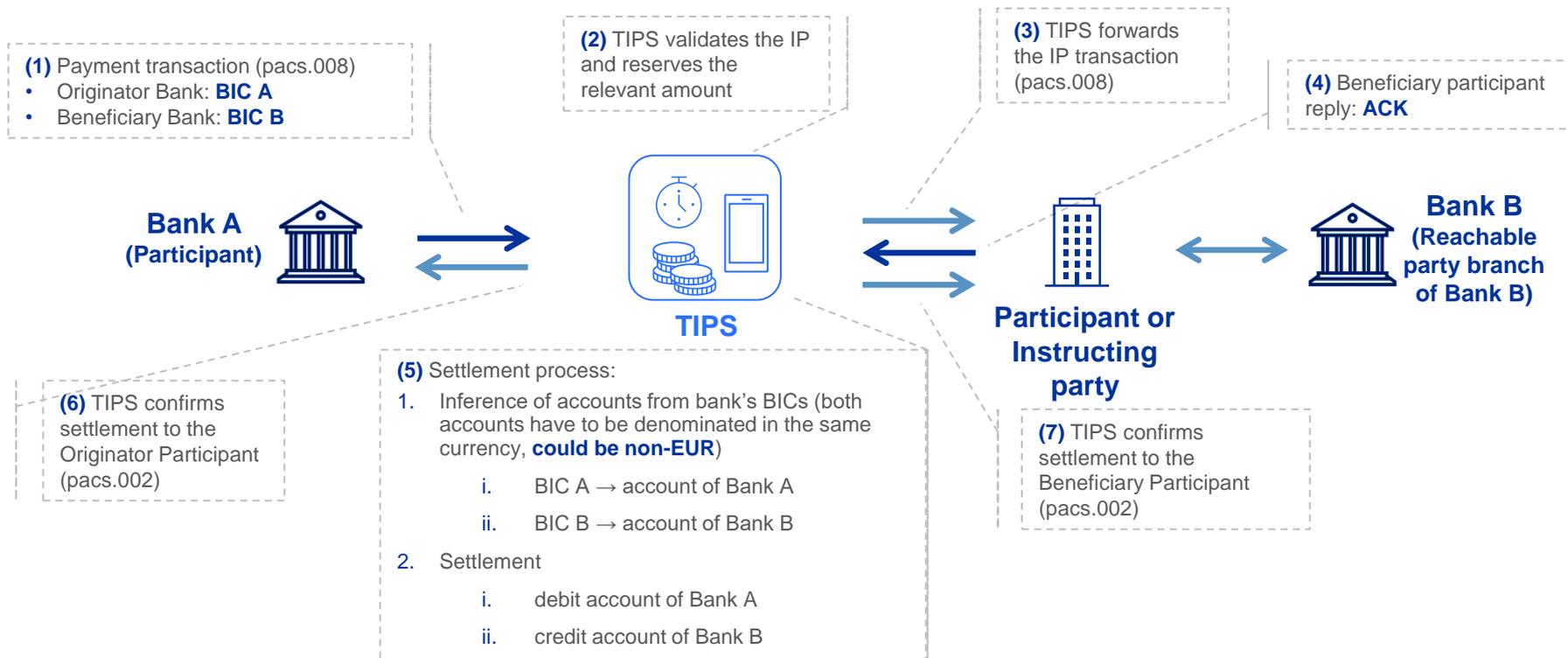
Instant payment settlement

Two TIPS Participants



Instant payment settlement

TIPS Participant and Reachable Party



How does TIPS work?

Main technical elements



EPC scheme requirement:
End-to-end processing
time within 10”

TIPS is much faster:

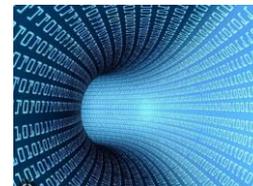
- ✓ *committed to settle 99% of the cases in less than 5 seconds*
- ✓ *in practice settles in less than 1 second*



Availability around the
clock (no daily
maintenance window)



Changes deployed
without service
interruption



Large volumes
& scalability

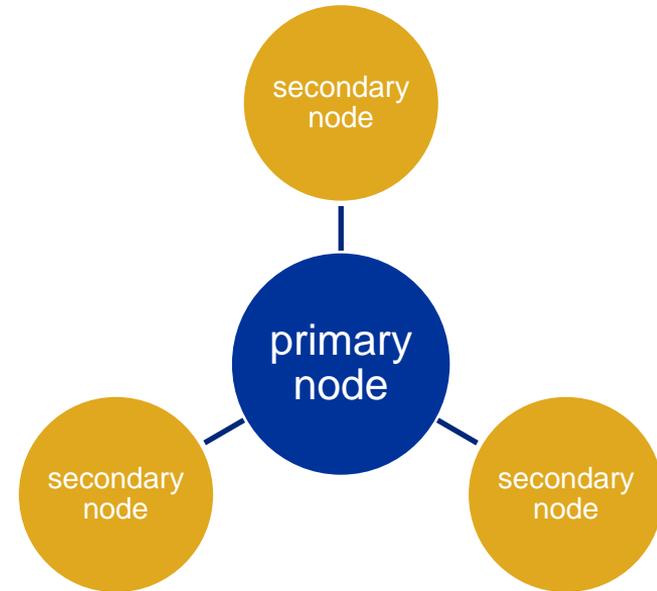
- ✓ *Today TIPS is managing large volumes coming from **EUR** and **SEK** transactions*
- ✓ *In case of need, TIPS capacity could be increased*

Technical design - Service Continuity Arrangements

Ensuring resiliency and 24/7/365 uninterrupted operations

- TIPS operating model “**1 region / 3 sites**”
- TIPS **adapts** its behaviour as far as possible to continue operating

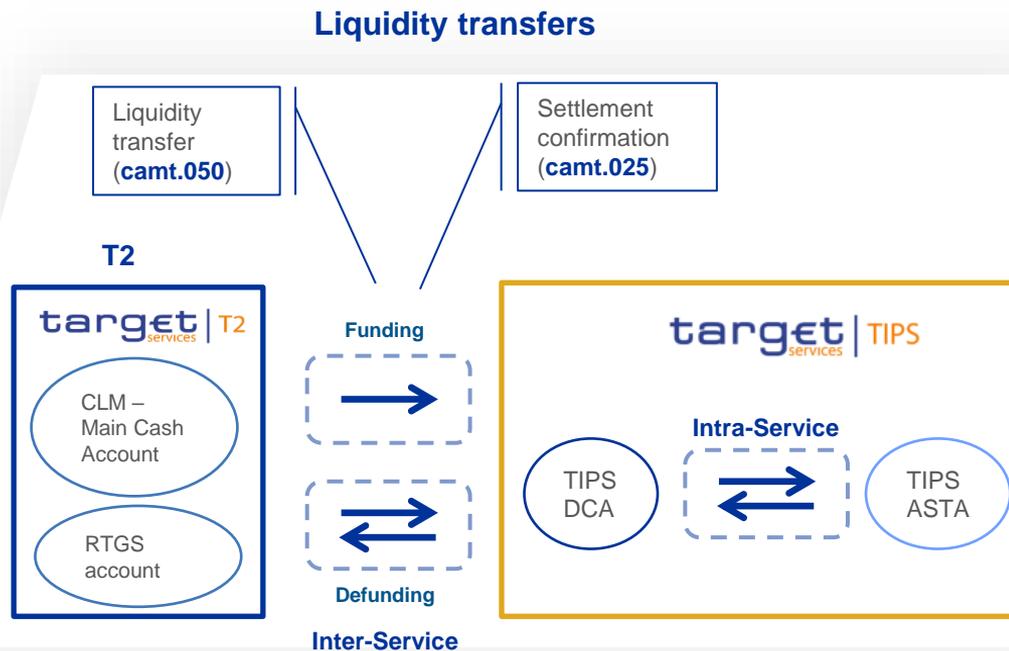
The TIPS infrastructure is realised by a **cluster of processing nodes**



Liquidity management for TIPS (1/2)

- **Funding/defunding** is available between TIPS and the connected RTGS during the opening hours of the RTGS
- **Intra-service Liquidity transfers are enabled between TIPS DCA and TIPS AS Technical accounts 24/7/365**
- **TIPS settlement** in a given currency will have the **same business day** as the corresponding RTGS

Note: *Value date for end customers - market best practice agreed: PSPs value date SCT Inst transactions on the calendar date on which they are executed*



Liquidity management for TIPS (2/2)

Minimum reserve fulfillment:

- ✓ **TIPS DCA balances** are counted towards the **minimum reserve requirements**

Note: TIPS Ancillary System Technical Account (ASTA) balances are not, as they are owned by their settlement banks

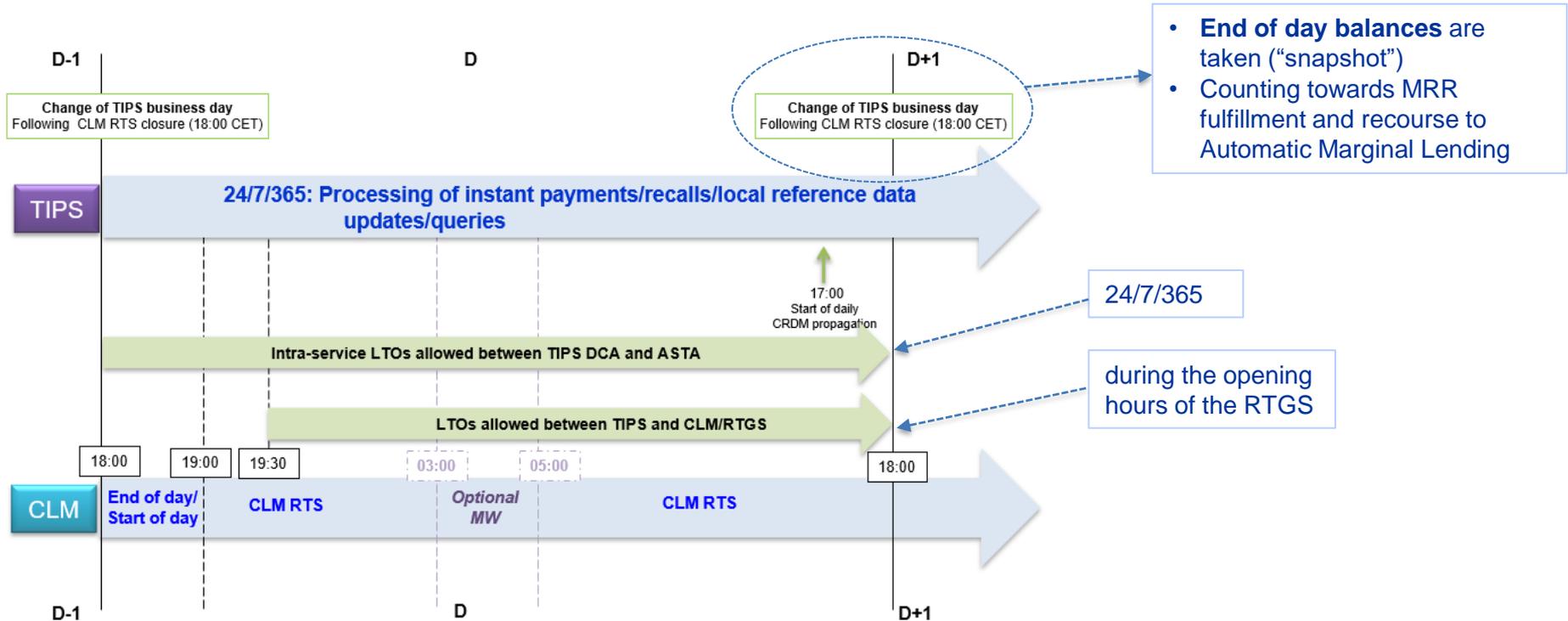


Marginal Lending:

- ✓ **TIPS DCA balances reduce recourse to the automatic marginal lending facility** (in case of negative balance on T2 account)

CLM + RTGS balance	-200
TIPS balance	350
Automatic marginal lending facility	0
Contribution to minimum reserves	150

TIPS business day schedule



TIPS directory

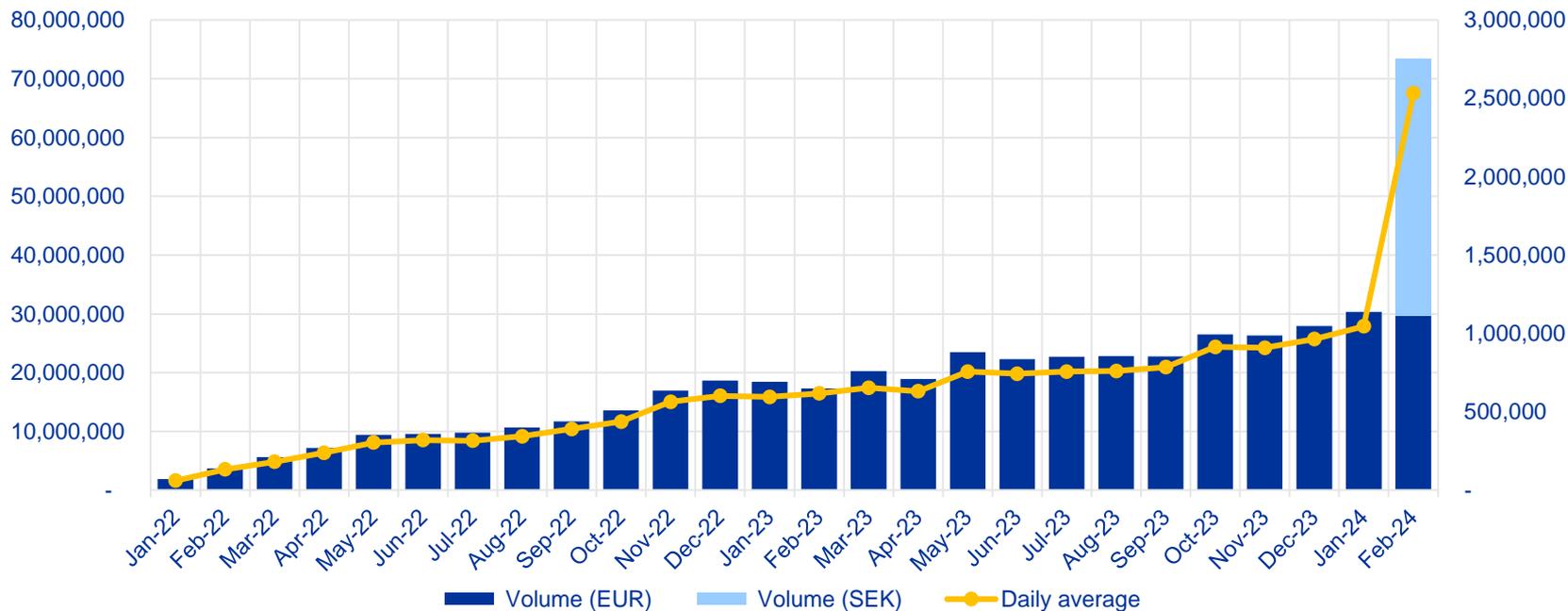


- includes the list of **all BICs of TIPS Participants and Reachable Parties** that are addressable within TIPS
- **daily generation** of a full version and a delta version in CRDM at 17:00
- **distribution of the TIPS Directory** in two ways: **(a) push mode:** TIPS sends the full version or the delta version to all TIPS Actors who created a Report Configuration, **(b) pull mode:** any time during the service hours of CRDM, a TIPS Actor may download either the full version or the delta version.

TIPS traffic evolution

Volume of Instant Payment Transactions settled per month⁽¹⁾

(left-hand scale: Monthly totals; right-hand scale: Daily average on calendar days)



⁽¹⁾ Recalls (settled) are excluded from the calculation of this statistic.