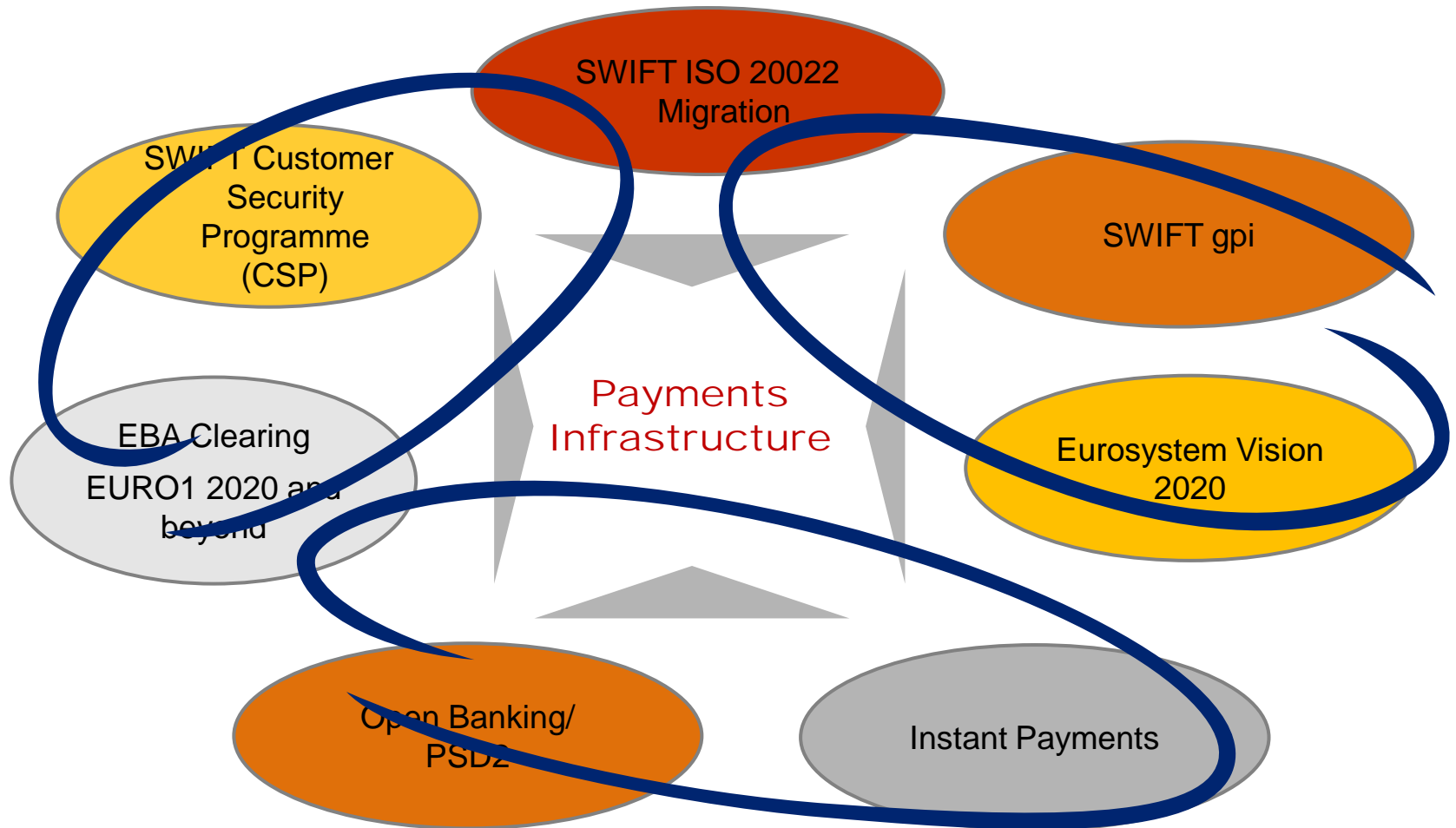




# Evolution of the Payment Landscape - ISO 20022 Migration

SMPG Meeting on 08. April 2019

# Challenges in the European Payments Landscape



# SWIFT ISO 20022 Migration for cross-border payments

## Momentum

Financial Market Infrastructures migrate to ISO 20022 globally

## Scope

All users of payments and cash management messages (MT 1xx, 2xx & 9xx)

## Timeline

Start in November 2021 aligned with EUR HVP Systems following 4 years coexistence

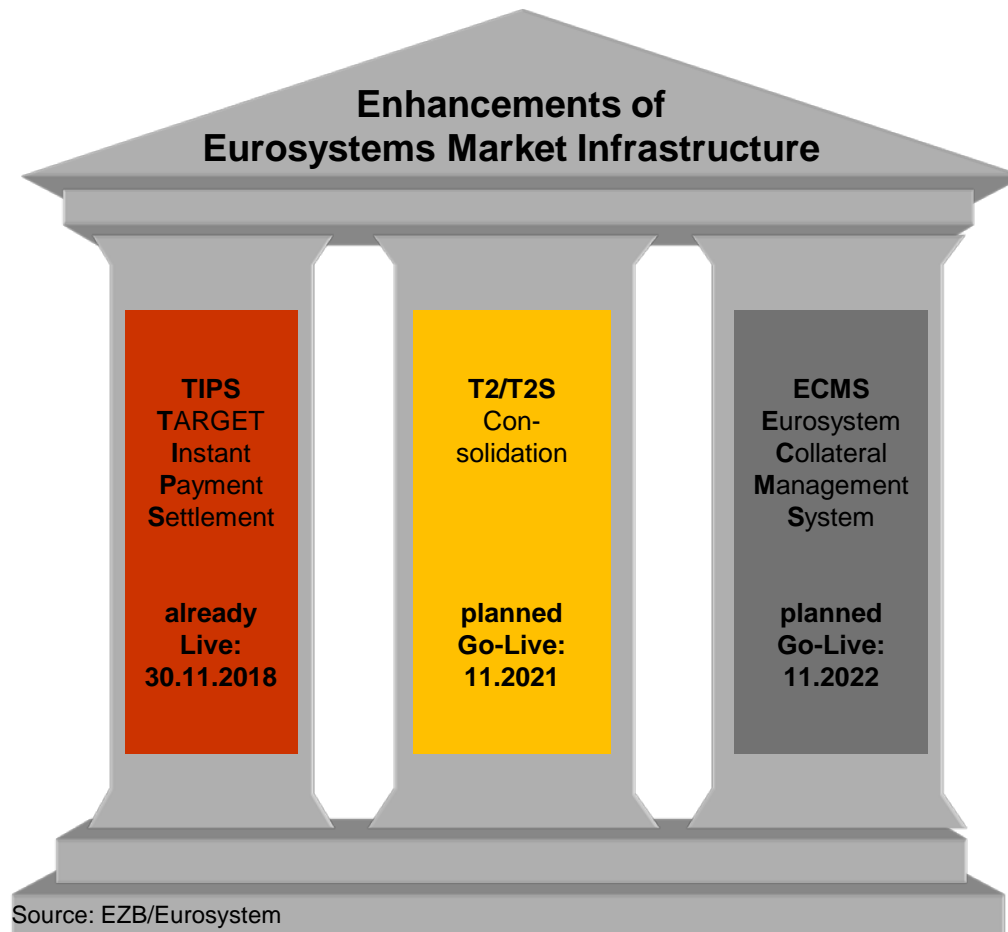
## Principle

**Receiver is responsible**, i.e. it will be the responsibility of the receiver to comply with any obligations arising from receipt of the original

## Risk

**Business- and regulatory risk resulting from data truncation**

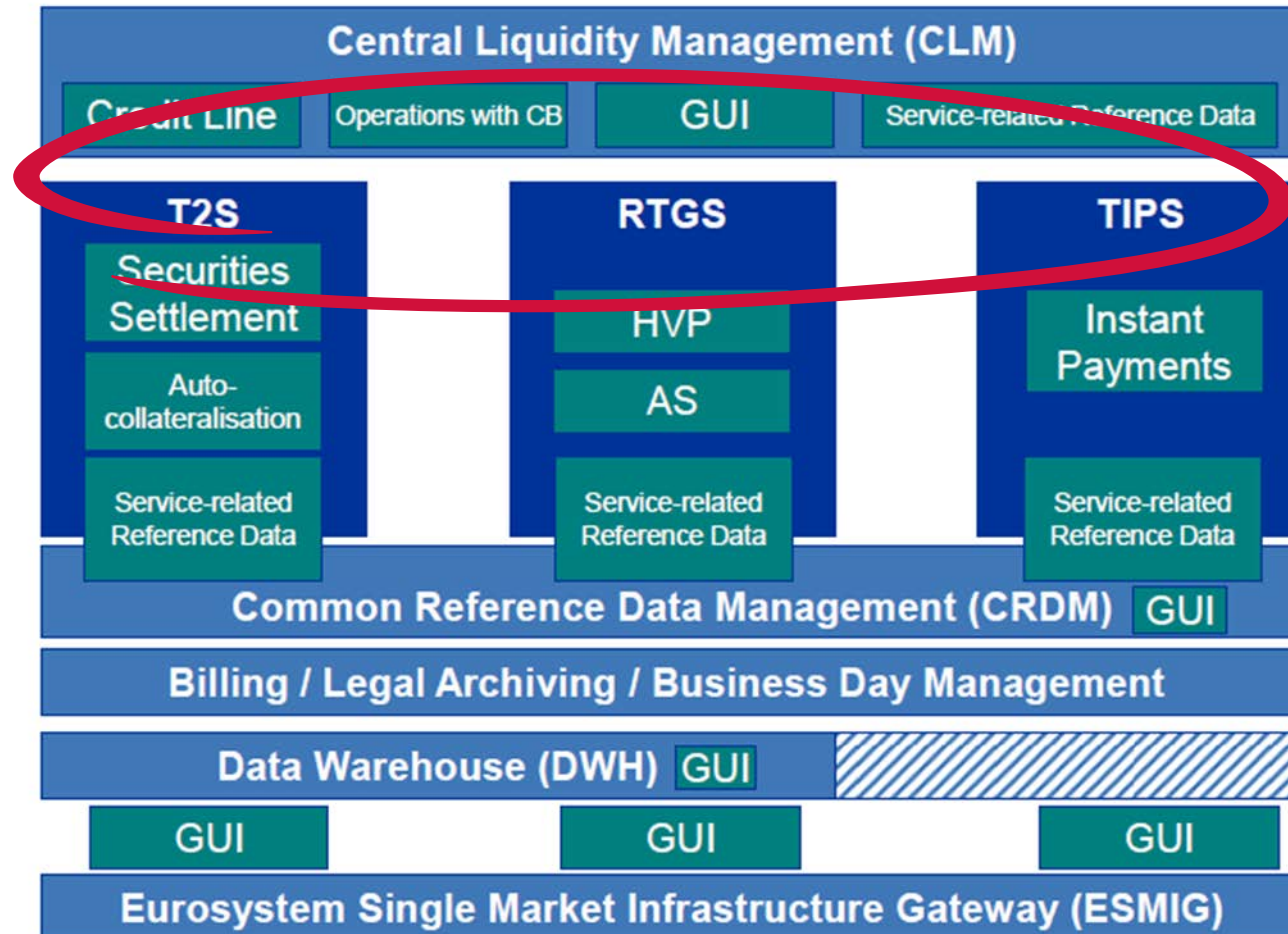
# Vision for Evolving of Eurosystem market infrastructure



In spring 2016, the Eurosystem consulted the market on its vision for evolving the Eurosystem market infrastructures with regards to the Real-Time Gross Settlement (RTGS) as well as exploring synergies between TARGET2 and T2S. The vision was placed in the context of the capital markets union, which the European Commission was pursuing in parallel.

The aim of the T2-T2S Consolidation project is to consolidate and optimise the provision of the TARGET2 and T2S services and to address the increasing demand for having an effective facility for the provision of liquidity to existing and future Eurosystem payment and settlement services.

## Vision 2020 - Overview of the future TARGET services



# TARGET2/T2S Consolidation

## Key elements



- 1 **Introduction of Central Liquidity Management (CLM)** enable banks to manage, allocate and monitor their central bank liquidity across all services and accounts
- 2 **Eurosystem Single Market Infrastructure Gateway (ESMIG)** Central access for participants to the TARGET Services T2 (CLM & RTGS), T2S, TIPS and ECMS
- 3 **Implementation of ISO 20022 messages for the communication i.e. no like-for-like** e.g. MT 103 => pacs.008, MT 202 => pacs.009, MT900/910 => camt.054
- 4 **Migration Approach: Big-Bang** i.e. no coexistence phase

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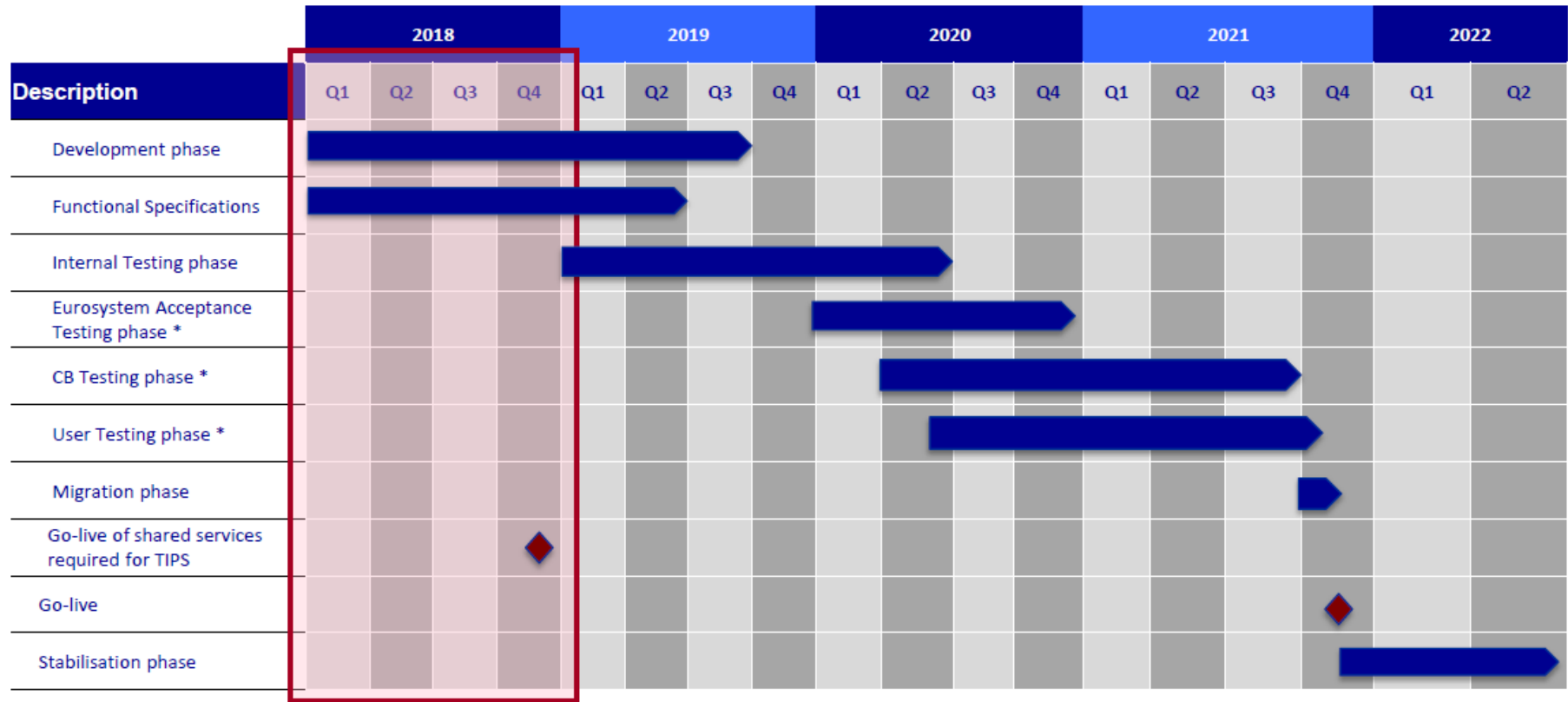
## A participant who is not ready to go-live in November 2021 will ...

## Community Readiness Monitoring



- 1 ... not be able to settle central bank operations
- 2 ... not be able to pay or be paid in central bank money
- 3 ... be cut from ancillary system settlement in central bank money
- 4 ... need to access payment services through another counterparty

# T2-T2S Consolidation - Timeline



\* covering preparation and execution in equal proportions

## TARGET2/T2S Consolidation – Impact on T2S (1)

Overview of Changes in T2S stemming from the T2-T2S Consolidation project affect both the cash and securities side

### 12 necessary CRs

which are pre-requisite

#

- 696 Common Reference Data Management for T2-T2S Consolidation
- 697 Billing common component for T2S
- 698 T2-T2S Consolidation Business Day Management
- 699 Decommissioning LTSl, scope and definition of queries and reports and access specifications to Data Warehouse functionalities
- 700 Legal Archiving common component for T2S
- 701 ESMIG impact on T2S
- 702 Requirement for an internal communication within the consolidated platform
- 703 Camt.050 exchanged by TARGET services and common components
- 704 CRDM Business Interface development
- 705 CRDM Business Interface Impact on T2S
- 706 Billing common component – T2S Migration
- 707 T2-T2S Consolidation Business Day Management – T2S Migration



## T2-T2S Consolidation – Impact on T2S (2)

### 3 optional CRs

which are not pre-requisite but raised by the T2S stakeholders

#

708 Allow Liquidity Transfers from a T2S DCA to a RTGS or TIPS DCA

709 Make the mandatory automated cash sweep at 17:45 optional

710 Daily maintenance window only for urgent changes and shift of the schedule time from 03:00-05:00 to 00:30-02:30 am

### DE AMI-SeCo NSG Outcome

CRs classified as optional are seen as necessary from the perspective of the treasurer

### DE AMI-SeCo NSG Remark

The classification of the optional CRs should be re-assessed

## Therefore...



Start the preliminary assessment as soon as possible



Collaboration/Involvement of key stakeholders



**YOU - Support from SMPG is needed**