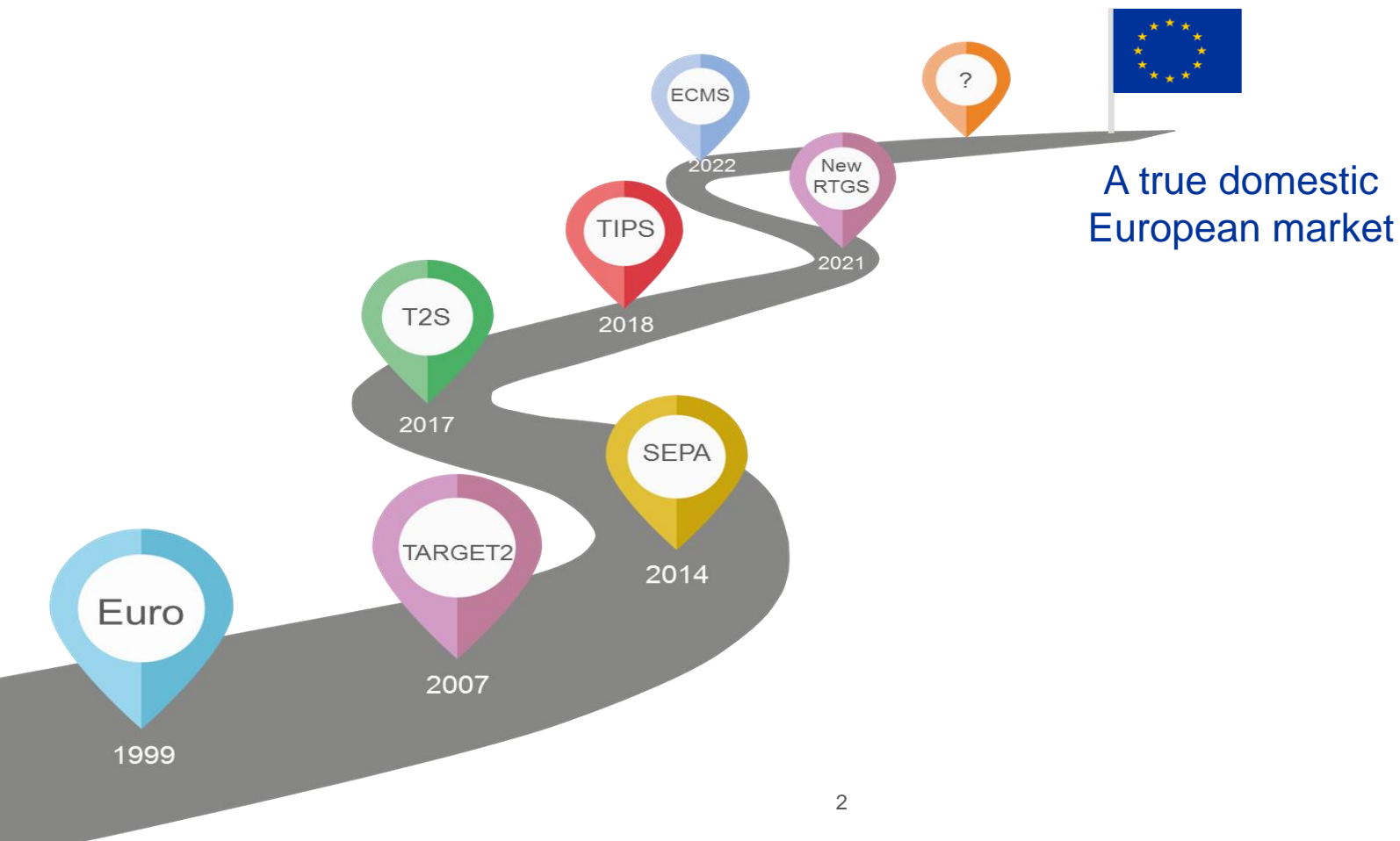


David Weidner
Market Infrastructure and Payments

Eurosystem's market infrastructure projects

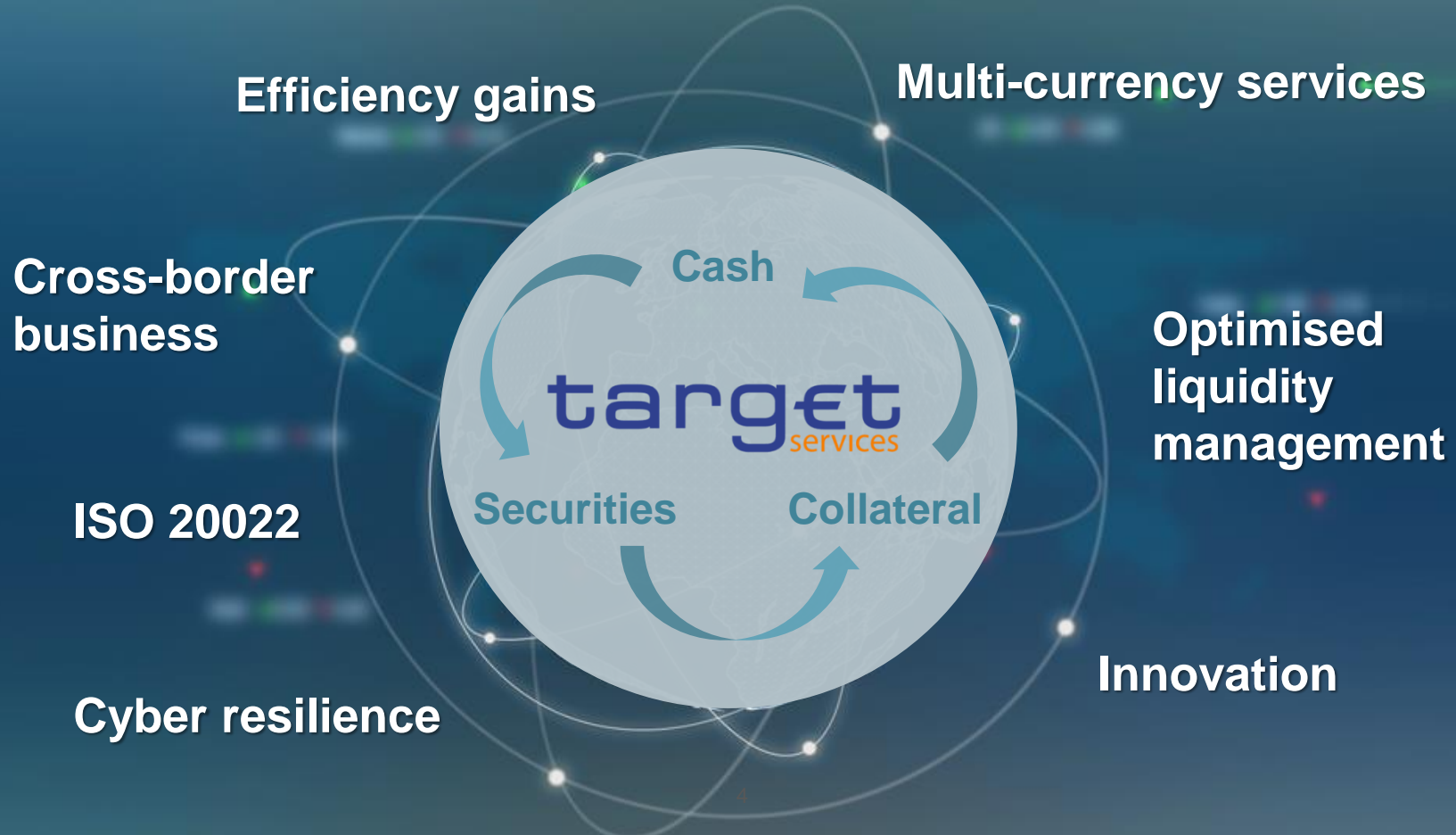
Global SMPG meeting, Frankfurt
8 April 2019



Developments and challenges that we are facing

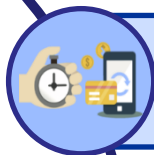


The market infrastructure of tomorrow



Eurosystem's market infrastructure projects

Enhance
efficiency
and further
integrate
TARGET
Services



TARGET Instant Payment Settlement (TIPS)
launched on 30 November 2018

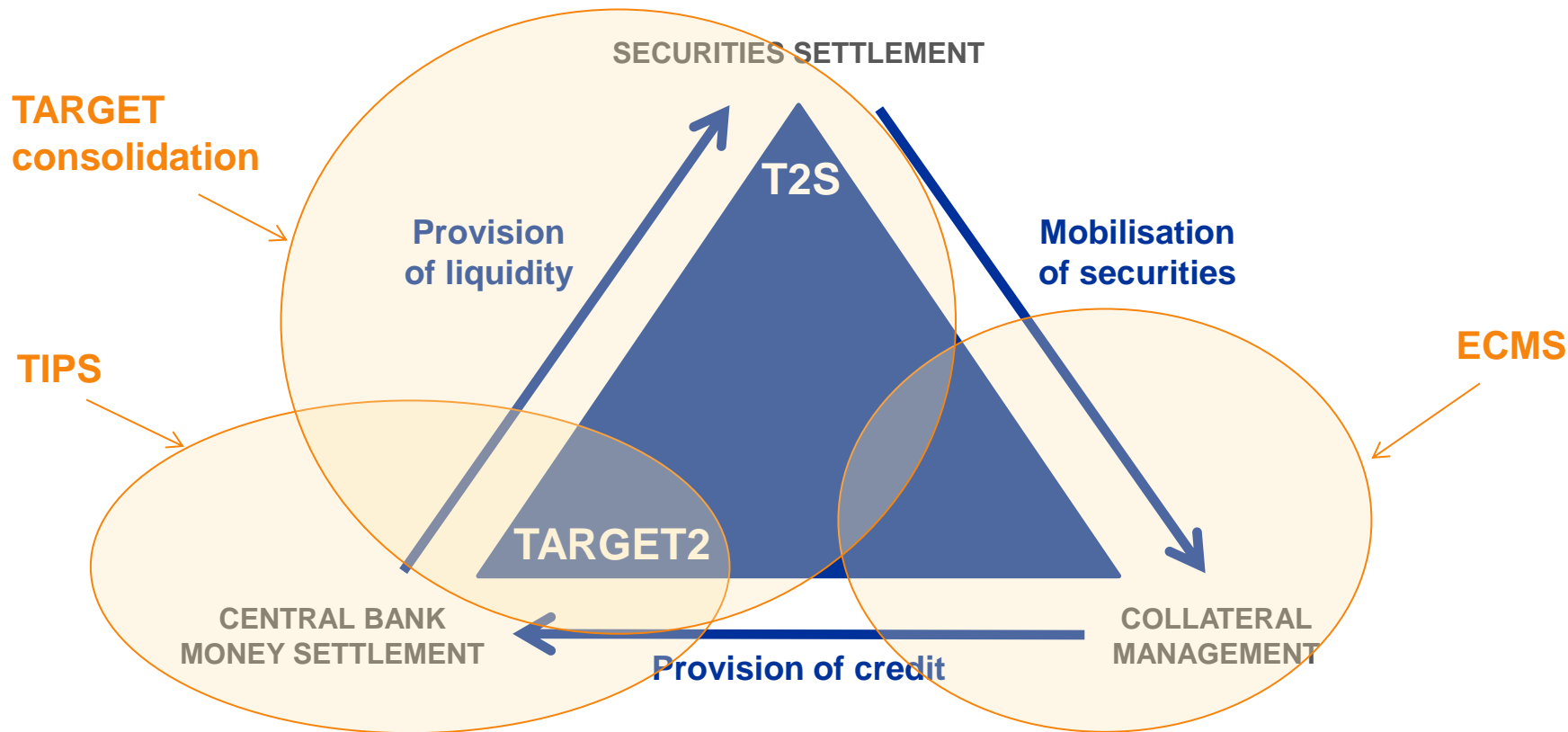


TARGET2-T2S consolidation
November 2021



Eurosystem Collateral Management System
November 2022

The “magic triangle”



Why does the ECB look into instant payments?



Global trend
towards instant
payments



Single currency but
not always single
payment method

Risk to re-introduce
market fragmentation in
Europe



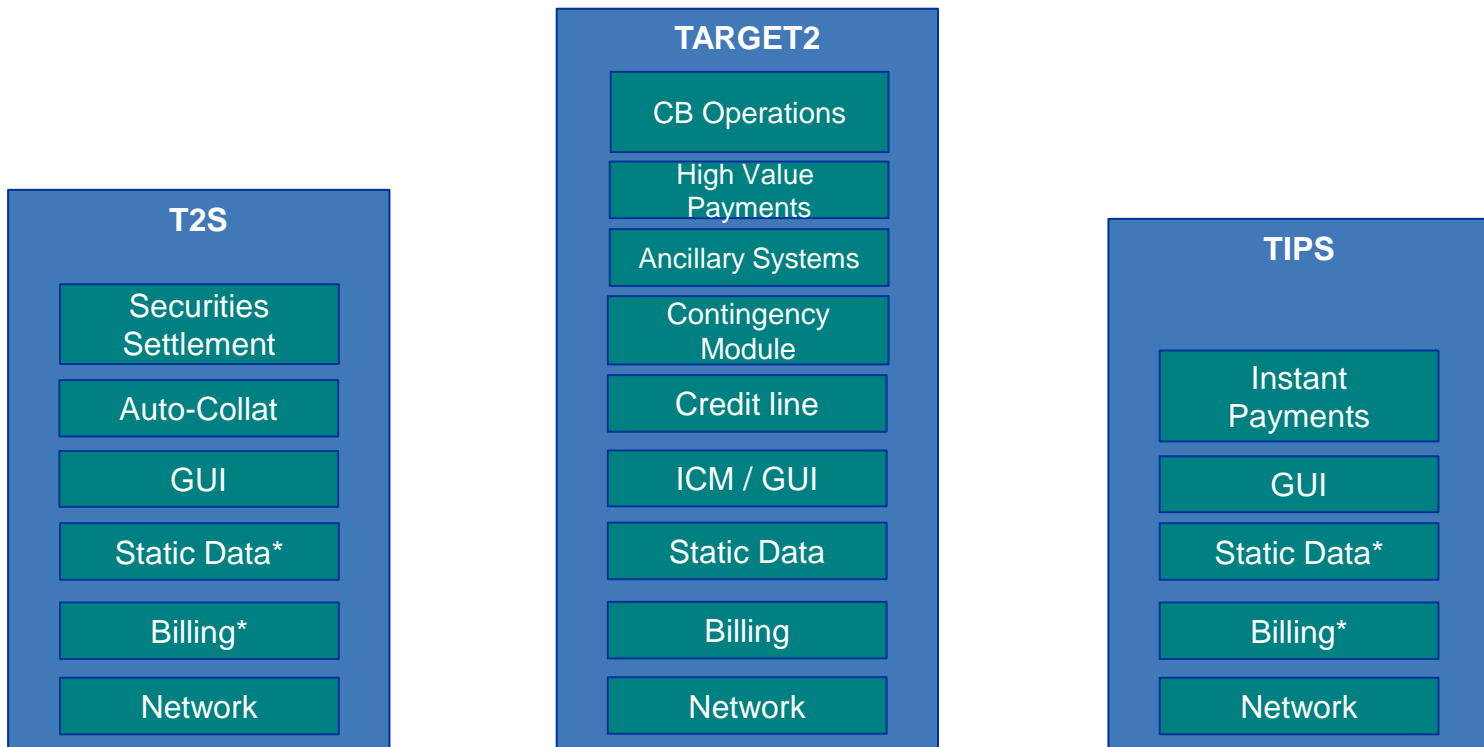
Eurosystem's settlement
solution
to ensure **pan-**
European reach

TARGET2-T2S consolidation

Objectives

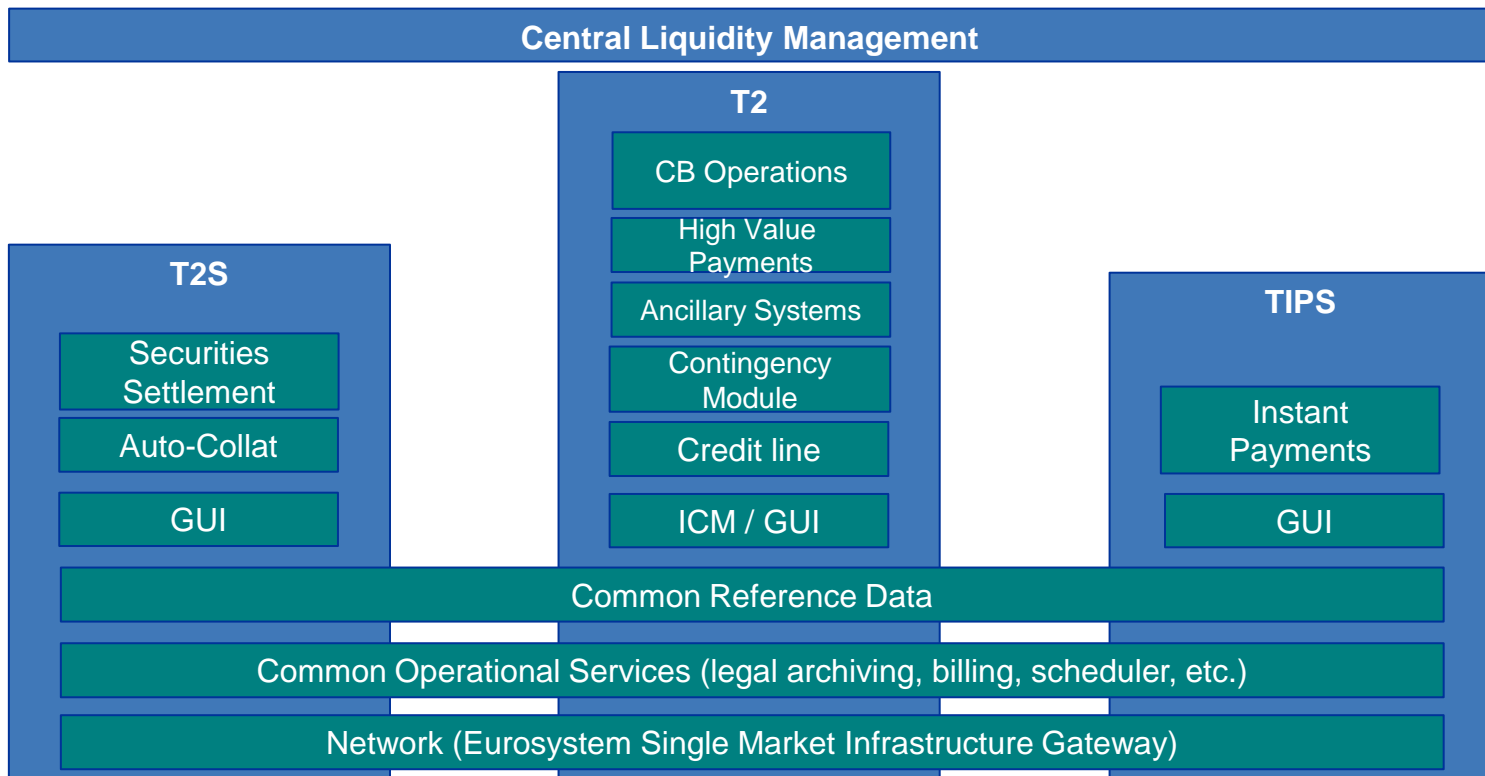
- ✓ Improve **efficiency**
- ✓ Optimise **liquidity management**
- ✓ Easier access to services via **harmonised interface**
- ✓ Enhance **RTGS services**
- ✓ Align the use of **messaging standards**
- ✓ Reduce **operational costs**

Features | Situation after the TIPS launch

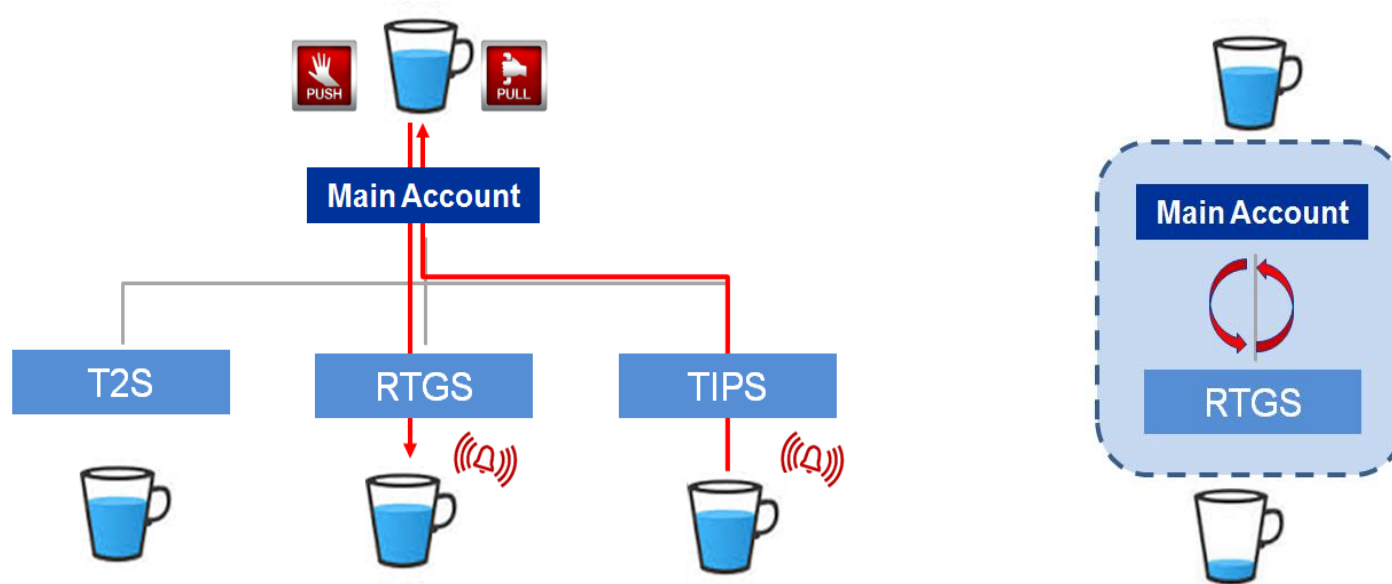


* T2S and TIPS already share some functionalities in terms of reference data and billing

Features | Situation after the consolidation



Central liquidity management



Main cash account

Holding minimum
reserves

Accessing standing
facilities

Participating in
monetary policy
operations

Funding cash
withdrawals

Accessing intraday
credit

Other interactions with
central bank of issue

Features

**Multi-currency RTGS
services**

(no conversion)

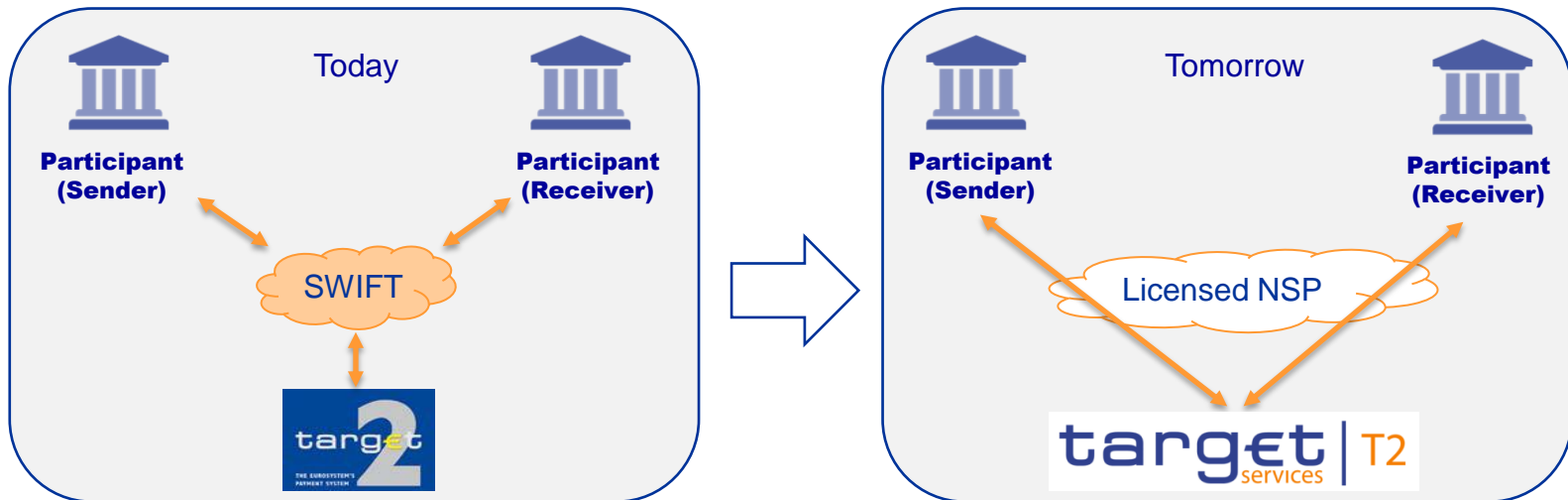
**Multi-network
service providers**

Longer operating hours



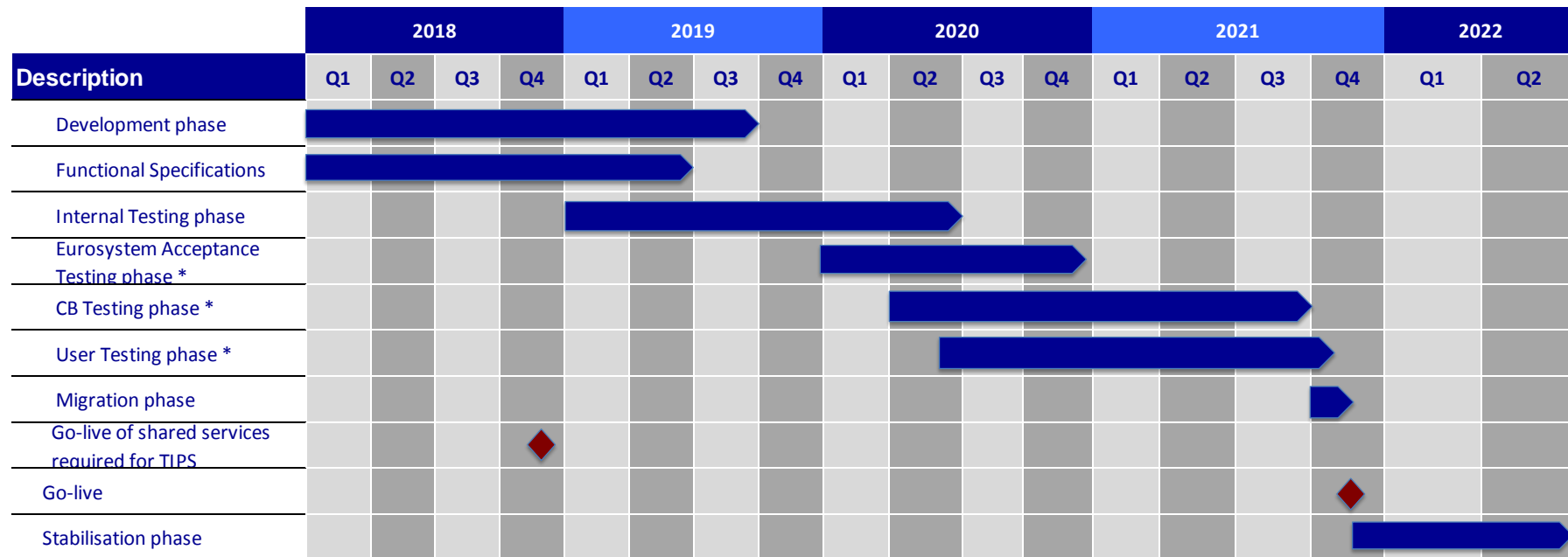
Big-bang migration

- Migration to ISO20022 standards with switch from Y-copy to V-shape
- No co-existence of ISO20022 and MT messages
- Network service provider agnosticism



Timeline

Start: January 2018 | Go-live: November 2021

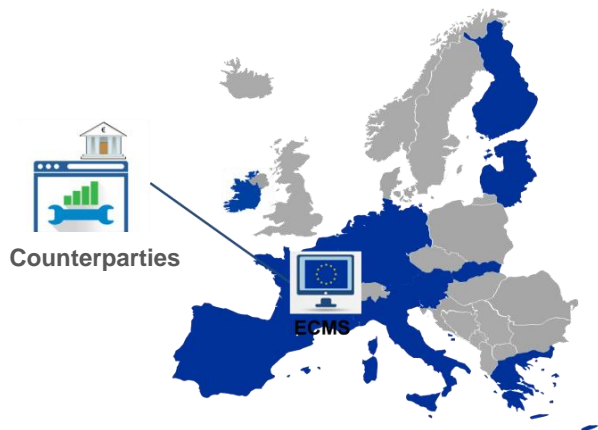


* covering preparation and execution in equal proportions

Eurosystem Collateral Management System

Current
situation

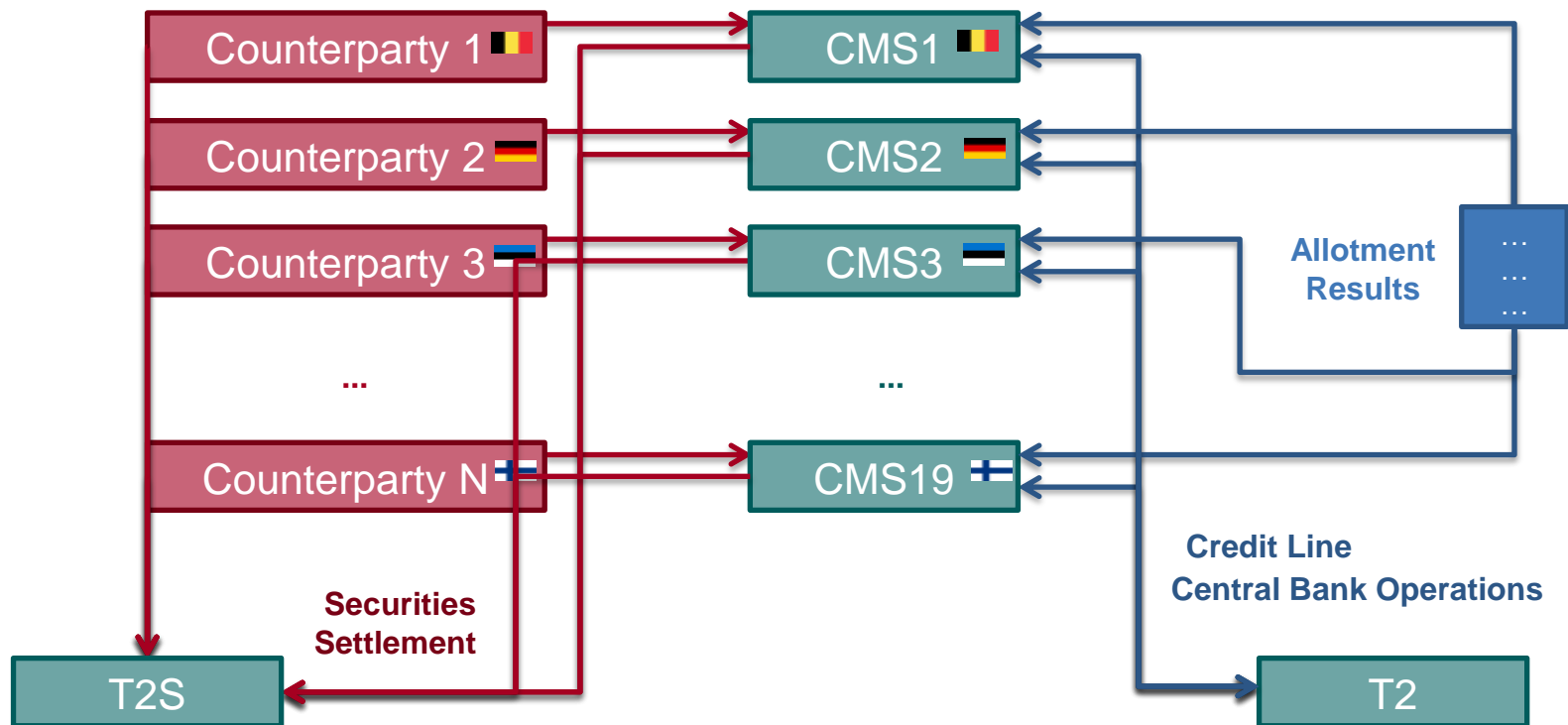
19 different local systems to manage eligible assets mobilised as collateral in Eurosystem monetary policy operations.



With the ECMS, a **single system** will manage those assets as collateral in Eurosystem monetary policy operations.

Future
situation

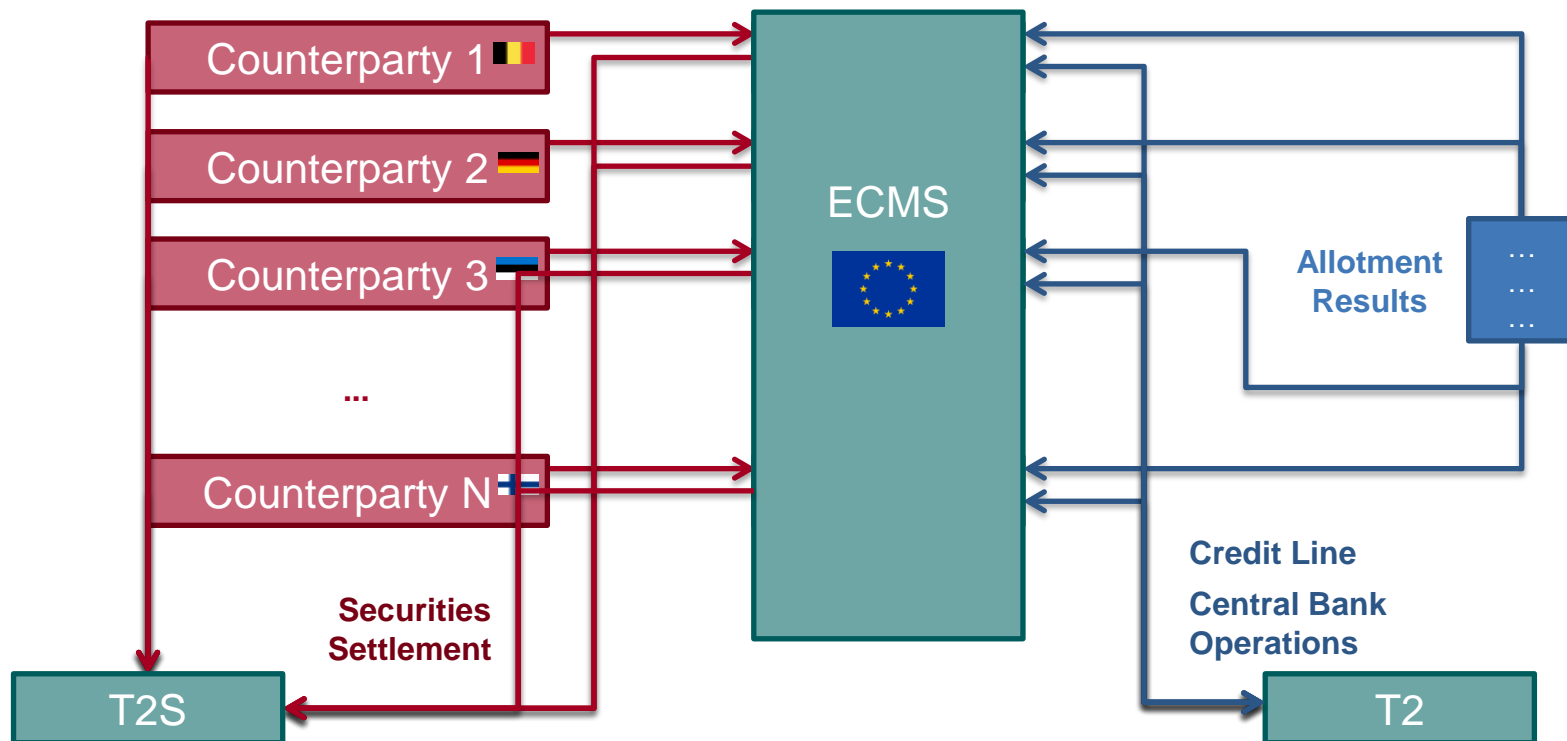
Current situation | without the ECMS



Current situation

- The Eurosystem has a **single monetary policy** and the assets required as collateral for its credit operations are, in general, eligible for all counterparties irrespective of the individual jurisdiction
- The highly **fragmented landscape** of collateral management systems in Europe results in **operational burden**
- Changes to the monetary policy implementation framework need to be **reflected equally** in all these systems

Future situation | with the ECMS in place



ECMS benefits



Efficiency as all relevant actors operate on a single system with single interface



Further **integration** within the Eurosystem's market infrastructures (T2 and T2S)

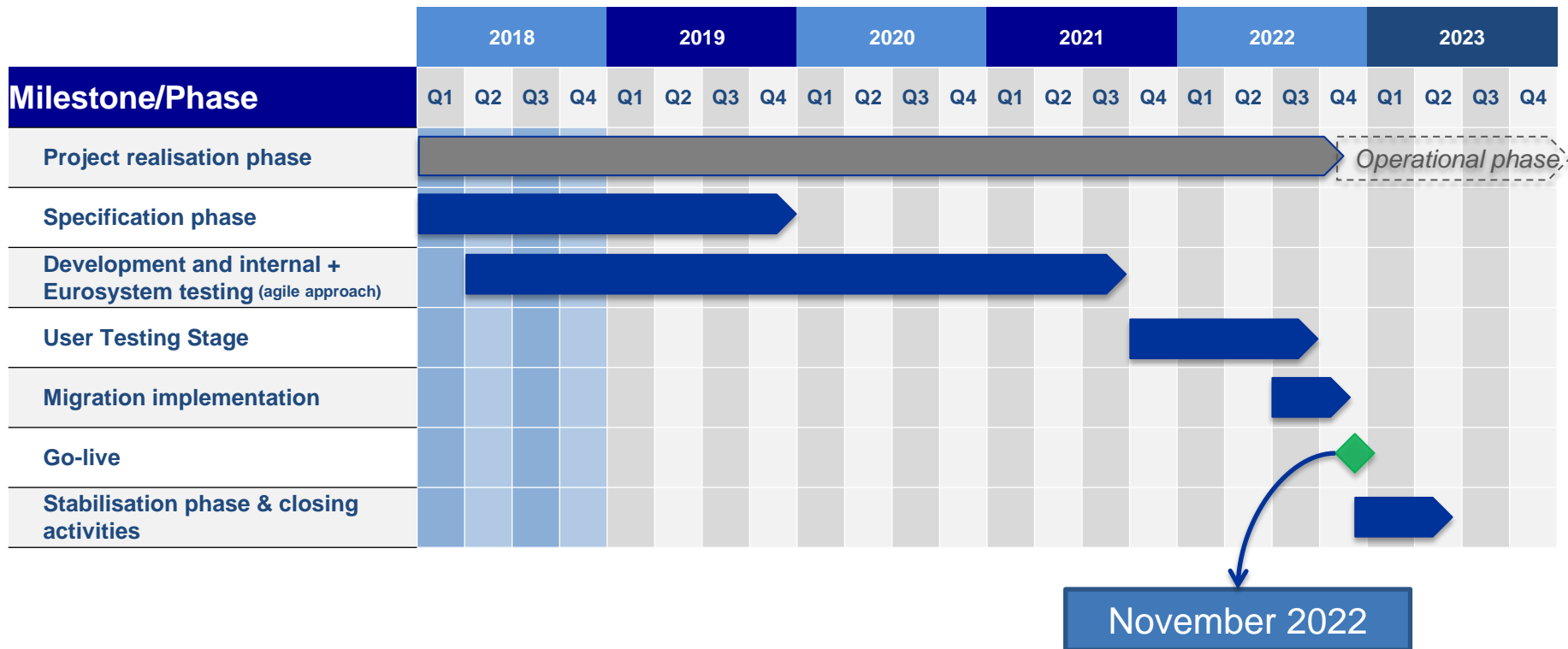


Implementation of the agreed **harmonisation** proposals with regards to collateral management

Projections

- **Around 30 000** eligible collateral marketable assets
- **25 000** average marketable asset positions to be managed
- **400** marketable asset instructions each day (mob./demob.)
- **2 700** counterparties expected to use the system
- **>2 000 messages** related to corporate actions per day
- **1 500** credit line updates per day
- **1 200** payments per day

Timeline



Collateral management harmonisation

The ECB has set up a task force to facilitate market harmonisation of collateral management processes

Where do we stand?

- ✓ A **single triparty model** for Europe
- ✓ A **single procedure for the handling of corporate actions** regardless of where the underlying security is issued or held in Europe
- ✓ **Harmonised billing processes**
- ✓ A collateral management harmonisation **monitoring framework** under development
- ✓ **Further harmonisation** expected in the coming months

Thank you for the attention!

www.ecb.europa.eu/paym



ECB: market infrastructure and payments



@TARGET_ECB