



EUROPEAN CENTRAL BANK

EUROSYSTEM

TIPS-0041-URD

Introduction of non-time critical instant payments in TIPS

Updated change request and latest status

12 October 2023



Agenda

1 Written procedure feedback and the updated change request TIPS-0041-URD

A Lifecycle for the NTC payments and retry mechanism

B Rejection code proposal: SEPA reason code = CNOR

C Optionality of the NTC feature and processing of a NTC transaction

2 Identification of a NTC payment: new proposal

3 Interest/planned use of the NTC functionality by the market

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TIPS-0041-URD Introduction of non-time critical instant payments in TIPS

Following the feedback received from the TIPS-CG and the TIPS-WG, the requirement in the TIPS-0041-URD change request have been updated (1/3):

- **Lifecycle for the NTC payments (hard time-out) set at 6 hours** (instead of 24 hours).
This parameter should be easily configurable so that, in case it needs to be shortened or extended, this could be done without the need of a change request
- **Retry mechanism (i.e. interval for retransmission): a scaled retry mechanism* with a first retry after 30 minutes, a second retry after 2 hours, a third retry after 4 hours and a last retry after 6 hours** (i.e. 4 retries in the worst-case scenario, with consequences on the cost to the Beneficiary PSP has to bear regarding the NSP costs).
An alternative option that is also included in the revised version of the change request is to have a retry mechanism set every 1.5 hour (i.e. 4 retries in the worst-case scenario, with consequences on the cost to the Beneficiary PSP has to bear regarding the NSP costs).
Both options will be analysed as part of the Detailed Assessment.

* Instead of 3 hours as initially expected

TIPS-0041-URD Introduction of non-time critical instant payments in TIPS

Following the feedback received from the TIPS-CG and the TIPS-WG, the requirement in the TIPS-0041-URD change request have been updated (2/3):

- **Rejection code proposal:** SEPA reason code = **CNOR***
- **CNOR reason code is used currently in TIPS to identify a variety of errors due to lack of configuration on the crediting side**, e.g. where there is no AAU for the Creditor Agent captured in CRDM. The same logic described applies to NTC as well, **resulting in two error conditions sharing the same code**, namely:
 - Missing configuration for the NTC creditor agent (e.g. missing DN-BIC routing or missing/expired AAU)
 - Attempt to send a NTC payment to a Beneficiary PSP that does not support NTC processing (i.e. that set the flag=false in its AAU) → **Would this be acceptable from an operational and root-cause analysis viewpoint? If not, which reason code should be used?**
 - One feedback indicated to be fine with the proposal
 - Suggestion to use a proprietary error code (XT83) already utilised by another CSM
 - Alternatively, to check ISO error codes to find a more suitable and harmonised code → to be done as part of the Detailed Assessment

View of
TIPS-
CG

XT83	Sender and/or Receiver Participants not configured for CUG/AOS usage	PRTRY
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* As for the Dutch market

TIPS-0041-URD Introduction of non-time critical instant payments in TIPS

Following the feedback received from the TIPS-CG and the TIPS-WG, the requirement in the TIPS-0041-URD change request have been updated (3/3):

- "[...]The process flow entailed by the new functionality shall be available on an optional basis to the standard settlement model. This entails that PSPs would have to explicitly express their readiness to accept such transactions. In this regard, the TIPS Directory will be enriched in order to show which PSPs are willing to receive and process non-time critical instant payments. The enrichment will exploit a new configuration at Authorised Account User level where each actor may decide, by means of a dedicated flag, whether a given BIC is willing to accept or not any non-time critical instant payments. The default value for this new flag shall be 'true'."
- **Such a configuration has the advantage that each actor may decide on which account(s) the reception of non-time critical instant payments shall be enabled (some participants may decide to segregate the flow of NTC on different BICs)**
- **In case a non-time critical instant payment is addressed to a Beneficiary PSP that does not process such transactions, TIPS will perform a check and notify, using a new rejection code, the Originator PSP**
- As a consequence, if the PSP actually is not willing to process it as a NTC payment, **this transaction will not be processed as a regular one.**

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- **Initial proposal** TIPS-0041-URD:
 - “In order to identify a transaction as a non-time critical payment in TIPS, e.g. the yellow field “Local Instrument Code” within the pacs.008.001.08 group header must be filled in with the identifying code ‘INSTNT01’.”
 - “Under the SEPA Credit Transfer (SCT) scheme, an Additional Optional Service (AOS) was defined with specific additional demands to cater for the Instant processing of payments based on the SEPA Credit Transfer. This change request would bring into TIPS the same logic.”
- **Impact of it:**
 - Need to use the Additional Optional Service (AOS) defined on SCT scheme >> but:
 - TIPS is not managing SCT messages >> complexity/risk since this would be a new product to manage
 - The change request TIPS-0041-URD with updated requirements derives from the Dutch AOS. Also, some issues on the access & adherence and governance process have been recently identified as the AOS is owned by the Dutch Payments Association



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- **New proposal:**

- Add a suffix at network protocol level → TIPS specific functionality (like for the change request 0052 [‘Alignment of TIPS to the 2023 SCT Inst and MyStandards migration’](#) and the suffix “EPC” in the MEPT)
- Still an optional functionality



- **Impact of it:**

- No change in the payload. The payment messages are still used as they are → the payload is processed with the same rules that apply to SCT Inst payments

- **Points to be further analysed:**

- Need to define a new AOS based on SCT or SCT Inst scheme and its implications from service and participants perspectives to be verified (ensure compliance with SEPA Regulation). If so, ownership/governance will need to be also checked
- On the use of the ERI and the use of it in the SE market for future bulk payments → ongoing discussion with Riksbank

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Open point on the interest/planned use of the NTC functionality by the market:

- Revised requirements
- Possible use of it for batch payments
- Reminder on the ranking of the TIPS-0041-URD change request as part of the yearly BV assignment exercise:

- TIPS-0041-URD is part of the preliminary scope for TIPS R2024.NOV

- The DA of TIPS-0041-URD will need to be completed to:

- (i) get the final confirmation on the technical solution to be implemented
- (ii) to confirm its feasibility for TIPS R2024.NOV

Resulting ranking for the [Change requests](#) as per the business value assignment

Ranking	Change Request number	Change Request Title	Average BV
1	TIPS-0014-URD	Broadcasts	53.2
2	TIPS-0028-URD	Rule-based liquidity transfer orders between MCA and TIPS DCA	43.9
3	TIPS-0060-SYS	Display linked instant payment reference of pacs.004 in TIPS GUI	43.6
4	TIPS-0045-SYS	Report OPBD in camt.053	40.4
5	TIPS-0011-URD	Liquidity transfers with the transit account	37.5
6	TIPS-0058-SYS	Reason code TM01 from Beneficiary Bank	32.1
7	TIPS-00XX1-XXX	Acceptance Datetime Timestamp Change Request	32.1
8	TIPS-0046-SYS	Resend TIPS Reports	28.9
9	TIPS-0041-URD	Introduction of non-time critical instant payments in TIPS	24.6
10	TIPS-00XX2-XXX	Inclusion of Value date in the CAM1.054 payload	20.4
11	TIPS-0017-URD - Option 3 Process bulk payments similar to Non-time Critical (NTC) payments	TIPS adoption of a Bulk Payments functionality	19.3
12	TIPS-0017-URD - Option 2 CSMs involvement: (ii) bulk IPs scheme by EPC	TIPS adoption of a Bulk Payments functionality	13.9
13	TIPS-0016-SYS TIPS-0017-URD - Option 2	Distinction of CERT and PROD environment in PDF from CRDM_TIPS	13.8
14	CSMs involvement: (i) de-bulking at CSM level	TIPS adoption of a Bulk Payments functionality	12.1
15	TIPS-0017-URD - Option 1 De-bulking at sending PSP level	TIPS adoption of a Bulk Payments functionality	8.9
16	TIPS-0008-URD	CMB limit utilisation reset	6.4
17	TIPS-0053-URD	Statistical indicators for DKK	4.3

- Any input from TIPS-CG members regarding interest/planned use/volumes of the NTC functionality?

Thank you for your attention!



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