

IN FOCUS

Embracing synergies across the Eurosystem's market infrastructures

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European Central Bank

Focus session, 7 July 2017, Frankfurt

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1 **What do we want to achieve?**

2 What do we propose?

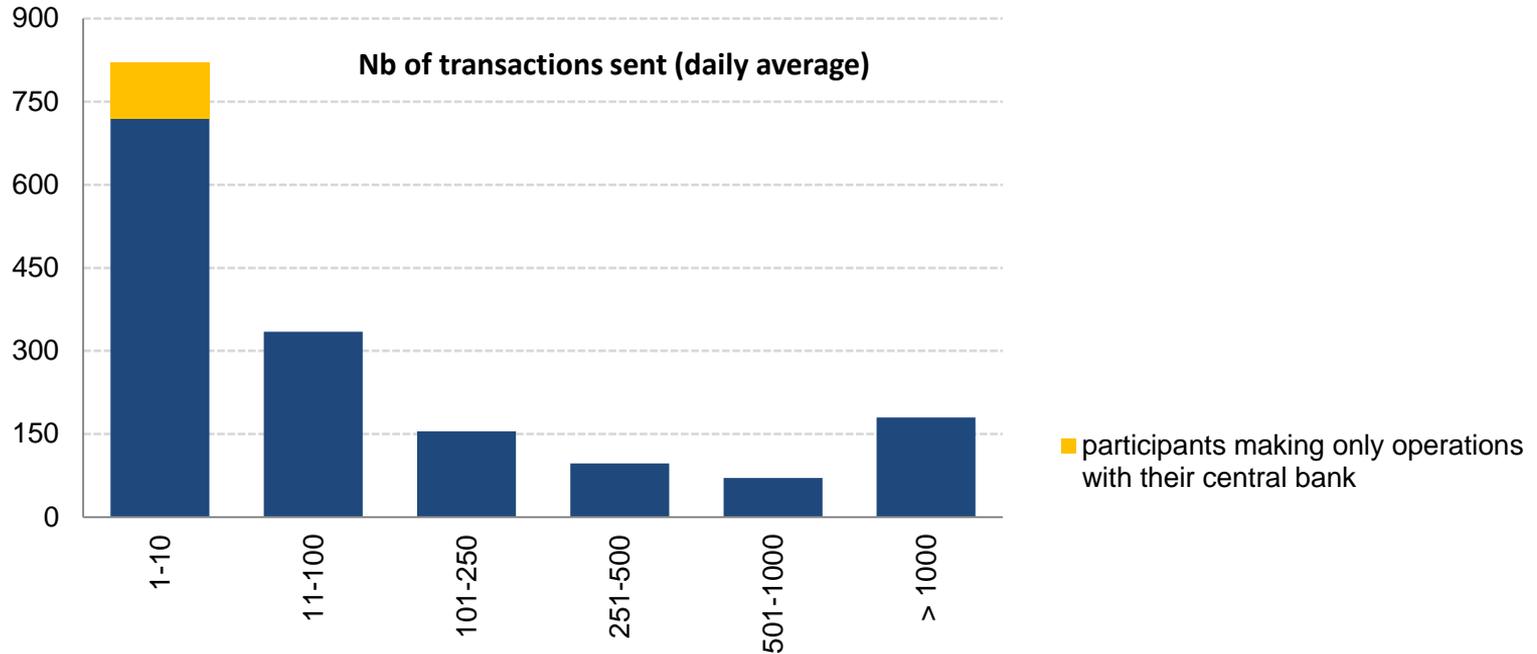
3 What follows?

Consolidation of TARGET2 and T2S



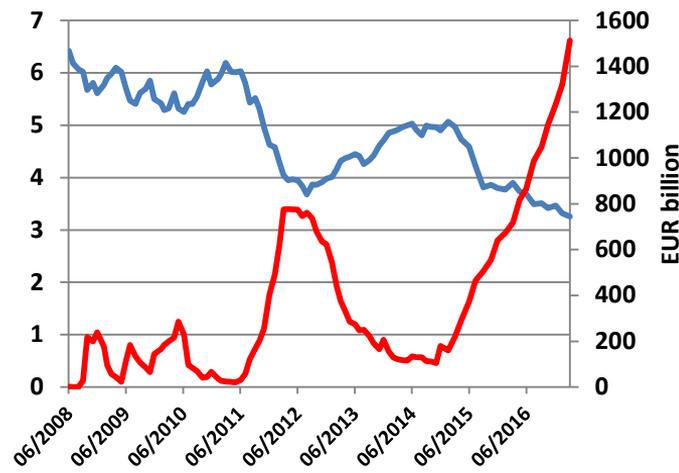
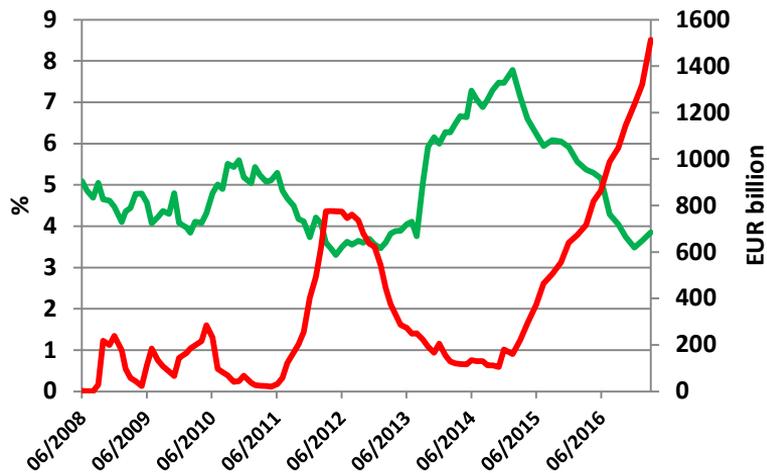
- Improved **efficiency**
- Optimised **liquidity management**
- Easier access to services via **harmonised interface**
- Enhanced **RTGS services**
- Aligned use of **messaging standards**
- Reduced **operational costs**
- Increased **cyber resilience**

Heterogeneity of participants' profile



Note: Based on TARGET2 data 2017
Source: TARGET2 Analytical Team

Liquidity conditions



— % of payments settled using credit line — Excess liquidity — liquidity velocity

Note: Based on TARGET2 data 2017
Source: TARGET2 Analytical Team

Central Bank set-up

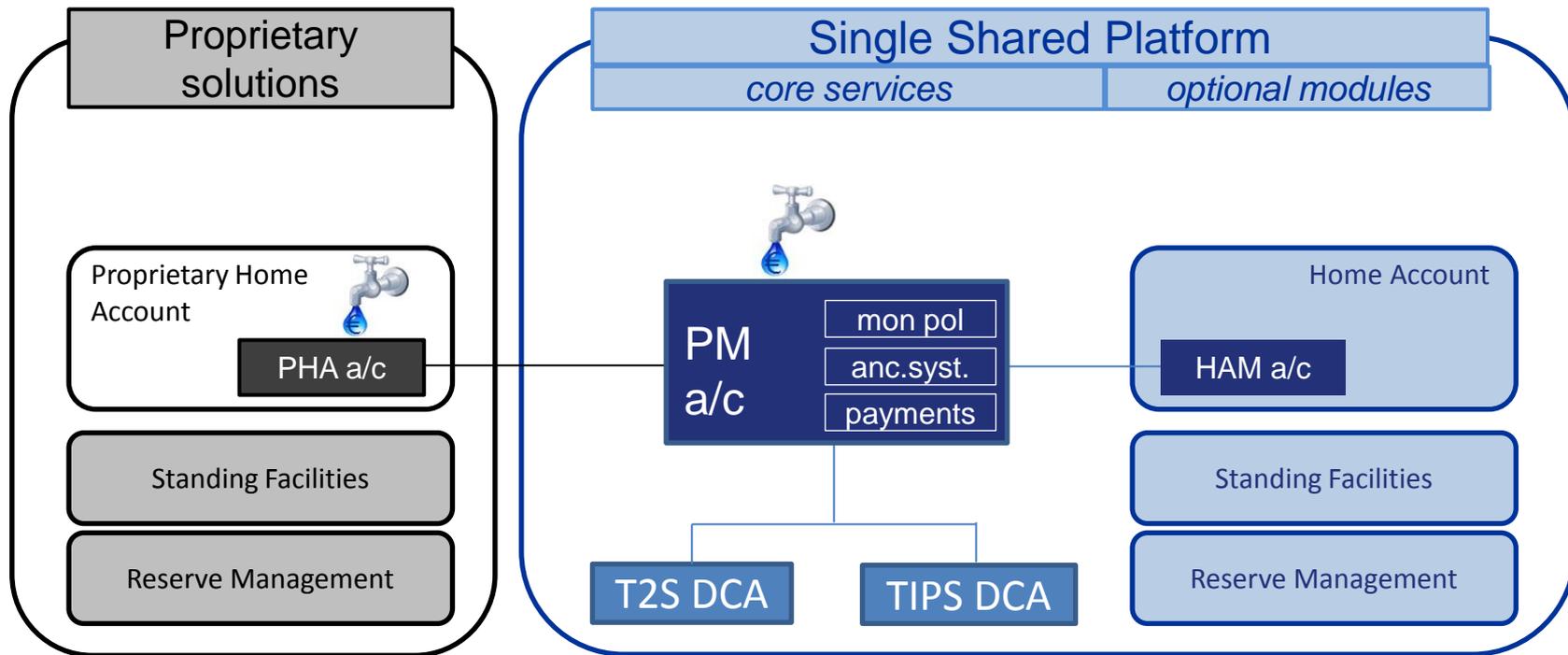


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1 What do we want to achieve?

2 What do we propose?

Modular approach

Centralised liquidity management

Opening hours

Data analytics

ISO20022

3 What follows?

Modular approach

Exploit
all
possible
synergies
from
the
consolidated
platform



Modular approach *today*



Reference Data

Billing

Data Warehouse

Gateway



Reference Data

Billing

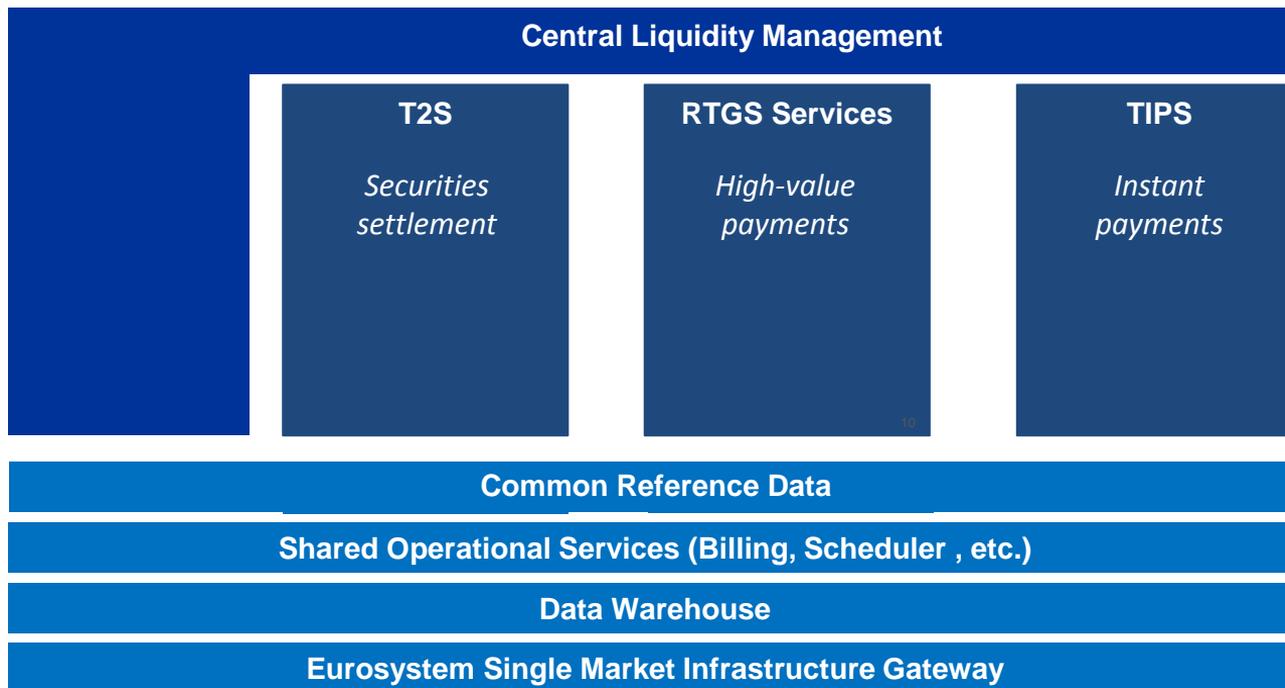
Data Warehouse

Gateway

What do we propose?

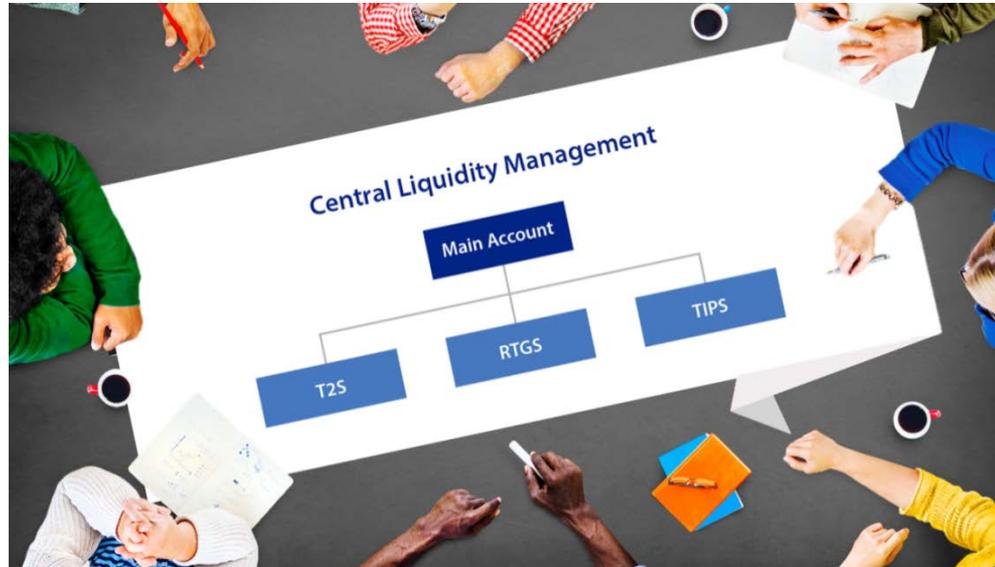
Modular approach

tomorrow



Central Liquidity Management

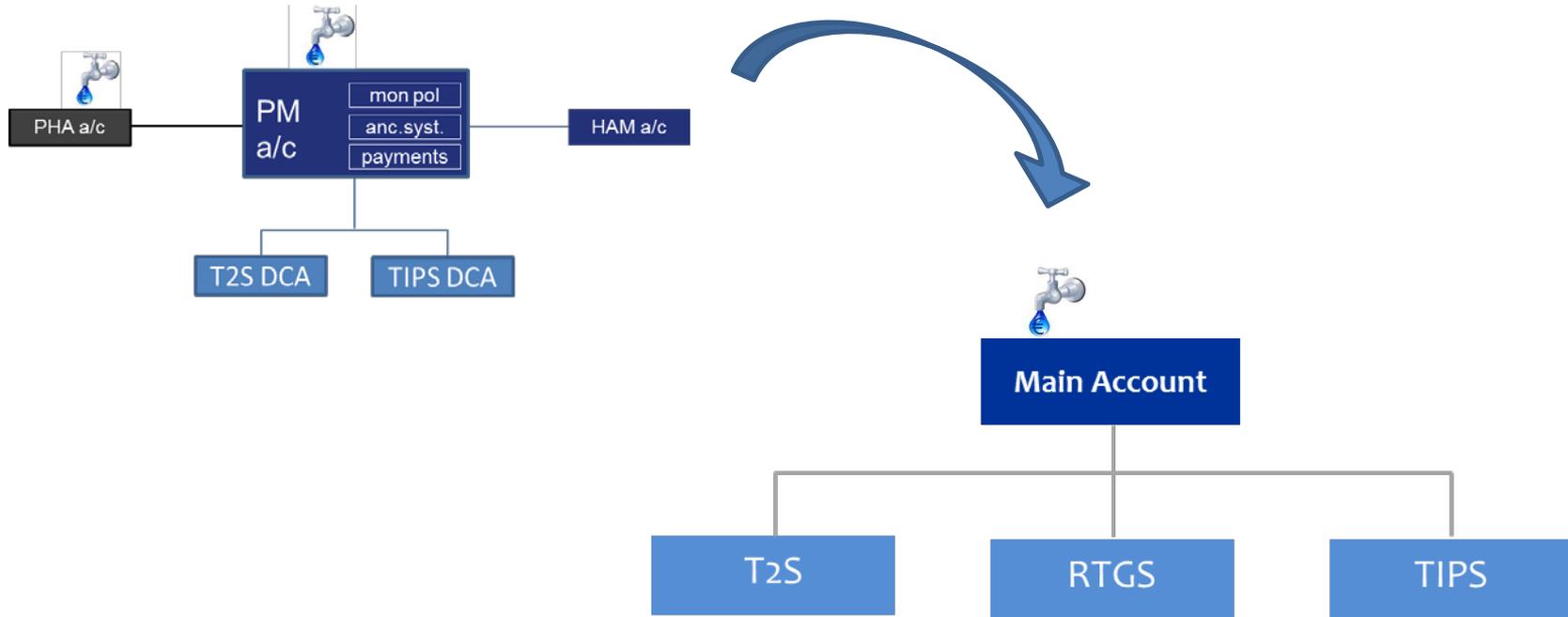
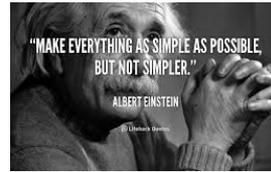
Allow participants to manage their liquidity in a flexible and comprehensive way



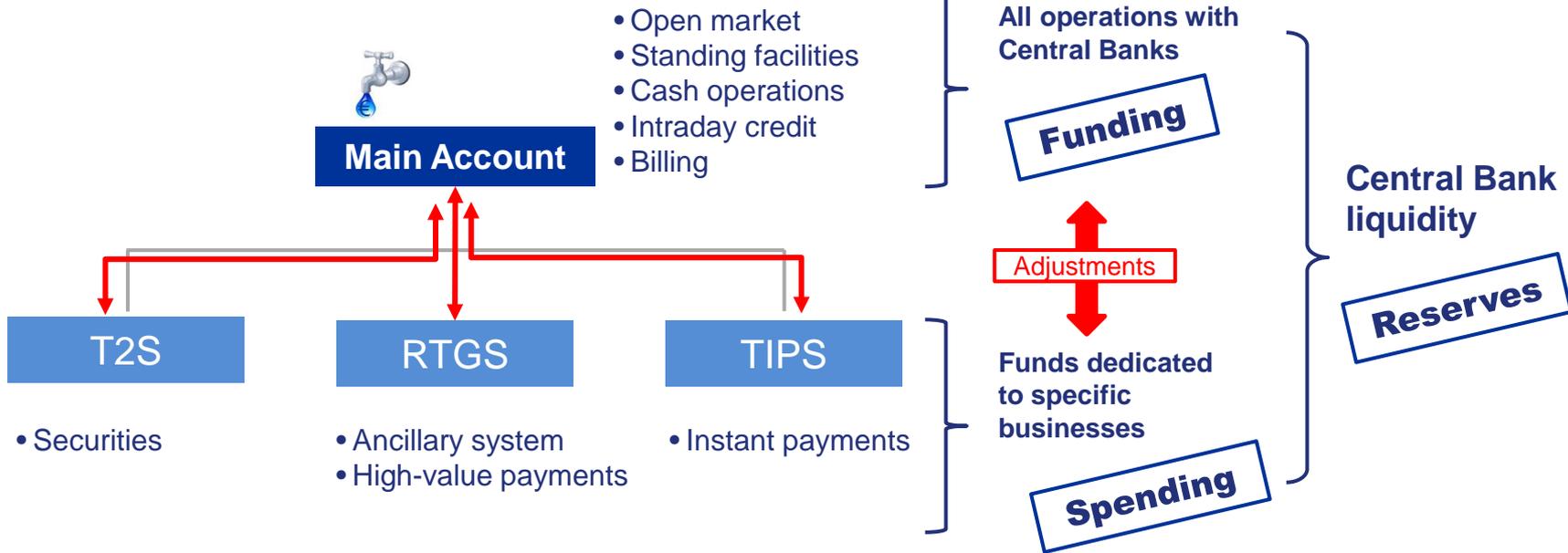
What do we want to achieve?

Central liquidity management

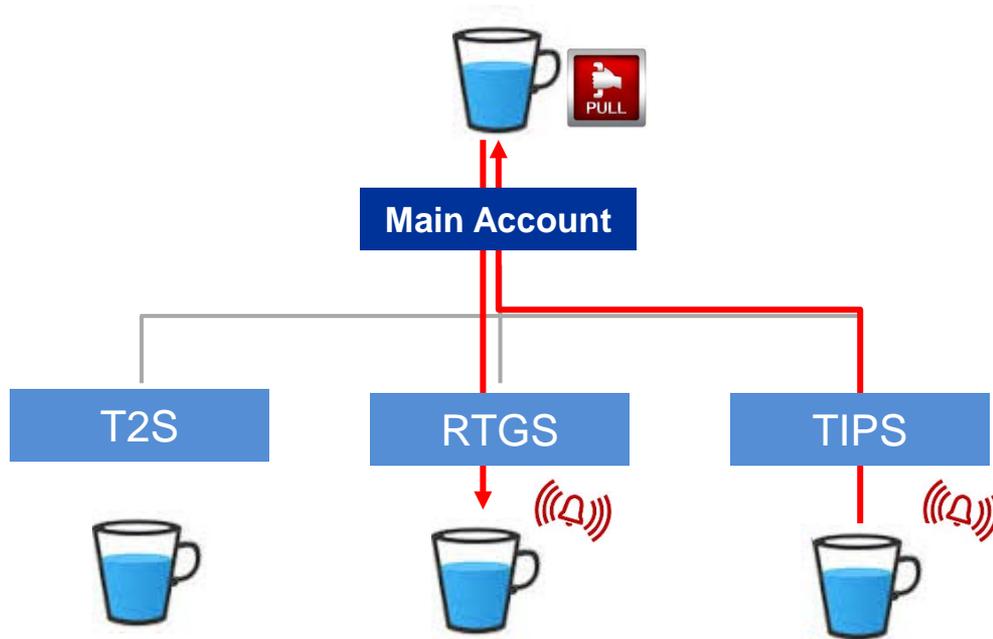
8000
7500
7000



Central liquidity management

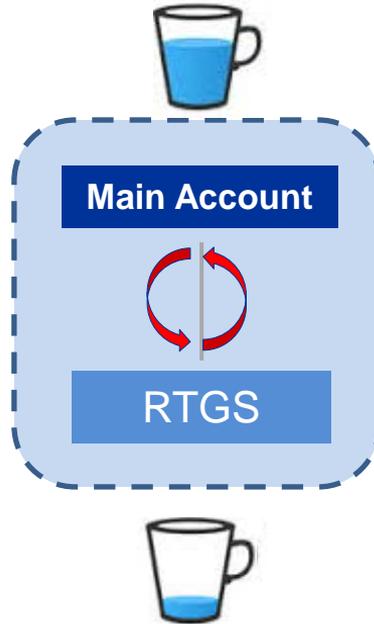


Central liquidity management



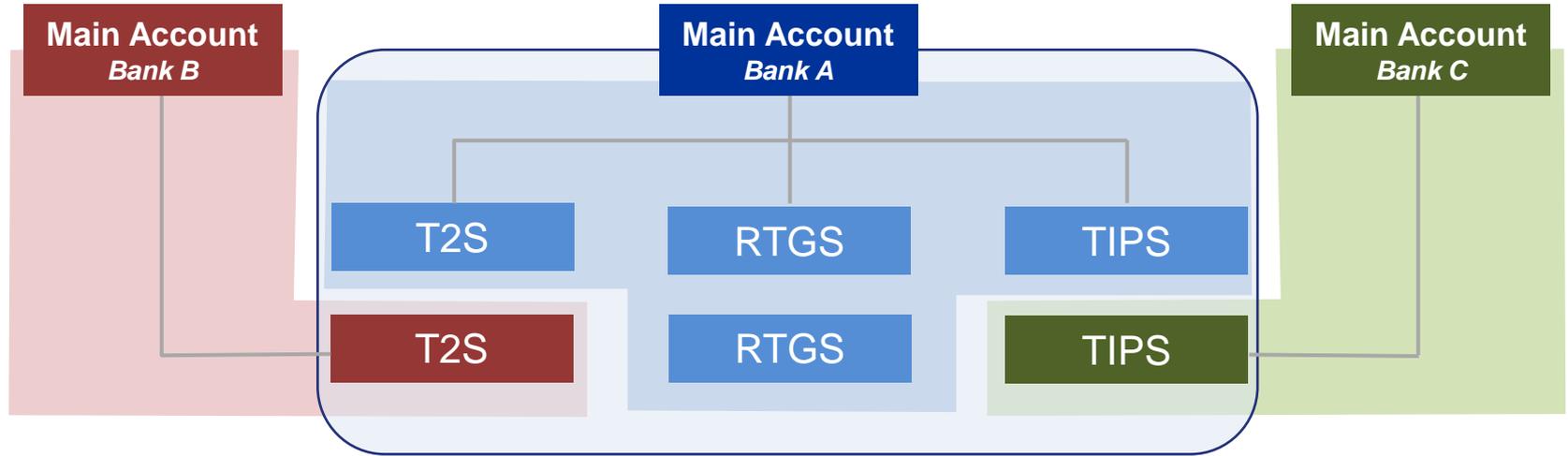
What do we want to achieve?

Central liquidity management





Central liquidity management



-  Liquidity overview
-  Reserve management

Operating hours

Longer
operating hours
to better
service the
euro settlement
of customers
active in
different time
zones



What do we propose?

Correspondent banking needs

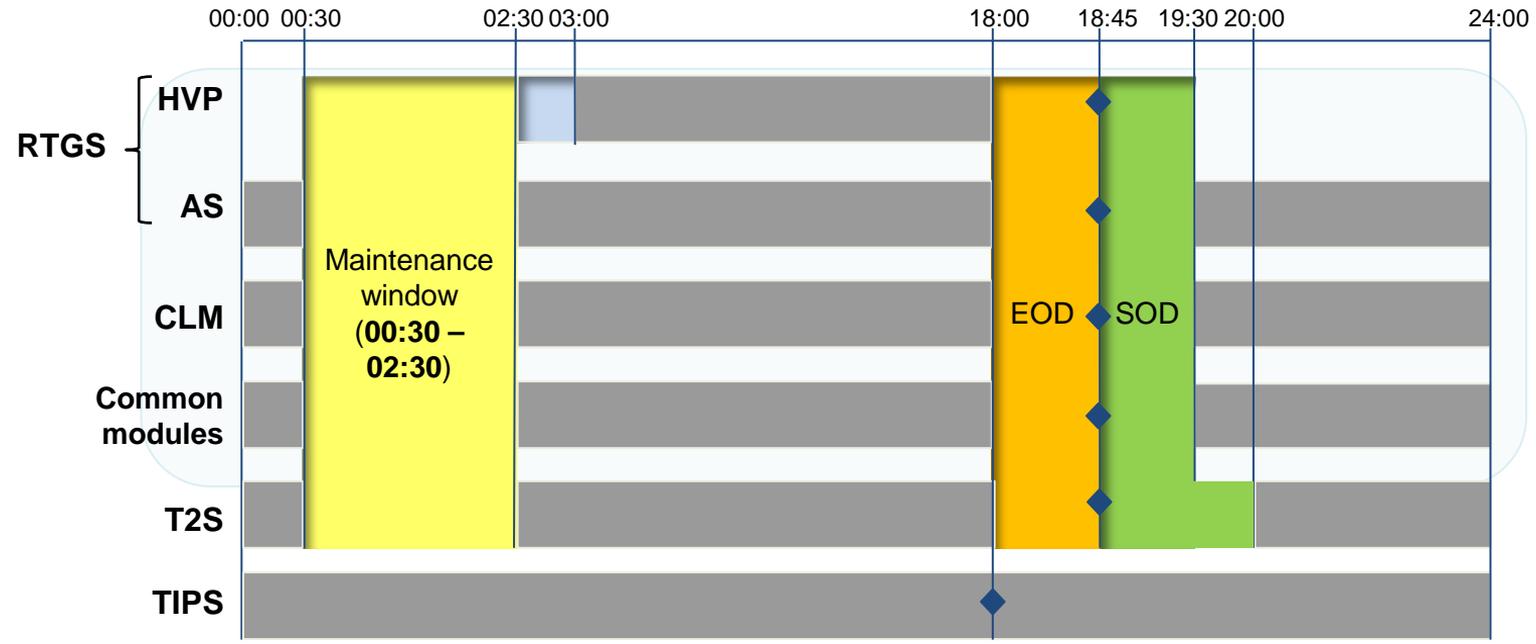


What do we propose?

8000
7500
7000



Operational day



◆ Change of business day

Data analytics

Exploit
the mine of
payments data
to operate
the system
more smoothly
and to better
serve our
participants



Data analytics services



Granularity of data, expertise and tools



Support in assessing the use of functionalities



Support in comprehensive management of (intraday) liquidity



Provide analysis and computation of network statistics



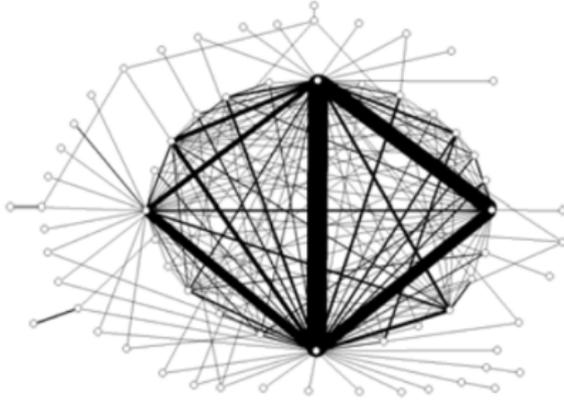
Run stress simulations and analyse (in)direct implications of various scenarios

What do we propose?

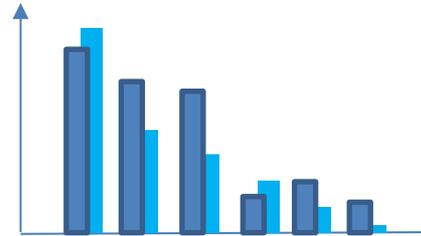
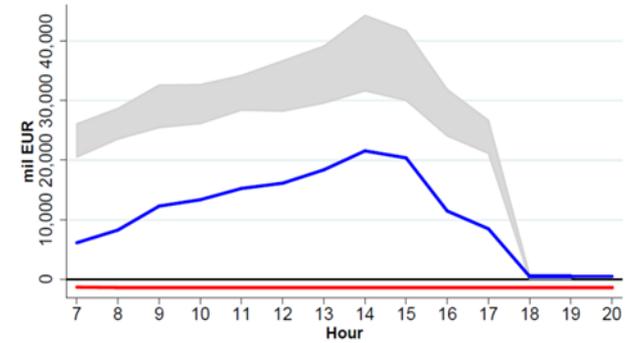
Data analytics services



Network analysis



Deviation from pattern



Benchmarking

Migration to ISO 20022

Using the
same
messaging
standard to
communicate
across all
Eurosystem's
market
infrastructures



What do we propose?

Migration to ISO 20022



ISO 20022
Universal financial
Industry message
scheme

Fully-fledged migration

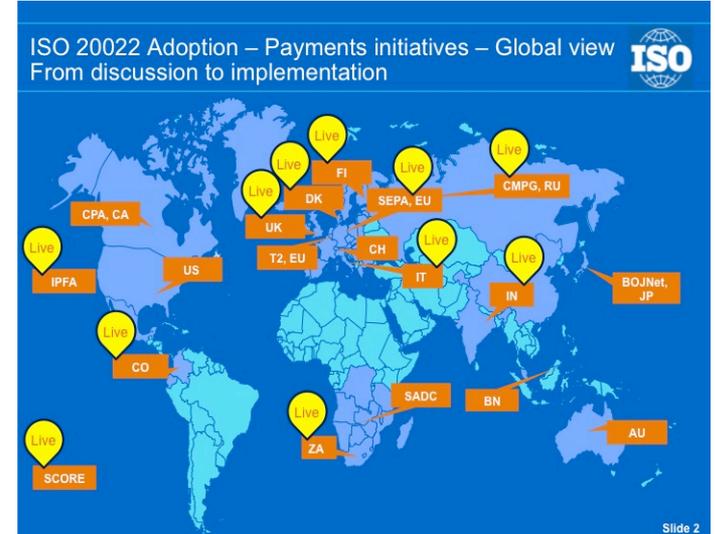


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What have we done so far?

October 2016

Set up of the **task force**
on future RTGS services



February 2016

Public consultation on the
future of RTGS services



May 2017

Public consultation on User
Requirement Documents
(closed on 30 June 2017)



Feedback from the consultation on User Requirement Documents



2835 responses in total of which:

- ↳ **1082** on shared services
- ↳ **1026** on central liquidity management
- ↳ **662** on the future RTGS services

Planning

	2016		2017				2018			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4



December '16 – April '17: Interaction with users

May '17 – June '17: Consultation with the market

July '17: Review and integration of market feedback

December '17: Decision by Governing Council



Thank you for the attention!

www.ecb.europa.eu/paym

 **ECB: market infrastructure and payments**

 **@T2SECB**