TIPS Evolution

AMI-Pay meeting

Overview

1	TIPS Releases: R2025.JUN, R2025.OCT and R2026

2	Update on Verification of Payee

3	Non-Time Critical (NTC) payments

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TIPS Releases: R2025.JUN, R2025.OCT and R2026

TIPS 2025 Releases

TIPS Release R2025.JUN

TIPS-0014-URD: TIPS Broadcasts [only U2A part]

Aim: TIPS participants need prompt notice in case of insolvency or unavailability of a party, but there is currently no broadcasting mechanism covering TIPS on a 24/7/365 basis → To introduce the possibility for TIPS Actors to create, send and receive Broadcasts in TIPS. They can either be general notifications or operational notifications regarding the suspension/unavailability either planned or due to an incident of a party in TIPS.

TIPS-0064-URD: Adaptation of TIPS for the settlement of cross-currency transactions

Aim: this marks the first step towards implementing cross-currency functionality in TIPS

TIPS-0074-SYS: TIPS Automatic Counterparty Simulator Enhancement

Aim: to implement improvements to the existing functionalities of the TIPS Automatic Counterparty Simulator. This simulator functions as an auto-responder, enabling a payer's PSP to receive an automatic response from TIPS for an instant payment. The proposed enhancements aim to empower simulator users to test TIPS production scenarios more comprehensively, specifically focusing on simulating the Instant Payment flow, Recall flow and activating error/rejection codes on demand.

While formally allocated to TIPS R2025.JUN, this CR does not entail a deployment into PROD, but only in test environment → 4CB indicated that the deployment in UTEST can be brought forward → **Start of use of TIPS-0074-SYS by TIPS users in UTEST: 14 February 2025**

TIPS-0084-SYS: Editorial changes to TIPS SDDs R2024.NOV

14/02/2025: Start of use of TIPS-0074-SYS in UTEST

29/04/2025: Start of User Testing

27/05/2025: End of User testing

19/06/2025: TIPS R2025.JUN is live in Production

TIPS 2025 Releases

TIPS Release R2025.OCT

Following EPC communication in May 2024 regarding 2025 release date, TIPS will have a special release date in 2025: **Sunday October 5th 2025.**

TIPS-0065-SYS: Enhanced Linked Transaction (LKT) settlement model for cross-currency in TIPS

Aim: this marks the second step towards implementing cross-currency functionality in TIPS

TIPS-0083-SYS: TIPS non-euro XSD needed updates towards NCT Inst 2023 scheme IGs

Aim: to align NCT Inst IG towards the non-euro xsd currently supported in TIPS in order to enable participants to fully comply to the NCT Inst rulebook

TIPS-0087-SYS: Alignment of TIPS to the 2025 Version of the EPC SCT Inst specifications

Aim: to align towards the new version of the EPC SCT Inst specifications

TIPS-0088-SYS: Alignment of TIPS cross-currency model to the EPC OCT Inst specifications

Aim: to align towards the new version of the EPC OCT Inst specifications

TIPS-0089-SYS: Mandatory updates to the TIPS non-euro message specifications due to the NPC NCT Inst scheme 2025 updates*

Aim: to align towards the new version of the NPC Inst scheme

TIPS-0091-SYS: New EPC requirements for statistical information*

Aim: to align with the new statistical requirements requested by the EPC due to the updated version of the SCT Inst rulebook

TIPS-0096-SYS: Editorial changes to TIPS SDDs R2025.JUN

Additional changes stemming from TIPS, or from interdependencies with other TARGET Services, require that a release is scheduled in November 2025.

*Allocation to be re-confirmed by TIPS Governance upon review of the CR specifications

TIPS 2026 Releases

Proposal for _candidate_ change requests, as outcome of the yearly business value exercise:

TIPS Release R2026.JUN
TIPS-0028-URD: Rule-based liquidity transfer orders between MCA and TIPS DCA → has already been allocated during TIPS-WG December meeting taking into account that on T2 and T2S side the related CR will be deployed in November 2025
[ranked 6] TIPS-0092-XXX: Introduction of the balance codes FLOR and CEIL to the return account message camt.004 when used as account floor and ceiling notifications → synergies with TIPS-0028-URD
TIPS-0072-SYS: [Unfreeze strategy] Alignment of TIPS Messages with ISO Maintenance Release 2020-2024 → as per the MIB decision for all TARGET Services
[ranked 8] TIPS-0090-URD: Enhancements of TIPS cross-currency functionalities → related to cross-currency dossier
[ranked 1] TIPS-0094-URD: TIPS Broadcast – A2A implementation

TIPS 2026 Releases

Proposal for *candidate* change requests, as outcome of the yearly business value exercise:

TIPS Release R2026.NOV
Unfreeze strategy: • **TIPS-00XX-XXX: TIPS messages towards the upgrade to ISO MR2025** • **TIPS-00XX-XXX: TIPS messages towards the upgrade to ISO MR2026** → As per the MIB decision for all TARGET Services
NOK related change request – iteration I → NOK onboarding to TIPS
Interlinking change request(s) FA ongoing - depending on decision of GovC in H2 2025
[ranked 10] TIPS-0041-URD: Introduction of non-time critical instant payments in TIPS → *See section 3*
Synergies between change requests with TIPS Directory changes: • **TIPS-0073-SYS: Removal of the column "TYPE PART" from TIPS Directory** • **TIPS-0077-SYS: Updates of TIPS Directory file for SEK Community** • **TIPS-0095-SYS Cross-currency: change request related to TIPS Directory** → synergies with TIPS-0041-URD
[ranked 4] TIPS-0080-SYS: Implementation of an "R-only transactions" BIC functionality
TIPS-0086-SYS: Enhanced filtering in TIPS Enhanced Information Database (EIDB)

TIPS 2027 Releases

TIPS 2027 releases – what is already in the pipeline?

- **Norwegian Krona onboarding to TIPS:** two change requests
  - TIPS-0082 CMB feature enhancements: automatic reset functionality, floor/ceiling notifications to RP, CMB use reporting and TIPS GUI screen on CMBs status
  - NOK related change request – iteration III

- **Icelandic Krona onboarding to TIPS:** further visibility on the status of FA and signature of CPA to be confirmed in H2 2025

- **Initiative TIPS beyond the euro: Establish links with other IP platforms:**
  - Bilateral link:
    - India with UPI: FA ongoing - depending on decision of GovC in H2 2025
    - Other corridor: if any other corridor, decision to be taken to start FA (and thus possible CR for 2027)
  - Multilateral link:
    - Nexus: FA ongoing - depending on decision of GovC in H2 2025

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Update on
Verification of Payee

Verification of Payee – Short status update

Decision regarding the offering of the Verification of Payee (VoP) service

- **The Eurosystem will offer a VoP service for PSPs building on the services developed by the Banco de Portugal and Latvijas Banka**. Their solution is designed in accordance to the VoP scheme developed by the EPC.

- **LVCB & PTCB remain liable to each of the interested VoP participants in terms of:**
  - Contract with the interested PSPs
  - Onboarding
  - Testing
  - Invoicing
  - Technical support

→ **Focus Session on Friday 28 March (10h – 11h30) offered detailed insights into the VoP solutions provided by LVCB and PTCB**

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Non-Time Critical (NTC) payments

Enhancing Payment Flexibility: Non-Time Critical Payments in TIPS

What Are Non-Time Critical (NTC) Payments?

NTC payments would be implemented in TIPS by means of a new functionality which allows for a tailored payment processing based on the criticality of the payment (based on the preference of customers)

Where flexibility already met efficiency

Such functionality is already used in the instant payments system of Australia and the Netherlands and they are also described as a future functionality of the Nexus hub.

NTC payments today

Netherlands

- IPs to be processed differently depending on whether they are considered time critical or not
- Objective was to benefit from the 24*7 availability of the SCT Inst features combined with the certainty offered by the SCT scheme
- The yellow field 'Local Instrument Code' within the pacs.008 group header must be filled in with the identifying code 'INSTNT01'.

Australia

- The payer defines the priority of the payment (*attended* or *unattended*)
- Real-time confirmation for attended payments
- Payer PSP controls the flow rate of unattended payments and prioritise the attended ones
- This functionality is offered in the **New Payments Platform** but not by the service operated by RBA.

Nexus

- It is foreseen that Nexus will be supporting both time-critical and non-time-critical IPs
- → Time-critical: urgent and POS payments
- Whether a payment is time-critical or non-time critical is defined in the pacs.008 payment message.

Instant payments vs NTC payments in TIPS

Features	Instant payments	NTC payments
Scheme	SEPA Instant Credit Transfer (SCT Inst) scheme	SEPA Credit Transfer (SCT) scheme – Additional Optional Service (AOS)*
Pacs.008 (group header)	Local instrument Code = NA	**Local instrument Code = <To BE CHOSEN>*** [+ different suffix at network protocol layer]
Timeout threshold	Maximum 10*** seconds	Maximum 6 hours
Reservation of funds in TIPS	After the payment is accepted by TIPS. Until the Beneficiary PSP accepts/rejects it or the timeout threshold is reached **(10"****)**	No reservation of funds is done at any time****

* Messages to be compatible with the schemes supported by TIPS
 **The medium-term solution: a new ISO CR to create a dedicated Local Instrument Code for the TIPS NTC AOS
*** The time-out is expressed according to the new version of the SCT Inst Rulebook entering into force in October 2025.
**** Retry of settlement attempts, in case of lack of funds on the debited account to be performed by the new TIPS-NTC component

Examples of business cases for NTC payments

In TIPS, NTC transactions would come in addition to SCT Inst transactions:

Business Cases: For all the payments (batches or not) whose immediacy is strictly speaking not necessary	Non-batch/non-bulk payments, for instance: • Standing orders • Scheduled payments • Tax payments	Batch/Bulk payments, for instance: • Salaries • Pensions • Other social benefits

Advantages	✓ An alternative to regular SCT and SCT Inst payments
	
	✓ PSU point of view: positive customer experience
	
	✓ PSP point of view:
	   ✓ Sending side (i.e. Originator): optimise processing, non-interference with other instruments (different rails than for SCT Inst or SCT)
	   ✓ Receiving side (i.e. Beneficiary): manage peaks, reduce negative impact on TPS* → **operational stability**	

* Transactions per second

Recap on benefits

Processing of a NTC payment is very close to the one of a SCT Inst, but it is an improved service towards the handling of a SCT payment:

- ✓ Settled with almost the same speed of an instant payment, but with certainty **that it will not be rejected when (<u>occasionally</u>) not meeting a specific timeline**

NTC payments will help PSPs in managing peaks & in facilitating smooth processing of payments >> **reduce risk related to capacity management / IP TPS**

This functionality would give Beneficiary PSPs (that want to receive NTC payments) more time to process these payments and, as a result of that, time-out rejections could be reduced

This would allow for a **greater flexibility** for the PSPs, decreasing the number of expired transactions and reducing the negative effects of transaction failures in case of temporary unavailability at the level of the Beneficiary PSP

Next steps

June 2025

Focus session
- What are NTC payments?
- Why can this functionality be useful for banks and non-banks?
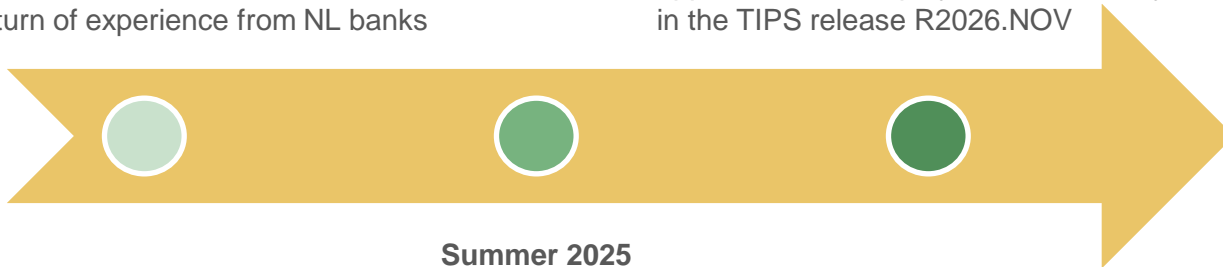- Return of experience from NL banks

November 2026

Deployment
The current proposal, which will be confirmed upon TIPS Governance approvals, is to deploy the functionality in in the TIPS release R2026.NOV

Summer 2025

Survey
Following the focus session, we would like to launch a market survey on the NTC functionality and carry out the necessary follow-ups

Thank you for your attention!

✉ **TIPS@ecb.europa.eu**
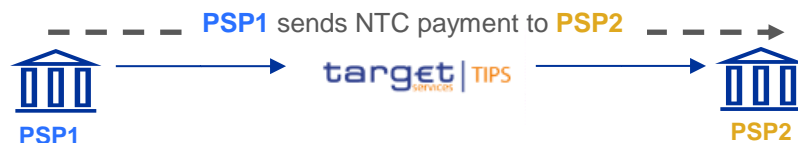
www.ecb.europa.eu/paym

in **ECB: market infrastructure and payments**

Annex

NTC Functional details (1/3)

- SCT Inst scheme adherence ➡️ ⚙️🕐 **24/7/365** operating hours ➡️ Using NTC payments does not prevent PSPs from being compliant with SCT Inst scheme

- TIPS will send NTC using the Instant Messaging transport protocol – no Store & Forward (i.e. stateless protocol)
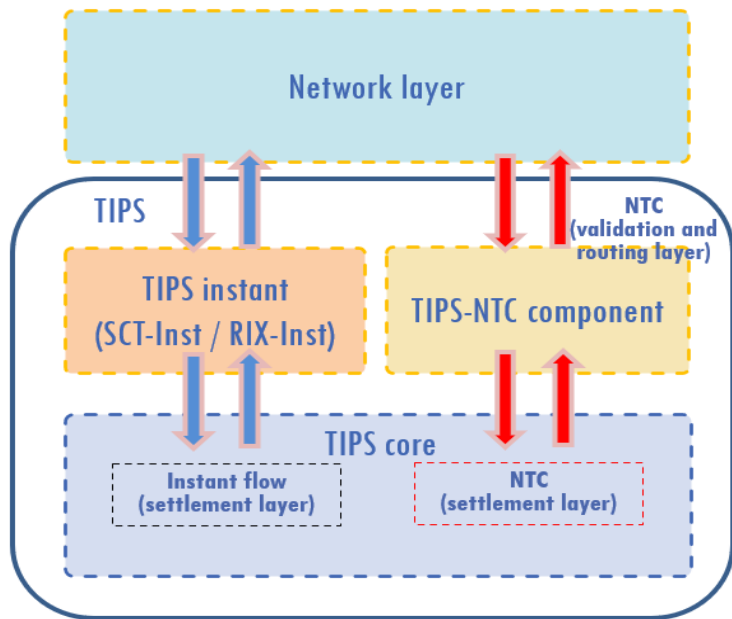

PSP1 sends NTC payment to **PSP2**

PSP1 → target | TIPS → PSP2

- If the **Beneficiary PSP** **is online**, the NTC payment is correctly delivered

- If the **Beneficiary PSP** **is temporary unavailable** or in case of **network failure** in the delivery of the reply message:

  - The initial NTC payment transmission will get lost and

  - TIPS will perform the NTC payment retransmission – i.e. time based event

NTC Functional details (2/3)

❑ No segregation of liquidity and no need for a costly solution (e.g. by cloning the TIPS system to manage NTC payments with a different SLA to keep the NTC traffic independent from the regular instant one)

❑ The NTC traffic should not collide with regular instant payment traffic

➢ Different suffix at network protocol layer

➢ Key elements in the payload to differentiate NTC vs SCT Inst

❑ New channel, as existing TIPS processing for instant flow should not be altered and impact on it should be minimised

❑ Lifecycle can last up to 6 hours

❑ Possibility to cancel an NTC payment that is still pending settlement

❑ Inquiry mechanism for the Originator PSP to get the status of an NTC payment

❑ Unsolicited status update from the Beneficiary PSP to communicate intermediate status of an NTC payment (e.g. received, but not yet confirmed)

NTC Functional details (3/3)

High-level architecture

- The new TIPS-NTC component will take care of **validating messages and introducing a routing layer and a waiting list feature** for these kind of payments.

- The new component acts as **instructing party vis-à-vis the TIPS core** for the implementation of the settlement layer.

- **Waiting list feature** is introduced to optimise the liquidity management:
  - ✓ If a payment is ready for settlement, an **internal NTC settlement attempt** takes place.
  - ✓ Should the liquidity on the debtor account be not sufficient to cater for the full payment settlement, the NTC payment will be kept in **waiting list up to 6 hours.**
  - ✓ **Smart reattempt** can be introduced.

*Use cases to be managed by the TIPS-NTC component can be found in the notes