

Market Infrastructure and Application Change Request form

General Information (Origin of Request)		
<input checked="" type="checkbox"/> User Requirements Document (URD) <input type="checkbox"/> User Detailed Functional Specification (UDFS) <input type="checkbox"/> User Handbook (UHB) <input type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: ECB	Institution: ECB	Date raised: tbc
Request title: Introduction of non-time critical instant payments in TIPS		Request ref. no: TIPS-0041-URD ¹
Request type: Change request		
1. Legal/business importance parameter: M	2. Market implementation efforts parameter – Stakeholder impact: H/M	
3. Operational impact: M	4. Financial impact parameter: tbc	
5. Functional/ Technical impact: M	6. Interoperability impact: L	
Requestor Category: Central Bank		Status: Validated

Reason for change and expected benefits/business motivation:

The current settlement model in TIPS is based on the immediate execution and settlement of all credit transfer transactions. This implies very stringent requirements for PSPs in terms of processing and accepting a transaction before the SCT Inst timeout threshold of 20 seconds is reached. In the current setup of TIPS every payment needs to be settled instantly (time critical).

The introduction of non-time critical payments in TIPS would cover an additional use case, that would allow more flexibility in the usage of the TIPS platform.

Description of requested change:

Under the SEPA Credit Transfer (SCT) scheme, an Additional Optional Service (AOS) has been defined to process transactions differently depending on whether or not they are considered time critical.

In order to identify a transaction as a non-time critical payment in TIPS, the yellow field² “Local Instrument Code” within the pacs.008.001.02 groupheader must be filled in with the identifying code ‘INSTNT01’.

TIPS shall ensure that all pacs.008.001.02 containing the aforementioned information are processed as “non-time critical”³, i.e.:

- The usual SCT Inst timeout threshold does not apply as the Beneficiary PSP, although it is expected to react within seconds, would have up to 24 hours⁴ to accept/reject the payment;
- The investigation message on a non-time critical payment could be performed according to the same timing of an investigation to an instant payment transaction (i.e. SCTInst Timestamp Timeout expiration + Investigation Offset);

¹ XXXX = ECMS /TIPS / CONS, NNNN = 9999, DDDD = URD/UDFS/UH

² A yellow field identifies a message element that is part of the SEPA Core Service. These fields can be used in a specific way for an AOS.

³ The non-time critical transactions will not be included in the EPC Statistical Reports, which is relevant for the standard SCT-Inst transactions only.

⁴ Such timeout will be defined as a configurable system parameter. Changes to this parameter will be possible without the need of a software deployment/release.

- The recall message on a non-time critical payment could be performed only after the positive confirmation message to the original payments is sent by TIPS to the Originator PSP. This check is however delegated to the Beneficiary PSP, since TIPS validates and forwards the recall request message to the recall assignee without checking neither the existence nor the status⁵ of the underlying instant payment transaction;
- When a non-time critical payment is validated and accepted by TIPS, the correspondent amount on the Originator account balance is kept as reserved until the payment has been accepted/rejected by the Beneficiary PSP or the 24 hours timeout threshold is reached;
- A queuing/retry mechanism of the messages is put in place in order to allow the Beneficiary PSP to receive and process the non-time critical (NTC) instant payments also in case of its temporary unavailability. Such retransmission can be based on a configurable time parameter or on a message by the Beneficiary PSP notifying the TIPS platform to be back online and available; and
- TIPS will forward NTC instant payments by using the Instant Messaging transport protocol; this would entail the following effects:
 - If the Beneficiary PSP is not online, the NTC instant payment will get lost;
 - If the Beneficiary PSP is online, the NTC instant payment is correctly delivered. In this scenario, if the Beneficiary PSP does not reply within the time-out deadline envisaged by the SCT-Inst, it shall be able to manage further retransmission of the same NTC instant payment executed by TIPS.
 - Furthermore, any additional message, besides the ones envisaged by SCT-Inst scheme, i.e. any NTC instant payment retransmission operated by TIPS or any retrieval message initiated by the Beneficiary PSP will have to be paid by the Beneficiary PSP itself.

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 'false'. 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.

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.

Submitted annexes / related documents:

Proposed wording for the Change request:

High level description of Impact:

Impacts on other projects and products:

Outcome/Decisions:

⁵ The described logic applies to the Recall Request processed for SCT-Inst Instant Payments and will be replicated also to the processing of Recall Request for NTC payments.