

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: PA received on 18/02/2022— CR updated on 22/08/2023 and on 18/12/2023
Request title: Introduction of Non-Time Critical (NTC) payments in TIPS		Request ref. no: TIPS-0041-URD
Request type:		
1. Legal/business importance parameter: M	2. Market implementation efforts parameter – Stakeholder impact: H/M	
3. Operational impact: M	4. Financial impact parameter: H	
5. Functional/ Technical impact: M	6. Interoperability impact: L	
Requestor Category: Central Bank	Status: DA Started	

Reason for change and expected benefits/business motivation:

As per its User Requirements, TIPS currently offers a single instant payment settlement solution associated with a very short execution time. Conversely, for all the payments whose immediacy is not strictly speaking necessary, a new solution could be introduced in addition to the existing one. For example, this extension of the TIPS scope could be useful for the settlement of salaries and pensions.

Against this background, this change request introduces a “non-time critical” (NTC) functionality for TIPS.

The new service may be used indirectly for settling bulk payments¹, provided that bulk payments are “unpacked” by the Originator PSPs, prior to any submission to TIPS (so that TIPS would only receive single payments).

This new NTC service extends the lifecycle of the transactions beyond 20 seconds for any transaction that is not time-critical, by introducing a less stringent hard time-out. However, all NTC transactions will be submitted to the TIPS settlement engine immediately for a first settlement attempt.

The NTC service of TIPS shall be implemented for all currencies settling on the platform.

Description of requested change:

The implementation of this new functionality might require an Additional Optional Service (AOS) under the SEPA Credit Transfer (SCT) scheme². The definition of the AOS to be used will be determined outside of this change request.

The requested changes to implement NTC payments in TIPS are that:

- Lifecycle of a NTC payment transaction is set at 6 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.

¹ Also known as batch payments.

² For reference, here is the link to the Dutch AOS: <https://www.betalvereniging.nl/wp-content/uploads/NL-Standard-for-the-Instant-processing-of-SEPA-Credit-Transfers-v1.0.pdf>

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- As the duration of the lifecycle of an NTC would most likely impact the maximum number of concurrent NTC transactions present in the system³, the TIPS Service provider shall assess – as part of the Detailed Assessment (DA) – how to minimise such impact for TIPS. In addition, the DA will also evaluate how the proposed solution might be able not to negatively impact the settlement of SCT Inst transactions, in case the TIPS platform is flooded with a very high number of NTC transactions using up to the whole capacity of the settlement engine.
- Finally, it is requested that the TIPS Service provider, as part of the DA, checks whether a more flexible solution (e.g. via the introduction of a new dedicated channel for the NTC transactions) would be possible to cope with the potentially high number of NTC transactions sent to TIPS.
- A positive confirmation message should be sent to the Originator and Beneficiary PSPs immediately after the settlement has taken place.
- A negative confirmation message is sent either once the hard timeout has expired or if the Beneficiary PSP sends a negative confirmation message within the timeout.
- Originator PSPs which have sent NTC payments should be able to cancel them, if they have not been settled yet.
- Regarding the pool of liquidity reserved for the NTC payments, TIPS should be able to make it visible to PSPs the total amount of NTC payments whose final settlement is still pending.
- Also, it will be evaluated as part of the detailed assessment how Originator PSPs which have sent NTC payments could be able to inquire and how Beneficiary PSPs could be able to report an intermediary status until the NTC payment has reached its final status. To be more precise, the below two optional requirements are added:
 1. The Originator PSP should be able to request the status of a previously submitted NTC payment whose result is not yet final. Such a request, initially targeted to TIPS, may under some conditions (e.g. when TIPS does not know the status of the payment) be forwarded to the Beneficiary PSP.

Moreover, the Beneficiary PSP shall provide a response to the investigation forwarded by TIPS.

2. The Beneficiary PSP shall also send an unsolicited status update to TIPS to communicate the intermediary status of a NTC payment previously received whose processing is still ongoing at the Beneficiary PSP side.

The most efficient technical solution to cater for the above requirements will be provided by 4CB as part of the detailed assessment.

In order for the TIPS governance groups to evaluate, next to the technical solution, the value of the above requirements in terms of costs, a dedicated cost assessment for it will be provided by 4CB as part of the detailed assessment (thus there will be a cost assessment of the NTC without these two requirements and one including them).

³ It needs to be noted that the number of concurrent pending NTC transactions would be shared among all the currencies settling in TIPS.

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In order to identify a transaction as a non-time critical payment in TIPS, e.g. the yellow field⁴ “Local Instrument Code” within the pacs.008.001.08 group header must be filled in with the identifying code ‘INSTNT01’.

TIPS shall ensure that all pacs.008.001.08 containing the aforementioned information are processed as “non-time critical”⁵, 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 6 hours⁶ 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);
- The recall message on a non-time critical payment could be performed only after the positive confirmation message to the original payment is sent by TIPS to the Originator PSP. This check is however delegated to the Beneficiary PSP, since TIPS validates and forwards any recall request message to the recall assignee without checking neither the existence nor the status⁷ of the underlying transaction;
- When a non-time critical payment is validated and accepted by TIPS, the correspondent amount on the Originator PSP account balance is kept as reserved until the payment has been accepted/rejected by the Beneficiary PSP or the time-out threshold is reached;
- TIPS will forward NTC payments by using the Instant Messaging transport protocol.

The process flow entailed by the new functionality shall be available on an optional basis. This entails that PSPs would have to explicitly express their readiness to accept such transactions. In this regard, the TIPS Directory shall be enriched in order to show which PSPs are willing to receive and process non-time critical 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 any given BIC is willing to accept or not any non-time critical 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)/position(s) the reception of non-time critical payments shall be enabled.

In case a non-time critical payment is addressed to a Beneficiary PSP that does not process such transactions, TIPS will notify the Originator PSP. A possible rejection code that could be used is the SEPA reason code CNOR⁸. However, it shall be noted that the 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. when 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).

In light of the above, it will be checked as part of the Detailed Assessment whether a different ISO error code would be more suitable and would enable to have a harmonised code.

It needs to be noted that while for the SCT Inst payments, in the TIPS Directory the PSPs can specify the amount they are willing to accept (reminder: the default value is the maximum amount defined by the SCT Inst scheme rulebook. Other values could be an unlimited amount or any other amount above the SCT Inst scheme rulebook defined maximum amount), for the NTC payments, no maximum amount is necessary (thus there is no need to change the TIPS Directory on this aspect).

⁴ 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.

⁵ The non-time critical transactions will not be included in the EPC Statistical Reports, which is relevant for the standard SCT-Inst transactions only.

⁶ Such timeout could be defined as a configurable system parameter. Changes to this parameter are possible without the need of a software deployment/release. However, changes to this parameter can be managed via standard problem management procedures, for the purpose of auditability.

⁷ 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.

⁸ CNOR = CreditorBankIsNotRegistered. Creditor bank is not registered under this BIC in the CSM.

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Finally, in order to enable a different pricing for this new functionality new service items (i.e. new billable items in line with what is already in place for SCT Inst transactions⁹) will be created and assigned to the NTC functionality:

1. Settled NTC transaction - Debtor
2. Settled NTC transaction - Creditor
3. Unsettled NTC transaction - Debtor
4. Unsettled NTC transaction - Creditor
5. Settled Positive NTC Recall answer - Creditor
6. Settled Positive NTC Recall answer - Debtor
7. Unsettled NTC Positive Recall answer - Creditor
8. Unsettled NTC Positive Recall answer – Debtor
9. Cancelled NTC transaction - Debtor

Submitted annexes / related documents:

Proposed wording for the Change request:

High level description of Impact:

Impacts on other projects and products:

Outcome/Decisions:

⁹ The new service items would be applicable for all currencies, which means that it would have an impact also on the daily consumption files produced for SEK