



EUROPEAN CENTRAL BANK

EUROSYSTEM

T2/TARGET Instant Payment Settlement (TIPS)

Non-banks payment
service providers access
to T2 and TIPS



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Overview

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Background



- **Long-lasting discussions** on the opportunity of accepting non-bank PSPs in TARGET Services
- **Interest** expressed by non-bank PSPs following the entry into force of the PSD
- **Legal hurdles** to accept non-bank PSPs in TARGET2/T2 owing to specific provisions of the SFD



*IPR amending the SFD in April 2024, making it **legally feasible** to consider the direct participation of non-bank PSPs to TARGET*

Policy considerations



- Enhances the efficiency of the European retail payments market fostering **innovation and competition**
- Participation criteria shall be “objective, **risk-based** and publicly disclosed”
- **Risk-mitigating measures** to preserve market integrity and financial stability
- **Harmonised approach** to ensure consistency and avoid discrimination
- Applicable to TARGET Services as well as to **other payment systems** operated by CBs



Policy on access by non-bank payment service providers to central bank-operated payment systems and to central bank accounts (July 2024)

Access criteria



- Access granted to authorised **payment institutions** and **electronic money institutions** established in the EEA
- Rely on **arrangements in place in Member States** to ensure the compliance of the operational and risk management processes of non-bank PSPs
- Need to demonstrate compliance with operational and technical requirements **applicable to existing participants**



ECB decision on access by non-bank payment service providers to Eurosystem central bank operated payment systems and central bank accounts (ECB/2025/2)

Operational practicalities



- **No access** to credit
- Standard **remuneration** rules apply i.e. min (0, €STR-20bp)
- **No safeguarding** of users' funds
- Funds held on the TARGET accounts shall be **limited** to what is necessary to meet settlement obligations
- Definition of a **maximum** holding limit, which is individually set as twice the peak value of the outgoing cash transfer orders over the last 12 months
- **Penalties** if the limit is breached

Legal implementation



- Amendments to the **TARGET Guideline**

Art 4	Access criteria	<i>[amended]</i>
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Art 5	Application procedure	<i>[amended]</i>
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Art 13a	Maximum holding	<i>[new]</i>
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- **Initially planned** to enter into force on 16 June 2025
- The Eurosystem **postponed until October 2025** the adoption of the amendments to the TARGET Guideline due to delays in some euro-area Member States in **transposing** the required amendments to the SFD and PSD2 into national legislation

Application process



- Provision of a **statement** issued by the relevant national competent authority or duly signed by the non-bank PSP's competent management body (*to be renewed every year*)
- **Information** necessary to set the maximum holding amount

*Specific to
non-bank
PSPs*

- Installation of a secured **IT infrastructure** to connect to TARGET
- Provision of self-attestation with TARGET **security requirements**
- Provision of **reference data** forms
- Provision of **legal opinions**
- Completion of **certification tests**

*Applicable
to all
participants*

Way forward



- Non-bank PSPs have already started to approach NCBs with a **higher concentration** in specific banking communities
- Tests and preparation for connection **already started** for some of them
- So far, the focus was more on the opening of **RTGS accounts**, there were less requests for TIPS accounts
- Specific **monitoring** will be put in place to follow the evolution of the business brought by non-bank PSPs in TARGET Services



It is estimated that non-banks will eventually not have a major impact on participation structure nor on system's traffic