



TIPS Community Readiness Report

Status as of Q1 2021 (cut-off date 29/01/21)

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Executive Summary

In July 2020 the ECB Governing Council has approved a set of measures aiming at increasing the reach of the Eurosystem's TARGET Instant Payment Settlement (TIPS) service to a pan-European level, namely through:

- PSPs reachability measure - All PSPs which have adhered to the SCT Inst scheme and are reachable in TARGET2 should also become reachable in a TIPS central bank money liquidity account, either as a participant or as reachable party (i.e. through the account of another PSP which is a participant).
- ACHs reachability measure - All ACHs offering instant payment services should migrate their technical accounts from TARGET2 to TIPS.

The above measures shall be implemented by end of 2021.

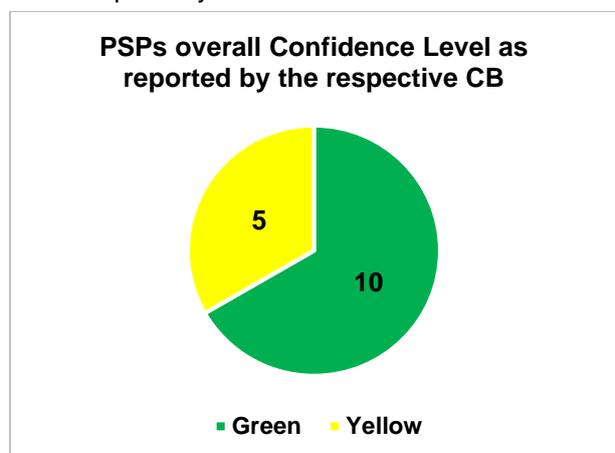
Nine Central Banks have reported that none of their national community members are impacted by the TIPS Pan-European Reachability Measures. Thus, no PSPs nor ACH in Bulgaria, Croatia, Cyprus, Denmark, Ireland, Malta, Poland, Romania and Slovakia are subject to the TIPS Reachability Measures, and therefore these Central Banks are excluded from the scope of this report.

This Readiness Report depicts the first picture on the status of all the CBs communities (i.e. PSPs and ACHs targeted by the TIPS Reachability Measures described above).

1. PSP Community readiness to migrate to TIPS

Confidence level reported by CBs

The overall confidence level reported by the CBs for their PSP communities subject to this reporting is significantly good. From a total of 15 CBs, 10 reported a green status for their PSP communities while 5 CBs reported yellow.



Confidence level reported by the TIPS Direct Participants and Reachable Parties¹

TIPS Direct Participants confidence level:

A very good response ratio was observed during this first readiness reporting exercise: out of 117 TIPS Direct participants, only 3 (3%) did not report their readiness status.

The overall confidence level of the TIPS Direct Participants is positive: 79 out of 117 (67%) have reported a green status, 33 (28%) have indicated a yellow level of confidence and 2 (2%) have reported a red status.

TIPS Reachable Parties confidence level:

All Reachable Parties subject to this reporting have reported their readiness status (2085 out of 2085 TIPS Reachable Parties).

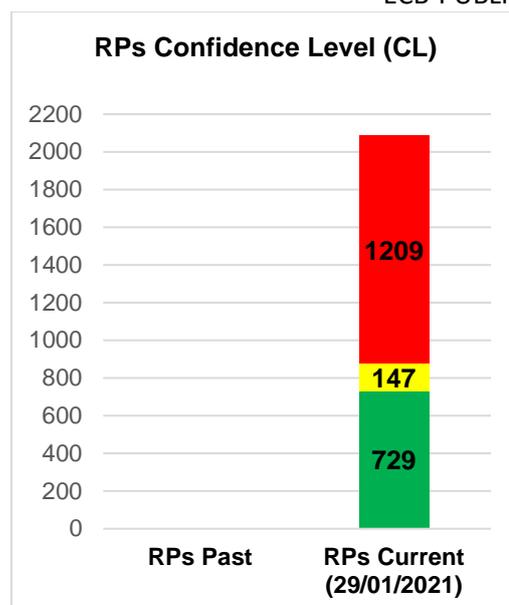
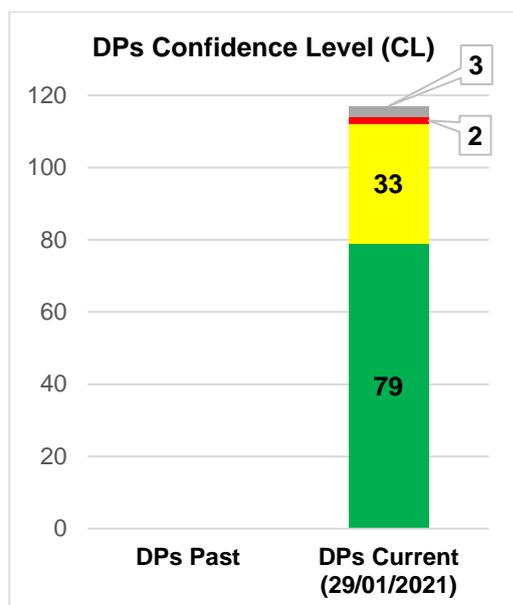
While 35% of Reachable Parties (729) have reported a green status, more than half (58%) have reported a red status (1209/2085). The latter are concentrated on the German market where they are becoming reachable via one TIPS Direct Participant having reported red. The remaining 7% of the Reachable Parties have reported a yellow status (147 out of 2085).

The main issues and concerns encountered by the PSP communities are as follows:

- Tight project timeline, feeling that the time dedicated for this migration is too short;
- High concentration of activities towards the end of the project deadline, leaving little buffer in case of slippage;
- Some PSPs have open questions on TIPS functionalities which can impact their project preparation timeline;
- Potential resource constraints due to parallelism of initiatives.
- [For Reachable Parties]: Concentration risk as many Reachable Parties rely on the readiness of one specific institution to on-board to TIPS.

These issues are in the process of been mitigated and should not impact the ability of these PSPs to reach the agreed deadline for on-boarding.

¹ *PSPs reachability measure* - All PSPs which are compliant or intend to be compliant by November 2021 to the SCT Inst scheme and are reachable in TARGET2 should also become reachable in a TIPS central bank money liquidity account, either as a participant or as reachable party (i.e. through the account of another PSP which is a participant).



■ Fully confident - no risk identified
■ Risks identified that can be overcome
■ Risks identified that may endanger migration
■ Not reported

PSPs readiness per key phase

With respect to the overall readiness of the PSPs by key phase of the project, the following table highlights the fact that most of the PSPs are in the preparation phase (91%); 5% have completed that phase while 5% did not start yet.

Only a small proportion of the PSPs are in the subsequent phases (implementation, testing or on-boarding), in average 5-7%.

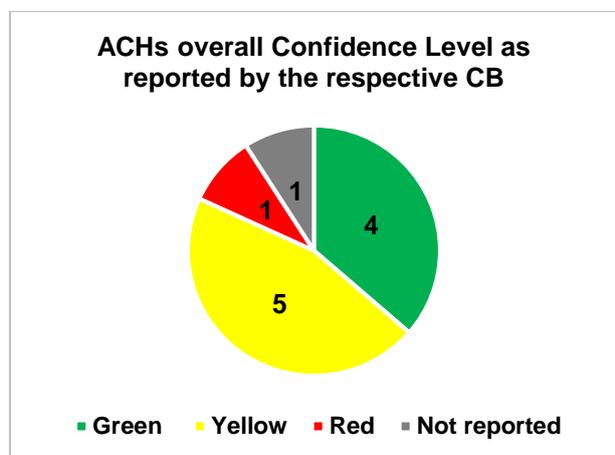
PSPs Overall status per Key phase					
	Not started	On-going	Completed	Not Reported	TOTAL
Preparation	100	1999	101	2	2202
Implementation	2065	76	54	7	2202
Testing	2136	11	48	7	2202
On-boarding	2144	5	45	8	2202

2. ACH Community readiness to migrate to TIPS

Confidence level

All ACHs subject to the TIPS reachability measures, with one exception, have provided information on their readiness status to migrate to TIPS.

The overall confidence level reported by the ACHs is fairly good. From a total of 11 ACHs, 4 (36%) have reported a green status, 5 (45%) have stated a yellow status, 1 (9%) has reported a red status and 1 (9%) did not provide information on its readiness status:



The main issues and concerns highlighted by the ACHs in their reporting are as follows:

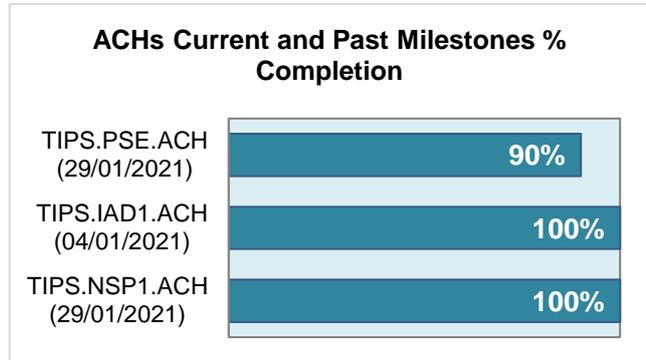
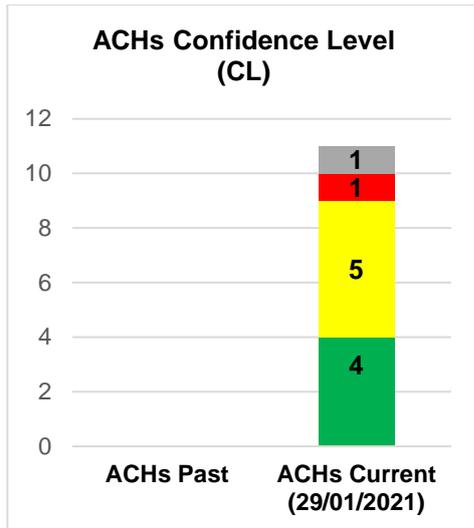
- Late publication of the latest version of the specifications (v4.0);
- Lack of visibility on the operational and contractual documentation;
- Additional analysis required on the operational processes (e.g. migration to TIPS technical account) and contractual aspects (also related to the above point);
- Challenging planning (especially testing period);

Milestone completion

In line with the project key milestones for ACHs, the three below milestones were to be met by ACHs by 29 January 2021:

- TIPS.PSE.ACH - Project Set up - 29/01/2021
- TIPS.IAD1.ACH - Impact Assessment Started - 04/01/2021
- TIPS.NSP1.ACH - Network service provider selection criteria development completed - 29/01/2021

Regarding milestones completion, the current milestones for the ACHs were significantly met as presented in the below chart. However, one ACH reported a delay in the project definition set-up due to internal dependencies and other constraints, nevertheless, the internal project definition start date was defined and ACH reported that its completion was on track.

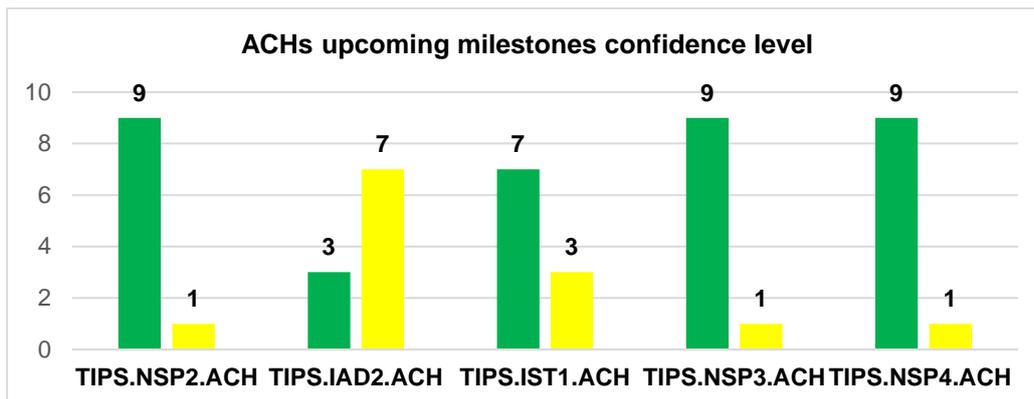


■ Fully confident - no risk identified
■ Risks identified that can be overcome
■ Risks identified that may endanger migration
■ Not reported

For upcoming milestones, the overall trend is positive:

- TIPS.NSP2.ACH - New connectivity design strategy and planning completed - 26/02/2021
- TIPS.IAD2.ACH - Impact assessment completed - 26/02/2021
- TIPS.IST1.ACH - Internal staff training started - 01/03/2021
- TIPS.NSP3.ACH - NSP selection and contract preparation completed - 31/03/2021
- TIPS.NSP4.ACH - Network service provider procurement completed - 31/03/2021

One caveat is on the expected completion of IAD2 where 7 ACH have mentioned a yellow status.



The overall level of confidence reported by the PSPs and ACH communities is presented in the below table.

PSP and ACH Communities Confidence Level						
	PSP Direct Participants		PSP Reachable Parties		ACHs	
	Current Status (29/01/21)	Previous Status	Current Status (29/01/21)	Previous Status	Current Status (29/01/21)	Previous Status
Green	79 (67%)	-	729 (35%)	-	4 (36%)	-
Yellow	33 (28%)	-	147 (7%)	-	5 (45%)	-
Red	2 (2%)	-	1209 (58%)	-	1 (9%)	-
Not reported	3 (3%)	-	-	-	1 (9%)	-
TOTAL	117 (100%)	-	2085 (100%)	-	11 (100%)	-

Annex 1: ACH Key Milestones

TIPS Reachability - List of Project Key Milestones

Phase	Code of the Milestone	Name of the Milestone	Description of the Milestone	Date of the Milestone
Project Setup				
	TIPS.PSE.ACH	Project set up	ACHs have nominated a project manager and set up the project (allocated resources, required budget and started the impact analysis).	29/01/2021
Internal Adaptations				
Impact Assessment				
	TIPS.IAD1.ACH	Impact assessment started	ACHs have started with the detailed business and technical impact assessment to adapt their IT systems and processes to the new service. This includes the impact assessment on how to connect their IT systems to the system.	04/01/2021
	TIPS.IAD2.ACH	Impact assessment completed	ACHs have completed the detailed business and technical impact assessment to adapt their IT systems and processes to the new service. This includes the impact assessment on how to connect their IT systems to the system.	26/02/2021
Documentation				
	TIPS.IAD3.ACH	Drafting of internal applications documentation started	ACHs have started the drafting of their internal applications documentation (e.g. business requirements and functional specifications for key functionalities).	01/04/2021

	TIPS.IAD4.ACH	Drafting of internal applications documentation completed	ACHs have finalised the drafting of their internal applications documentation (e.g. business requirements and functional specifications for key functionalities).	28/05/2021
Software development				
	TIPS.IAD5.ACH	Software development for the required internal system adaptations started	ACHs have started their internal developments to adapt their IT systems and processes to the new service.	01/06/2021
	TIPS.IAD6.ACH	Software development for the required internal system adaptations completed	ACHs have finalised their internal developments to adapt their IT systems and processes to the new service.	31/08/2021
Internal testing				
	TIPS.IAD7.ACH	Testing of the internal applications started	ACHs have started the internal testing.	01/07/2021
	TIPS.IAD8.ACH	Testing of the internal applications completed	ACHs have completed their internal testing of key functionalities to enable the User testing and migration.	31/08/2021
Network Service Provider Procurement Process				

	TIPS.NSP1.ACH	Network service provider selection criteria development completed	ACHs have developed the selection criteria for the network service providers (e.g. decision on direct or indirect connection, value added services expected from network service providers).	
	TIPS.NSP2.ACH	New connectivity design strategy and planning completed	ACHs have completed the new connectivity design strategy (e.g. on U2A/A2A) and planning.	29/01/2021
	TIPS.NSP3.ACH	Network service provider selection and contract preparation completed	ACHs have selected their network service provider and completed the preparation for the contract signature.	26/02/2021
	TIPS.NSP4.ACH	Network service provider procurement completed	ACHs have procured and signed a contract with their selected network service provider.	31/03/2021
				31/03/2021
Network connectivity testing				
	TIPS.NCO1.ACH	Network connectivity tests on testing environment started	ACHs have started the connectivity testing on the testing environment before user testing activities.	
	TIPS.NCO2.ACH	Network connectivity tests on testing environment completed	ACHs have completed the connectivity testing on the testing environment and are ready to start the user testing.	01/06/2021
				30/06/2021

	TIPS.NCO3.ACH	Network connectivity tests on production environment started	ACHs have started the connectivity testing on the production environment before pre-migration activities.	
	TIPS.NCO4.ACH	Network connectivity tests on production environment completed	ACHs have completed the connectivity testing on the production environment and are ready to start the pre-migration activities.	01/09/2021
				15/10/2021
User Testing Activities				
	TIPS.UTA1.ACH	User testing activities started	ACHs have started the user testing activities.	
	TIPS.UTA2.ACH	User testing activities completed	ACHs have completed the user testing (including community and dress rehearsals for the migration) and have completed the mandatory test cases required by the Eurosystem.	13/09/2021
				12/11/2021
Training				
	TIPS.IST1.ACH	Internal staff training started	ACHs have started the internal training for the user testing and operational activities.	
	TIPS.IST2.ACH	Internal staff training completed	ACHs have completed internal training for the user testing and operational activities.	01/03/2021
				30/07/2021
Contractual and Legal Adaptation				
	TIPS.CLA.ACH	Contractual and legal adaptations completed	ACHs have completed contractual and legal adaptations	
				29/10/2021
Operational Procedure Adaptation				

	TIPS.OPA.ACH	Operational procedure adaptations completed	ACHs have completed the operational procedure adaptations.	30/09/2021
Migration Activities				
	TIPS.MIG1.ACH	Pre-migration activities started	ACHs are ready to start the pre-migration activities and to setup reference data (e.g. users, access rights, etc.) on the production environment according to the migration plan.	22/11/2021
	Project.MIG2.ACH	Pre-migration activities completed	ACHs have completed the pre-migration activities on the production environment and are ready for the go-live.	03/12/2021
Go-live (first business day)				
	Project.GLI	Go-live (first business day)	ACHs will decide in which wave they intend to participate	Early December , tbd