



TIPS Community Readiness Report

Status as of Q2 2021 (cut-off date 31/05/21)

Table of Contents

Executive Summary 3

Annex 1: ACH Key Milestones 10

Annex 2: ACH Migration Waves 15

Executive Summary

This Readiness Report depicts the status of all NCBs communities¹ (i.e. PSPs and ACHs subject to the TIPS Pan-European Reachability Measures) as of 31 May 2021.

In line with the timeline of the key milestones for the ACHs to ensure a successful and timely migration to TIPS, following milestones were due during this reporting round:

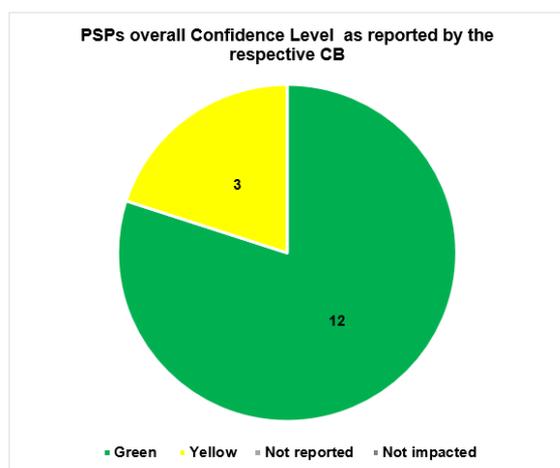
- TIPS.PSE.ACH - Project set up - 29/01/2021
- TIPS IAD2.ACH: Impact assessment completed - 26/02/2021
- TIPS.IAD3.ACH - Drafting of internal applications documentation started - 01/04/2021
- TIPS.IAD4.ACH - Drafting of internal applications documentation completed - 28/05/2021
- TIPS.NSP3.ACH - NSP selection and contract preparation completed - 31/03/2021
- TIPS.NSP4.ACH - NSP procurement completed - 31/03/2021
- TIPS.IST1.ACH - Internal staff training started - 01/03/2021

1. PSP Community readiness to migrate to TIPS

Confidence level reported by NCBs

The overall confidence level reported by the NCBs for their PSP communities subject to this reporting is significantly good. From a total of 15 NCBs, 12 reported a green status for their PSP communities and 3 NCBs reported yellow.

The status of this third reporting cycle is improving. The confidence level reported by 2 NCBs has increased in comparison with the previous reporting cycle from a yellow status to a green status.



¹ 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.

Confidence level reported by the TIPS Direct Participants and Reachable Parties²

TIPS Direct Participants confidence level:

A very good response ratio was observed during this third readiness reporting exercise: out of 120 TIPS Direct participants, only 2 (2%) did not report their readiness status.

The overall confidence level of the TIPS Direct Participants remains positive and in line with the previous reporting: 81 out of 120 (68%) have reported a green status, 34 (28%) have indicated a yellow level of confidence and 3 (2%) have reported a red status.

TIPS Reachable Parties confidence level:

All Reachable Parties subject to this reporting, except one, have reported their readiness status (2117 out of 2118 TIPS Reachable Parties).

In this reporting cycle, we could see a slight increase in the total number of Reachable Parties reporting their readiness. Some NCBs have reported additional Reachable Parties joining while some others reported a decrease in these numbers, these variations remain limited.

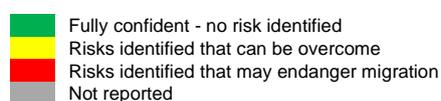
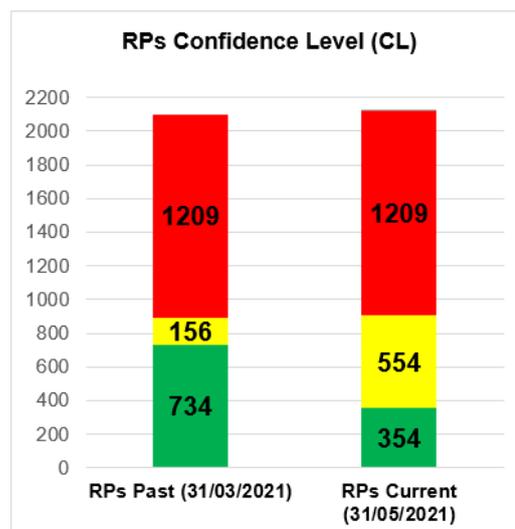
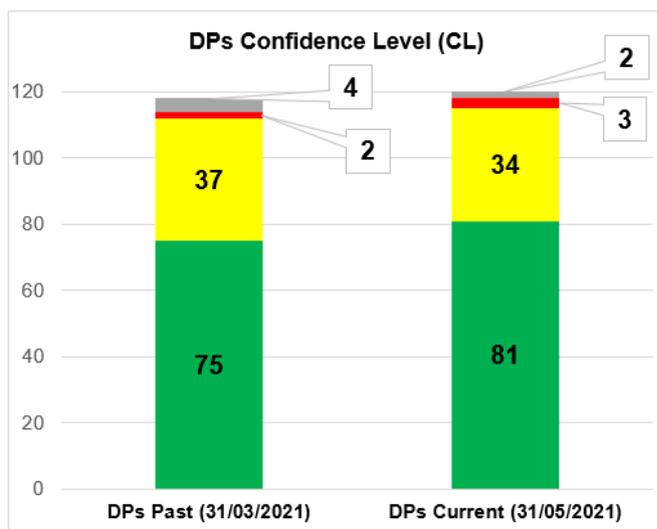
While 17% of Reachable Parties (354) have reported a green status, respectively 26% (554) and 57% (1209) out of the 2118 TIPS Reachable Parties have reported a yellow and a red status. The latter are mainly concentrated with one Direct Participant.

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

- Tight project timeline;
- Dependencies with external providers (e.g. Software vendors, NSPs...);
- High concentration of activities towards the end of the project deadline, leaving little buffer in case of slippage, making testing more difficult to organize;
- Some PSPs have open questions on TIPS functionalities, related CRs and supporting documentation which can impact their project preparation timeline;
- Potential resource constraints due to parallelism of internal initiatives and summer holidays;
- [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.

² *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).



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 still in the preparation phase (90%); 10% have completed that phase.

In comparison with the previous reporting cycle, we could see that many PSPs progressed in their projects and that around one third of the PSPs (most of them are Reachable Parties) started the subsequent Implementation phase. However, the number of PSPs having also started the remaining Testing and On-boarding phases (On-going status) has sharply decreased from around 20% towards respectively 3% (66) and 2%(47): the confidence level reported by one Direct Participant has decreased from a Green status to a Yellow status, leading all related Reachable Parties to this Direct Participant to modify their internal plans.

PSPs Overall status per Key phase					
	Not started	On-going	Completed	Not Reported	TOTAL
Preparation	8	2008	221	1	2238
Implementation	1402	701	133	2	2238
Testing	2082	66	89	1	2238
On-boarding	2103	47	84	4	2238

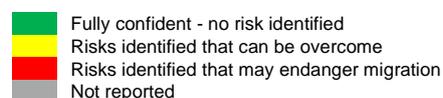
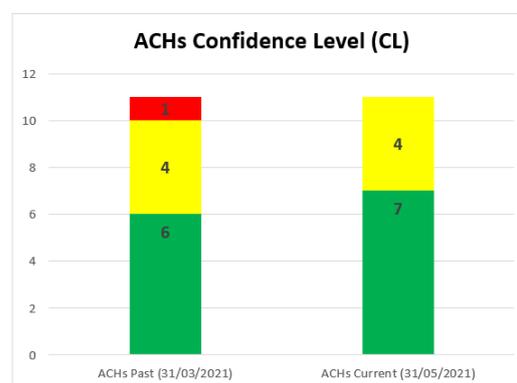
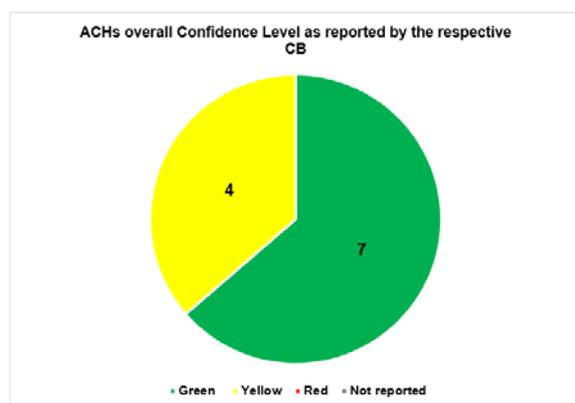
2. ACH Community readiness to migrate to TIPS

Confidence level

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

The overall confidence level reported by the ACHs is good and “Green” confidence level has been reported for 7 ACH vs 6 in the previous reporting cycle.

From a total of 11 ACHs, 7 (64%) have reported a green status while 4 (36%) have stated a yellow status:



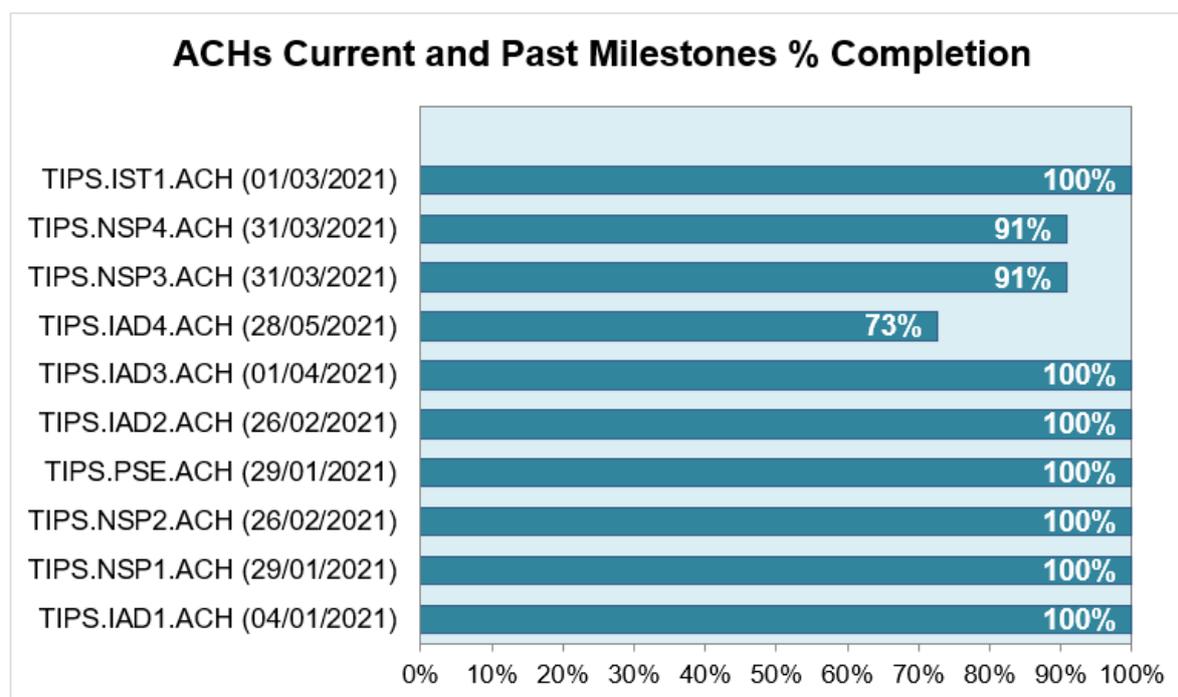
Confidence level reported by one ACH during this reporting cycle has improved from a Red status to a Yellow status since a technical solution has been identified with their IT solution provider to segregate the settlement of both SCT and SCT Inst transactions. The assessment aiming at identifying how to implement these changes within their internal systems is nearly finalised.

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);
- Impact of TIPS Inst adoption on internal systems architecture
- Dependencies with other internal projects
- Different internal timeline for a milestone

Milestone completion

Regarding milestones completion, the current milestones for the ACHs were significantly met as presented in the below chart:



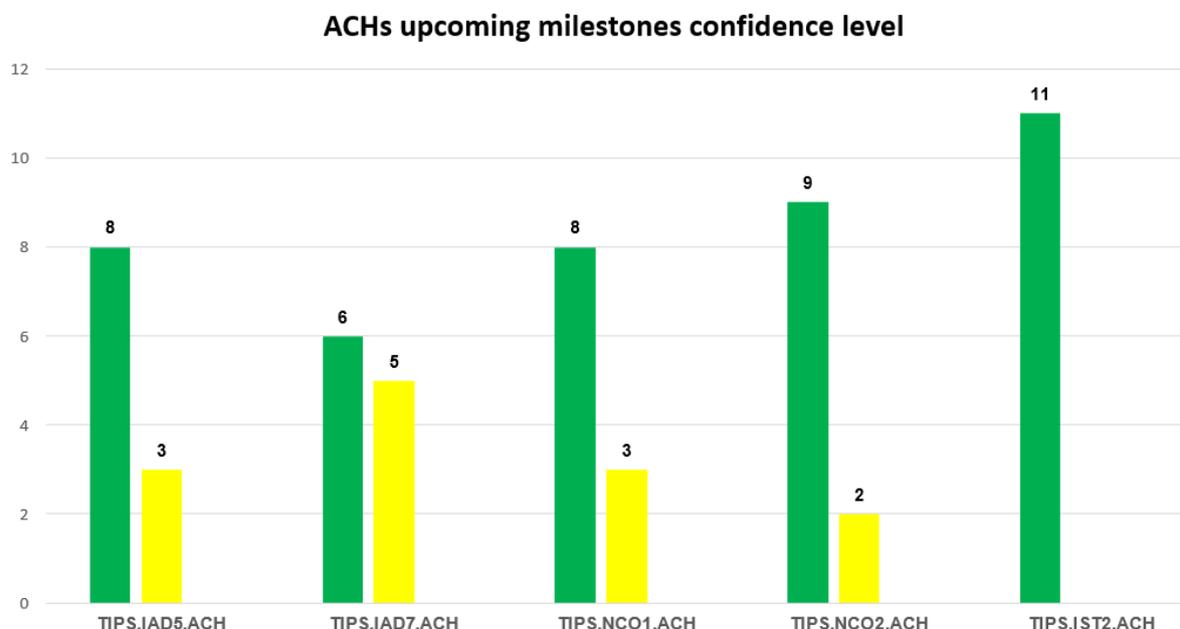
As highlighted in the diagram above, we can see that some ACHs are experiencing delays on the completion of their internal Impact Assessments (IAD4).

The non-completion of this milestone by the one ACH is mainly due to a reorganisation of their internal processes. The non-completion of this milestone by 2 other ACHs is due to a different internal timeline for this milestone but the milestone completion is still on going.

Even if 5 NCBs currently report a yellow status regarding the completion of the upcoming milestone IAD7 by their respective ACHs, the overall trend remains positive for the upcoming milestones listed here below:

- TIPS.IAD5.ACH - Software development for the required internal system adaptations started - 01/06/2021
- TIPS.IAD7.ACH - Testing of the internal applications started - 01/07/2021
- TIPS.NCO1.ACH - Network connectivity tests on testing environment started - 01/06/2021
- TIPS.NCO2.ACH - Network connectivity tests on testing environment completed - 30/06/2021
- TIPS.IST2.ACH - Internal staff training completed - 30/07/2021

ACHs that have provided further feedback confirm the yellow status of completion of milestone IAD7 but they also confirm that, at stage, there is no signal indicating that other milestones would not be met or that the overall migration process is endangered.



The overall level of confidence reported by the Direct Participants is slightly increasing while the one reported by the Reachable Parties decreases: the confidence level reported by one Direct Participant has decreased from a Green status to a Yellow status, leading the confidence level reported by all related Reachable Parties to decrease also. The overall level of confidence reported by the ACHs is increasing significantly.

Here below is presented the overall level of confidence reported by the PSPs and ACH communities

PSP and ACH Communities Confidence Level						
	PSP Direct Participants		PSP Reachable Parties		ACHs	
	Previous Status (31/03/21)	Current Status (31/05/21)	Previous Status (31/03/21)	Current Status (31/05/21)	Previous Status (31/03/21)	Current Status (31/05/21)
Green	75 (64%)	81 (68%)	734 (35%)	354 (17%)	6 (55%)	7 (64%)
Yellow	37 (31%)	34 (28%)	156 (7%)	554 (26%)	4 (36%)	4 (36%)
Red	2 (2%)	3 (2%)	1209 (58%)	1209 (57%)	1 (9%)	0

Not reported	4 (3%)	2 (2%)	0	1(0%)	0	0
TOTAL	118 (100%)	120 (100%)	2099 (100%)	2118 (100%)	11 (100%)	11 (100%)

Annex 1: ACH Key Milestones

TIPS Reachability - List of Project Key Milestones

APhase	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				

ECB-RESTRICTED

	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

ECB-RESTRICTED

	TIPS.NCO3.ACH	Network connectivity tests on production environment started	ACHs have started the connectivity testing on the production environment before pre-migration activities.	01/09/2021
	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.	15/10/2021
User Testing Activities				
	TIPS.UTA1.ACH	User testing activities started	ACHs have started the user testing activities.	13/09/2021
	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.	12/11/2021
Training				
	TIPS.IST1.ACH	Internal staff training started	ACHs have started the internal training for the user testing and operational activities.	01/03/2021
	TIPS.IST2.ACH	Internal staff training completed	ACHs have completed internal training for the user testing and operational activities.	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				

ECB-RESTRICTED

	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

Annex 2: ACH Migration Waves**TIPS Reachability - List of Migration Waves**

Code of the Wave	Name of the Wave	Go Live Date
TIPS.WAV1.ACH	First wave of ACHs	10 December 2021
TIPS.WAV2.ACH	Second wave of ACHs	21 January 2022
TIPS.WAV3.ACH	Third wave of ACHs	25 February 2022
TIPS.WAVC.ACH	Contingency wave	25 March 2022