

ECB
DG-MIP
T2-T2S Consolidation

Vision for Liquidity Transfers Across Services

TARGET Consolidation Contact Group

8th Meeting on 4 December 2018

Agenda



- 1 A Harmonised Liquidity Transfer Vision
- 2 Types of Liquidity Transfers
- 3 Liquidity Transfers across Services
- 4 Floor / Ceiling Thresholds

Agenda



1 A Harmonised Liquidity Transfer Vision

2 Types of Liquidity Transfers

3 Liquidity Transfers across Services

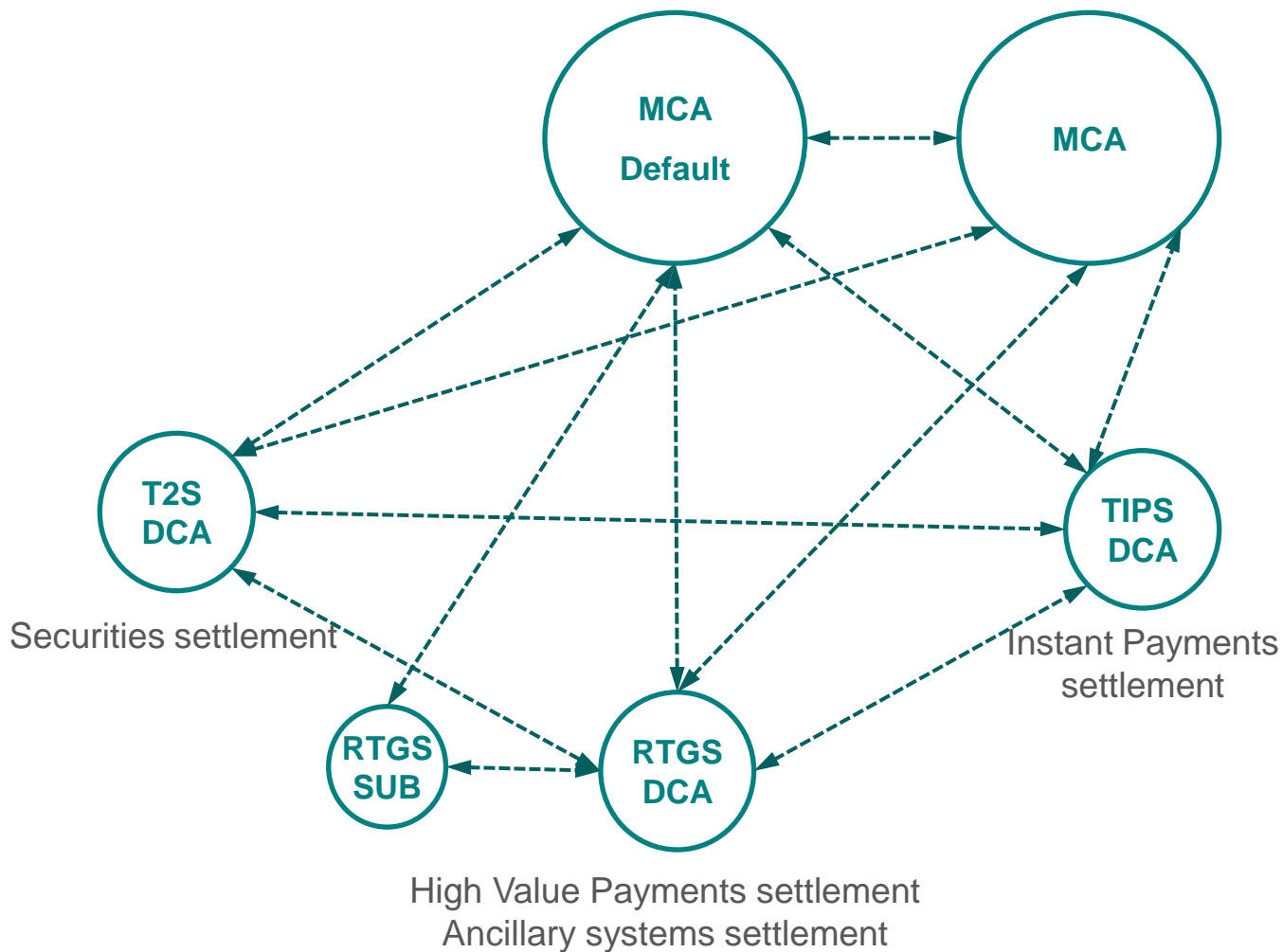
4 Floor / Ceiling Thresholds

A Harmonised Liquidity Transfer Vision



The future structure of TARGET Services requires a clear allocation of liquidity for different settlement purposes. This requires that the treasurers have means and tools to **monitor and manage the liquidity** manually as well as to **automate the liquidity management** to the required extent (e.g. without the need to initiate manual liquidity transfers).

A Harmonised Liquidity Transfer Vision



A Harmonised Liquidity Transfer Vision



Vision:

- **No restrictions** in the directions of intra and inter services Liquidity Transfers
- A consistent way of managing the liquidity A2A and having **a central point** for managing it U2A.
- A **harmonised way of managing the liquidity** situation across services through the use of rule-based liquidity transfers.

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Types of Liquidity Transfers



4 types of Liquidity Transfers

- **Immediate liquidity transfer** (order*)
 - User initiated transfer of liquidity sent via A2A or entered via U2A.
- **Rule-based liquidity transfer** (order)
 - A transfer of liquidity automatically triggered by a breach of a pre-defined condition. E.g. breaching of a predefined floor or ceiling threshold.
- **Standing order liquidity transfer** (order)
 - Recurring pre-configured transfer of liquidity triggered by events in the Business Day Management Schedule.
- **Automated liquidity transfer** (order)
 - A liquidity transfer automatically triggered by CLM in case of insufficient liquidity on an MCA to execute a CBO.

* Order is an incoming request to perform what is described in the message payload (i.e. once the LT message is “converted” into a task in the system, it becomes an order.

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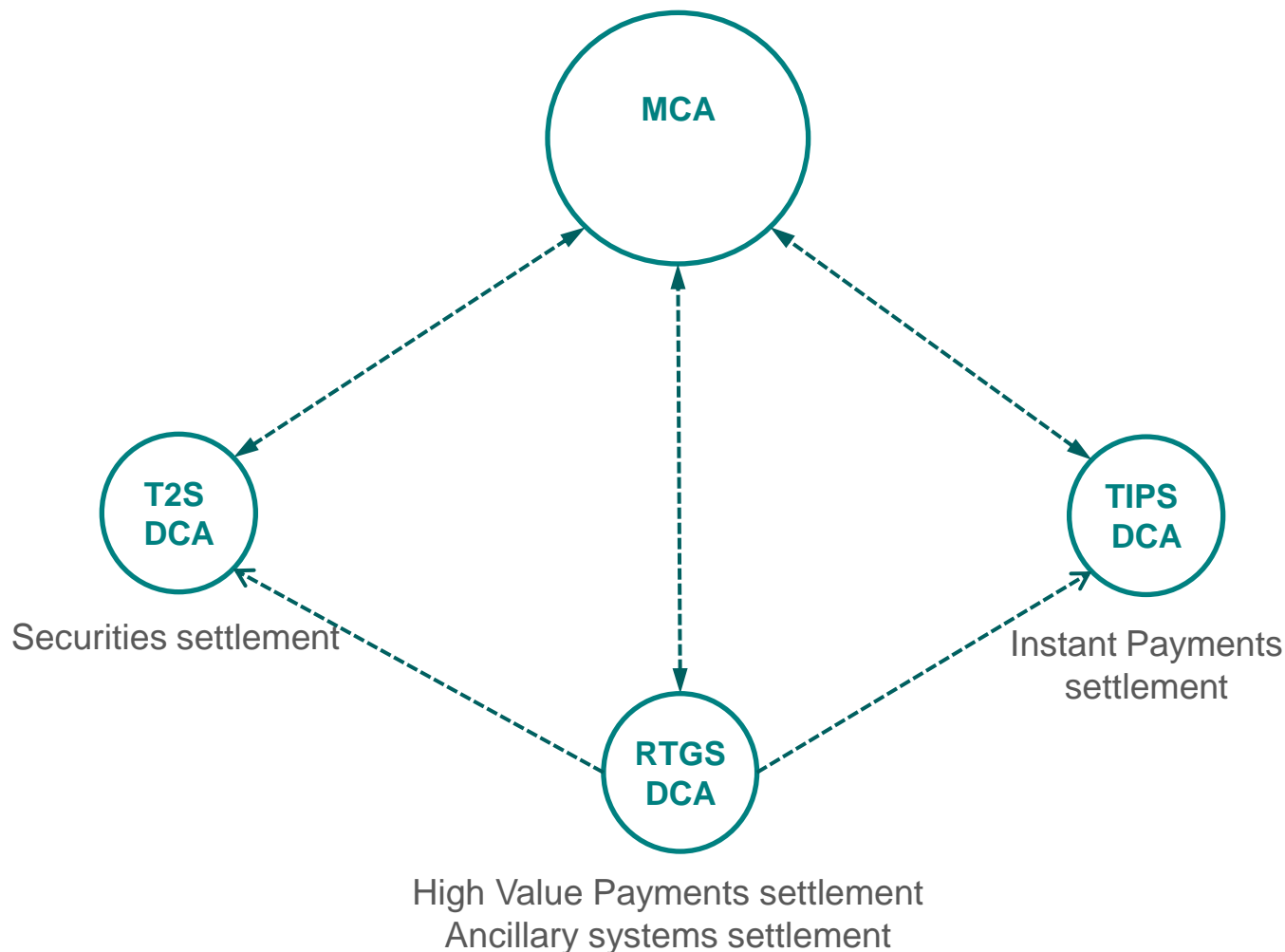
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Situation after the T2-T2S Consolidation with the implementation of the necessary CRs



From/To	To CLM	To RTGS	To T2S	To TIPS
From CLM	N/A	✓	✓	✓
From RTGS	✓	N/A	✓	✓
From T2S	✓	✗	N/A	✗
From TIPS	✓	✗	✗	N/A

Situation after the T2-T2S Consolidation with the implementation of the necessary CRs

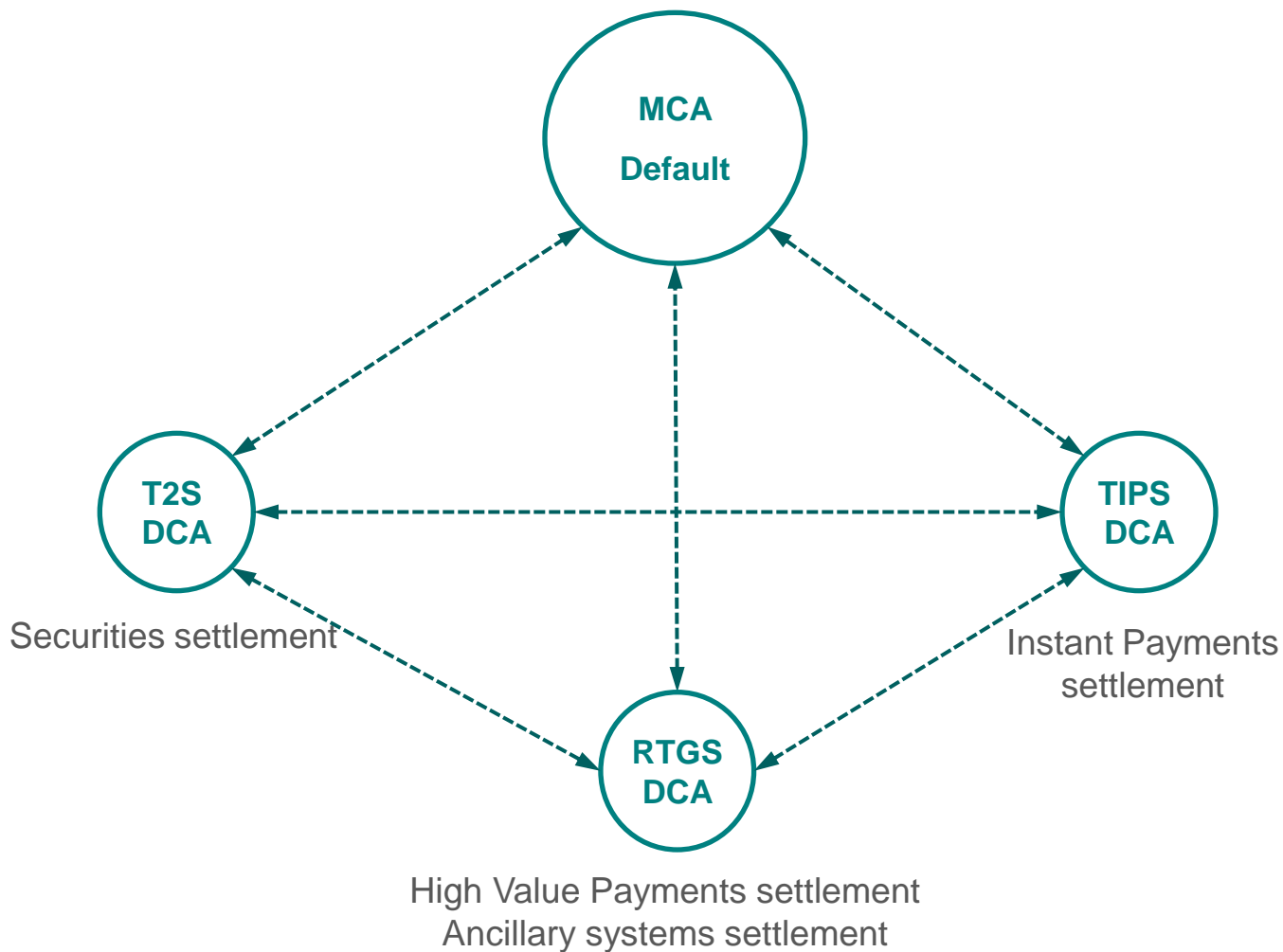


Situation after the T2-T2S Consolidation with the implementation of the optional CRs

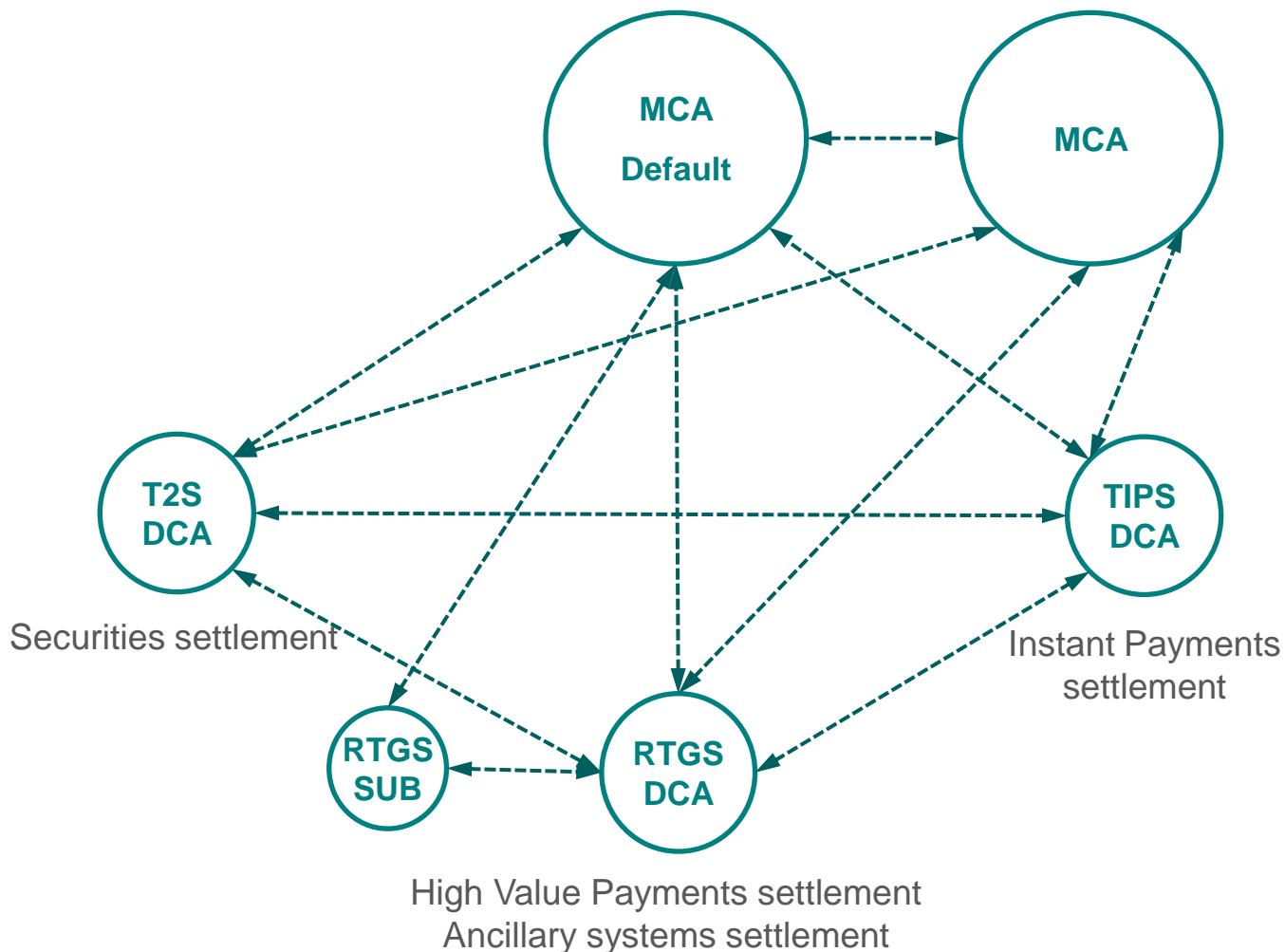


From/To	To CLM	To RTGS	To T2S	To TIPS
From CLM	N/A	✓	✓	✓
From RTGS	✓	N/A	✓	✓
From T2S	✓	CR	N/A	CR
From TIPS	✓	CR	CR	N/A

Situation after the T2-T2S Consolidation with the implementation of the optional CRs



Situation after the T2-T2S Consolidation with the implementation of the optional CRs



Agenda



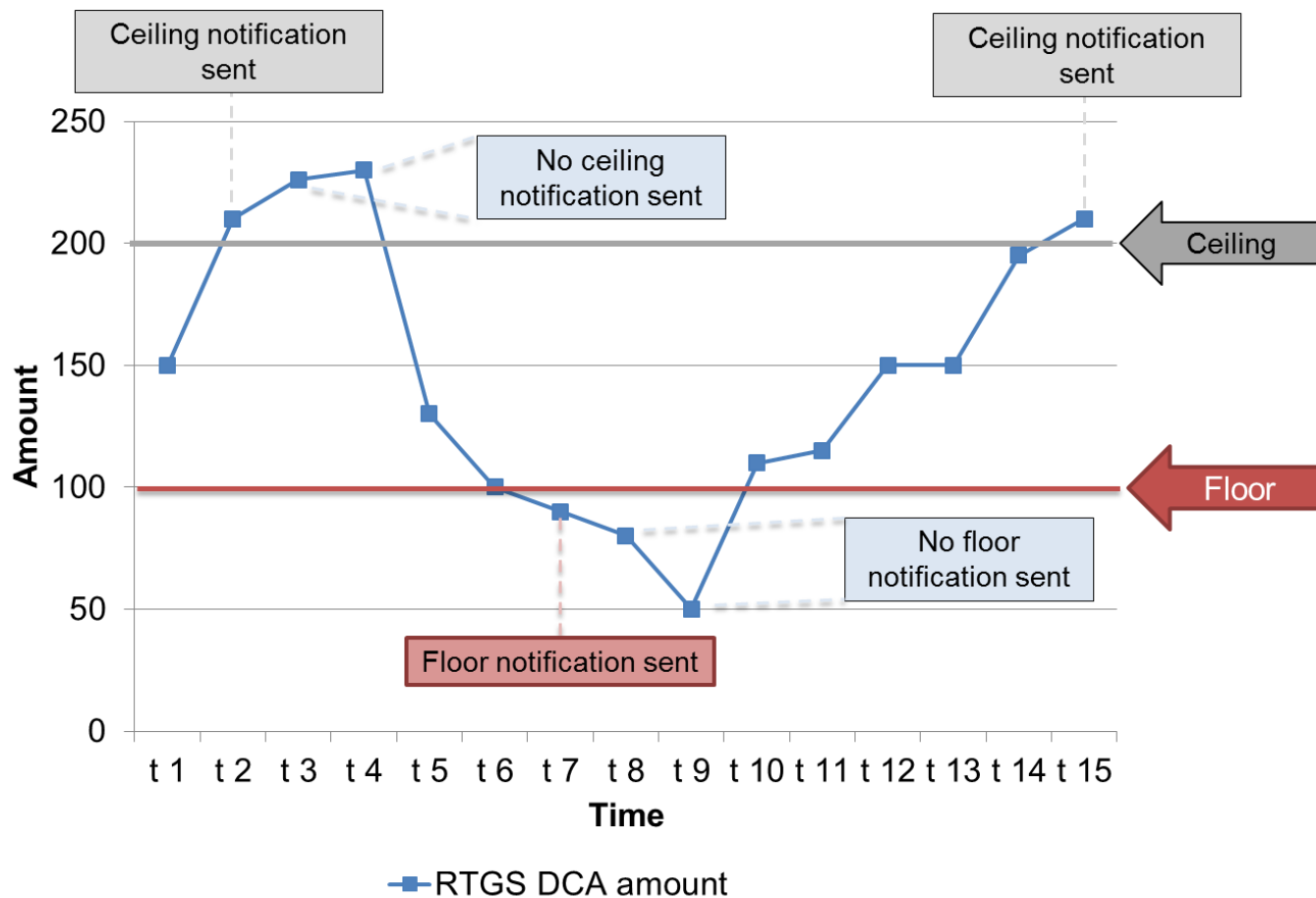
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Floor / Ceiling Thresholds

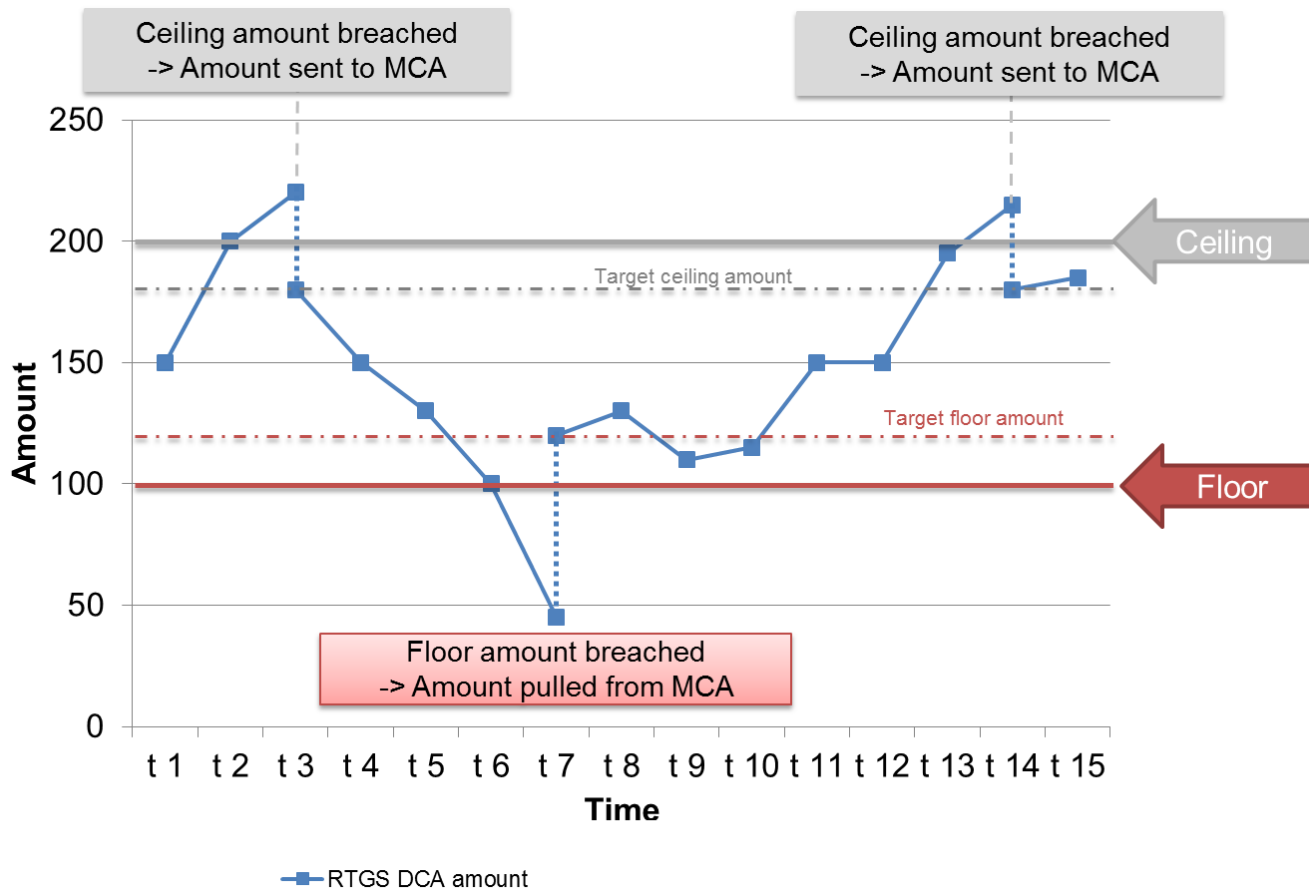


- The Account Holder can **define a threshold amount** for DCA and MCA accounts in CRDM.
- By defining a **floor**, the account holder defines the **minimum amount of liquidity** that should be present on the account
- By defining a **ceiling**, the account holder defines the **maximum amount of liquidity** that should be present on the account.
- If the threshold is breached **two options** are available:
 - Send notification (ReturnAccount, camt.004)
 - Initiate Liquidity Transfer
- The check on floor/ceiling breach will only be triggered after the settlement of a payment order or an AS transfer. It is not triggered after the settlement of liquidity transfers.

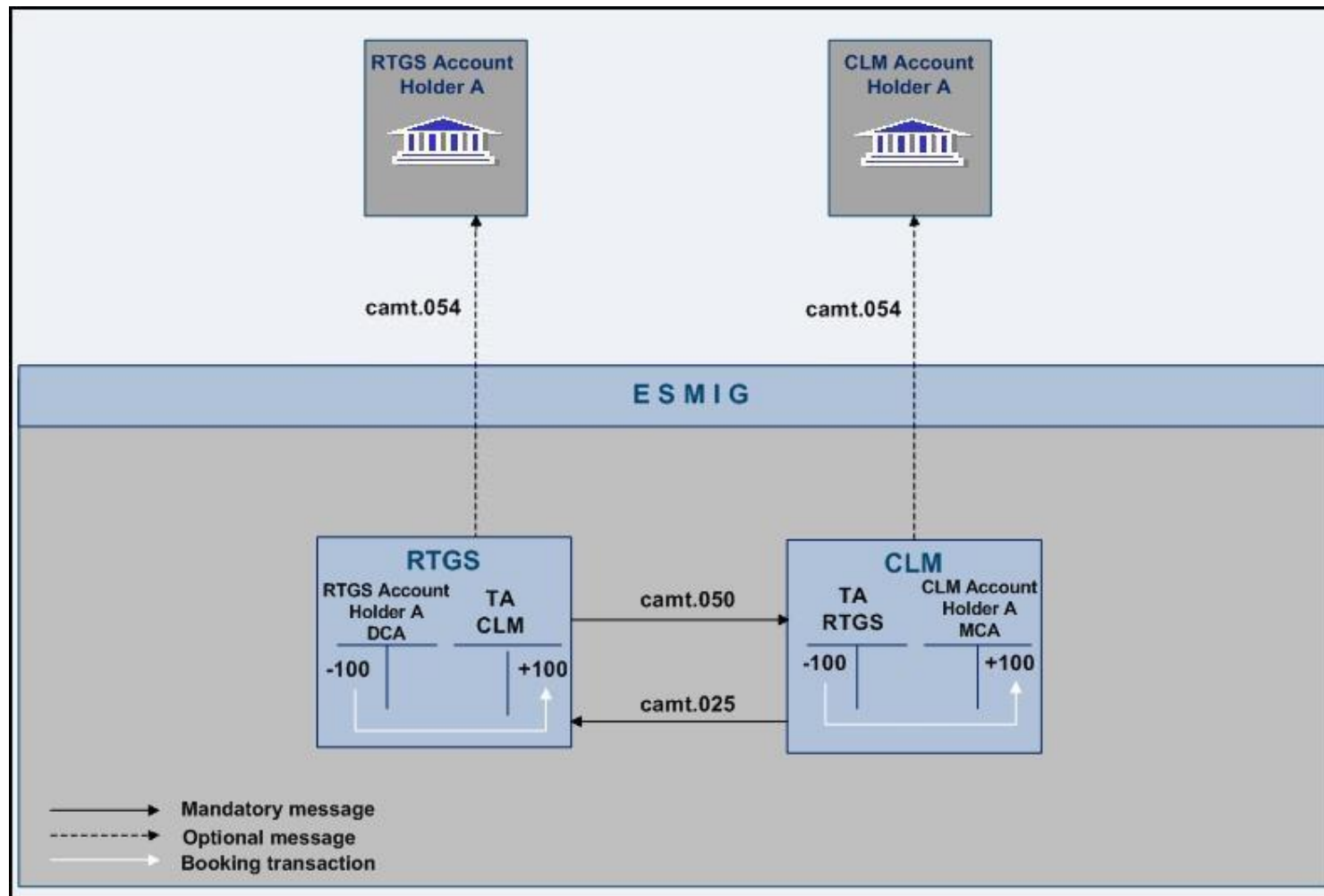
Floor/Ceiling Threshold - Notifications



Rule-based Liquidity Transfer - Floor / Ceiling Breaches



Ceiling Breach





Thank you for the attention!

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