



# European Payments Evolution panel

Bucharest Business Forum, 24 October 2019

1	Europe's new payments landscape – drivers for change	Isabelle Olivier
2	Instant Payments The experience of a Romanian bank	Adrian Radu
3	Eurosystem Market Infrastructure projects TARGET consolidation and ESMIG	Razvan Vartolomei
4	Impacts on the EU industry and SWIFT support	Isabelle Olivier
5	Building the future of payments: panel session	All

# Many initiatives coming together in a short timeframe



# Instant Payments in RON

2



# Instant Payments in RON - 6 month of live services

- Go Live – April 2019
  - Transfond
  - Banca Transilvania & CEC
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## **Low value transfers migrated to Instant Payments September 2019**

<b>Banca Transilvania/CEC</b>	<b>Payments</b>	<b>Incomings</b>
Number of IP transactions	10,83%	11,50%
IP Transactions Value	15,14%	13,72%

## **Instant Payments – distribution by customer type September 2019**

<b>Banca Transilvania</b>	<b>Individuals</b>	<b>Companies</b>
Number of IP transactions	36%	64%
IP Transactions Value	15%	85%

# **Instant Payments in RON– future perspectives**

- High potential for fast growth
  - More banks have to become participants in the system
  - Potential early adopters: companies in need for late hours or non-stop payments & young individuals
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## The Eurosystem Project for T2-T2S Consolidation

# TARGET Services

As a National Central Bank connected to TARGET2, the National Bank of Romania (NBR):

## 1. Provides **TARGET** services to the local market, i.e.

- **TARGET2 (T2)** – settlement of RTGS payments

*(Start date: 4 July 2011; Participants: 21 credit institutions, 2 ancillary systems, NBR)*

- **TARGET2-Securities (T2S)** – settlement of cash leg for T2S securities transactions

*(Start date: 22 June 2015; Participants: 7 DCA holders having opened 11 DCA accounts)*

- **TARGET Instant Payment Settlement (TIPS)** – settlement of instant payments

*(Start date: 30 November 2018; Participants: none yet)*

## 2. Implements all Eurosystem's projects related to **TARGET2** at national level (including the current T2-T2S consolidation project)

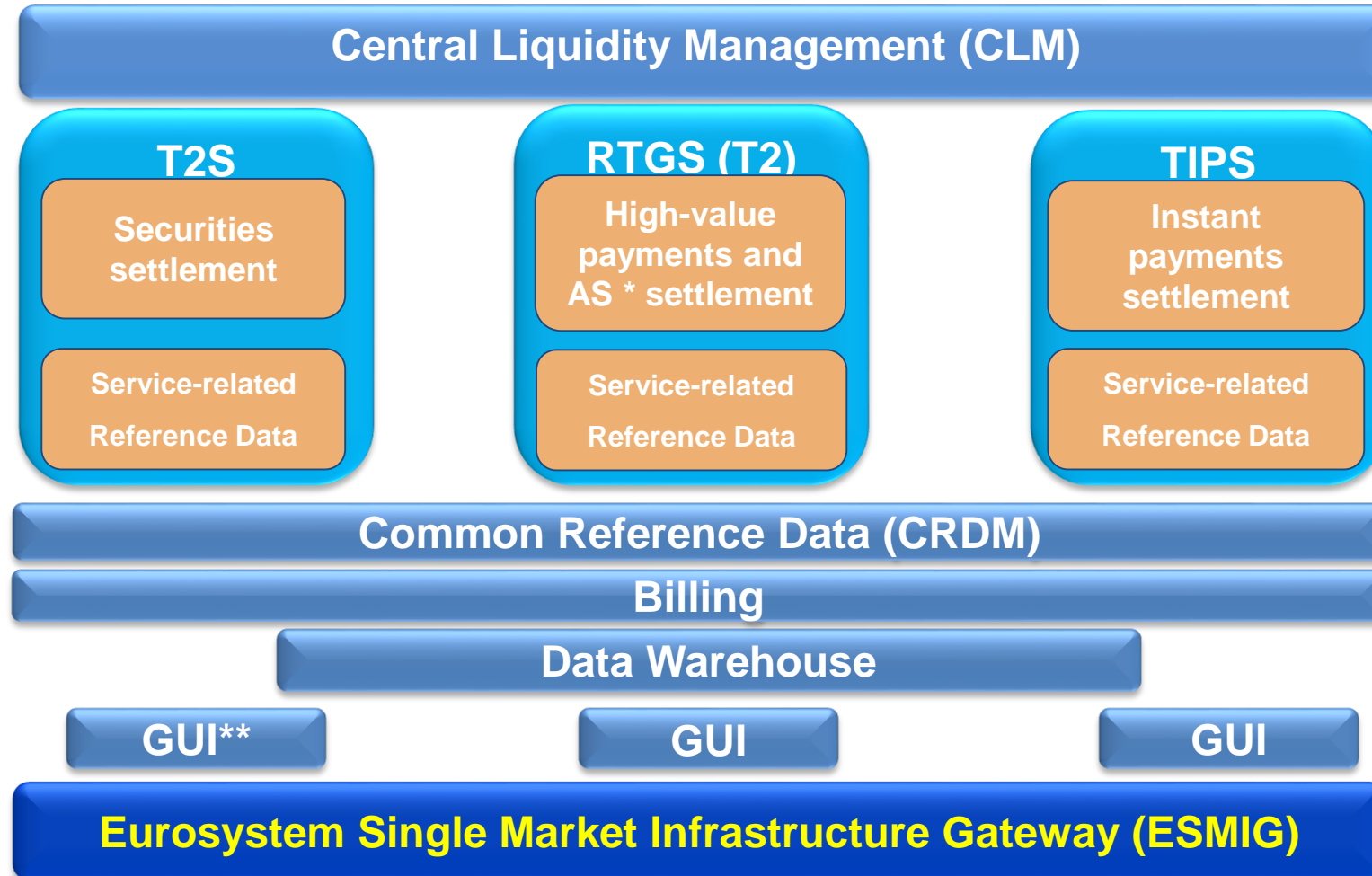
# T2-T2S Consolidation Project

**Objective:** TARGET2 and T2S consolidation, in terms of both technical and functional aspects, in order to meet changing market demands by replacing TARGET2 with a new real-time gross settlement (RTGS) system and optimizing liquidity management across all TARGET Services.

**Go-live for the new consolidated platform:** 22 November 2021

**Beneficiaries:** all national banking communities participating in TARGET2

# TARGET services after T2-T2S consolidation



\* AS – Ancillary system

\*\* GUI – Graphical User Interface

# Key elements of T2-T2S consolidation

- Introduction of Central Liquidity Management (CLM);
- Harmonisation of support functionalities for the future TARGET services (RTGS, T2S and TIPS);
- Introduction of ISO 20022-compliant messages for communication;
- Building-in of multi-currency capability;
- A number of components will be shared across all TARGET services:
  - A harmonised interface (i.e. Eurosystem Single Market Infrastructure Gateway – ESMIG) will make it easier for participants to access and use the Eurosystem's services from a single entry point.
  - Common reference data will reduce the effort required to create and maintain multiple copies of reference data and will centralize the management of user access rights.
  - A common data warehouse will make it possible for participants to access historic information.
  - A common billing system will help the Eurosystem optimise its operational costs.

# Eurosystem Single Market Infrastructure Gateway (ESMIG)

- ESMIG provides a single point of access to all the TARGET services (TARGET2, T2S and TIPS).
- The interface will support multi-vendor connectivity, allowing for participants to choose between different connectivity options and fostering competition among network service providers.
- ESMIG connectivity can be provided by any of the network service providers selected by the ECB (currently SWIFT and SIA-Colt consortium).
- ESMIG offers participants the opportunity to benefit from the synergies created by using the same network service provider both for TARGET services and other services (e.g. access to other financial market infrastructures, correspondent banking etc.).

# Network service provider procurement process\*

NSP1	Network service provider selection criteria development is completed	15/07/2019
NSP2	New connectivity design strategy and planning is completed	31/12/2019
NSP3	Network service provider selection and contract preparation is completed	31/03/2020
NSP4	Network service provider procurement is completed	31/07/2020

\* Excerpt from the Eurosystem's project plan



Răzvan Vartolomei, Director, Payments Department

BANCA NAȚIONALĂ A ROMÂNIEI

Str. Lipscani nr. 25, sector 3, București, 030031, România  
T: +40 21 312 44 90 F: +40 21 315 80 72 E: [razvan.vartolomei@bnro.ro](mailto:razvan.vartolomei@bnro.ro)

[www.bnr.ro](http://www.bnr.ro)

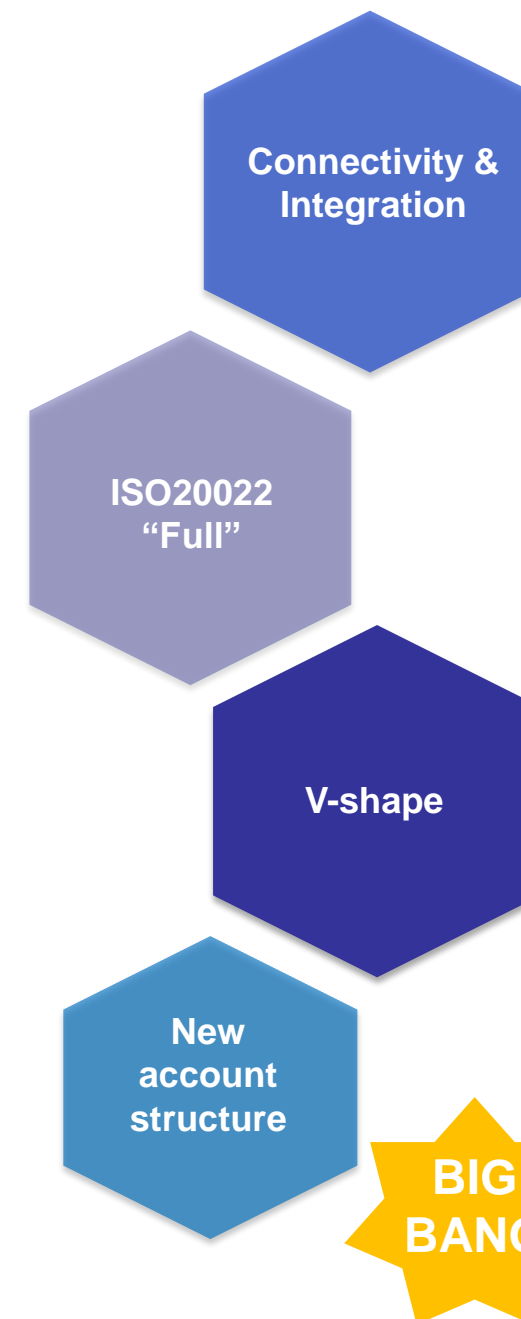
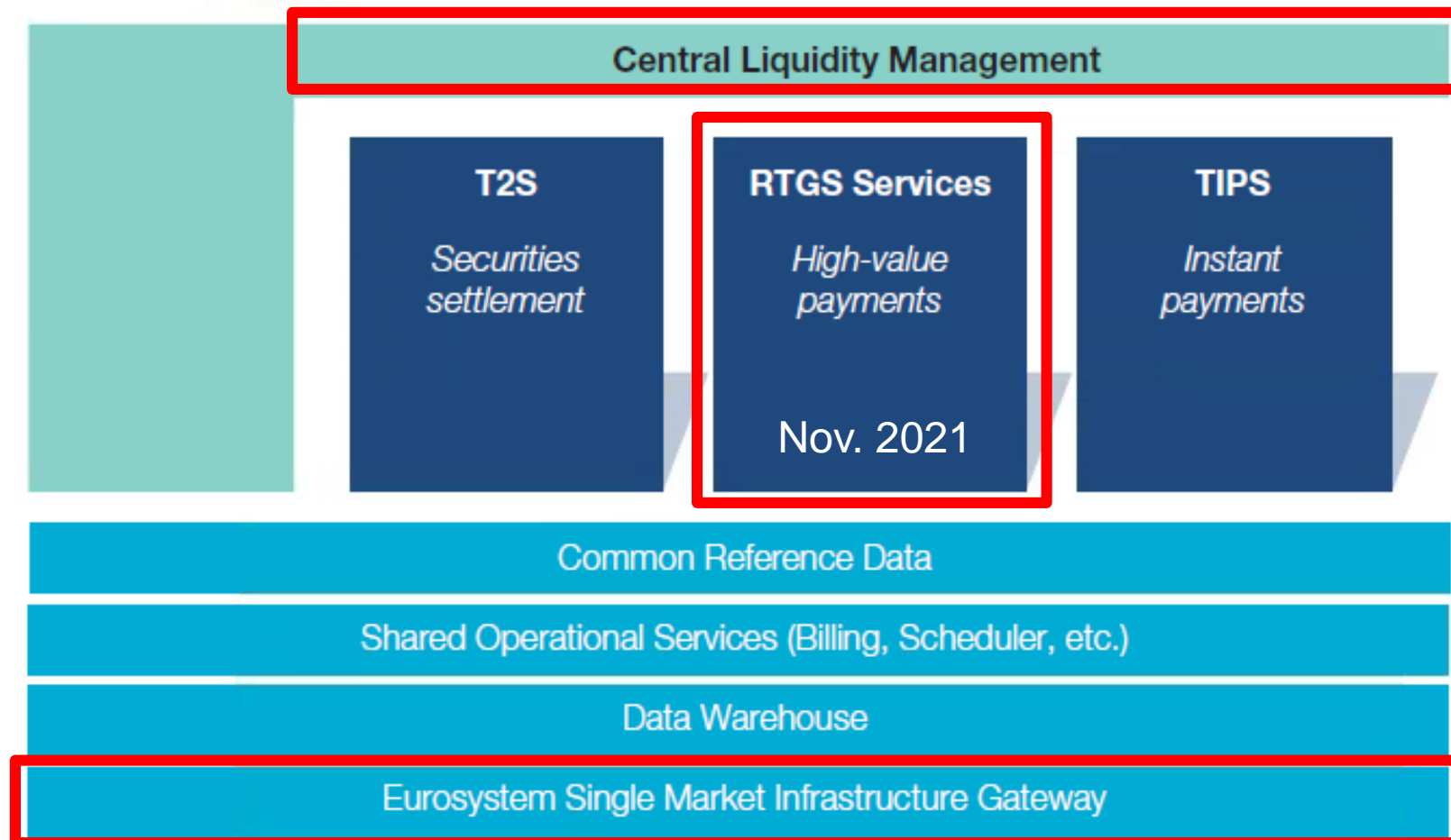
# Impacts on the EU industry and SWIFT support

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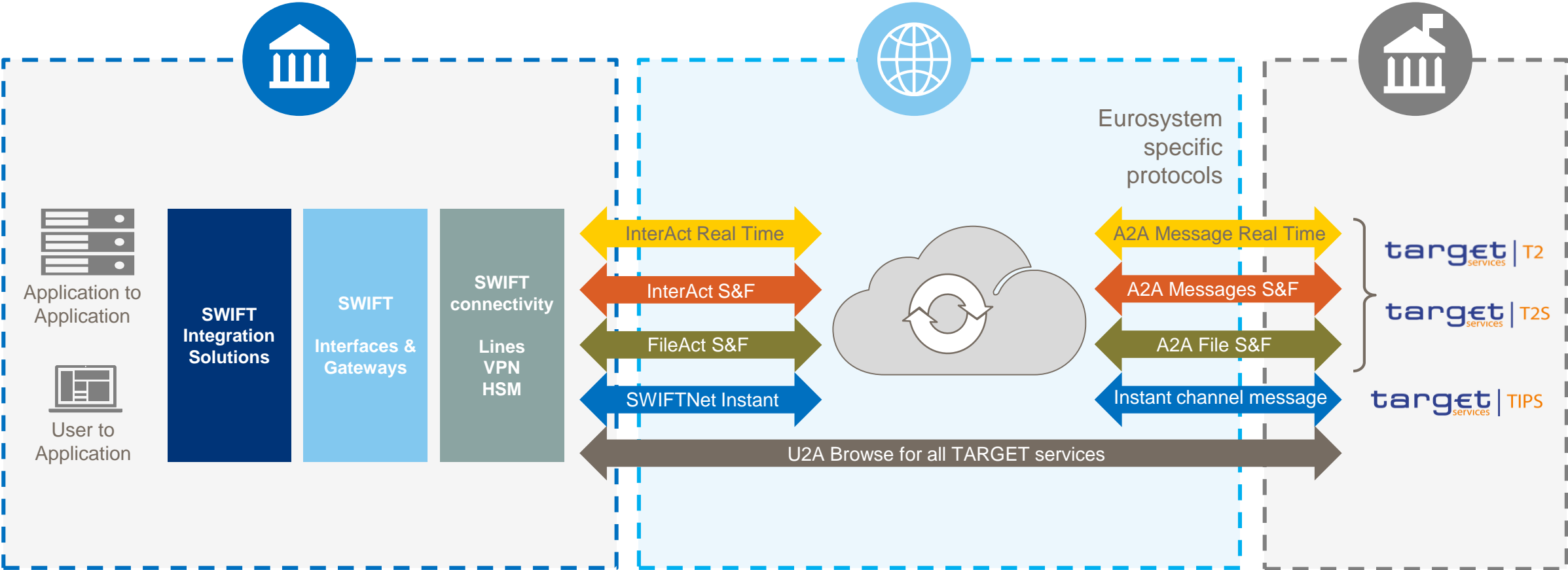
# Future Eurosystem services – key aspects

## Towards consolidated services

target  
services

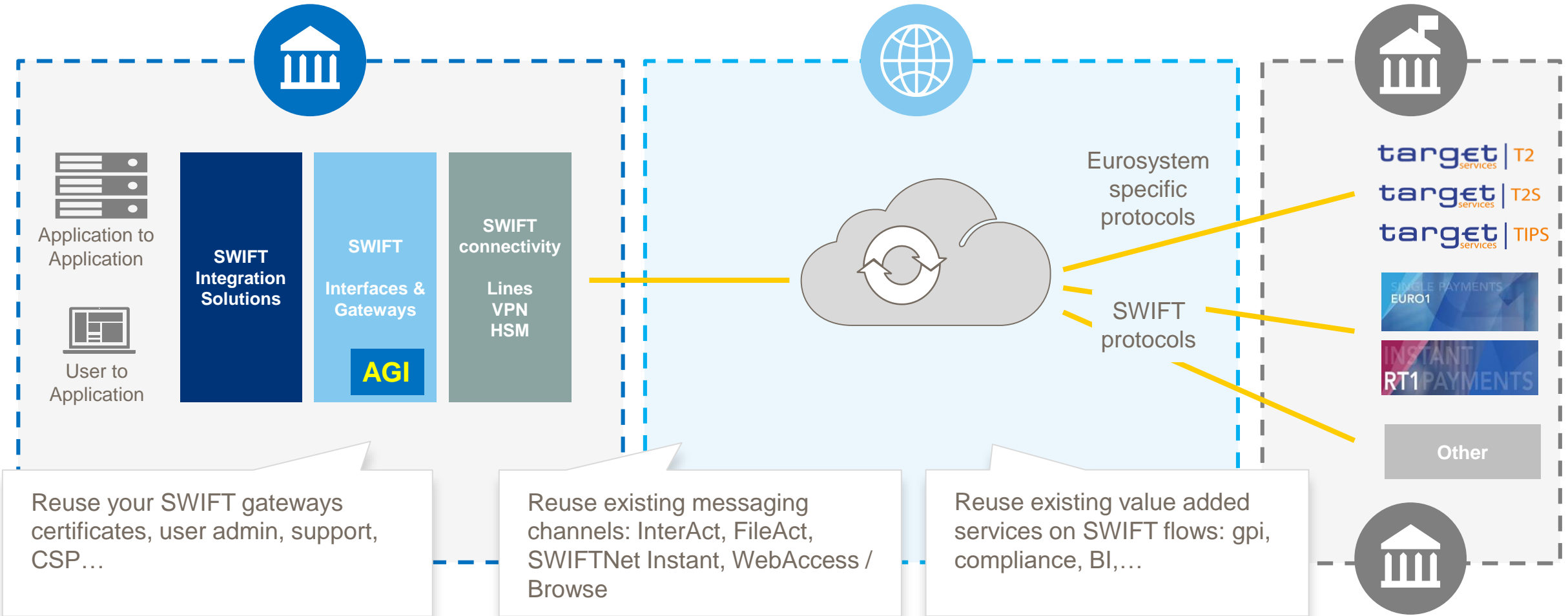


# SWIFT connectivity solution for ESMIG



# A2A & U2A connectivity to ESMIG platform

*Reusing your SWIFT infrastructure\**



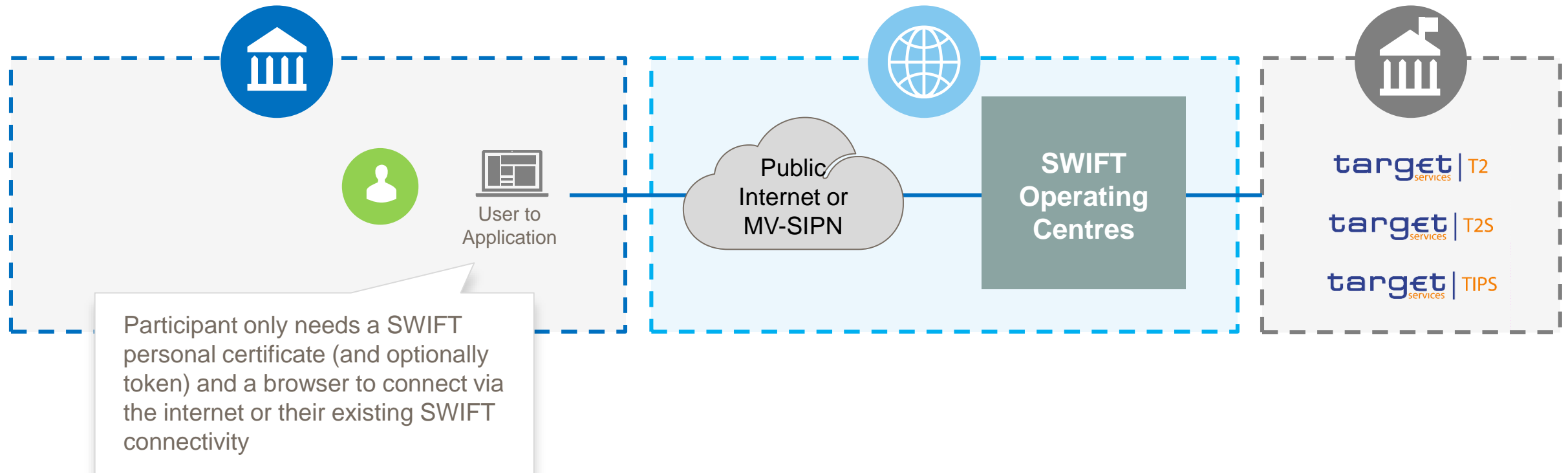
\*Alternatively the ESMIG connectivity can also be deployed in a dedicated standalone setup



# U2A-only connectivity to ESMIG platform

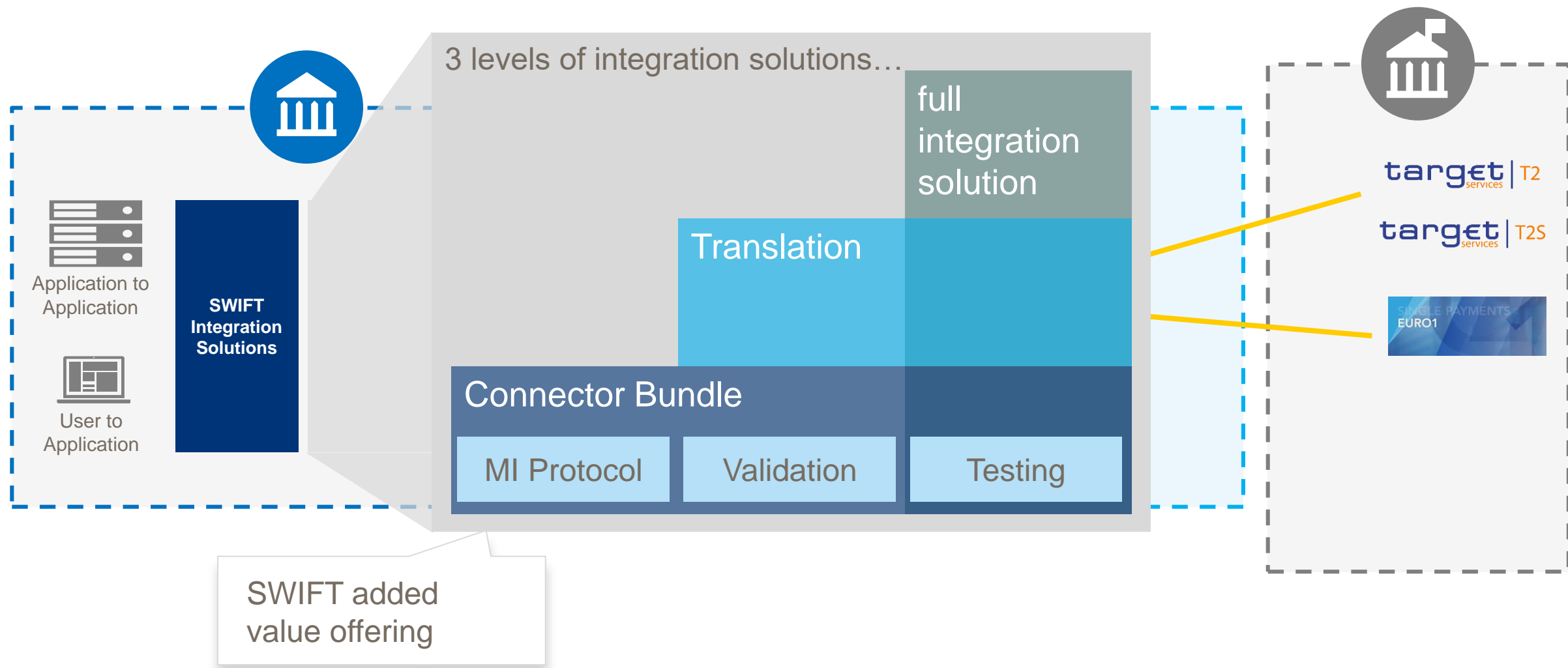
*Light offer for low volumes users*

**for U2A only clients**



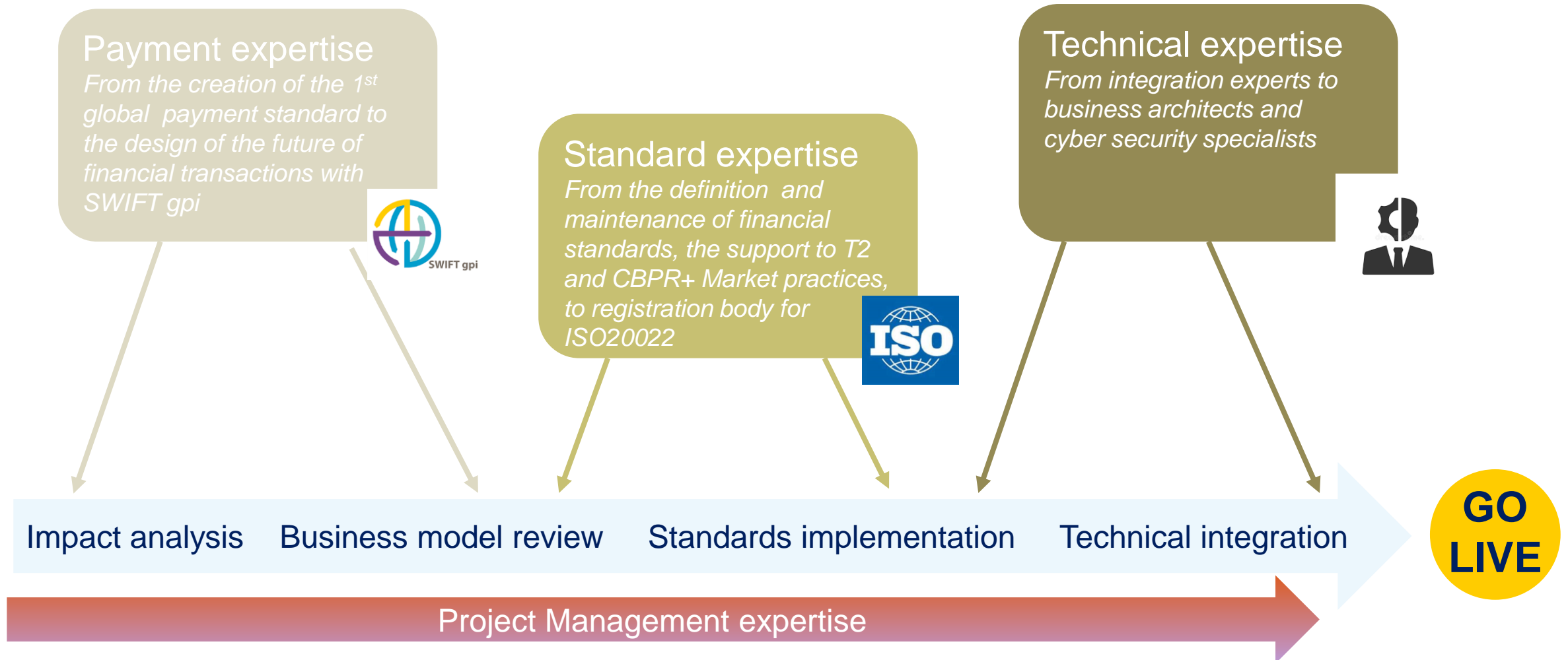
# Going beyond secure connectivity

How SWIFT can help integrating with your back-office

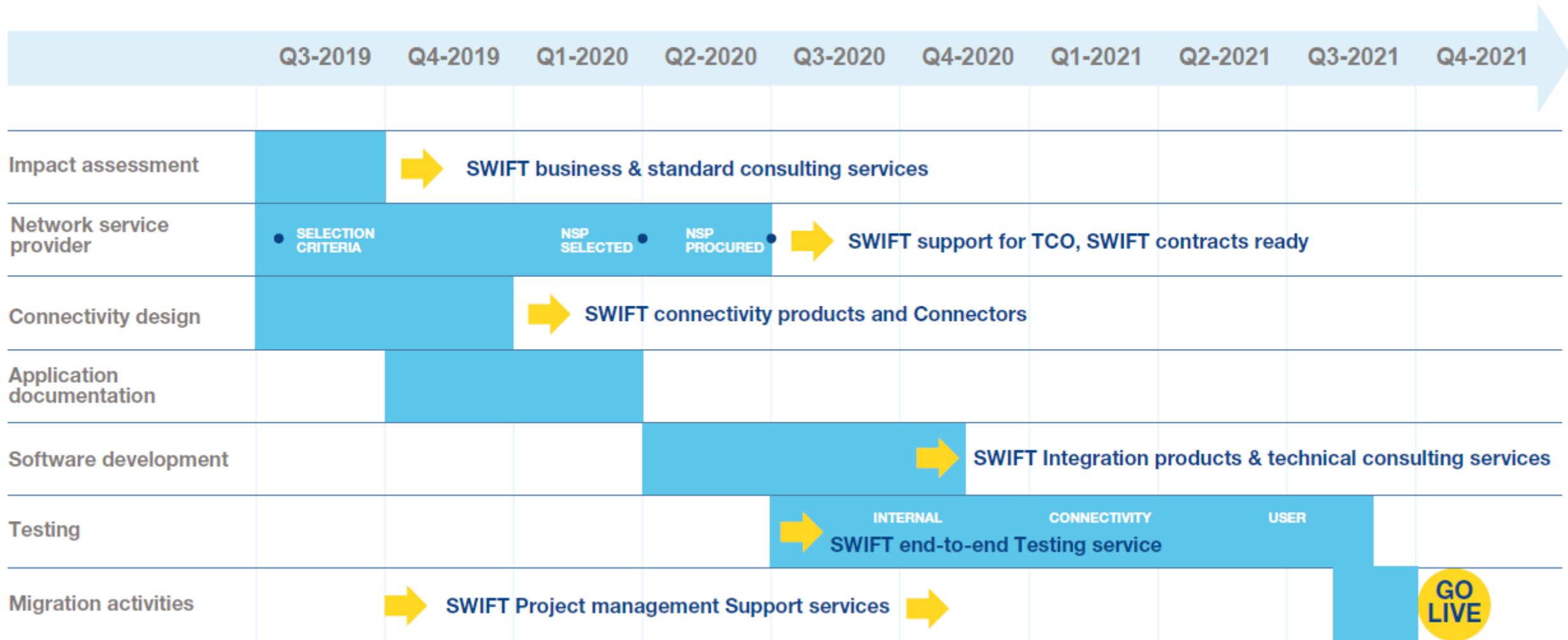


# SWIFT Professional services

Sharing our expertise at every stage of your project



# High level TARGET Consolidation project timeline & SWIFT support at every stage



# Conclusion: How SWIFT is supporting the EU payments transformation

## Single Window



Reuse established technology footprint in IT back-office and operations front-office

Reuse messaging protocols for MI's in Europe and worldwide

Multiple levels of resiliency for A2A and U2A  
Operational excellence,  
Best in class Cyber security

## ISO 20022

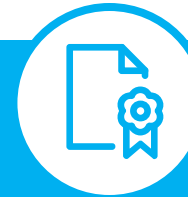


SWIFT is registration authority for ISO20022

Migration is orchestrated by SWIFT (CBPR+ and MI support)

Maintains standards in regional and global working groups

## End-to-end



Keep end-to-end view on payment transactions across MI & correspondent banking

Track payment transit times and fees via the gpi tracker

Value Added Services (validation, translation, integration & testing) to support your projects end-to-end

## Bank governed



Non for profit, working groups and governance

Industry platform

„the place to address industry concerns“

- Open banking
- Regulation
- Utilities (KYC...)

# Building the future of payments: panel session

# 5

