

Banca d'Italia, Centro Donato Menichella

TIPS LAUNCH EVENT

**Welcoming remarks by  
the Governor of Banca d'Italia**

Ignazio Visco

Frascati, 30 November 2018



Ladies and Gentlemen,

It is my pleasure to welcome you here today for the launch of TARGET Instant Payment Settlement (TIPS). And I especially welcome Yves Mersch, Member of the Executive Board of the European Central Bank, who will not only actively participate to the launch but will also offer us his remarks on the role this new market infrastructure aims to play in the system of retail payments in Europe.

Instant payments are used to settle retail transactions – 24 hours a day, seven days a week – and are attracting much attention and interest. Instant payment systems have been launched or are being developed in several countries around the world. In most cases these are systems with settlement in commercial bank money. TIPS is a pan-European system for real-time settlement in central bank money and it has the potential to become a benchmark, not only within Europe.

The number of banks offering instant payments to their clients is steadily increasing, as is the use of such services in the European Union. A basic condition for their development and their widespread use is that users must always be able to make recourse to this instrument to settle a transaction. In order to ensure this, the bank of the client making the payment and the bank of the client receiving it must adhere to an instant payment scheme and these two schemes must be connected.

National solutions have been developed, or are under development, across Europe. However, these solutions are not available to every bank in the area and often clients of banks participating in two different schemes may not make instant payments to each other. The objective of the Eurosystem when it decided to enter this market was twofold: (i) to promote market infrastructure efficiency by providing an innovative solution for instant retail payment settlement that is available to all banks throughout Europe, and (ii) to facilitate the pan-European integration of instant payment settlement services, in line with what has already been achieved for large-value payments (TARGET2) and securities transactions (TARGET2-Securities), ensuring

that no fragmentation is introduced into the European retail payments market. TIPS minimizes this risk by offering a service that can reach any bank account holder in Europe. TIPS also makes an important contribution to keeping the current payment system infrastructures run by the Eurosystem attractive in the face of future challenges on a global scale.

In June 2017 the Governing Council of the ECB approved the launch of TIPS. Today, in line with the original planning, the system goes live. It has been a particularly challenging project considering the tight deadlines, the strict cost objectives to be respected in order to provide a competitive service, and the very innovative high-tech solutions required. In just over a year we have managed to develop and test the new system, while the average time required to build similar market infrastructures is usually much longer.

TIPS is built on a modern and advanced technical solution, developed specifically for the purpose of settling instant payments and designed to secure an end-to-end processing time of 10 seconds or less, support the expected large volumes of transactions, secure availability around the clock without maintenance windows, and enable a deployment process with no interruption in the service. The implementation of the system within the 4CBs – the central banks of France, Germany, Italy and Spain, which are the providers of the Eurosystem Market Infrastructures – has been entrusted to Banca d'Italia, which has developed the service and will also operate the platform.

The cost of the service is crucial if instant payments are to be used in day-to-day transactions, replacing other payment instruments. The technical solution selected by Banca d'Italia for TIPS is designed to keep development and operational costs very low, as required by the Eurosystem: it allows the fee per transaction to be fixed at 0.2 cents.

At its inception, TIPS will only settle payment transfers in euros. However, if there is the demand, other currencies can be supported as well. In fact, although TIPS is primarily devoted to settling euro-denominated instant payments, it has been designed as a multi-currency system.

To conclude, I wish to express my warmest thanks to all the colleagues in the Banca d'Italia and the ECB project teams for their efforts and commitment to the project's success. They have all been involved in making TIPS a reality and will now be actively engaged in the operational

phase. I would also like to thank all those involved – national central banks, banks, automated clearing houses – for their support and contribution.

Once again, let me extend our welcome to everyone present. I wish you all a pleasant day.

