

Description of RTGS^{plus}

RTGS^{plus} – the gross settlement system with liquidity-saving elements

RTGS^{plus} combines the benefits of secure gross settlement with the advantages of liquidity-saving processing. This approach guarantees fast and liquidity-efficient payment processing combined with the security of early finality. Every payment is dispatched in real time and executed immediately if sufficient liquidity is available; offsetting payments are also used as cover. In most cases, payments are processed with finality within a matter of a few seconds. Furthermore, RTGS^{plus} is able to continuously resolve queues. Highly sophisticated calculation methods help to recognise cover dependencies, and payments can be processed as quickly as possible.

RTGS^{plus} – SWIFT orientation

RTGS^{plus} takes account of the requirements for a secure, modern and international access via its clear-cut orientation to SWIFT standards and SWIFT services. RTGS^{plus} uses the SWIFTNet FIN Y-Copy service for payment processing. In addition, the use of SWIFT data record formats provides the basis for fully automated payment processing (straight through processing). For online information and interactive control, via the Information and Control

System (ICS), customers are able to choose between SWIFTNet or a dedicated communication link. Both alternatives are based on state-of-the art internet technology.

RTGS^{plus} – a system for everyone

RTGS^{plus} is an integral part of the TARGET system operated by the ESCB. It enables participants to concentrate their individual payments on one system. All credit institutions are eligible to participate in RTGS^{plus}. Direct participant status can only be accorded to credit institutions or investment firms which are domiciled in the European Economic Area (EEA). There are no size-related access criteria. In addition, RTGS^{plus} offers a wide range of options, which makes it possible for participants to use the system individually regardless of their size. The use of SWIFT, the high efficiency, a transparent price model and the opportunity to use SWIFT service bureaus makes participation appealing to smaller banks, too. Moreover, credit institutions worldwide can profit from the advantages of the system as indirect participants. Indirect participants settle their RTGS^{plus} payments using a direct participant. RTGS^{plus} has 194 direct participants and roughly 8,300 indirect participants (as of May 2007). This includes the Slovenian banking community (since July 2005) and the banking community of Cyprus

(since December 2006) participating via remote access. Together with the Slovenian and Cypriot banking industries, the central banks of Slovenia, and Cyprus, both of which are direct participants in RTGS^{plus}, opted to use RTGS^{plus} so as to avoid developing their own euro RTGS systems before joining the single shared platform which is expected to go live in on 19 November 2007. Since February 2007, the central bank of Malta has also been a participant in RTGS^{plus}.

RTGS^{plus} – a system with its own liquidity holding

RTGS^{plus} holds its own liquidity in central bank money. In the morning direct RTGS^{plus} participants transfer liquidity from their “home account” to their RTGS^{plus} account. The home account may be held at the Bundesbank, at another central bank or even at a correspondent bank in the EEA. Participants who have their home account at the Bundesbank can issue a standing order for the morning liquidity transfer to RTGS^{plus} using the ICS. In the evening the remaining liquidity is automatically transferred back to the account specified by the participant. Furthermore, during RTGS^{plus} operating hours, liquidity can be transferred “at the click of a mouse” within a matter of seconds between RTGS^{plus} and the Bundesbank home account. Remote participants which do not hold an account at the Bundesbank can initiate the required liquidity transfers using TARGET.

RTGS^{plus} – opening hours

As an integral component of TARGET, RTGS^{plus} is open on all TARGET business days. Orders for national payments and for cross-border TARGET payments are received during the TARGET opening hours.

Customer payments	07.00 - 17.00
Interbank payments	07.00 - 18.00

RTGS^{plus} – prices

RTGS^{plus} participants pay transaction fees only. There are no one-off or periodical fixed charges. For payments to other RTGS^{plus} participants, the transaction fees are on a descending scale, with all participants going through each stage.

For the first 4,000 orders per month	€0.24 per transaction
For the following 16,000 orders per month	€0.22 per transaction
For the following 40,000 orders per month	€0.205 per transaction
For the following 40,000 orders per month	€0.19 per transaction
For any subsequent payments	€0.17 per transaction

For payments to other TARGET participants submitted using RTGS^{plus} the relevant fees are calculated on the basis of the standard charges levied across the ESCB.

For the first 100 orders per month	€1.75 per transaction
For the following 900 orders per month	€0.22 per transaction
For any subsequent payments	€0.80 per transaction

RTGS^{plus} – systemical control of the use of liquidity

RTGS^{plus} enables participants to control their individual payments according to their precise needs. In principle, they can choose between express or limit orders. Express payments are priority payments which are processed according to the FIFO principle (first in-first out) and for which participants are always prepared to use all their RTGS^{plus} liquidity (eg time-critical CLS settlement payments). If a systemical control of the use of liquidity is desired, the participant can define limits and submit orders as limit payments. These are only executed if both sufficient liquidity is available and the maximum amount of liquidity the sender is willing to use for that purpose has not been exceeded.

Limit control in RTGS^{plus}

The limit system allows limit payments to be submitted as early as possible, without the participant being in danger of exhausting its own liquidity. Such limits also ensure that the payments are only executed when other participants submit, for their part, payments in favour of the sending participant. Limits are more transparent, efficient and cost-effective than a situation where individual participants control their own payment flows with their own internal systems.

Total limit

- Control of liquidity which can actually be used for the processing of limit payments
- Reservation of liquidity for express payments

Bilateral limits for selected participants

- Liquidity control in this bilateral relationship

Multilateral limit

- Liquidity control for all other participants

RTGS^{plus} – payment processing at exactly the right time

RTGS^{plus} enables participants to submit time-critical payments. RTGS^{plus} participants continue to be responsible for the execution of payments and selective access to these payment orders is possible via ICS. Furthermore, the participants are actively supported by ICS when monitoring the payments. For particularly time-critical payments (eg CLS payments), RTGS^{plus} also provides an additional “contingency procedure” in the event of technical disruptions on the part of the participant (payments may be initiated via ICS).

RTGS^{plus} – other control options

If payments have not finally been executed yet, the participant can change the payment type (express/limit), alter the order in the queue, change execution times and revoke payment orders. In addition to this, the amount of liquidity used in the course of a business day can be adjusted in response to a given situation by changing the defined limits.

RTGS^{plus} – online information and interactive control

The ICS makes it possible for all direct RTGS^{plus} participants to fully control their payment flows in real-time. This also includes summarised and detailed information on the incoming queues. All considerable control parameters can also be changed at any time online. ICS is available as a pure browser for user-oriented communication. Alternatively, participants who wish to integrate the flow of data into their own internal systems can use ICS via an XML based communication link (application-to-application).

RTGS^{plus} – security comes first

The risk-free real-time settlement in RTGS^{plus} is supplemented by high operational security. RTGS^{plus} is run from two sites which are completely redundant; if necessary a quick switch can be made from one site to the other. For particularly urgent payments the Bundesbank also offers an additional contingency procedure.

The high technical performance is evident when peak loads are handled without problems (eg 287,000 payments worth around €911 billion on 27 December 2006).

RTGS^{plus} – the banking industry as partner

RTGS^{plus} was designed and developed by the Bundesbank in close cooperation with the banking industry. The constant contact with customers ensures that RTGS^{plus} is consistently geared towards both market and customer requirements. Through the Working Group on Payments and Clearing Systems, various expert groups and reviews of operational aspects during the RTGS^{plus} user meetings, the participants are closely involved in the trends of RTGS^{plus}.

RTGS^{plus} and TARGET2

In 2007 it is planned to switch from the current TARGET system, which is made up of 17 components, to the TARGET2 single shared platform. Once the Bundesbank has migrated to TARGET2 on 19 November 2007 the operation of RTGS^{plus} will be shut down after approximately six years of service. However, in TARGET2 will retain many of the proven service features of RTGS^{plus}. You will find further information on TARGET2 in the Fact Sheet "TARGET2 – an integrated Europe for individual payments".