

TARGET instant payment settlement (TIPS)

Questions and answers

Who can open a TIPS account?

Any institution that has a main cash account (MCA) in T2 can open a TIPS dedicated cash account (TIPS DCA). In addition, interested parties are required to participate in the SEPA Instant Credit Transfer (SCT Inst) scheme by signing the Adherence Agreement of the European Payments Council (EPC).

What are the requirements for new participants in TIPS?

To open a TIPS DCA, participants need certification from the responsible central bank. This is issued upon successful completion of the certification tests. In addition to the specified test cases that have to be completed for certification, there are a number of other test cases that are recommended by the Bundesbank. Above and beyond that, new participants decide on the nature and scale of their further testing needs. To perform the test cases, the ECB provides a test simulator, which acknowledges instant payments addressed to it either positively or negatively. In addition to the tests in the TIPS test environment, mandatory tests must be performed in the T2 test environment; these concern the provision of liquidity to the TIPS accounts.

How does an instant credit transfer work in TIPS?

Payments in TIPS are settled using separate accounts, which are known as TIPS DCAs. The amount to be transferred is blocked on the TIPS account of the originator bank before the payment message is sent to the beneficiary bank. The beneficiary bank checks the payment and sends confirmation to TIPS, following which the blocked amount is booked with finality and corresponding settlement confirmations are sent by TIPS. In the event of a negative response by the beneficiary bank, the blocked amount on the account of the originator bank is released again and the originator bank receives a corresponding notification.

How fast is an instant credit transfer and what does “timeout” mean?

The SEPA Instant Credit Transfer scheme prescribes that the payer’s bank must apply a timestamp to credit transfers and should receive a positive or negative response regarding the execution of the payment within 10 seconds of this timestamp being issued. If no response is received from the beneficiary bank after 20 seconds, TIPS pronounces a “timeout” and sends a rejection message to the originator bank. The credit transfer is then deemed to have failed and the amount that was blocked when the payment was submitted is released. The beneficiary bank also receives notification of the rejection owing to a timeout.

How does communication with TIPS occur?

Technical access to TIPS is facilitated via the Eurosystem Single Market Infrastructure Gateway (ESMIG). The ESMIG provides a single access point for directly connected actors to access TARGET Services. Access to the ESMIG is provided by the two Network Service Providers (NSP) selected by the Eurosystem, which are SIA-COLT and SWIFT.

Communication with TIPS occurs via an application-to-application (A2A) connection and a user-to-application (U2A) connection. A graphical user interface – the TIPS GUI – is provided for the U2A connection with TIPS. Whereas the initiation of payments is only possible via the A2A connection, liquidity transfers and queries, for example, can also be initiated via the TIPS GUI. Reference data are generally created and managed via the U2A connection.

How are TIPS accounts supplied with liquidity?

TIPS DCAs are held in TIPS on a credit balance basis and can be supplied with liquidity from the (MCA or DCAs held in the other TARGET-Services. Liquidity transfers can be commissioned in both the application-to-application (A2A) mode and the user-to-application (U2A) mode (via the graphical user interface).

Liquidity can only be transferred between TARGET-Services during T2 opening hours. Outside these hours, credit balances provided for the settlement of instant payments will remain on the TIPS accounts so that operations can continue smoothly. In other words, they are not automatically transferred back to the MCA at the end of the business day. Furthermore, TIPS accounts can be provided with liquidity through incoming instant payments.

TIPS participants who additionally settle instant payments in a clearing system can use their TIPS DCA to increase or reduce their liquidity position in the clearing system. To this end, liquidity transfers within TIPS between TIPS DCAs and the technical accounts of the clearing systems are possible around the clock.

Do TIPS accounts accrue interest rates and are they taken into account in the calculation of the minimum reserve?

Credit balances on TIPS accounts treated like credit balances held in T2.

At the end of each T2 business day, the credit balances on the TIPS accounts are counted towards compliance with the minimum reserve requirement and when making recourse to automated overnight credit. Funds exceeding the Minimum reserves are remunerated at the rate applicable to excess reserves¹.

¹ [Interest rates and reserve ratios | Deutsche Bundesbank](#)

Can a bank without its own TIPS account also make instant credit transfers in TIPS?

Yes. It is possible to register as a reachable party via a TIPS account holder. Payments from or for a reachable party are then settled on the TIPS account of the participant. Reachable parties are also not required to have their own MCA. The only requirements are that reachable parties can be reached in TIPS by means of their own business identifier code (BIC) and that they participate in the SEPA Instant Credit Transfer scheme by signing the EPC's Adherence Agreement. If required, the account holder can limit the use of the account by a reachable party by setting special limits.

What is an instructing party?

Both TIPS participants and reachable parties can either exchange messages directly with TIPS themselves or appoint a third party, known as an instructing party, to do so on their behalf. This could be, for example, a (different) participant, a technical service provider or a clearing system.

What is an ancillary system technical account in TIPS?

Ancillary system technical accounts (ASTAs) are held in TIPS for all clearing systems that process instant payments in accordance with the SEPA Instant Credit Transfer (SCT Inst) scheme. Liquidity required by participants to settle payments in the ancillary system is collected on these technical accounts. In addition, the ASTAs can also be used to settle payments between participants of different clearing systems ("cross-ACH payments") or from/to TIPS DCAs. The technical accounts are supplied with liquidity solely via TIPS DCAs.

What fees are incurred for participation in TIPS?

A transaction fee of 0.2 euro cent per transaction is charged for the settlement of instant credit transfers. There are no fixed fees² or delivery-side fees³.

The fees for a TIPS account are collected on a monthly basis from the account holder's MCA. Liquidity transfers between TIPS ancillary system technical accounts (ASTAs) and TIPS DCAs are free of charge.

How does invoicing occur for instant credit transfers in TIPS?

The total transaction fees for the instant credit transfers processed in a billing period (monthly) are billed to the account holder's MCA. Invoicing takes place via TARGET-Services' common billing component (BILL).

² The Governing Council of the European Central Bank approved the introduction of fixed fees for TIPS DCAs (800 EUR p. month) and for each BIC that is authorised to settle instant payments on a DCA (20 EUR p. month, applied for up to 50 BICs) as of January 2024.

³ As of January 2024, the transaction fee will be shared between the Originator and the Beneficiary (0.001 EUR per transaction).

Are account statements provided in TIPS?

Participants receive account statements via one or more technical addresses (“party technical address”). The account statements can be received as full reports at the end of the business day or as delta reports at configurable time intervals. They are sent in push mode via the file-based store-and-forward communication channel.

Furthermore, participants can check the current account balance of their TIPS DCA) at any time using the TIPS GUI. The MCA holder can also display the account balance of the TIPS DCA in T2’s central liquidity management (CLM) module.

Reachable parties do not receive any account statements since they do not have their own TIPS DCA.

Where can I find further information about TIPS?

General information about TIPS can be found on our website <https://www.bundesbank.de/en/tasks/payment-systems/tips>. In the sub-section → *Information for participants*, you will also find, for instance, links to the TIPS technical specifications as well as to further documents.