

ECB
DG-MIP
T2-T2S Consolidation

Mitigating measures for the big-bang approach

Joint AMI-Pay - AMI-SeCo Meeting

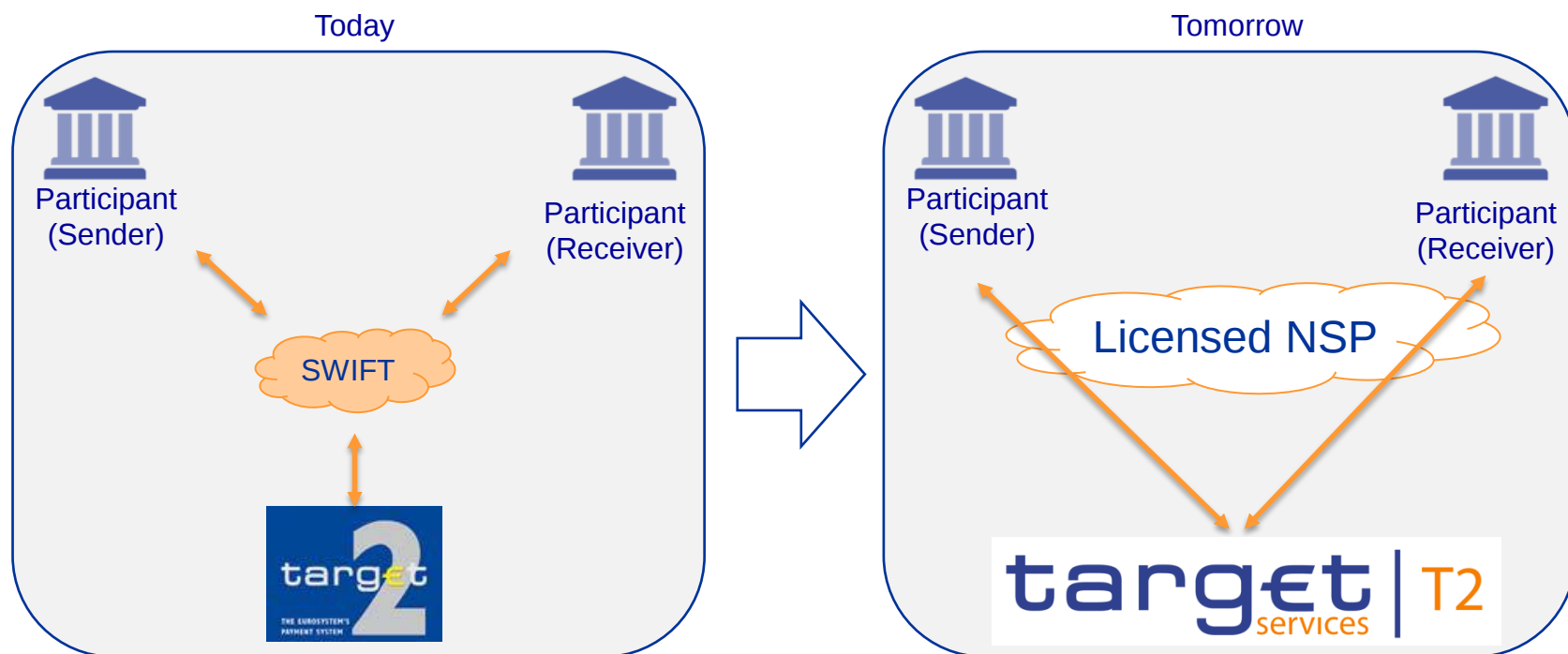
20 November 2018

Agenda

- 1 Introduction
- 2 Conservative planning
- 3 Root Cause Analysis
- 4 Readiness Monitoring

Why big-bang migration?

- Migration to ISO20022 with switch **from Y-copy to V-shape**
- **No co-existence** of ISO20022 and MT messages
- Network service provider **agnosticism**



What are the main challenges for each T2 service participant?

Technical readiness

- Assess required adaptations of IT infrastructure (software and hardware)
- Update interfaces
- Implement ISO20022 for messaging
- Set-up connectivity
- Perform internal testing

Business and operational readiness

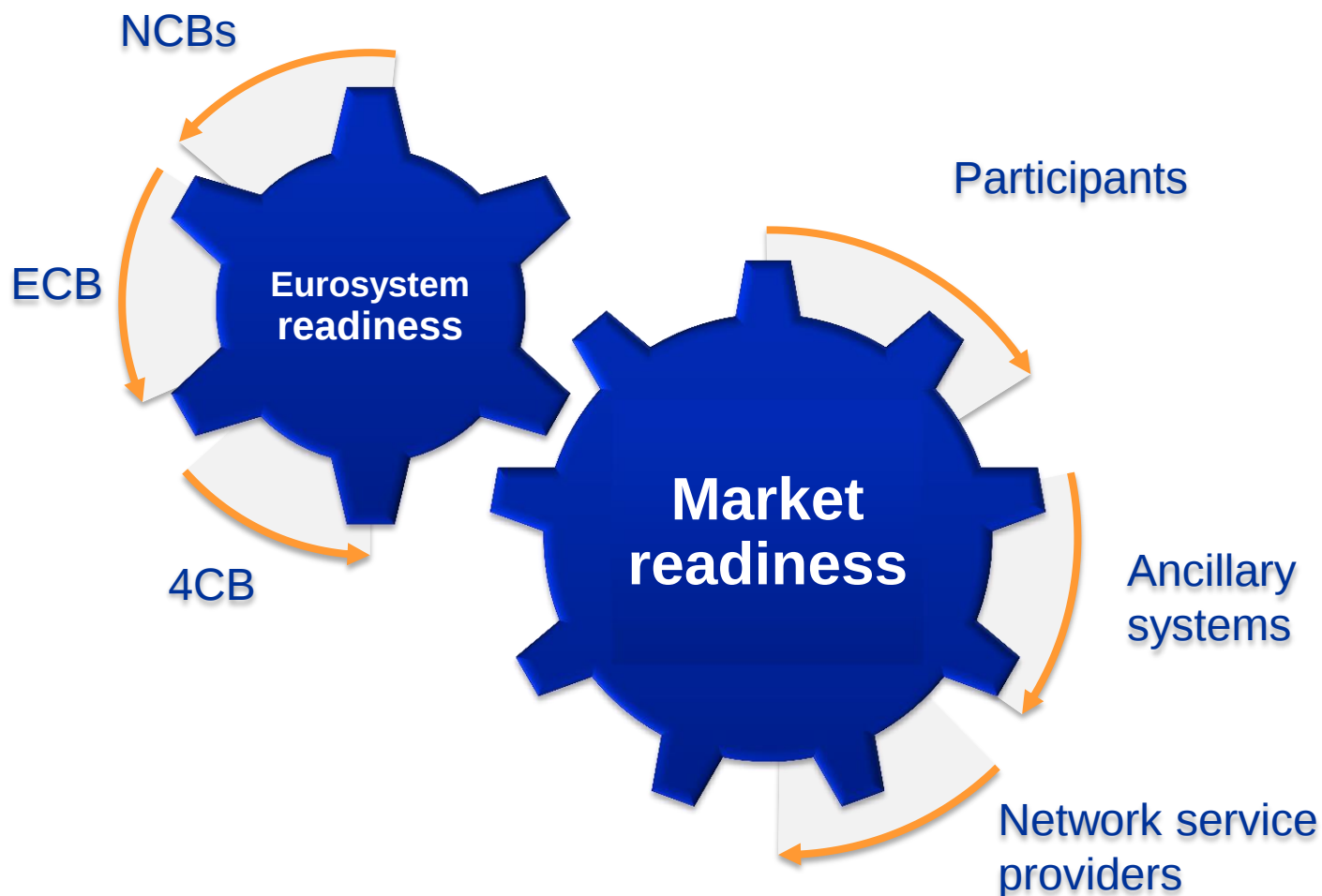
- Assess business impact
- Align model and business processes
- Define operational procedures
- Prepare legal arrangements
- Procure Network Service Provider
- Train staff for testing, migration and operations
- Perform connectivity and user testing
- Prepare for and participate to migration rehearsals

What are the consequences of not being ready?

A participant **not ready** to go live would:

- Not be able to settle CB monetary policy operations
- Not be able to pay or to be paid in central bank money
- Be cut from ancillary system settlement in central bank money
- Need to access payment services through another counterparty

Who needs to be ready?



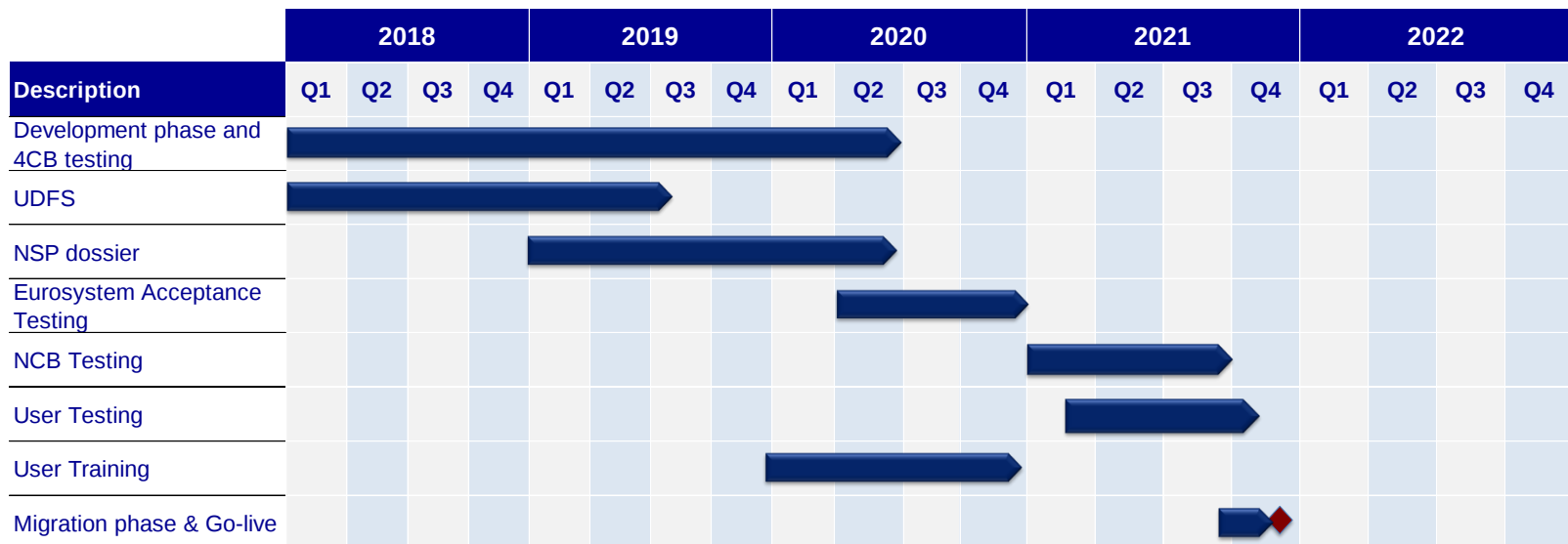
The three pillars of our risk mitigation strategy

Conservative
Planning

Root Cause
Analysis

Client
Readiness
Monitoring

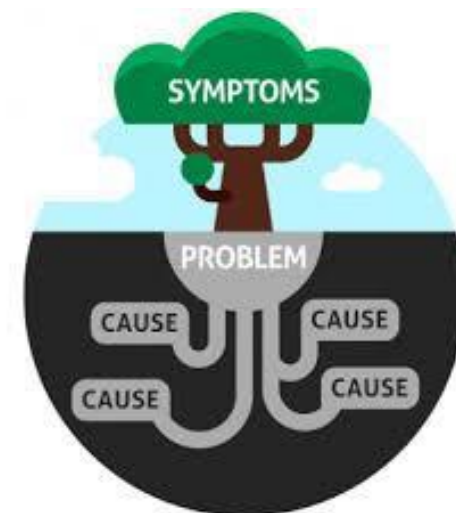
Conservative Planning



- Go-live planned 3 years after UDFS v1.0 publication
- MyStandards Readiness Portal available July 2019 for message syntax validation
- Participants connectivity stream can start Q4 2019
- 8 months of user testing for participants

Root Cause Analysis

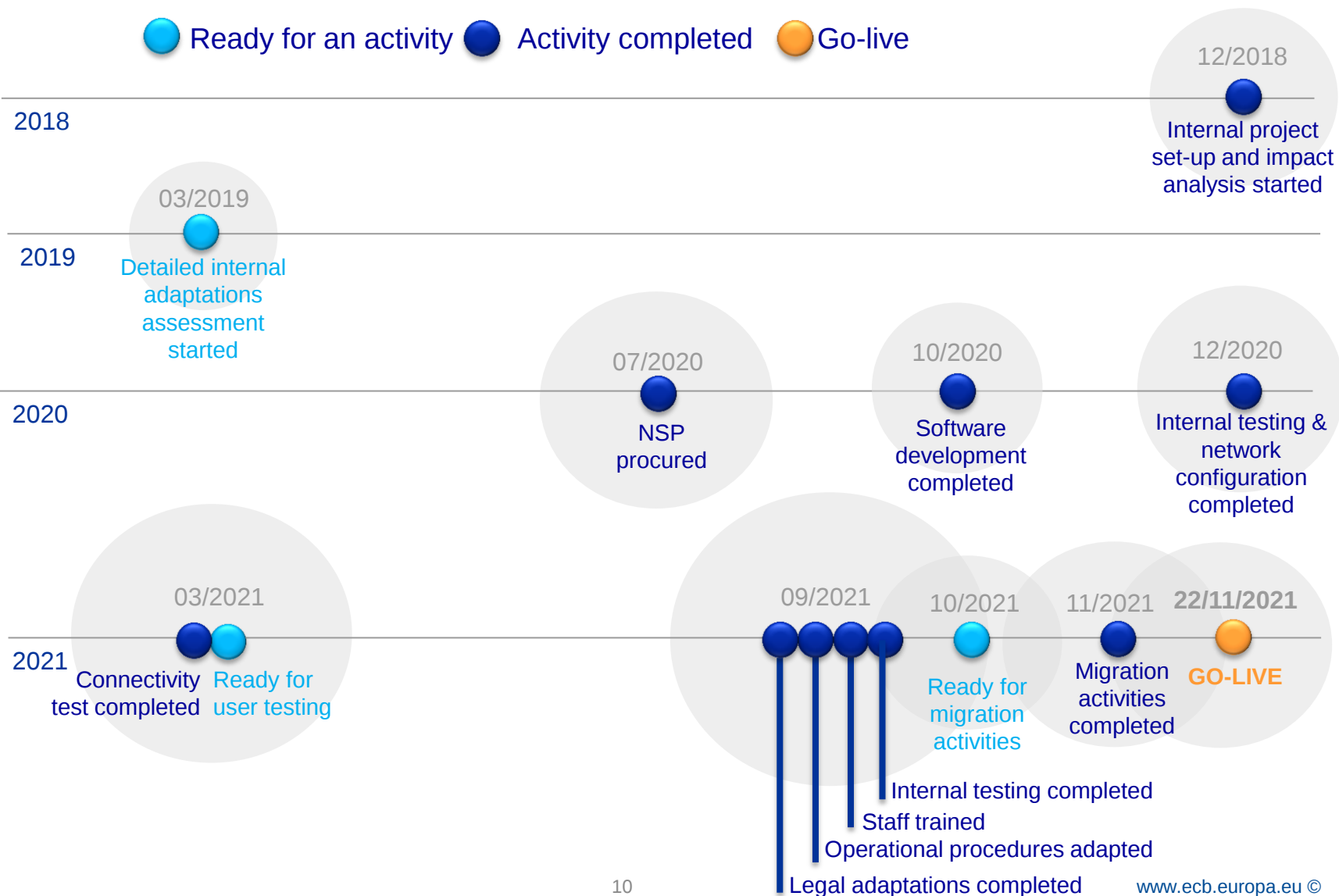
Connectivity	• NSP Selection Delays • Technical set-up issues
Communication	• Inability to send/receive messages • Not compliant or incorrect outbound messages • Inability to process inbound messages
Liquidity Management	• CLM enhanced monitoring introduces a level of complexity • New tools to manage liquidity in different accounts across services e.g. floor/ceiling rules
Testing	• Certification Delays
Participants Internal	• IT Project issues • Process and organization changes



- Work in Progress: defining catalogue of detailed mitigation measures for each root cause
- Market feedback sought when considering impact on/from local projects

Client Readiness Monitoring: Key milestones

● Ready for an activity
 ● Activity completed
 ● Go-live



Client Readiness Monitoring milestones

- The presented client readiness milestones have been prepared by the participants and were discussed at the TCCG.
- The milestones dates reflect the latest point in time by when the milestones are to be achieved. Additional check points may be added.
- As Advisory Group **the AmiPay is asked to agree on these milestones.**

What are the principles of the client readiness framework? (1/3)

- Each participant is responsible for its own readiness against the commonly agreed user readiness milestones
- Each participant provides information about its own readiness
- Each CB will collect information on the user readiness status from its market participants and monitor readiness of its own market against the commonly agreed user readiness milestones.

What are the principles of the client readiness framework? (2/3)

- Readiness framework differentiates between critical and non critical participants
- Critical/non-critical distinction will determine the monitoring effort done by CBs, but does not imply that the go-live depends on the readiness of each participant labelled as critical

What are the principles of the client readiness framework? (3/3)

- Level of transparency of client readiness reporting

	Individual CB	Eurosystem internal	AmiPay/ TCCG
CB readiness	✓	✓	✓
Aggregated readiness of national user community	✓	✓	✓
Individual critical players	✓	✓ *	
Individual non-critical players	✓		

* Only MIB

Thank you

Annex I: potential questions for milestone 1

- Project set-up (1/2)

Participants nominated a project manager and set-up the project (allocated resources, required budget and started the impact analysis)

1. Confidence level (Green, Yellow, Red) to be able to go-live in November 2021 and reasoning: please elaborate on the major risks and their mitigation plan.
2. What is the status of the project in your entity/company:
 - Project started: Yes/No, when (if No),
 - Project manager nominated: Yes/No, when (if No), contact details of the project manager (If yes)
 - Project scope defined Yes/No, when if No
 - Budget requested for the whole project: Yes/No, when if No
 - Budget allocated for 2019: Yes/No, when if No
 - Resources allocated: Yes/No
 - Resources planned: Yes/No, when if No
 - Number of person-days effort planned each year (2019-2021)
 - Impact analysis started: Yes/No, when if No
 - Additional comments (optional)

Annex I: potential questions for milestone 1

Project set-up (2/2)

Participants nominated a project manager and set-up the project (allocated resources, required budget and started the impact analysis)

3. How would you rate the impact on your overall project if the milestone is not reached?

Green: no impact identified

Yellow: impact identified but can be overcome

Red: impact identified which cannot be overcome

Annex I: potential questions for milestone 2

Internal adaptation/assessment is started

Participants started with the detailed business and technical impact assessment to adapt their IT systems and processes to the changing services of T2.

1. Confidence level (Green, Yellow, Red) to be able to go-live in November 2021 and reasoning : please elaborate on the major risks and their mitigation plan.
2. What is the status of the project in your entity/company:
 - Has the detailed business impact assessment started: Yes/No, If Yes % accomplished, when if No
 - Has the detailed technical impact assessment started: Yes/No, If Yes % accomplished, when if No
 - Has the detailed operational impact assessment started: Yes/No, If Yes % accomplished, when if No
 - Expected date for each of the detailed assessments to be completed.
 - Additional comments (optional)
3. How would you rate the impact on your overall project if the milestone is not reached? (see scaling from previous slide)