

DG-MIP/MIS

Milestones NSP1, IAD2, IAD3

Community Readiness Report

FINAL

V2.0

25 November 2019

Executive Summary

Confidence level to go live in November 2021

To ensure a monitoring of the readiness of the different communities to migrate, overall Key Milestones to ensure a successful and timely big-bang migration in November 2021 were approved by the MIB. After the first two ones of 31 December 2018 and 31 March 2019, three new ones were to be met: the definition of the criteria of the network providers (NSPs) by 15 July 2019, finalisation of the impact assessment and the start of the documentation required for participants' internal adaptations by 30 September 2019. During this round, 14 out of 25 (56%) Central banks reported a confidence level Green for the ability of their community to go-live. This represents 7 NCB less reported Green for this Community Readiness Report than for the last one (April 2019), i.e. a decrease of 33%.

The number of Closely Monitored Participants (CMPs) providing a feedback increased by 21, also compared with the previous Community Readiness Report: 103 out of 136 (76%) of these Closely Monitored Participants reported a confidence level Green for their ability to go-live in Nov. 21. This percentage has increased by 10% since the last Community Readiness Report.

It is to be noted that no Central Bank reported Red for the ability of their community to go-live, no Closely Monitored Participant reported Red for their ability to go-live and only one Regularly Monitored Participant (RMP) reported Red for its ability to go-live (in the Dutch market).

Recurrent concerns are found in the different communities. Some participants are awaiting UDFS finalisation to start their internal documentation. Participants also report on the challenging workload that the project represents (among others the ISO 20022 standard [or instant payments](#)) and insufficient time to perform all activities needed in order to reach the milestones. Some participants are worried about the NSPs costs as well as uncertain about the pricing of the T2 service (to be approved by the Governing Council in the next few months). In addition, not all RMPs are reporting regularly.

Milestones completion

Current milestones

Milestone IAD3 Drafting of internal applications documentation is started 30/09/2019, was met by 21 Central Banks (84%) and 69% of the CMPs.

Milestone IAD2 Impact assessment is completed 30/09/2019, was met by 18 Central Banks (72%) and 56% of the CMPs.

Milestone NSP1 NSPs selection criteria development is completed 15/07/2019, was met by 21 Central Banks (84%) and 85% of the CMPs.

Previous milestones

Milestone IAD1 Impact analysis is started 31/03/2019, was met by 25 Central Banks (100%) and 92% of the CMPs.

Milestone PES Project is started 31/12/2018, was met by 24 Central Banks (100%) and 96% of the CMPs.

The missed milestones are mostly reported with a new expected completion date.



1. Community readiness

1.1 Confidence level to go live in November 2021

This table shows the confidence level (Green, Yellow or Red) that each community and its closely monitored participants will be able to go-live in November 2021

Country	Level	Comment
BE	Y	In general we are optimistic on the readiness of the participants, however we await further details from two CMPs, therefore we did not indicate green at this point in time.
CY	Y	
DE	Y	Total number of customers in the monitoring process: 1217 (about 860 which currently intend to participate via "co-management"); thereof 13 CMP CMP = "Green": 6 (46% of all CMP) RMP = "Green": 773 (64% of all RMP)
DK	Y	
EE	Y	
EU	Y	
FI	Y	
FR	Y	In light of the responses received to date (which includes all the ones sent by critical members), more than one third of them qualified their degree of confidence as "optimistic" (i.e. green) and nearly two thirds as "neutral" (i.e. yellow). Regarding the 11 CMP, they do not encounter major difficulties, but some of them are actively waiting for the final version of the UDFS to be able to fulfil the milestones and complete their impact analysis. They also have more technical questions, which confirms progress in their own preparation. Regarding other participants, they mentioned concerns on both specific issues as they are also waiting for the finalised version of the UDFS, and more general policy issues on the structure of their accounts in particular for those belonging to banking groups (the majority of cases in France).
LU	Y	The BCL will open at minimum 130 MCAs for 130 banks in Luxembourg, and at minimum 30 RTGS DCA. The support of the community is a very challenging task for the BCL with regards to our staff capacity and all the other challenges of the project.
LV	Y	
MT	Y	
PL	Y	
AT	G	
BG	G	
ES	G	
GR	G	
HR	G	



Country	Level	Comment
IE	G	<p>Overall, the latest milestone reporting for the Irish market has been positive. We continue to monitor the status of our market quite closely and engage with them on a regular basis to ensure we keep abreast of their progress as well as any potential issues they may encounter.</p> <p>To date, we have established market working groups for Irish market participants: 1. Project Managers Group (PMG) that will meet for the 4th time this year in November. 2. The Requirements Analysis Sub Group (RASG) where 4 meetings hosted to date.</p> <p>We also intend to establish a migration and testing sub group (MTSG) which our market will begin participating in Q1 2020.</p> <p>In addition, some of participants meet to collaborate and share information cross-institution in relation to ISO20022 messaging. The CBI facilitates these meetings.</p> <p>In conjunction with the working group meetings, quarterly calls and bi-lateral participant meetings ensure we have regular communication with our participants between the mandated reporting milestone periods.</p> <p>At this point in the project, the CBI does not have any concerns that any Irish market (closely & regularly monitored) participants will be unable to successfully migrate in November 2021.</p>
IT	G	Although some regularly monitored participants (about 15 percent of those who answered the survey) indicated a yellow state, our confidence level is green because they did not report significant criticalities.
LT	G	
NL	G	One Closely Monitored Participant has reported yellow and not all Regular Monitored Participants have replied
PT	G	
RO	G	
SI	G	
SK	G	We are confident to go-live in November 2021 even though 3 CMPs reported yellow confidence level and it represents 60 % of CMPs

G	Green: Fully confident, no risk identified
Y	Yellow: Risks identified but can be overcome
R	Red: Risks identified that can endanger the migration



1.2 Closely Monitored Participants reporting Yellow or Red, missed milestones

This table shows the number of Closely Monitored Participants in each community that have reported their confidence level as Yellow or Red and their related percentage i.e. number of those CMP out of all CMP in the community, The last column shows the number of Closely Monitored Participants in each community having missed two consecutive milestones (MM: missed milestones).

Country	Nb.	%	Comment	MM
AT	1	14%	One CMP out of seven has reported their confidence level as Yellow, with the remark, that some functionality is missing (eg. Dedicated reservations), but this is no show-stopper as long as the domestic system is available.	1
BE	2	30%		1
BG	0			1
CY	1	25%		2
DE	7	54%	CMP = "Red": 0	0
DK	1	100%		0
EE	2	50%		0
ES	0			0
EU	1	20%	The ECB has 2 CMPs. However, 1 CMP is operating 4 ancillary systems. Hence, in total 5 systems which, for simplicity reasons, are all closely monitored are currently settling via TARGET2-ECB. Out of these 5 the confidence level for 1 system is yellow. For the 4 ancillary systems operated by the other CMP the confidence level is green.	0
FI	3	38%		2
FR	7	64%	In light of the responses received to date (which includes all the ones sent by critical members), more than one third of them qualified their degree of confidence as "optimistic"(i.e. green) and nearly two thirds as "neutral" (i.e. yellow)	0
GR	1	17%		0
HR	0			0
IE	2	50%		1
IT	0			0
LT	1	17%		4
LU	1	100%	Our sole closely monitored participant reported a Yellow status, explaining that the planning is very challenging and the delivery of key documents is late.	1



Country	Nb.	%	Comment	MM
LV	0		None of CMP has reported its confidence level as Yellow or Red.	0
MT	1	33%	Out of 3 CMPs, two reported a green Level of confidence. Due to a major change in their core system, the third one (33.3%) is expected to report status by the end of November. Due to this participant we are reporting a yellow confidence level.	2
NL	1	13%		0
PL	0		All CMP have indicated confidence level as Green	0
PT	0			0
RO	0			0
SI	0			0
SK	0			3



1.3 Regularly Monitored Participants reporting Yellow or Red

This table shows the number of Regularly Monitored Participants in each community that have reported their confidence level as Yellow or Red and their related percentage i.e. number of those RMPs out of all RMPs in the community

Country	Nb.	%	Comment
AT	9	14%	Not all RMPs have answered until now. 9 RMPs out of 64 have reported their confidence level as Yellow.
BE	32	40%	We conducted a survey on the NSP1 and IAD2 milestones among the Regularly Monitored Participants. In general the NSP1 Milestone has been reached by most participants, however for IAD2, about half feel they did not have enough time to complete it. Since these are institutions with limited business on TARGET2, mostly managing minimum reserves only, the NBB is confident that any delays can be mitigated. Currently, we see the overall readiness status as yellow, but necessary mitigation measures are in place. Estimation: 79 RMPs, 32 of which who have reported not finishing IAD2, but these are small branches with minimum reserves only. So 40% yellow.
BG	7	35%	
CY	5	50%	
DE	343	28%	RMP = "Yellow": 343 (28% of all RMP) RMP = "Red": 0 RMP = "no response": 88 (7% of all RMP)
DK	0		
EE	0		
ES	7	11%	
EU	0		
FI	3	21%	
FR	0		
GR	0		
HR	0		
IE	0		
IT	22	15%	
LT	2	25%	
LU	?	75%	75% of our community should be considered as yellow
LV	0		
MT	0		
NL	6	10%	From the received reports the following statuses were reported: Green – 40 Yellow – 5 Red - 1 Still 12 reports are missing (mainly from HAM participants with headquarter abroad)
PL	5	33%	Some of those RMPs who have indicated confidence level as Green have not met previous milestones. Thus, NBP has assessed the confidence level for the whole community as Yellow.
PT	0		
RO	0		
SI	0		
SK	0		



1.4 Steps and mitigation actions

This table shows the relevant steps and mitigation actions envisaged to make this confidence level green in each community.

Country	Steps and mitigation actions
BE	As a mitigation measure we held an information session on the UDFS on 23/09, inviting the banks specifically to point out any difficulties or gaps where they lack information. As a second, regarding the NSP milestones, we have organized an event where the NSPs presented their solutions to the Belgian market. For those who could not attend, we plan a second event in November. Bilateral communications have been taken up with participants posing questions more specific to their situation.
BG	Conducting workshops, bilateral communication with those participants, active dialogue and regular debriefing about the status of the project, technical documentation, requirements, etc.
CY	Meetings to discuss progress and difficulties faced related to the T2-T2S Consolidation project are scheduled for the upcoming weeks between the CBC and the participants.
DE	First step, detailed evaluation of the reported answers in the questionnaire to identify the areas of difficulties. Based on the areas identified, individual decision which measures should be taken: If the difficulties result from missing information or open issues on Eurosystem level, encourage discussions in the relevant Eurosystem governance bodies to speed up the process. In addition, active dialogue with the relevant participant. Those 88 institutions that have not answered the questionnaire so far will be contacted to make sure that all our participants actively participate in the community readiness monitoring.
ES	Continuous and direct contact with our community through multilateral and bilateral meetings, as well as through written and phone consultations.
EU	Extensive discussions with the CMP with the aim to clarify all open aspects enabling the CMP to meet the mandatory requirement to use an ancillary system settlement procedure as of the go-live of T2-T2S consolidation.
FI	Participants are working with their open issues. No blocking issues reported. We have offered CB support, if needed.
FR	In order to mitigate the non-critical risks reported by those participant that did not qualify their degree of confidence as optimistic, we intend to intensify our communication actions towards our community (e.g. general and bilateral meetings or calls etc.) with a particular focus on those participants – which we have already begun to do.
IT	We are supporting their project initiatives by providing all the clarifications they need
LT	Organised NSG meetings ahead of the milestones
LU	We made a survey in May to assess how our community will instruct their accounts (A2A, U2A or co-managed (for MCAs)). Based on the results, we decided to organise 4 full day mandatory info-session for all our participants by category of actors (1. RTGS Direct participants, 2. Future A2A participants (other than 1), 3. Other future U2A participants (other than 1), 4. Potential co-managed participants). The first info-session occurred in September 19th and the 3 other will take place in November. We published comprehensive "home made" presentation drafted during the summer to describe 1. The new T2 (CLM, RTGS, Common components); 2. The co-management; 3. The planning aspects; and we 4. Invited the NSPs. We are also supporting major banks in Luxembourg to develop a co-management offer, following a call for interest in our 1st info-session. Finally, we are daily answering (sometimes with ECB support) to the numerous questions of our participants; and we send emails/reminders concerning the key project milestones
LV	Regularly monitor readiness status of the community, identify common problems, inform the community on the importance of the project and provide updates on its progress.
MT	Engage in discussions and provide support where necessary.
NL	Bilateral meetings will be held with the RMPs that communicated Yellow or Red in order to better understand the reason. Based upon understanding of the reason follow-up

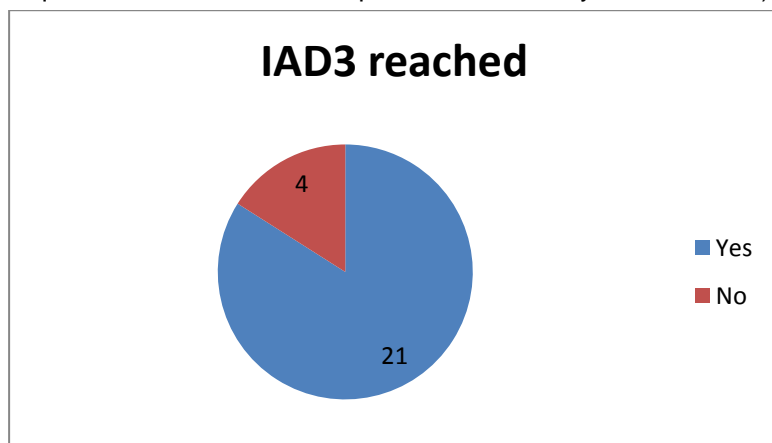


Country	Steps and mitigation actions
	actions will be defined. Also we will continue to ask the RMPs to send us their readiness report.
PL	NBP is in current contact with the community. With each reporting exercise the RMPs are asked the questions from previous reports to which their response was not positive. Also, the meetings with RMPs and CMPs are organised on the subject of consolidation T2-T2S. The last one was held on 11 October 2019.

2. Milestones for Central Banks

2.1 Milestone IAD3 Drafting of internal applications documentation is started 30/09/2019

Participants have started the drafting of their internal applications documentation (e.g. business requirements and functional specifications for key functionalities).



The reporting below only accounts for the Central Banks having missed the milestone IAD3.

BGCB reports that the drafting of the internal applications documentation has not been started, but the appropriate governance in the bank is aware of the missed milestone, and that the drafting of the internal applications documentation will start on 30/11/2019.

CYCB reports that the drafting of the internal applications documentation has not been started, but as the same staff worked on the impact assessment (milestone IAD2) this milestone depended on the outcome of the impact assessment,

The appropriate governance in the bank is aware of the missed milestone, and that the drafting of the internal applications documentation will start on 02/01/2020.

LUCB reports that the drafting of the internal applications documentation has not been started, due to missing information: There are still unclear points in the UDFS, like the future account denomination (question raised by many participants, but also by BCL which needs to analyse how migrating many internal accounts onto the new platform), or cash withdrawal uncertainties (BANCO discussions ongoing on camt.050 / 054 to prefund cash withdrawal) - We nevertheless recognises that very helpful support from ECB on our questions, and we hope it will continue (our participants and ourselves have more and more questions).

The appropriate governance in the bank is aware of the missed milestone, and that the drafting of the internal applications documentation will start on 01/12/2020.

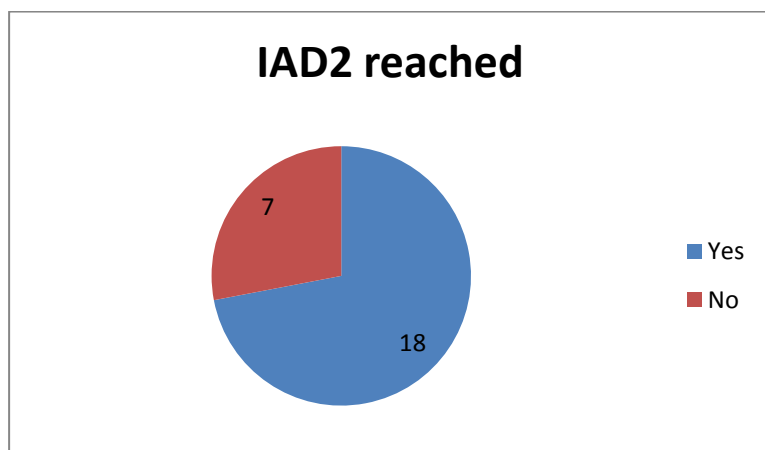


MTCB reports that the drafting of the internal applications documentation has not been started, due to the fact that Central Bank of Malta is expected to introduce a new payments module. Consequently, this milestone is expected to start immediately when the system is in place. One of our requirements is for the system to be ISO20022 compliant and should adequately interact with T2.

The appropriate governance in the bank is aware of the missed milestone, and that the drafting of the internal applications documentation will start on 30/07/2020.

2.2 Milestone IAD2 Impact assessment is completed 30/09/2019

Participants have completed the detailed business and technical impact assessment to adapt their IT systems and processes to the changing services of T2. This includes the impact assessment on how to connect their IT systems to T2.



The reporting below only accounts for the Central Banks having missed the milestone IAD2.

ATCB reports that the impact assessment has not been completed, waiting for UDFS Version 2.1.

The appropriate governance in the bank is aware of the missed milestone, and that the impact assessment will be completed on 31/03/2020.

BGCB reports that the impact assessment has not been completed, but the appropriate governance in the bank is aware of the missed milestone, and that the impact assessment will be completed on 30/11/2019.

CYCB reports that the impact assessment has not been completed for staffing reasons, the recruitments process delaying its start. The assessment is on-going and planned to be finalised by end-2019

The appropriate governance in the bank is aware of the missed milestone, and that the impact assessment will be completed on 31/12/2019.

DECB reports that the impact assessment has not been completed as UDFS 2.1 will only be available in December 2019. Topics such as ECONS II and Billing will be part of this UDFS and have to be checked within the project. Completion of detailed business and technical impacts will be possible afterwards. In order to overcome this delay, information from TSWG and TCCG is monitored carefully and included in the project.

The appropriate governance in the bank is aware of the missed milestone, and that the impact assessment will be completed on 31/03/2020.

DKCB reports that the impact assessment has not been completed. To overcome the delay, DN speeded up the process around the assessment and dedicated more resources.

The appropriate governance in the bank is aware of the missed milestone, and that the impact assessment will be completed on 01/12/2019.

LUCB reports that the impact assessment has not been completed, due to:

- Missing information: There are still unclear points in the UDFS, like the future account denomination (question raised by many participants, but also by BCL which needs to analyse how migrating many internal accounts onto the new platform), or cash withdrawal uncertainties (BANCO discussions ongoing on camt.050 / 054 to prefund cash withdrawal) - We nevertheless recognises that very helpful support from ECB on our questions, and we hope it will continue (our participants and ourselves have more and more questions).
- Our internal impact assessment is particularly complicated as we have none of the Target2 optional module. Our internal system is highly impacted by this project, many streams, processes have to be analysed, reviewed, etc.

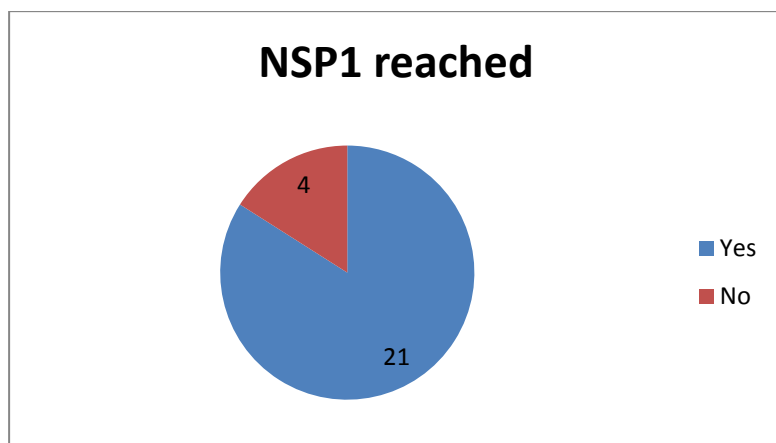
LUCB believes that this delay is not critical for the time being - We are on line with our internal schedule - The first milestones deadlines (IAD2/3) were unrealistic for the reasons quoted above. The appropriate governance in the bank is aware of the missed milestone, and that the impact assessment will be completed on 29/11/2019.

MTCB reports that the impact assessment has not been completed due to the fact that Central Bank of Malta is expected to introduce a new payments module which is expected to interact as necessary.

The appropriate governance in the bank is aware of the missed milestone, and that the drafting of the internal applications documentation will start on 30/05/2020.

2.3 Milestone NSP1 NSPs selection criteria development is completed 15/07/2019

Participants have developed their selection criteria for the NSPs (e.g. decision on direct or indirect connection, value added services expected from NSPs). This activity is completed once the concessions are awarded, in order to prepare the discussions with NSPs.



The reporting below only accounts for the Central Banks having missed the milestone NSP1.

BGCB reports that the criteria have not been defined for the selection of the NSP(s), but the appropriate governance in the bank is aware of the missed milestone, and that the selection criteria of the NSP(s) will be defined by the 30/11/2019.

CYCB reports that the criteria have not been defined for the selection of the NSP(s), all criteria not being yet finalised, but the appropriate governance in the bank is aware of the missed milestone, and that the selection criteria of the NSP(s) will be defined by the 31/12/2019.

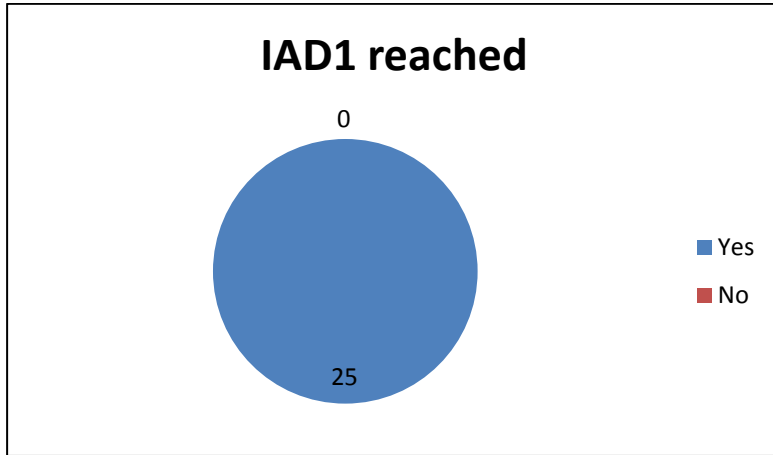
EECB reports that the criteria have not been defined for the selection of the NSP(s), because of insufficient time. In order to overcome this delay, the EECB will prioritise the tasks.

The appropriate governance in the bank is aware of the missed milestone, expected completion date by the end of the year.

LTCB reports that the criteria have not been defined for the selection of the NSP(s), but the milestone is under process having already organised meetings with both NSPs.

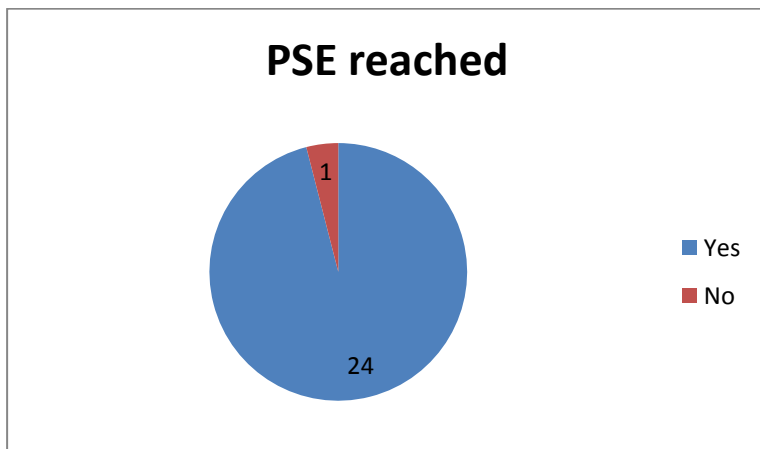
The appropriate governance in the bank is aware of the missed milestone, and that the selection criteria of the NSP(s) will be defined by the 01/12/2019.

2.4 Milestone IAD1 Impact analysis is started 31/03/2019



This milestone has been reached by all Central Banks.

2.5 Milestone PES Project is started 31/12/2018



EECB reports: According to our internal project management framework formal project and project manager will be nominated after impact analysis and when project steering group will be nominated, planned on 02/12/2019