

Policy on access by non-bank payment service providers to central bank-operated payment systems and to central bank accounts

1. Introduction

Following its adoption by the European Parliament and by the Council, the Instant Payments Regulation¹ was published in the Official Journal on 19 March 2024 and entered into force on 8 April 2024.

The Regulation includes:

- a. an amendment to the Settlement Finality Directive (SFD)² to broaden the categories of institutions eligible to participate in SFD-designated payment systems to include:
 - i. payment institutions (PIs) as defined in Article 4(4) of Directive (EU) 2015/2366,
 - ii. electronic money institutions (EMIs) as defined in Article 2(1) of Directive 2009/110/EC, which participate in a system whose business consists of the execution of transfer orders and which are responsible for discharging the financial obligations arising from such transfer orders within that system (collectively referred to as “non-bank PSPs”);
- b. an amendment to the revised Payment Services Directive (PSD2)³ for non-bank PSPs to include the option of safeguarding users’ funds in an account held at a central bank where the latter (at its own discretion) provides such a possibility.

The transposition of these amendments into national law by Member States is required within 12 months of the entry into force of the Regulation. It is noted that the provisions on safeguarding provide a potential option to non-bank PSPs but are not addressed to central banks.

In this context, the Eurosystem has developed a harmonised approach to access by non-bank PSPs to all central bank-operated payment systems (i.e. TARGET and retail payment systems operated by euro area national central banks, NCBs) and has defined its stance on the access to accounts. This document outlines the Eurosystem policy for all systems, while the ECB plans to publish a related ECB legal act in the coming months. The proposed changes as regards TARGET will be incorporated into the TARGET Guideline⁴.

¹ [Regulation \(EU\) 2024/886 of the European Parliament and of the Council of 13 March 2024 amending Regulations \(EU\) No 260/2012 and \(EU\) 2021/1230 and Directives 98/26/EC and \(EU\) 2015/2366 as regards instant credit transfers in euro \(OJ L 2024/886, 19.3.2024\).](#)

² [Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems \(OJ L 166, 11.6.1998, p. 45\).](#)

³ [Directive \(EU\) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation \(EU\) No 1093/2010, and repealing Directive 2007/64/EC \(OJ L 337, 23.12.2015, p. 35\).](#)

⁴ [Guideline \(EU\) 2022/912 of the European Central Bank of 24 February 2022 on a new-generation Trans-European Automated Real-time Gross Settlement Express Transfer system \(TARGET\) and repealing Guideline ECB/2012/27 \(ECB/2022/8\) \(OJ L 163, 17.6.2022, p. 84\).](#)

The Eurosystem will monitor the implementation of this policy and may clarify/review it based on experience.

2. Eurosystem guiding principles regarding access for non-bank PSPs

Deciding whether to grant direct access to central bank-operated payment systems and/or whether to offer accounts for the purposes of safeguarding is an integral part of the Eurosystem's basic task of promoting the smooth functioning of payment systems under Article 127(2), fourth indent, of the Treaty on the Functioning of the European Union (TFEU).⁵

Consequently, and in line with the principle of independence of the European Central Bank (ECB) and the NCBs in the performance of their statutory tasks, as set out in Article 130 TFEU (and in Article 7 of the Statute of the ESCB)⁶, any decision to grant direct access to central bank-operated payment systems and/or to offer accounts for the purposes of safeguarding remains at the Eurosystem's discretion. The reasonableness of this approach is also confirmed in international best practices for financial market infrastructures.⁷

The Eurosystem adopts a harmonised approach to access by non-bank PSPs established within the European Economic Area (EEA) to all euro area central bank-operated payment systems (i.e. not only TARGET) and defines its stance on access to accounts.⁸ The Eurosystem develops the approach to ensure consistency across the Eurosystem. Such an approach will avoid arbitrage and potential discrimination between non-bank PSPs on the grounds of where they are established. It will be implemented as follows:

- For TARGET, with the update of the TARGET Guideline, which will come into effect on or shortly after 9 April 2025.⁹ However, if one or more Member States fails to transpose the SFD into national legislation adequately or in a timely manner, this date may need to be postponed to mitigate any potential exposure that might arise as a result of granting access to an entity based in a Member State where the amendments to the SFD are not yet transposed.
- Regarding other NCB-operated payment systems, promoting the smooth operation of payment systems is one of the Eurosystem's basic tasks and allows for the operation of all national retail payment systems by NCBs. Consequently, the terms and conditions of such payment systems must not contradict this policy and, once the TARGET Guideline is amended, must not contradict or compete with the terms and conditions of TARGET. Therefore, the Eurosystem approach will apply once relevant national laws apply (at the latest by 9 April 2025, the transposition deadline set

⁵ Safeguarding means the depositing of funds in a separate account in a credit institution or at a central bank (at the discretion of that central bank) or the investing of funds in secure, low-risk liquid assets as defined by the competent authorities of the home Member State.

⁶ [Protocol on the Statute of the European System of Central Banks and of the European Central Bank](#).

⁷ See [Principles for financial market infrastructures](#), footnote 83: "The use of central bank services or credit is subject to the relevant legal framework and the policies and discretion of the relevant central bank".

⁸ As with credit institutions, access will extend to non-bank PSPs outside the EEA provided they act through a branch established within the EU or EEA.

⁹ While access will not be granted until the update of the TARGET Guideline comes into effect, the onboarding process may be launched as soon as the updated TARGET Guideline is published.

by the Regulation). For NCB accounts used for the purpose of safeguarding, the Eurosystem approach shall apply immediately, and any pre-existing accounts shall be closed, or their usage for the purpose of safeguarding shall cease, within nine months.

In line with the oversight requirements, the Eurosystem adopts a non-discriminatory, objective and risk-based assessment of the criteria that could be defined for access to its payment systems by non-bank PSPs.

The Eurosystem ensures alignment with existing Eurosystem policies when determining the access criteria (i.e. location, prefunding and the Eurosystem's retail payments strategy).¹⁰

For the avoidance of doubt, the Eurosystem will continue to restrict access to monetary policy operations to eligible Eurosystem counterparties only, i.e. credit institutions fulfilling the eligibility requirements as specified in Guideline (EU) 2015/510.¹¹

3. Access to central bank-operated payment systems

The Eurosystem welcomes the amendments to the SFD, which are expected to enhance the efficiency of the European retail payments market, facilitate competition, foster future innovation and further support the uptake of instant payments in the European Union. The amendments to the SFD are intended to achieve a level playing field between bank and non-bank PSPs by ensuring that the latter can offer a full range of payment services without being dependent on banks for the processing and settlement of payment transactions.

The motivation for facilitating access to central bank-operated payments systems for non-bank PSPs is to increase the efficiency and smooth functioning of the retail payments sector, for example by facilitating the provision of instant payments across the euro area.

At the same time, the Eurosystem notes that the amendments to the SFD do not grant non-bank PSPs automatic access to TARGET, as there are eligibility criteria and rules for participation in TARGET derived from the Eurosystem's primary mandate of price stability and in particular the basic tasks of implementing monetary policy and promoting the smooth operation of payment systems.

3.1 General principles

1. Access to central bank-operated payment systems can be granted to non-bank PSPs provided that all necessary risk-mitigation requirements, as stipulated in the TARGET Guideline or in the terms and conditions of national retail payment systems operated by NCBs, are in place. This would ensure that the broader direct access preserves financial stability, promotes market integrity, and supports competition and innovation in payment services while not posing risks to the resilience of payment systems and thereby being a source of systemic risk.

¹⁰ See "[The Eurosystem policy principles on the location and operation of infrastructures settling euro-denominated payment transactions: specification of 'legally and operationally located in the euro area'](#)"; "[Policy on the use of prefunding by ancillary systems](#)"; and "[The Eurosystem's retail payments strategy – priorities for 2024 and beyond](#)".

¹¹ [Guideline \(EU\) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework \(recast\) \(ECB/2014/60\) \(OJ L 91, 2.4.2015, p. 3\)](#).

2. The holding of a settlement account in a central bank payment system implies the placing of funds to meet settlement obligations, and the balance on such an account should therefore be limited to the funds necessary to meet such obligations (based, for example, on historical transaction data). This does not require or justify the placing of additional funds (particularly not all or the majority of users' funds) in the payment system account. From a financial stability perspective, it is important that such accounts are primarily used for payment purposes and not misused for safeguarding purposes. No restrictions will be imposed on the type of funds (own funds or client funds) used for the purposes of payment activities, as this is subject to the full compliance of the participant with the respective national legislation and is outside the remit of the payment system operator.
3. In addition to central bank-operated retail payment systems offering connections to other Single Euro Payments Area (SEPA) payment systems, there are alternative ways for market participants to access SEPA infrastructure via NCBs. Such connection services offered by central banks would have to be offered to non-bank PSPs under the same basic conditions. However, careful attention should be given to the fact that different NCB systems might give rise to risks other than those associated with TARGET Services.
4. NCBs that operate payment systems will develop the terms and conditions to implement access by non-bank PSPs to their national payment system in line with the principles outlined in Section 3.2, taking into consideration, where needed, the different risk profile compared to TARGET.

3.2 Focus on TARGET

1. The terms and conditions for non-bank PSPs will apply to the whole legal perimeter of TARGET, i.e. the terms and conditions will be based on those actors deemed eligible to access settlement in central bank money in general. It is noted, however, that the SFD amendments relate to payments, not to securities settlement, and therefore access by non-bank PSPs would only be relevant for T2 and TIPS, while access to T2S would be excluded.
2. Access to TARGET will be granted to authorised non-bank PSPs on a similar basis to credit institutions. The Eurosystem would in principle rely on procedures in place in Member States, including the safeguards provided for by the amendments to PSD2, to ensure the compliance of the operational and risk management processes of non-bank PSPs.¹² Following an initial statement, an update would be required on a regular basis (e.g. every year) given that the business models of non-bank PSPs tend to evolve rapidly. Such regular updates are expected from the participant. Moreover, immediate notification is needed in the case of a status change (such as the suspension or termination of a licence by the competent authority). The Eurosystem will liaise closely with the European Banking Authority (EBA) for this purpose as well as in order to achieve efficiency and a level playing field and to prevent "shopping around" for access.
3. Access to TARGET would be granted to authorised non-bank PSPs on the basis of a clear demonstration by the respective non-bank PSP of its ability to meet the operational and technical

¹² See the new Article 35a(2) PSD2, as introduced by the Instant Payments Regulation, which states: "Member States shall define the procedure by which compliance with paragraph 1 is assessed. That procedure may take the form of self-assessment, of a requirement for an explicit decision by the competent authority, or of any other procedure that aims to ensure that the payment institutions and electronic money institutions concerned comply with paragraph 1."

requirements already applicable to credit institutions, as detailed in the Harmonised Conditions for Participation in TARGET (Annex I, Part I of the TARGET Guideline).

4. Provided a non-bank PSP fulfils all the above criteria, a Eurosystem central bank shall provide access to its TARGET component system.¹³
5. Non-bank PSPs shall not have access to an intraday credit facility on the basis that access shall be provided to non-bank PSPs to facilitate the smooth operation and efficiency of retail payments (as opposed to wholesale payments). This will also mitigate any potential increased exposure of the Eurosystem to operational risk. Access to monetary policy operations is not affected by the Instant Payments Regulation or this Eurosystem policy on access by non-bank PSPs to central bank accounts and will remain restricted to credit institutions fulfilling the eligibility requirements as specified in Guideline (EU) 2015/510.
6. Accounts should only hold the type of funds for which they are designated. Settlement accounts should only hold sufficient funds for settlement and prefunding. As the purpose of providing access is to facilitate the uptake of instant payments and the efficiency of the retail payments market, settlement accounts will be subject to a limit based on their anticipated settlement of retail payment transactions (based on, for example, historical transaction data). The appropriateness of the limit, and its observance by the non-bank PSP, must be effectively monitored. This limit will not be implemented as a technical measure within TARGET that is automatically enforced.
7. An account holder is required to ensure that at the close of the business day the balance on its settlement account does not exceed the maximum balance determined in accordance with point 6. In determining the maximum balance, the Eurosystem will take into account factors it considers relevant given the potential impact on price stability and financial stability. It is the responsibility of the participant to sufficiently defund the settlement account prior to the close of each business day. For each day that the balance on a settlement account exceeds the maximum balance, the Eurosystem may apply a penalty to the excess funds.
8. The remuneration of balances should be in line with the generic remuneration of TARGET balances on main cash accounts (MCAs), dedicated cash accounts (DCAs) and sub-accounts, i.e. as of 1 December 2024 the remuneration rate should be zero percent or the euro short-term rate (€STR) minus 20 basis points, whichever is lower, in line with Decision ECB/2024/11.¹⁴ Furthermore, for non-bank PSPs participating in central bank-owned automated clearing houses (ACHs), balances held in prefunded ancillary system technical accounts (ASTAs) will be remunerated equivalently to those held in private ACH accounts (i.e. at the €STR).

¹³ Although it is expected that a non-bank PSP authorised in one EU Member State would typically require access to the central bank of that Member State, the fact that an eligible non-bank PSP has been authorised in a different Member State is not a valid reason to deny access to a Eurosystem central bank. In such a case, cooperation with the home central bank/home supervisor should be sought, given their knowledge of the account holder.

¹⁴ [Decision \(EU\) 2024/\[XX\] of the European Central Bank of 16 April 2024 on the remuneration of non-monetary policy deposits held with national central banks and the European Central Bank \(ECB/2024/11\)](#).

4. Access to central bank accounts by non-bank PSPs for the safeguarding of users' funds

1. It is not a core function of central banks to act as a substitute for credit institutions in providing safeguarding services.¹⁵
2. Eurosystem central banks shall not offer safeguarding accounts to non-bank PSPs. In the event that a participant relies on client funds for settlement activities, it remains the responsibility of the participant to ensure that its operational model complies with the respective national legislation.

The possibility of safeguarding client funds at the central bank would be additional to the options currently available to non-bank PSPs, i.e. depositing the funds in a credit institution and/or investing them in low-risk liquid assets.¹⁶ Non-bank PSPs have cited difficulties in opening and maintaining accounts with credit institutions owing to the de-risking practices of the latter. Article 32 of the draft Payment Services Regulation (PSR)¹⁷ proposes measures to counter such de-risking practices, including that any refusal or withdrawal of access must be based on serious grounds, for example reasonable suspicion of illegal activity or risk to the credit institution, and that reasons must be provided in writing and motivated in detail. This could alleviate the problems faced by non-bank PSPs and reduce the pressure on central banks to step in, but the legislative process is still ongoing.

The Eurosystem acknowledges the benefits to non-bank PSPs of offering safeguarding at central banks, as it would be risk-free for non-bank PSPs, increase the range of safeguarding methods available to non-bank PSPs, and hence improve diversification, reduce concentration risk and support the stability of non-bank PSPs.

At the same time, offering safeguarding at central banks gives rise to a number of concerns, including from a payment services perspective, and might have an impact on the overall safety and soundness of the financial system.

EMIs and PIs were introduced to enable the provision of e-money services and payment services without the burden of applying for full authorisation as a credit institution. The funds at both types of institution do not qualify as deposits, and no deposit guarantee applies. For payment service users, the nature of these institutions needs to remain clear: EMIs and PIs exist for the facilitation of e-money and payment services. Funds are held for the purpose of making payments and do not benefit from the same level of protection as deposits.

¹⁵ Under the TARGET Guideline, the funds in any account held by an eligible participant at a central bank would always be considered as the funds of that participant (except in the case of the ancillary system (AS) holding funds belonging to entities other than the AS to support AS settlement procedures). Nonetheless, under the TARGET Guideline, the Eurosystem holds guarantee funds of financial market infrastructures (e.g. central counterparty default funds/margins, EBA Clearing EURO1 liquidity pool) owing to the systemic importance of these entities to the financial system.

¹⁶ Non-bank PSPs also have the option of safeguarding users' funds through an insurance policy or other comparable guarantee from an insurance company or credit institution which does not belong to the same group as the payment institution for an amount equivalent to the amount that would have been segregated in the absence of the insurance policy or other comparable guarantee, payable in the event that the payment institution is unable to meet its financial obligations. See [Proposal for a Directive of the European Parliament and of the Council on payment services and electronic money services in the Internal Market amending Directive 98/26/EC and repealing Directives 2015/2366/EU and 2009/110/EC \(COM/2023/366 final\)](#).

¹⁷ See [Proposal for a Regulation of the European Parliament and of the Council on payment services in the internal market and amending Regulation \(EU\) No 1093/2010 \(COM/2023/367 final\)](#).

EMIs and PIs have an obligation to ensure the safety of funds, and this should not be turned into a selling proposition to encourage prospective users to hold more funds than needed for making payments. In the extreme, if an issuer of e-money (conventional e-money or e-money tokens, EMTs) fully backs its issuance with central bank money, it would become a “synthetic central bank digital currency (CBDC)” and could be presented as such, potentially misleading investors/the market. The same applies to the concept of a “narrow bank”, whereby an EMI or PI could offer users the opportunity to hold funds in the safest possible way (although not counting as deposits and not benefiting from a deposit guarantee scheme). In the case of PIs, interest could also be offered. Both of these options could attract depositors looking for a safe haven, especially during periods of market uncertainty or volatility. Consequently, such a “synthetic CBDC” or “narrow bank” could in theory crowd out bank deposits, adversely affecting the intermediation role of banks and their lending activity to the economy. It also blurs the distinction between central bank money and commercial bank money. Depositing customer funds at central banks could risk conflating e-money and other forms of money, including central bank money, in the minds of the public, thereby distorting perceptions of risk.

Moreover, offering such a safeguarding service could expose central banks to reputational risks. In particular, the failure of a non-bank PSP to comply with regulatory requirements or the involvement of such an institution in fraudulent activities or financial crimes could damage the central bank’s reputation and undermine market confidence in its role as a custodian of financial stability. Such a weakening of the central bank’s credibility might have adverse repercussions for the stability of the financial system as a whole.

Similar considerations apply to the safeguarding of funds by issuers of e-money tokens as provided for in the Market in Crypto-Assets Regulation (MiCA)¹⁸ which will apply from 30 December 2024 (the provisions on issuers of e-money tokens (EMTs) and asset-referenced tokens (ARTs) apply since 30 June 2024). MiCA also includes provisions whereby crypto-asset service providers shall safeguard clients’ funds with a credit institution or, where such an account is available, with a central bank (see recital 82). In the latter case, any decision to offer accounts for the purposes of safeguarding or otherwise remains at the discretion of the ECB and the NCBs. In particular, the safeguarding option at central banks should not be offered to crypto-asset service providers (CASPs), thereby maintaining a level playing field among the various institutions participating in the payment services market.

In order to maintain the safety and efficiency of central bank money as a settlement asset and to avoid market fragmentation between different forms of money, the policy on the use of prefunding by ancillary systems clarifies that access to TARGET will not be granted to ancillary systems for the purpose of backing stablecoins (or any other means of payment or assets) issued to the public.

¹⁸ [Regulation \(EU\) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations \(EU\) No 1093/2010 and \(EU\) No 1095/2010 and Directives 2013/36/EU and \(EU\) 2019/1937 \(OJ L 150, 9.6.2023, p. 40\).](#)

Annex 1: Provisions on the phasing out of the regime in place in Lithuania to align with Eurosystem policy

The Bank of Lithuania currently offers EMIs and PIs access to the payment systems CENTROlink and T2. Access for non-bank PSPs is provided by establishing addressable BIC holder type arrangements between the EMIs/PIs and the Bank of Lithuania under conditions laid down by the Bank of Lithuania. The EMIs/PIs have accounts with the Bank of Lithuania in which they hold funds for settlement in the payment systems. The funds in the accounts belong to their clients and are considered as safeguarded in accordance with PSD2.

The Bank of Lithuania will implement the harmonised Eurosystem policy on non-bank PSPs' access and phase out the current framework. The phasing-out will include changes in the legal and operational setup. EMIs/PIs which currently have access to the payment systems will also need to make changes on their side, including possible payment processing arrangements. In order to ensure a smooth and orderly transition from the current local framework, the Bank of Lithuania will have to comply with the harmonised Eurosystem approach within nine months, starting from the date when the Eurosystem policy is adopted by the ECB's Governing Council.