

Operational or technical bank failure

In the event that a bank has a problem that prevents it from settling payments in TARGET2, it should inform its central bank and it is encouraged to use its own means during the problem to the maximum extent possible. The tools available to each bank are:

- in-house solutions;
 - ICM functionality, i.e. backup lump-sum payments and backup contingency payments (CLS, EURO1, STEP2 pre-fund); and
 - ICM functionality via a stand-alone ICM;
- The ICM can be used in A2A mode, but it is only allowed to be used for the processing of the above-mentioned categories of payments.
 - If a bank requests its respective central bank to open the functionality for making backup lump-sum payments, the central bank will immediately open this functionality via the ICM. It is completely at the discretion of the bank whether it would like to use the backup lump-sum payments or not and there should be no assessment by the central bank. However, there has to be a prior agreement between the sender and receiver of backup lump-sum payments. Upon the request of a bank, the central bank might make a broadcast to inform the other users about the bank's use of backup lump-sum payments.
 - The follow-up to the use of backup lump-sum payments is also fully under the responsibility of the banks. The PM does not verify whether the original single payments that have been submitted or whether returned backup lump-sum payments are related to payments submitted on preceding days. Also, no check for double submission on preceding days is carried out.
 - The parameter for the number of days during which a payment with back value can be sent is set by default to "0", which means no payment with back value is possible. In case the failed bank knows that it will not solve the problem on the same business day and would like to send back value payments, it can request a parameter change to up to two business days at the respective national central bank. Again, prior agreement should be reached between the sender and receiver.
 - If these means are exhausted or their use is not efficient, the bank may ask for the support of its national service desk. The detailed contingency means are subject to the bilateral relationship between a bank and its central bank. A bank failure should be reported by the national service desk to the other central banks if it might have an impact on the settlement of ancillary systems or create systemic risk, especially with a potential cross-border impact. Any announcement to the market which is deemed necessary will be coordinated between all central banks.
 - A bank failure should never lead to a delayed closing.

