AquaGlobal

T1 is Not a Compliance Project, It's a Structural Shift

Learn More

Contents

Why UK & EU institutions must treat settlement acceleration as an operating model redesign.

The move to T+1 is no longer a theoretical "what-if." Following the US and Canadian transition in May 2024, the momentum in Europe is reaching a tipping point. ESMA is no longer just observing; it is actively questioning whether the region can remain competitive under the aging T+2 standard.

The direction of travel is clear: settlement cycles are compressing globally. For UK and EU financial institutions, the question is no longer if T+1 is coming, but whether your operating model is robust enough to survive the collision with real-time reality.

The "Margin for Error" is Vanishing

At its simplest, T+1 reduces the settlement cycle from two business days to one. In practice, it vaporizes the operational safety net. Under T+2, the industry relied on "The Buffer Day" – a 24-hour window where overnight batches, delayed matching, and manual repairs could hide inefficiencies. Under T+1, these become structural points of failure.

The new reality requires:

Trade Date Completion: Enrichment and validation must happen at the point of trade.

Intraday Matching: Waiting for the "morning after" to spot a break is now a guaranteed fail.

Real-time Funding: Inventory visibility and FX coordination must be instantaneous to manage cross-border liquidity.

The Insight: T+1 demands the total elimination of latency – operational, technical, and organizational.

Beyond Messaging:
The Efficiency Challenge

A common pitfall is reducing T+1 to a “messaging upgrade” – focusing solely on ISO 20022 readiness or SWIFT formats. While critical, messaging is just the plumbing.

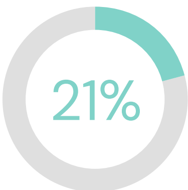
The **Association for Financial Markets in Europe (AFME)** has signaled that true efficiency requires a coordinated ecosystem uplift. This includes:

1. **Unique Transaction Identifiers (UTIs):** For seamless end-to-end tracking.
2. **Granular SSI Management:** To prevent “garbage-in, garbage-out” automation.
3. **Standardized Fails Reporting:** To identify bottlenecks before they cost capital.

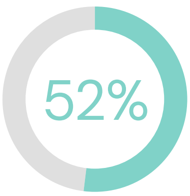
In a T+1 environment, internal efficiency becomes a competitive advantage. If your counterparty is fast but your legacy systems are slow, you are the weak link in the chain.

T+1 settlement is compressing timelines – and exposing operational gaps

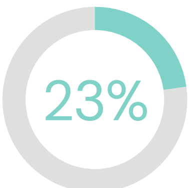
Readiness for T+1 varies widely across the industry ahead of the October 2027 deadline. This uneven progress highlights a growing gap between regulatory timelines and operational preparedness.



21% of respondents have taken action to prepare for T+1 compliance.



52% of respondents are in the exploratory and planning stages of T+1 compliance.



23% of respondents have no plans in place to prepare for T+1.

The most cited barriers to complying with T+1 settlement were:

1. Legacy systems that cannot support T+1 without significant investment.
2. Competing regulatory deadlines taking priority.
3. Lack clarity on what T+1 will require in practice.
4. Insufficient internal resources or bandwidth to begin preparations.
5. Concern that early action could cause operational disruption.
6. The need for clearer timelines and industry alignment.
7. Senior leadership not yet viewing T+1 as a priority.

According to our latest report, ‘From Compliance Burden to Competitive Advantage’ the readiness and bariers for T+1 varies widely across the industry.

Get the full report now

The Silent Killer: Batch-Dependent Infrastructure

The greatest threat to T+1 readiness is often invisible: **Batch-dependent legacy architecture**. If your positions only update overnight, or your reconciliations rely on end-of-day spreadsheets, you have structural latency embedded in your DNA. T+1 does not forgive overnight dependencies. Modern infrastructure must be:

Event-Driven: Reacting to trade execution in milliseconds, not hours.

Exception-Based: Moving away from "checking everything" to "resolving errors by exception."

Audit-Ready: Providing real-time cross-referencing and data translation.

Turning Disruption into Strategic Advantage
Too many firms frame T+1 as a regulatory burden. This misses the massive strategic opportunity. When delivered via a modern, automated redesign, T+1 offers:

Risk Reduction: Drastic lowering of counterparty exposure and market risk.

Capital Optimization: Reduced margin requirements and enhanced liquidity.

Operational Scalability: The ability to handle higher volumes without increasing headcount.

However, these benefits are only realized if automation replaces manual intervention. Attempting to "work harder" within a T+1 window will only lead to burnout and increased operational risk.

How Aqua Global Solves the T+1 Equation

With over 40 years of expertise in real-time financial messaging, Aqua Global understands that T+1 is a race against the clock. Our Aquila platform is cloud-native and purpose-built for low-latency environments.

Feature	The T+1 Impact
Automated Capture	Immediate booking and enrichment using granular SSIs.x
UTI Lifecycle Tracking	Clean, transparent tracking to accelerate break resolution.
Real-time Matching	Identifying exceptions intraday, long before settlement risk materializes.
Continuous Reconciliation	Automated trade and position checks that run 24/7.

The Bottom Line

Institutions that treat T+1 as a cost will merely comply (and likely struggle). Institutions that treat it as a catalyst will modernize.

The firms that move early to redesign their operating models will not just survive the transition—they will operate leaner, faster, and with significantly less risk than competitors still tethered to the T+2 mindset.

About Aqua Global

Aqua Global was founded in 1983. For over 43 years Aqua have been assisting FI's to fully automate their transaction lifecycle by providing seamless, secure and robust message automation.

Headquartered in London with support hubs in Poland and global business partners, Aqua have supported clients in over 30 countries around the world.

Our solutions support real-time operations, regulatory compliance, and scalable automation. We focus on building long-term partnerships, tackling complex operational challenges, and providing reliable, high-performance systems that assist our clients every day.

Methodology

The data was gathered from December 2026 – January 2026 from 150 UK and European-senior decision makers at retail and business FI's who are responsible for payment messaging and processing (e.g. Heads of Payment Technology/Heads of Core Banking System/Heads of IT/Heads of Digital Banking/CIOs). FI's had a balance sheet size of £0.5bn – £5bn.

Centralised Orchestration

- Message Management
- ISO 20022 Processing
- Payments
- Treasury
- Securities
- Reconciliations
- Matching
- Incident Management
- Cash & Liquidity Management

For more information, visit
Web: www.aquaglobal.co.uk
LinkedIn: @aquaglobal

AquaGlobal