

## ***TOWN HALL***

### **FPC Town Hall: ISO 2022 Format Changes for Banks and Getting Ready to Use the New Format**

***November 2, 2022***



**Barry Tooker**  
Principal

[www.TransactionBanker.com](http://www.TransactionBanker.com)

[ ISO 2022 Consulting ]



**Andrew Muir**  
Principal Consultant  
[www.NthException.com](http://www.NthException.com)

[ Nucleus - ISO 2022 Data Hub ]



**Biju Suresh Babu**  
MD, Banking & Financial Services  
[www.fiorano.com](http://www.fiorano.com)

[ FIA - ISO 2022 Translator ]

# A Global shift to ISO 20022

## LIVE

China - CIPS  
Japan - BoJNet  
Philippines – PHILPAS  
Switzerland – SIC

## 2022

Malaysia – RENTAS  
Thailand – BAHTNET  
Singapore – MEPS+  
South Africa – SAMOS  
Europe – EURO1  
Europe – ESMIG T2  
Canada – PAYCAN  
Australia – RITS  
New Zealand – ESAS-NZ

LIVE  
LIVE  
LIVE  
LIVE  
Q4  
Q4  
Q4  
Q4  
Q4



## 2023

U.K. – CHAPS  
Hong Kong – CHATS  
United States – TCH

Q2  
Q4  
Q4

## 2025

## Beyond

United States – FedWire 2024

# A Global shift to ISO 20022

MT103\_8a562c67-ca16-48ba-b074-65581be6f017.txt

```
{1:F01DEUTDEFFXXX0000000023}  
{2:01030000211231CRESUS33XXX00000000232112310000N}{3:{121:8a562c67-  
ca16-48ba-b074-65581be6f017}}{4:  
:20:wS4  
:23B:CRED  
:32A:190813USD1000,  
:50A:/1234568400  
FOMOUS33  
:52A:CRESUS33  
:56A:GENODEM1XXX  
:57A:AUDFDE21XXX  
:59F:/DE47270200010532013000  
1/VOLKSWAGEN AG  
2/Berliner Ring,2  
3/DE/Wolfsburg,38440  
:70:/ULTB/VOLKSWAGEN SLOVAKIA, A.S. Ind  
ustrial Property Office of the Slo  
vak Republic Copyright Unit Ministry  
of Culture/SK/Bratislava///ROC/Tr+  
:71A:SHA  
-}
```



```
<?xml version='1.0' encoding='UTF-8'>  
<env:Envelope xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance" xmlns:env="urn:swift:xsd:envelope">  
  <AppHdr xmlns="urn:iso:std:iso:20022:tech:xsd:head.001.001.02">  
    <Fr>  
      <FIId>  
        <FinInstnId>  
          <BICFI>CRESUS33</BICFI>  
        </FinInstnId>  
      </FIId>  
    </Fr>  
    <To>  
      <FIId>  
        <FinInstnId>  
          <BICFI>DEUTDEFFXXX</BICFI>  
        </FinInstnId>  
      </FIId>  
    </To>  
    <BizMsgId>1234567890</BizMsgId>  
    <MsgDefId>pac.008.001.08</MsgDefId>  
    <BizSvc>swift.cbprplus.01</BizSvc>  
    <CreDt>2019-08-12T12:59:26+01:00</CreDt>  
  </AppHdr>  
  <Document xmlns="urn:iso:std:iso:20022:tech:xsd:pacs.008.001.08">  
    <FIToFICstmrCdtTrf>  
      <GrpHdr>  
        <MsgId>1234567890</MsgId>  
        <CreDtTm>2019-08-12T12:59:26+01:00</CreDtTm>  
        <NbOfTxs>1</NbOfTxs>  
        <SttlmInf>  
          <SttlmMtd>INGA</SttlmMtd>  
        </SttlmInf>  
      </GrpHdr>  
      <CdtTrfTxInf>  
        <PmtId>  
          <InstrId>wS4</InstrId>  
          <EndToEndId>Truncated CBPR+ credit Transfer</EndToEndId>  
          <UETR>8a562c67-ca16-48ba-b074-65581be6f017</UETR>  
        </PmtId>  
        <IntrBkSttlmAmt Ccy="USD">1000.00</IntrBkSttlmAmt>  
        <IntrBkSttlmDt>2019-08-13</IntrBkSttlmDt>  
        <ChrgBr>SHAR</ChrgBr>  
        <InstgAg>  
          <FinInstnId>  
            <BICFI>CRESUS33</BICFI>  
          </FinInstnId>  
        </InstgAg>  
        <InstdAg>  
          <FinInstnId>  
            <BICFI>DEUTDEFFXXX</BICFI>  
          </FinInstnId>  
        </InstdAg>  
        <IntrmyAg>  
          <FinInstnId>  
            <BICFI>GENODEM1XXX</BICFI>  
          </FinInstnId>  
        </IntrmyAg>  
        <Dbtr>  
          <Id>  
            <OrgId>  
              <AnyBIC>FOMOUS33</AnyBIC>  
            </OrgId>  
          </Id>  
        </Dbtr>  
        <DbtrAcct>  
          <Id>  
            <Othr>  
              <Id>1234568400</Id>  
            </Othr>  
          </Id>  
        </DbtrAcct>  
        <DbtrAg>  
          <FinInstnId>  
            <BICFI>CRESUS33</BICFI>  
          <ClrSysMmbId>  
            <ClrSysId>  
              <Cd>USABA</Cd>  
            </ClrSysId>  
            <MmbId>026009179</MmbId>  
          </ClrSysMmbId>  
        </DbtrAg>  
      </CdtTrfTxInf>  
    </Document>  
</env:Envelope>
```

# ISO 20022: A lot has happened in the past two weeks

<u>European Central Bank:</u> October 20, 2022	<u>Swift:</u> October 27, 2022	<u>Impact:</u>	<u>Instant Payments:</u> European Commission October 26, 2022
<ul style="list-style-type: none"> <li>• T2-T2S Consolidation</li> <li>• ECB rescheduled launch of the RTGS &amp; its central liquidity model T2.</li> <li>• 4-month extension from 21st November 2022 to 20th March 2023.</li> <li>• EBA Clearing's EURO1 ISO 20022 live migration moved in-step with ECB within hours.</li> <li>• Use time to advantage:               <ul style="list-style-type: none"> <li>• Market readiness</li> <li>• Testing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Swift accepts community request to delay ISO 20022 migration in March 2023.</li> <li>• Revised date is definitive.</li> <li>• Users can continue to use FinPlus service.</li> <li>• Co-existence period to commence on 20<sup>th</sup> March 2023.</li> <li>• FIs may opt-in to use ISO 20022 messages until March 2023</li> </ul>	<ol style="list-style-type: none"> <li>1. <b>Project timelines</b></li> <li>2. <b>Testing &amp; market readiness</b></li> <li>3. <b>Live with:</b> <ol style="list-style-type: none"> <li>a. Translation</li> <li>b. Truncation Management</li> <li>c. 2-channel / multi-channel payments topology</li> </ol> </li> </ol>	<ul style="list-style-type: none"> <li>• Draft regulation published.</li> <li>• Applies to Credit Institutions only, EMIs and PIs excluded.</li> <li>• Topics:               <ul style="list-style-type: none"> <li>• Mandatory provision of instant credit transfer in €</li> <li>• Charges &lt;=/ regular SEPA transfer.</li> <li>• COP dependency.</li> <li>• Daily sanctions reviews remain but out of scope for IP.</li> </ul> </li> </ul>

# ISO 2022: Impact

## Banks

- ISO 2022 migration, along with the shift in the payment industry to “instant,” will place immense pressure on banks by making many of the legacy platforms obsolete.
- Banks will have to choose between fully upgrading their platforms or incorporating ISO 2022 capabilities into their cores.
- If they do not act, they risk making their existing products and services inoperable.

## Corporations

- Standardized ISO 2022 messaging affords corporates the chance to replace numerous domestic formats with a single ISO 2022-based standard.
- This makes the communication process with payments counterparties easier and allows integration with internal systems.

## Treasury

- MX messages contain more information than the older MT messages.
- ISO 2022 standard messages will help treasury managers and corporate treasurers reduce costs and make processes more efficient as well as standardize payments processing, reconciliations and reporting.

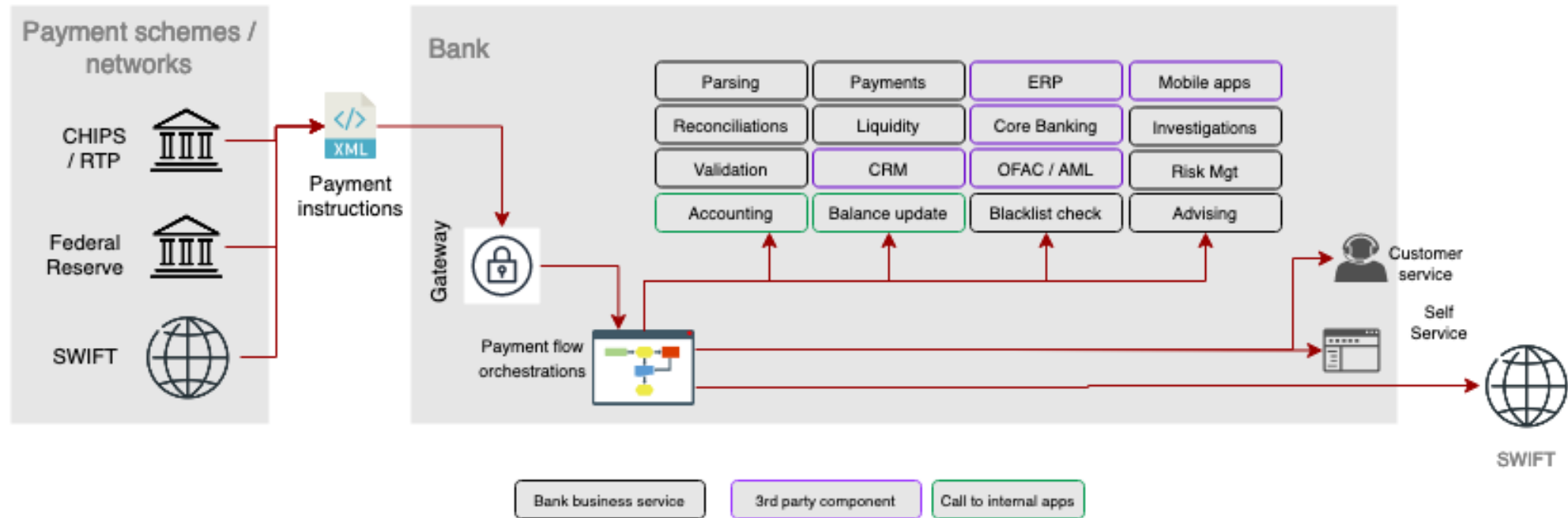
## Compliance

- Impact of additional data elements compared to MT
- Continuing using MT during the coexistence phase, be aware of possible data truncation impacting the effectiveness of your controls and how this may impact your compliance policies.
- In the case where translation and truncation occurs, compliance officers should be concerned about data loss — as a result, there needs to be a mechanism in place to ensure there is no loss.

## Account Reconciliation

- Standardized payment, reporting and exception handling messages facilitate end-to-end automation from invoicing to liquidity management, exception handling and reconciliation across the both the banks and corporate’s ecosystem.

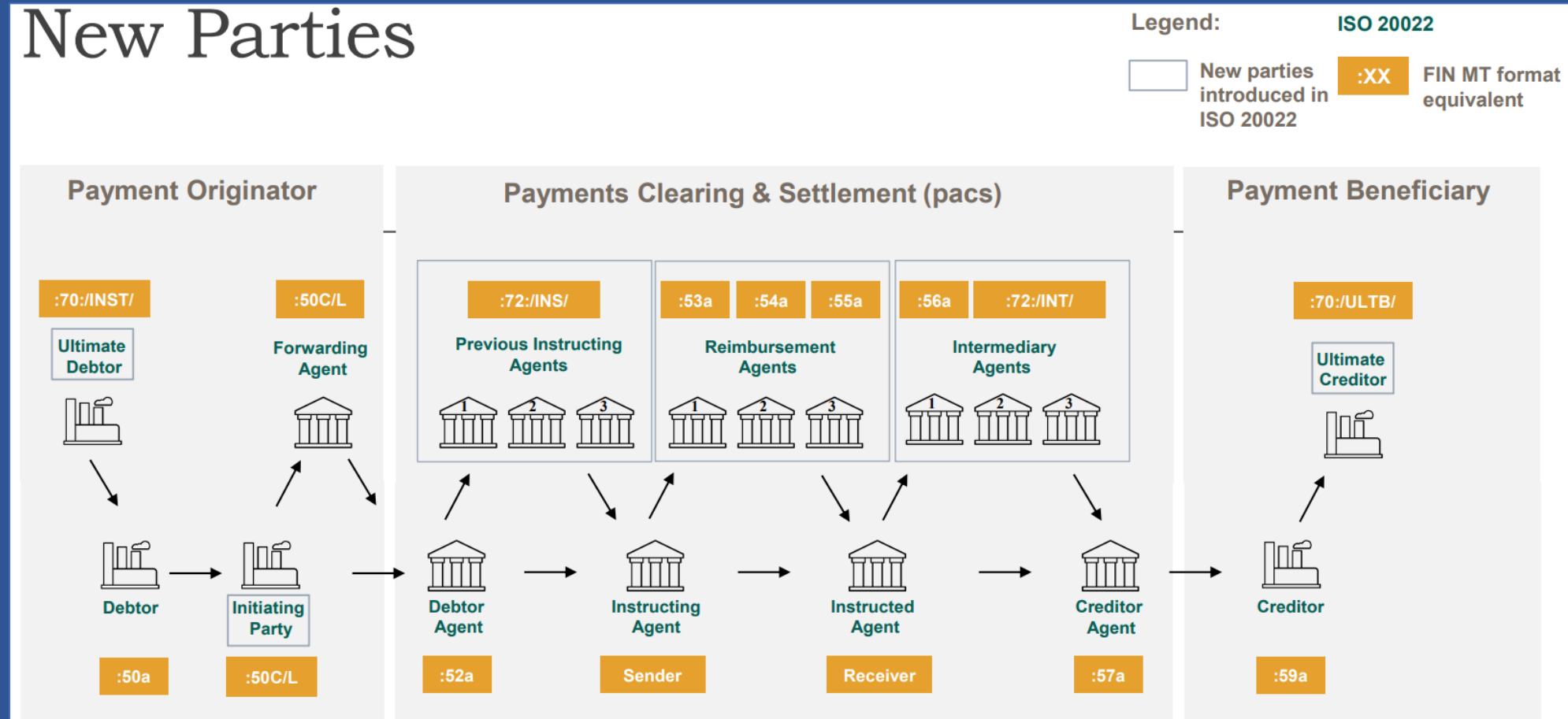
# ISO 20022: Impact





# ISO 20022: Impact

## New Parties



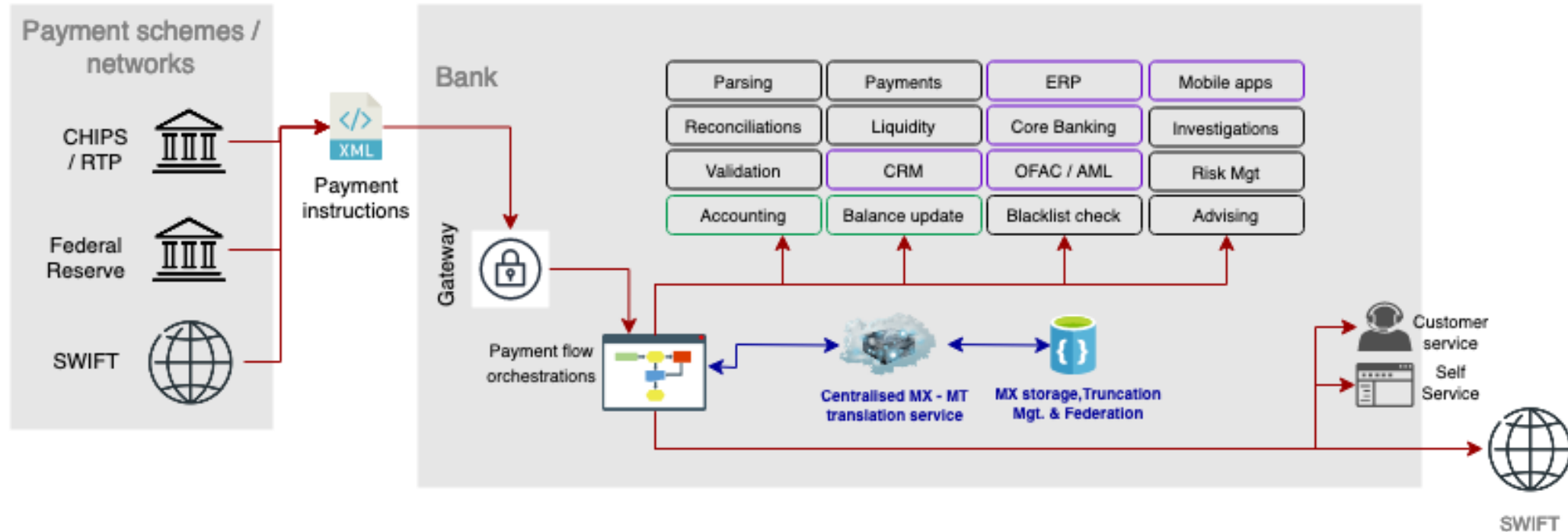
# ISO 20022: Managing the Impact



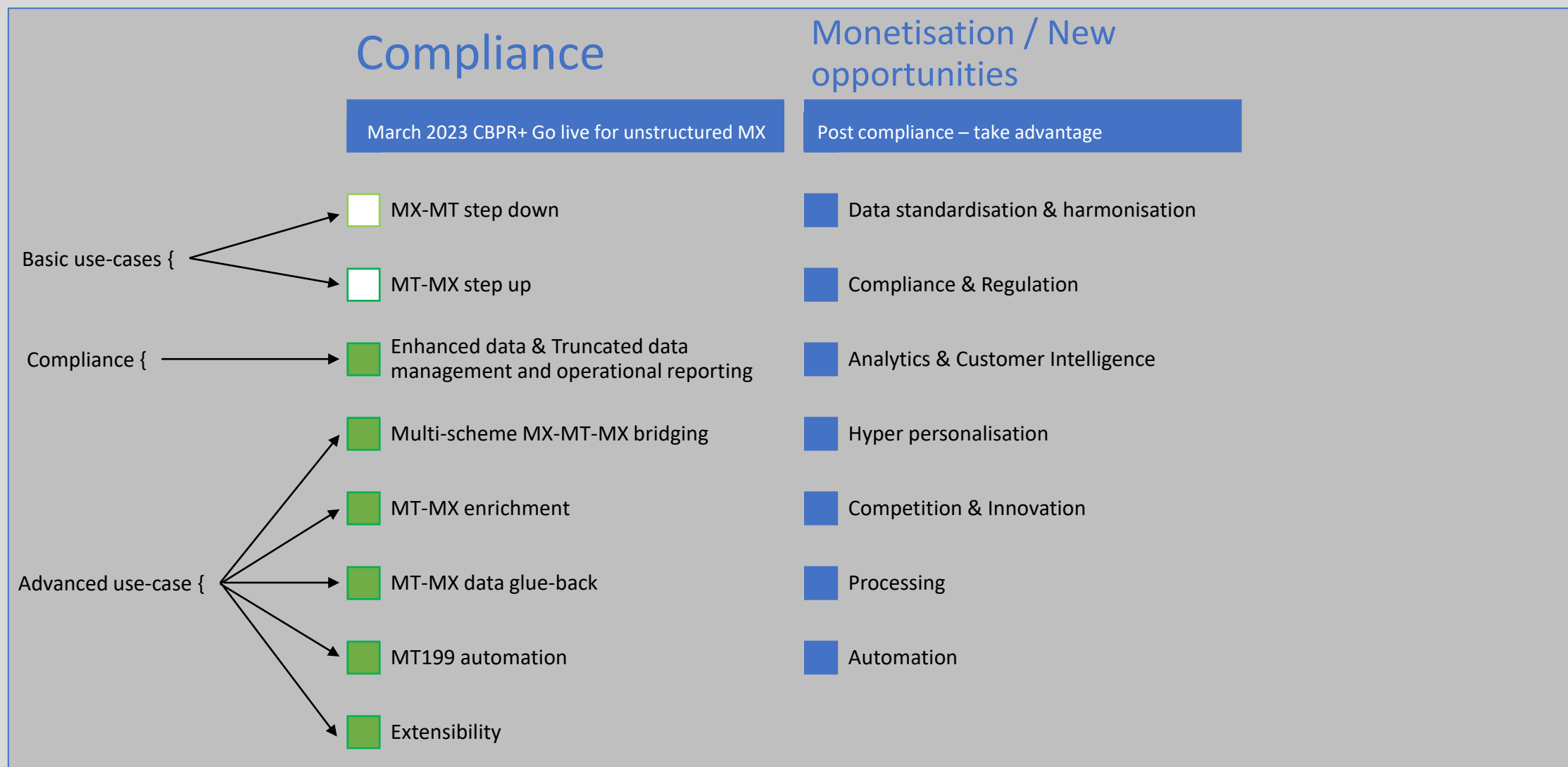
	Core system changes	ISO 20022 Translator	Payment hub
Cost	High	Low	High
Disruption	High	Low	High
Time	High	Low	Medium
Risk	High	Low	Low



# ISO 20022: Managing the Impact



# ISO 20022: Managing the Impact



# ISO 20022: Benefits

## Banks

- Greater revenues and higher return on investments.
- Cost savings due to less manual investigations.
- Better straight through processing rates.

## Corporations

- Harmonized format worldwide.
- Bank agnostic.
- More remittance information.

## Treasury

- Enhanced visibility over cash.
- Near real-time perspective of liquidity flows.
- Stronger forecasting capabilities.

## Compliance

- Improved fraud monitoring and management.
- Utilize data analytics to improve compliance.
- Enhanced data elements - such as purpose codes.

## Account Reconciliation

- Enabling an interoperable and higher quality payments data flow.
- Common data language enabling faster processing and improved reconciliation.
- Essential remittance data can be added as standardized fields.

# Where can I get help?

## Software vendors

- Yours, and others:
- Transaction Banker, Fiorano and Nth Exception are great – and we're not alone.
- Software and expertise in the ISO 2022 domain is not common – but it does exist.
- BUT – get in early. There is VASTLY more need for expertise, and for solutions, than there is supply!

## Swift

- SWIFTSmart is an online repository of training courses, freely available to SWIFT members.
- On ISO 2022, especially in the payments domain, SWIFTSmart has a whole syllabus of relevant content – and a certification programme so that your learning can be evidenced.
- MyStandards is an online repository of message specifications and usage guidelines – for those of you who have had the initial training, MyStandards is invaluable for the next step!

## Correspondents & Colleagues

- Your correspondents, customers and colleagues – especially those specializing in cross-border business – have relevant experience to share.

## [www.iso2022.org](http://www.iso2022.org)

- contains resources for the advanced “player” – including information on how to volunteer to serve on the ISO 2022 governance bodies!

# Get in touch !

## Andrew Muir

[andrew@nthexception.com](mailto:andrew@nthexception.com)

Product inquiries

### Nucleus ISO 20022 Data Hub

- [www.nthexception.com](http://www.nthexception.com)
- [info@nthexception.com](mailto:info@nthexception.com)

## Barry Tooker

[btooker@transactionbanker.com](mailto:btooker@transactionbanker.com)

## Biju Suresh Babu

[ns.biju@fiorano.com](mailto:ns.biju@fiorano.com)

Product enquiries

### Fiorano ISO 20022 Accelerator

- [www.fiorano.com](http://www.fiorano.com)
- [sales@fiorano.com](mailto:sales@fiorano.com)



## ***Wrap Up***

### ***FPC Town Hall***

**ISO 20022 Format Changes for Banks  
and Getting Ready to Use the New Format**

**The presentation materials and recording of today's FPC  
Town Hall will be available in our FPC Member Portal**

[www.fasterpaymentscouncil.org](http://www.fasterpaymentscouncil.org)  
[memberservices@fasterpaymentscouncil.org](mailto:memberservices@fasterpaymentscouncil.org)