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2015

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ISO 20022 News

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Introduction

Momentous developments have recently occurred in the life of our ISO20022 standards

2013 - The upgrade to the 2013 edition of the standard (aka version 1.5)
2014 - The 10th anniversary of the standard
2014/15 - The strategic assessment of our work and organizations was
concluded with changes agreed and now in implementation.

Throughout, the messages based on the eight parts of the ISO 20022 standard, have grown in number, capability, engagement, and adoption.

NUMBERS - Over 350 messages exist with continuing requests for more, the latest requests addressing central bank reporting for securities and payments.

CAPABILITIES - New change requests are received with each maintenance cycle to make our messages more complete and to accommodate new market requirements like the ISO 20022 Stand-Alone Remittance Advice messages (see article on page 4).

New features enhance the value, accessibility, and universality of the standard including: extensions, Business Application Header (BAH); supporting documentation such as Message Implementation Guides (MIGs), variants, dashboards, and adoption tracking (the ISO 20022 adoption mApp).

ENGAGEMENT – ISO 20022 is increasingly an open standard: open to engagement and coordination with other standards. The universality of our membership provides evidence of this fact: the new membership rules developed from the strategy assessment, this new form of newsletter including a new Products and Services section. Special interest groups have arisen to increase the value, applicability, and standardization. CGI-MP (Common Global Implementation-Market Practice) and the RMG subgroup (the RTPG) now being formed to harmonize use of the payment messages in relation to their use by market infrastructures for real time payments.

ADOPTION - For a standard, adoption provides the ultimate proof of value, of success. For ISO 20022, production or implementation is now occurring in multiple communities and users. And in different contexts.

Despite these successes, questions continue to be raised about the ISO 20022 schema:

Why are there varied implementations of the same message and is this desirable? Market Practice groups, and registration of variants are two responses to this question, helping to identify where and why differences exist. And helping to reduce or eliminate those differences where possible.

What is the “business case” for implementing ISO 20022? With business and regulatory requirements unmet by legacy standards, major trading partner communities globally now using or implementing ISO 20022, it is clear there is a business case for standards, that our legacy standards need modernizing, and that ISO 20022, designed for this purpose and already in use globally, is the right way to address this requirement.

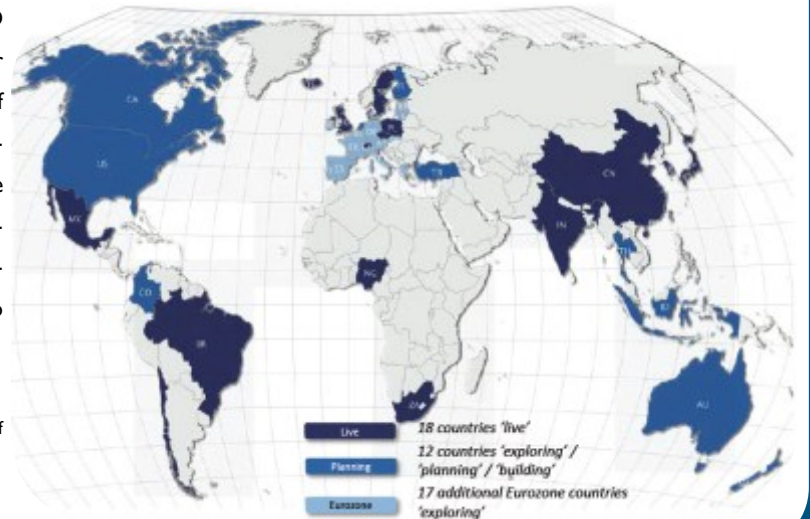
It is the mission of the newsletter to promote a better understanding of ISO 20022. Our successes to date give us the opportunity to consider our current issues and future improvement opportunities.



News

Implementation and Adoption – Italy will require use of ISO 2022 for corporate-to-bank communications as of early 2016. An article on the topic is planned for a future edition of the newsletter.

Real time payments (aka Faster Payments) is receiving increasing attention in a number of payments markets. There are currently 18 countries 'live', 12 countries that are 'exploring/planning/ building', and an additional block of 17 countries that are 'exploring' through a pan- Eurozone initiative. See Real Time-Retail Payments Systems market landscape graph. After a multinational meeting of interested countries and payment system operators hosted by Payments UK, the RMG has created an ad-hoc group to define and harmonize around the use of the current ISO 2022 payment messages for this purpose. This group of global stakeholders have published a draft set of the core payments messages and industry are invited to submit comments into the process to help refine this development



(1) source: SWIFT, Global Adoption of RT-RPS white paper, 2015

Regulators are one of a number of actors involved with and using ISO 2022 New business justifications(i) have been recently received and approved addressing regulatory requirements in both securities and payments domains.

Purpose codes are the focus of recent industry attention in both the securities and payments domains. Purpose codes have been integral to the ISO 2022 scheme since their inception in 2003 in prototype form. An increasing number of markets require an indication of the business purpose of a payment, particularly for cross border payments. Examples include India, Indonesia, and China. Draft change requests have been raised to SWIFT for the MT standards release in 2016. One suggested approach would make use of ISO 2022 external purpose codes as one option.

Benefits to this approach would include:

- Consistency/compatibility between the MT standards and ISO 2022
- The convenience and efficiency of using one global code set

News

What's up @ the Registration Authority ?

New ISO 2022 messages

CCP Clearing (10 messages) ; Collateral Management (14 messages) ; CAPE (2 messages) ; Factoring Services (11 messages).

Maintenance 2014/2015

103 new versions of existing message definitions were published for the following message sets: Payments Mandates, Corporate Actions, FX Notifications, Trade Services Management, Investment Funds, Proxy Voting, Creditor Payment Activation Request (CPAR), Bank-to-Customer Cash Management, Notification to Receive, Payment Initiation, Exceptions and Investigations, Payments Clearing and Settlement, CAPE, and Securities Settlement and Reconciliation.

New submissions

Payment Tokens Management Exchanges ; Securities Settlement & Reconciliation/ Corporate Actions - ISO 15022 variants ; Cross Border Transaction Currency Control Reporting (CTCCR) and Money Market Statistical Reporting (MMSR). ■



Where can I consult the list of Business Justifications and their status ? Visit the [Status of Submissions](http://www.iso2022.org) page on www.iso2022.org

ISO 2022 Groups

By Jean-Marie Eloy, ISO 20022 RA

“ We have now 365 messages available in the ISO 20022 catalogue ! »

Money Market Statistical Reporting (MMSR)

Starting 1 April 2016, the European System of Central Banks (ESCB) will start collecting transaction level data from euro area resident monetary financial institutions (with the exception of money market funds and central banks) related to the secured market, the unsecured market, foreign exchange swaps and overnight index swaps.

The objectives of the new Money Market Statistical Reporting (MMSR) Regulation ECB/2014/48 are to

- achieve a better understanding and timely surveillance of the functioning of money markets in general and of banks' funding in different segments in particular;
- provide better and timelier information

on the monetary policy transmission mechanism as well as to provide improved information on market expectation on the future trajectory of policy rates;

- provide more information to market participants on the functioning of the money markets.

Taking into account the large data volumes and the daily frequency of the data collection, the aim is to establish a full automation of the data flows between the reporting credit institutions, National Central Banks (NCBs), where applicable, and the European Central Bank (ECB).

In this regard, it is intended to prepare a full standardisation of the underlying taxonomy and data transmission format based on the

ISO 20022 standard.

In order to facilitate the reporting of the daily transaction level data the ESCB aims at developing a set of four ISO 20022 reporting messages. Each reporting agent will have to provide the daily Money Market Statistical Reports by sending four separate reporting messages; one for each segment: MMSR Secured report, MMSR Unsecured report, MMSR FX Swaps report, MMSR OIS report. ■



Further details on the definitions and legal aspects of the reporting are specified in the Regulation which can be accessed through [this link](#)

Regulatory Reporting

By Josep Maria Puigvert, ECB



Initiatives



By Lauren Jones,
Head of Standards,
Payments UK.



Payments UK is the trade association launched in June 2015 to support the rapidly-evolving payments industry in the UK.

www.paymentsuk.org.uk
@PaymentsUK

The time is now : Harmonisation of ISO 20022 for Real-Time Payments

The international community made an overwhelming statement of partnership in April to coordinate around the use of ISO 20022 for real-time retail payments

In the world of standards, few things prosper when there isn't cohesive partnership behind a common goal.

The international community made an overwhelming statement of partnership in April, when over 40 financial institutions, international clearing houses, payments associations, payment schemes and supply-side representatives from around the world met in London, facilitated by Payments UK ^①, to coordinate around the use of ISO 20022 for real-time retail payments.

It would be a challenge to disagree that ISO 20022 is now the 'de facto' standard in this area. But how do we take this to the next step?

As the market has evolved, differing implementations of ISO 20022 for real-time retail payments have emerged. While the roundtable participants agreed these differences need to be embraced, it was decided that the time is right to seek commonality and convergence. All agreed that the timing is appropriate: many jurisdictions are implementing, or actively thinking about implementing real-time retail payment systems, and there is a slim window of opportunity to affect this process, before brown-site inertia kicks in. Amongst jurisdictions looking at ISO 20022, and those

already live, there is a great appetite to work together. Countries involved included those in planning or implementation: Australia, Canada, Finland, Japan, US and those already live: Denmark, Norway and Poland; as well as regulators and policy-makers such as the European Central Bank, European Payments Council and The Federal Reserve.

Standards are a key feature and there is little doubt that global interoperability of real-time retail payments systems will require harmonisation of market practices, data requirements, and standards.

All participants at the London meeting cherish the open and transparent ISO 20022 framework. This, plus the new ISO 20022 Registration Management Group (RMG) membership criteria, opens the door to a new sector of players that can and want to become involved in ISO 20022 activities.

The roundtable has allowed the industry to gain the necessary consensus to partner together and to progress this.

The participants advocated for this work to be housed under the ISO 20022 RMG and a Real-Time Payments Group (RTPG) with its core obje

"The time is right to seek commonality and convergence."

ctive being to drive this forward has now been set up. It will document and harmonise cross market business adoption of ISO 20022 standard artefacts for real-time retail payments.

The RTPG will focus on business and technical usage of ISO 20022 for real time retail payments across multiple markets to result in a fully documented, harmonised and consistent view of ISO 20022 business processes, message components, elements and data content.

The group has been tasked with collating an initial variant of ISO 20022 usage guidelines for real-time retail payments by the end of the summer. No completely new messages would need to be developed as existing messages within the ISO repository are considered a sufficient starting point.

However, there is a need to identify what belongs in the 'core' payment messages as well as potential gaps perhaps with regard to settlement, account and bank identification, rejection/error processing and granularity of time stamping. Also to be assessed is the need

"The Real-Time Payments Group will document and harmonise cross market business adoption of ISO 20022 standard artefacts"

(Continued from page 4)

(if any) to augment ISO 2022 for real-time payments choreography, transactional real-time information and behaviour.

Whilst cross-border real-time payments are still an aspirational vision, working together to build a view of real-time models to ensure domestic systems will be interoperable in the future is a key step on the journey.

Agreeing to work together to identify areas where decisions made at the earlier stages of design and implementation could make interoperability easier to achieve in the long run.

Many of the market infrastructures are keen to ensure as much harmonisation as possible at the early phases and there are wide benefits to be achieved through a process of collaborative information exchange focusing on standards, such as cost reduction, agility and speed to market.

On the one hand it benefits new entrants or new adopters as it provides a baseline for implementation, but on the other it can also be of considerable value to large multinational banks and others that have to connect to or support various real-time systems where international compatibility is also extremely constructive. Payments is increasingly a global business and the more institutions and suppliers can reuse technology and investment the better.

However, the use of ISO 2022 for real-time payments and a greater move towards convergence does not mean there

is a one-size-fits-all approach to implementing its New Payments Platform. As an industry we need to develop new national infrastructure to embrace regional differences and accept that these may need to continue for very legitimate business reasons. There is a desire to develop a system that is flexible and consistent, whilst documenting differences in a common way.

There are regional differences in many areas, from settlement methods to connectivity to fraud and AML requirements.

A key issue that will need to be tackled is remittance data - how much is too much in a system that relies heavily on performance in very small time frames and with a limited period to process the messages. ISO is not and nor should be an arbiter of those implementation decisions. However, where standardisation can occur, it should do, as well as be a platform for innovation and competition.

Constant engagement with the industry is needed to understand the use cases for ISO 2022 in the real-time retail space to make the work as future-proof as possible. Expertise that already exists in this area must also be leveraged; this is both from those jurisdictions with active real-time systems but also the international card schemes and card industry.

There are other industry initiatives in this area such as the EBA Clearing Instant Payment Task Force, the EPC Ad-hoc Task Force on Instant Payments and the Open Forum on Pan-European Payments. And real-time developments are not just isolated to Europe. For example, The Clearing House and its member banks in the US have plans to undertake a multi-year effort to build a real-time payment system and Australia is in the process of

implementing its New Payments Platform for fast, flexible, data-rich payments.

The world of real-time payments is a moveable feast and the key to success will be to ensure we are as aligned with other global initiatives as possible to avoid unhelpful fragmentation.

One thing is certain; just as harmonisation of the corporate-to-bank pay-

ment space (by the efforts of CGI-MP, Common Global Implementation-Market Practice) has encouraged broad industry engagement and increased the value of the ISO 2022 standard, real-time payments will most definitely benefit from early collaboration which continues to build on the trusted relationship between the industry and ISO.

The real-time payments effort will provide an opportunity for the industry to come together to promote standards adoption and implementation. ■



“There is a desire to develop a system that is flexible and consistent, whilst documenting differences in a common way”

May 2015 saw the successful formation of the ISO 2022 Real-Time Payments Group, developed to harmonise around the usage of ISO 2022 for retail real-time payments. The group of global stakeholders have published a draft set of the core messages and industry are invited to submit comments into the process to help refine this development.

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Initiatives



By Arthur Cousins, Head of Project Co-ordination SADC Payments, SADC Banking Association, South Africa

Southern African Development Community inching towards implementation of ISO 2022 in inter-bank transactions

The Southern African Development Community (SADC) region has made considerable progress on the financial integration front in that nine countries are live on the regional Real Time Gross Settlement System (RTGS) and implementation of the remaining payment streams is now under way.

While ISO 2022 messaging has been implemented in South Africa a number of years ago, this has been confined to the corporate to bank space and little progress has been made on the inter-bank space.

This however is now set to change due to the regional SADC payments project which has determined that international standards need to be deployed in respect of the cross-border transactions and ISO 2022 messaging has been chosen wherever appropriate.

Opportunities for ISO 2022 deployment

While the messaging layer for the regional RTGS uses SWIFT standards associated processes for low value payments and securities settlements have determined ISO 2022 messaging be used wherever possible.

In respect of securities Delivery vs Payment (DVP) settlements the region has opted for use of either ISO 15022 or ISO 2022 messaging due to the fact that some markets have more recently moved to ISO 15022.

“Deployment will not take place on a big bang approach but rather on a step-by-step approach”, says Arthur Cousins

The proposed Financial Market Infrastructure (FMI) to be deployed for such settlements will be required to exchange both standards when transacting.

For low value payments on the other hand the ISO 2022 message set has been chosen as the proposed message set for transactions between banks and any regional clearing and settlement operator. This will also include query and investigation type messaging as well.

Challenges faced

While considerable time, money and effort went into developing all the relative message contents (with the help of ISO 2022 message experts), agreements, rules and processes etc. a major challenge facing the financial community in SADC is how best to fit this initiative with all other compulsory and business required changes banks need to make right now.

Deployment will not take place on a big bang approach but rather on a step-by-step approach. The components in the processing chain are being broken down into segments to be tested separately and thereafter collectively and as and when an organization is able to transact with a partner they will be able to proceed accordingly.

Currently the inter-bank settlement leg of low value credit transfers is being tested and thereafter partner testing and then end-to-end testing will be undertaken.

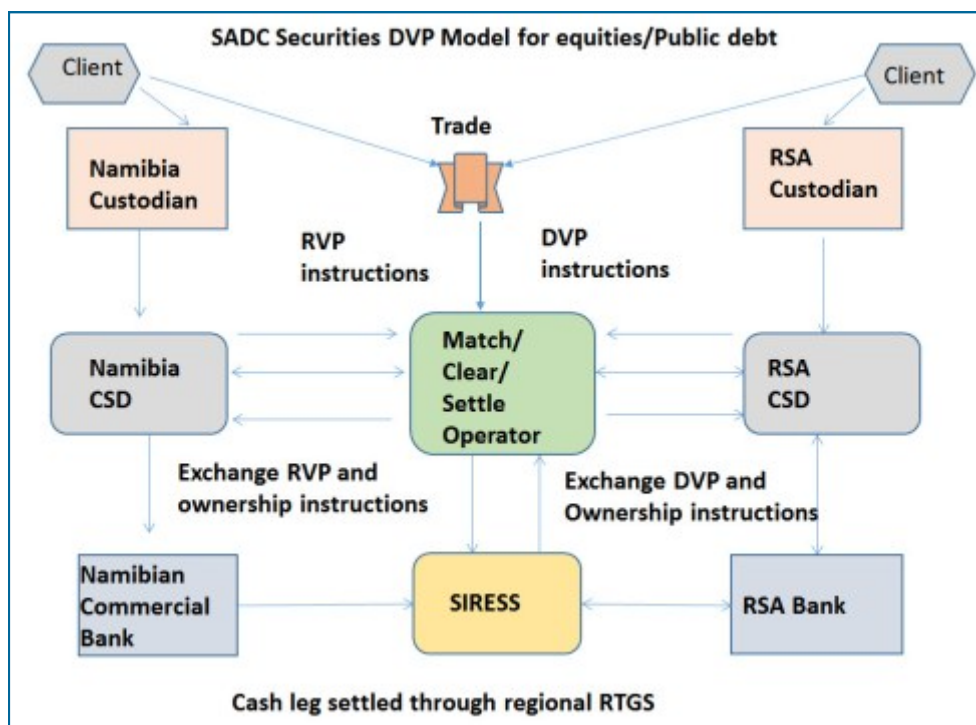
On the securities DVP front testing of the settlement leg through the RTGS will soon be tested and then the interactions between the FMI and central depositories (CSD'S) followed by end-to-end testing will be undertaken. In this area, both ISO 2022 and ISO 15022 messaging will be tested.

“A major challenge [...] is how best to fit this initiative with all other compulsory and business required changes banks need to make right now.”

Another challenge facing the financial community in SADC is uneven regulation or in some cases lack of suitable regulation due to the various stages of development of the countries in the region. This often means additional coding in messages and use of optional fields thereby making it more difficult to straight through process transactions.

Shortage of skilled and knowledgeable staff in the region obviously makes deployment slower than expected as subsidiaries often have to rely on expertise at head office which means much juggling takes place to ensure appropriate allocation of resources.

(Continued on page 7)



Vendor support for the SADC initiative

A number of IT service providers have stepped forward to provide various services around the deployment of ISO messaging in SADC which should make it easier for banks to implement as soon as they can find head room to actually undertake the work. Such support covers both the FMI space as well as individual or bank group level.

Conclusion

While a considerable amount of work has been done and much achieved in a very short space in time, a large amount of implementation type work has now commenced for the payment streams not already live in SADC.

Given the enthusiasm evidenced in most banks and FMI'S in the region as well as the strong vendor support and regulatory drive the community should soon inch past the ISO 20022 deployment starting poll. ■

SADC ?

The Southern African Development Community (SADC) is a regional economic block at the southern end of Africa involved in various initiatives aimed at closer economic integration.

SADC comprises of the following countries, Angola, Botswana, D R Congo, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Lesotho, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. T

Focus on...



ISO 2022 Stand-Alone Remittance Advice Messages

Enabling Straight-Through-Processing for Payments

Since the introduction of the ISO 2022 payment initiation messages in 2005 there has always been a recognition that more robust capabilities for handling remittance information associated with payments would be needed to support business-to-business requirements and to satisfy the operational and data requirements necessary to achieve straight-through-processing (STP) for payments.

With the introduction of two new Stand-Alone Remittance Advice messages in 2014, significant steps in the evolution of such capabilities have been taken.

The 2015 maintenance cycle brings the STP goal closer yet by bringing extended remittance information to all messages where remittance data can be carried. This article illustrates a roadmap for adoption that improves the likelihood of industry-wide STP.

Start here...

This diagram (diagram 1) illustrates the data exchange pathways between creditors, debtors and their respective agents. It also highlights the challenge that creditor Company A faces trying to get remittance information from its creditors. Each creditor has different capabilities and preferences for how it provides remittance data – represented here as different colored lines. The challenge is further complicated by the disparate technical capabilities of its trading partners.

The practical reality is that Company A gets remittance data in a wide variety of formats delivered across

an array of electronic and pseudo-electronic channels and must then re-associate that data with the payments which have traveled a different path with independent timing.

Finish here...

In an ideal world, Company A would receive the remittance data with payments and that data would be in a standardized, electronically intelligible format. Company A would be able to parse through the remittance information and immediately reconcile its A/R with its receipts.

Moving forward with ISO 2022 Stand-Alone Remittance Advice messages

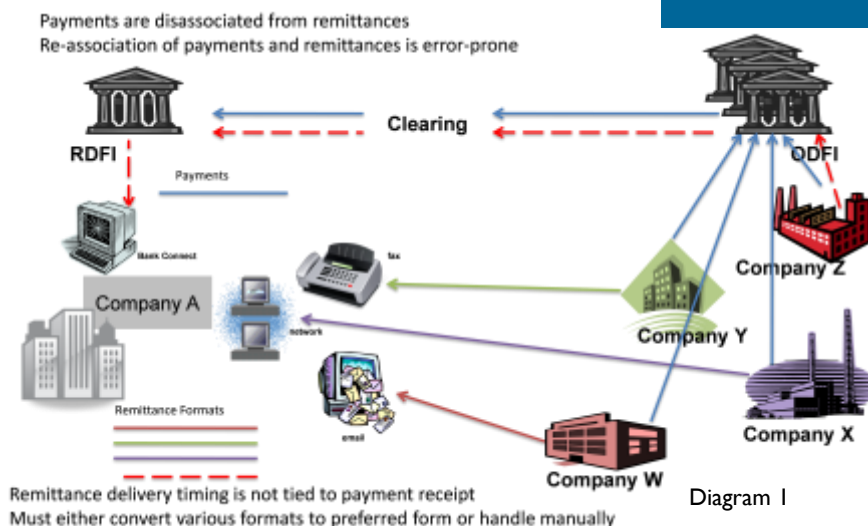
As we can see, the current state is, quite frankly, a bit of a mess. But it's a reality that represents our starting point on the road to STP.

How do the ISO 2022 Stand-Alone Remittance Advice messages move things towards the ideal state?

First, and foremost, by providing a standardized format for remittance data that can be delivered using existing channels and capabilities. Stand-Alone message delivery allows trading partners to move incrementally towards the common goal. It is not necessary for everyone to move at once and it is not necessary for the operators of the clearing and settlement networks to participate at the outset. But every company that adopts the ISO 2022 Stand-Alone Remittance Advice messages finds themselves participating in a growing network of players. The standard formats are designed to support a variety of common payment scenarios and are flexible enough to fit easily in a variety of industries.

The second important contribution of the new messages is that

“The ISO 2022 remittance messages are designed to standardize remittance data exchange in a way that is flexible enough to adapt to current business practices and uniform enough to provide a better way forward...”



(Continued from page 8)

“Everyone who adopts the ISO 20022 Stand-Alone Remittance Advice messages is free to make the necessary systems investments on their own timetable knowing that they will be investing in a capability that will be increasingly valuable and easily leveraged for years to come”

they are designed to allow financial institutions to participate and provide value-added services along the way. Financial Institutions can participate passively, if they wish, by simply forwarding the stand-alone remittance to creditors at the same time as they pass payment information.

With very little effort by the banks, creditors get two immediate benefits;

- 1) payment and remittance are delivered simultaneously;
- 2) remittance information is received in a standard format. And that little bit of effort on the part of an FI positions it to take advantage of value-added opportunities down the road when critical mass of adoption makes more significant investments easier to cost-justify.

The next milestone on this roadmap is to incorporate the extended remittance information in all of the other ISO 20022 messages that carry remittance data. IFX Forum and its members recognized the importance of this step and have provided the necessary Change Requests (CRs) that will be implemented with the 2015 change cycle. Although adoption of that content in the new versions may take a few years, the path is clear.

This leads to what may be the most important fact to take away from this discussion...

Fostering Adoption

If everyone can see the road ahead and everyone can see that it leads to increased STP capabilities; and if everyone can move independently along the adoption pathway, then everyone is free to make the necessary systems investments on their own timetable.

The availability of these new Stand-alone Remittance Advice messages and the design principles underlying them offers some very promising prospects for adoption of electronic remittance data exchange. Every company that proceeds with adoption can do so knowing that they are investing in a capability that will be increasingly valuable and easily leveraged for years to come.

Conclusion

The availability of these new Stand-alone Remittance Advice messages and the design principles underlying them offers some very promising prospects for adoption of electronic remittance data exchange.

IFX Forum and ISO 20022 have provided a significant forward-looking development in the arena of business-to-business payment processing and electronic remittance handling. By encapsulating significantly enhanced components for remittance information in a manner that supports prevalent business practices of direct communication between trading partners yet can also be handled within payment channels around the globe, we have lowered both the risks and costs of adoption of a significant standard. ■



By Rich Urban, IT Consulting Professional and President, IFX Forum, Inc.



Want to know more about the Stand-alone Remittance messages ?

The documentation related to the Stand-Alone Remittance Advice messages is freely and publicly available on the [Payments messages catalogue](http://www.iso20022.org/Payments_messages_catalogue) on www.iso20022.org

References

- ⇒ Understanding the ISO 20022 Stand-Alone Remittance Advice messages; a white paper available at www.ifxforum.org
- ⇒ ISO 20022 Message Definition Report for Stand-Alone Remittance Advice messages available on www.iso20022.org
- ⇒ Business Justification 46 for Stand Alone Remittance Advice messages available on www.iso20022.org, www.ifxforum.org

Focus on...



Focus on...

The Italian financial market and the standardization activities - The experience of Consorzio CBI

For many years, the Italian financial market has understood that the valorisation of cooperative activities is a keystone for improving individual intermediaries' competitive offerings to their clients (corporate and retail) through shared standard infrastructure and strategic lines.

To this end, Consorzio CBI's positive experience should be noted in its effective management of the exchange of financial flows and information among corporates, citizens and the Public Administration, making collection and payment, reconciliation and document management processes more efficient from an economic and organisational viewpoint.

Consorzio CBI and its ISO 20022 activities

As in the rest of the world, the globalization process is affecting Italian business players. Italy is, in fact, among the major exporting and importing countries in the world. This implies the need for Italian companies to interface with international trade partners, leading to a high complexity level and high costs, because of the two implementation and management of a wide range of expensive solutions. In this context, banks play a key role, supporting companies through an innovative service that facilitates their communication with international counterparts.

Aware of the emerging needs of the market's players, such as banks and corporate customers, Consorzio CBI has been fully committed in promoting standardization over the last ten years, as principal support to the most relevant business needs.

Therefore, we are actively working to:

- promote the standards spread in the Italian community;
- support the adoption of ISO-based interna-

tional standards;

- enable the creation of international business communities

Consorzio CBI, as representative of the Italian banking community, is in particular a member of:

- Registration Management Group (RMG), the group aimed at evaluating requests for registration into the ISO 20022 Repository for standards of financial messages;
- Payments and Trade Standards Evaluation Groups (SEG), committed to the business evaluation of payments and trade standards to be included in the ISO 20022 Repository

Through its expertise gained from the analysis of domestic and international scenario and from the constant participation in international assembly, over the last years Consorzio CBI has been the first submitting Italian

organisation to set standards for:

- the Trade Services business domain, registering in 2007 the Invoice Financing Request message set;
- the Payment business domain, registering in 2010 the Creditor Payment Activation Request (CPAR) message set.

Registration of the Invoice Financing Request messages

The invoice financing service allows enterprises (especially Small and Medium Enterprises, SMEs) to optimize the management of cash flow and account receivables, as well as inter-

nal business processes automation. In particular, the value added of this service consists in the simplification of the activities through which corporates are used to switch the invoice into working capital, facilitating payments and operational costs before the related invoice is cashed, accompanied or not by credit remission.

The invoice financing service includes the three following messages:

InvoiceFinancingRequestV01: this message enables the Financing Requestor to initiate the invoice financing process by the First Agent;

InvoiceFinancingRequestStatusV01: this message enables the First Agent to notify the Financing Requestor of the status of an invoice financing request or the status of an invoice financing cancellation request previously sent by the Financial Requestor itself;

InvoiceFinancingCancellationRequestV01: this message enables the Financing Requestor to request the First Agent to cancel a previously sent invoice financing request.

For more information and download the documentation, please visit the [catalogue of ISO 20022 Trade Services messages](#) or www.cbi-org.eu

Registration of the Creditor Payment Activation Request (CPAR) messages

Some corporates are hampered by internal inefficiencies bound to payment processes management, which limits their capacity to control payments orders and receive funds by their service and product users within a limited period of time. In line with these needs, Consorzio CBI has defined an innovative functionality which basically consists of a request for payment pre-filled by the beneficiary and sent to the debtor on the basis of the



About the author

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She is also: member of the ISO 2022 Registration Management Group ; "Liaison to ISO TC68 Financial Services" by UN/CEFACT; UN delegate at UN/CEFACT for PDA (Programme Development Area) Finance and Payment; joint coordinator of the Italian Stakeholder Forum on e-invoicing; International Project Finance Association (IPFA) board member.

same ISO 2022 pain structure, thus enabling automatic settlement: the CBI CPAR (Creditor Payment Activation Request).

In this way, the CPAR service ensures the integrity of remittance information and enables automatic reconciliation and interoperability, overcoming issues that characterise traditional manual reconciliation processes in terms of possible mistakes and mismatches between commercial and financial documents, avoiding long processing times and high processing costs.

This set includes the two following messages:

CreditorPaymentActivationRequestV01: this message is sent by the Creditor sending party to the Debtor receiving party, directly or through agents. It is used to initiate a CPAR

CreditorPaymentActivationRequestStatusReportV01: this message is sent by a party to the next party in the creditor payment activation request chain. It is used to inform the latter about the positive or negative status of a CPAR request.

For more information and download the documentation, please visit the [catalogue of ISO 2022 Payments messages](#) or www.cbi-org.eu

Italian adoptions and ISO standards

Italian banking system deployed the new pan European services based on ISO 2022 XML messages, on a mandatory basis from 1st February 2014 (extended to August 1st, 2014), as per SEPA business and technical requirements (SEPA Credit transfer/Direct Debits),

Furthermore, Italian banks have introduced the mandate management via the SEDA application (SEPA-compliant Electronic Database Alignment), as an Italian additional optional service (AOS), both Customer-to-Bank (C2B) and Bank-to-Bank (B-to-B) space.

SEDA is an auxiliary service to the SEPA Direct Debit (DD), which replicates the functions of the national AEA (electronic database

alignment) procedure and allows the beneficiaries of SEPA DDs to send and receive information on authorization of direct debits through an electronic dialogue with their Payment Service Provider (PSP) (called "Alignment PSP").

The SEDA messages exchanged among participating PSPs are:

- exchanged in File transfer mode and are based on the ISO 2022 "Payments Mandate" standards (XML language);
- processed using the same infrastructures used by PSPs for SDD Schemes within an interoperability framework among Clearing Mechanisms (CM);
- compliant with the exchange and intermediation roles provided by the SDD

Schemes (each PSP may choose among different Clearing Mechanisms which can also differ from those that each PSP might be choosing for participation in the SEPA Schemes).

After implementation of SEPA compliant credit transfer (SCT) and direct debit (SDD) at interbanking level, the ISO 2022 standard is the key reference for each new CBI customer to bank application.

More in detail:

- CBI SCT was launched on January 28th 2008 on the CBI Network, it is totally based on the CustomerCreditTransferInitiationV03 and PaymentStatusReportV03. In 2014, CBI SCT represented 25% of the total C2B credit transfer volume (legacy and XML);
- CBI SDD is based on CustomerDirectDebitInitiationV02 and PaymentStatusReportV02, and has been released over

"the ISO 2022 standard is the key reference for each new CBI customer to bank application."

the CBI Network starting from November 2nd 2009, according to the EPC Roadmap. In 2014, CBI SDD represented 55% of the total C2B collections (legacy and XML), and 70% of direct debits;

Furthermore CBI Urgent Credit Transfer, based on the CustomerCreditTransferInitiationV03 as well, was launched on March 4th 2015 and the SDD Revocation, based on CustomerPaymentCancellationRequestV04, will be available on the CBI Network by February 2016.

Next steps

Consorzio CBI contribution to ISO standard setting activity is in line with its mission and supports the Italian financial community in developing services towards markets (Public Administration, corporates and retail) that are compliant with international developments related to payment systems and document management area.

Along with its mission, Consorzio CBI will continue its constant monitoring of international standards in order to candidate again, in the future, as active part in the analysis and implementation of new models and financial message standards. In particular concerning the new payment services that are evolving towards immediate execution of payment orders followed by instant availability of funds for the payee (e.g. peer-to-peer instant payment solutions by mobile smartphone). ■

(More information on Consorzio CBI on next page)

Do you know Consorzio CBI ?

Consorzio CBI membership includes approximately 580 Financial Institutions, including Poste Italiane and electronic money institutions, all representing those Financial Institutions offering corporate banking services to roughly one million corporates.

The Consorzio CBI provides a wide range of financial services to financial institutions favouring competition based on cooperation. It defines technical and regulative standards and rules of the CBI cooperative service, at national and international levels and manages the CBI network, a modern technological infrastructure able to support the exchange of financial and non financial flows between the different parties of the CBI's community.

These goals enable adherent financial institutions to provide their customers with innovative services, either in the reporting or core collection and payment area (SEPA-compliant), or more recently in the innovative area of document management (eg e-invoicing), according to main national and international standards in line with ISO 20022.

For more information about Consorzio CBI, please visit www.cbi-org.eu



ISO 20022 — A Strategy for the Future

Assessing the last 10 years...positioning our standards for the future

The RMG initiated a strategy assessment at the Frankfurt meeting in November 2013. The purpose of the assessment: to review ISO 20022 RMG organization and operations to identify improvements.

With 10 years of successful operations, it was an appropriate time to take stock, consider successes to date, and improvement opportunities.

Some major events for consideration as a part of the strategy assessment:

A history of successful operation since the inception of the standard (2004-2014) as measured by messages published (365), member involvement and growth in members (now 31 member organizations), use of the messages (For example the Eurozone and SEPA), as well as other measures.

Introduction of the new version of the 8 part standard, released 2013 (the 2013 edition, aka version 1.5),

The substantial changes introduced over the first 10 years of operation including:

» New subgroups for example Cards SEG, Technical Support Group (TSG), Cross SEG Harmonization (CSH) and others

» New “services” and features for example variants, dashboards, Data Source Schemes and extensions, Business Application Header (BAH).

» New communications and documentation. For example Message Usage Guides (MUGs), website content including FAQ, ISO 20022 for Dummies and the ISO 20022 Adoption mApp.

» Points raised by ISO Central Secretariat regarding operation and hosting of the registration groups.

The Strategy Group recommendations were finalized and accepted at the May 2015 meeting of the RMG.

What are the core elements of that recommendation?

Membership of the ISO 20022 RMG – Membership should be open to any entity that has an interest to participate so long as it fulfils the criteria of membership as stated by the RMG. The RMG is responsible for acceptance of any membership application.

New decision making processes - Decisions of the RMG, such as approving a Business Justification, shall be made via consensus. Consensus is defined here as a lack of sustained opposition, where that opposition is both justified and reasonable within the scope of the ISO 20022 registration process. For the core processes of the RMG, which are the approval of Business Justifications and membership applications, a 2 stage consultation process will apply.

Review RMG sub-groups for alignment with mission – Revisions will be made to various groups as ap-

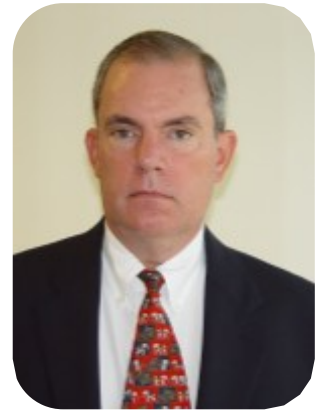
proved by the RMG to streamline RMG operations.

RMG electronic hosting – Document hosting and electronic consultation, now supported by ISO Livelink will be moved to a SharePoint workspace hosted by the RA. Each subgroup will maintain its own membership roster.

Communications – Increased remit and open subject coverage related to ISO 20022 including RMG and RA related but also broadened to include implementers, educators, regulators, product and services providers, all with an ISO 20022 emphasis. New vehicles for communications will also be introduced like webpages on ISO20022.org related presentations and whitepapers.

These changes serve to increase the efficiency and effectiveness of RMG operations and are intended to position the ISO20022 standard to better meet the future needs of industry. ■

ISO 20022 Groups



*By Bob Blair (See
« About the author »*

About the author

Bob Blair is retired from JPMorgan Treasury Service where he was ebanking channels product for the Americas. He is active in a variety of industry standards efforts: Until recently he was Vice Convenor of the ISO20022 RMG since 2007, and Vice Convenor of the Payment SEG since its inception, and board alternate with ASC x9, the US national financial services standards group.



James Whittle, RMG Convenor, hosts strategy discussions at the Tampa RMG meeting in November 2014. The Strategy Group met a total of 4 times in Copenhagen, London, New York, Paris and Tampa to address the future strategy of the RMG.

Adoption ISO 20022 Implementation Best Practices



By Colin Adams,
Senior Consultant
Lipis Advisors

The journey from deciding to use ISO 20022 to actually implementing the standard is an involved process that requires thorough planning, broad stakeholder involvement, suitable funding, and commitment from industry players.

There has been a steady rise in adoption of ISO 20022 for payments messaging in recent years.

While much has been written about the benefits of ISO 20022 and whether or not a particular organization, country, or region should choose to adopt the standard, less has been written about the best practices for implementing the standard.

The *International Council of Payment Association Chief Executives (ICPACE)* wanted to close this knowledge gap, and in early 2014 asked Lipis Advisors to investigate the best practices for implementing ISO 20022 for payment systems. The research was designed to focus on how a community proceeds after the decision to adopt ISO 20022 to the actual implementation of the standard. The results was a comprehensive report called “ISO 20022 Implementation Best Practices.”

ICPACE was interested in learning the practical lessons of ISO 20022 implementation at varying stages, for multiple industry stakeholders, and covering a wide range of geographies and organizations. The report takes as its starting point the assumption that a business case has been approved and a decision to move to ISO 20022 in a particular geography has already been made. In short, the question is not whether a country should implement ISO 20022, but rather about how and why they should implement it.

In order to determine the best practices for implementing ISO 20022, we interviewed over two dozen high-ranking representatives from banks, clearing houses, IT vendors, payment processors, central banks, and payment associations from around the world. When asked about the advantages and disadvantages of implementing ISO 20022, the subjects we interviewed reported far more advantages than disadvantages.

The most-cited advantage was the standard’s global interoperability, followed closely by ISO’s rich remittance data and uniform and reusable messages.

Other advantages included political neutrality, IT tool availability, lower operating costs after the initial investment, and the fact that ISO 20022 can provide a strategic platform for innovation.

When asked about the disadvantages of ISO 20022, the most common claim was the difficulty of building a business case to adopt ISO 20022. Other disadvantages included having different implementations of the standard within the same payments system and the increased bandwidth needed for ISO 20022 messages. Overall, the number of advantages cited were over three times as high as the number of disadvantages mentioned by interviewees.

The main focus of the report is on the lessons learned and best practices that came out of the interviews. These lessons were culled from a wide variety of geographies and organizations in differing stages of ISO 20022 implementation. But despite the diversity of stakeholders and payment system characteristics, a clear set of lessons emerged.



The results, ranked from most important to least important, are as shown on next page.

“The most-cited advantage was the standard’s global interoperability, followed closely by ISO’s rich remittance data and uniform and reusable messages.”

“[...]the subjects we interviewed reported far more advantages than disadvantages.” says

Colin Adams

To download a free copy of the report, please visit ICSPACE member APCA’s website at:

<http://apca.com.au/docs/policy-debate/iso-20022-implementation-best-practices.pdf>

Centralize management, set clear goals, and provide clarity on the entire end-to-end process chain

It is essential to have a comprehensive, end-to-end view of the entire marketplace when setting on to migrate to ISO 2022. Industry stakeholders should then set clear benchmarks and goals to provide transparency across the entire industry, and a centralized body with decision-making power and wide involvement should be established to manage the process.

Secure broad stakeholder involvement and early buy-in for ISO 2022

Having high-level advocates from the outset will help maintain commitment to the project over a lengthy adoption period. Senior management buy-in can be achieved by explaining the long-term strategic goals of ISO 2022 and focusing on the benefits of the standard to senior executives instead of getting bogged down by technical details.

Leverage outside organizations

Many interviewees found that using resources from outside organizations was helpful for developing an implementation plan in their geographies. Examples included MyStandards, which is published by SWIFT, as well as the International Payments Framework Association (IPFA), which has published its own ISO 2022 business rules and technical specifications in the hopes that other geographies and organizations will adopt the standard.

Standardize the implementation of ISO 2022

ISO 2022 is a very open and ever evolving standard that can be implemented in myriad ways depending on a system's needs. When implementing ISO 2022 across a national or regional payment system, it is important to create standardized rules to ensure that all stakeholders are implementing the same version of the standard in a uniform way.

Set a mandatory end date with a limited migration period

It is essential to institute a mandatory migration end date to ensure that stakeholders actually use ISO 2022. Systems that adopt a “build it and they will come” model see limited uptake of the ISO 2022 standard. When setting a migration end date, decision-makers should avoid a prolonged migration period, as many stakeholders may avoid moving to the standard until the final few months leading to the end date.

Migrate all old capabilities from the legacy standard

Reluctance to migrate to a new standard can sometimes occur when stakeholders fear that not all functions in the legacy standard will be migrated to the new standard. It cannot be assumed that even fringe elements of the legacy standard will not be necessary after adoption. It is always easier to migrate fringe elements and phase them out of the standard than to realize that an essential business or technical requirements is absent from a new standard.

Take advantage of the necessary technical changes that occur when migrating to ISO 2022 by updating other internal processes within your organization

Many organizations use the ISO 2022 migration as a pretext to update internal processes so that they reap even more benefits of ISO's interoperability. Adopting ISO 2022 for internal processes that are not mandated by wider system uptake of the standard can provide even more efficient interoperability with the standard. Many of our interviewees told us that customers who redesign internal processes to be ISO 2022-compliant tend to be happier and see more overall benefits from the move to ISO 2022.

Use conversion tools and validation portals

The use of conversion services and validation portals can ease some of the reluctance that naturally occurs when switching to a new data standard because it helps banks, corporates, and other community stakeholders realize that they can retain the aspects of their legacy standard that work well for their payments market. These tools can also ensure more uniform adoption of the standard by allowing different players to test their messages and fix technical problems before use of the standard becomes mandatory in a payments system.

In addition to the advantages, disadvantages, and best practices uncovered through our research, “ISO 2022 Implementation Best Practices” also features a list of recommendations for implementing ISO 2022 based on the research and interviews. There are also 7 case studies that take a more detailed look at specific geographies and regions that have implemented or are in the process of implementing ISO 2022. The end result is the most comprehensive look at ISO 2022 implementation issues yet taken at a global level.

Adoption

UK Government backing for ISO 20022

ISO 20022 is moving up in the world of funds in the UK as the UK government's Department for Work and Pensions (DWP) announced that ISO 20022 will be a part of its new pension policy.



By Ben Cocks, Business
Systems Director, Altus Ltd

Whilst the standard often plays a key role in the detailed implementation stage for new regulations it is unusual for the policy-makers themselves to give it much thought. But last month, the UK government's Department for Work and Pensions (DWP) announced that ISO 20022 will be a part of its new pension policy.

The government's new Pension Bill includes a requirement for pension providers to automatically transfer small pensions to a new provider when an employee changes employment, commonly known as the 'pot-follows-member' policy.

Without this the DWP are concerned that the pensions industry will be awash with millions of small pensions created by auto-enrolment¹. Rather than create a new centralised system to automate this, the DWP have decided to use ISO 20022 to allow multiple technology vendors to create interoperable systems.

This is not a new idea. It dovetails with a much broader initiative started back in 2012. In response to the Retail Distribution Review², the UK Funds Market Practice Group (UKFMPG)

released an ISO 20022 based standard for transferring portfolios of investments between providers.

Since then, the standard has been adopted by multiple technology companies, employed by hundreds of financial services providers and transferred millions of investment accounts for the end customer. In recognition of this, the DWP has asked UKFMPG to extend their work to cover the 'pot-follows-member' initiative.

"DWP have decided to use ISO 20022 to allow multiple technology vendors to create interoperable systems"

The reason for all this interest in ISO 20022 can be summed up very easily: competition. Financial services regulation is increasingly concerned with competition. And not just competition between financial product providers but also competition between the technology companies that serve the industry.

The logic behind the UK transfers work is this: if we want to enable investment accounts to flow freely across all parts of the industry, but we don't want a monopoly technology supplier and a single point of failure then we need an

open standard to allow multiple competitive, interoperable systems to be created.

And the foundation for that is ISO 20022. ■

- (1) A legal requirement for all employers to automatically enrol certain staff into a pension scheme and make contributions.
- (2) A set of rules aimed at introducing more transparency and fairness in the investment industry.



If you would like to know more about the work of the UKFMPG, please contact ben.cocks@altus.co.uk

Financial Market Infrastructures and SWIFT's ISO 2022 Harmonization Framework

SWIFT has put in motion an initiative, the ISO 2022 harmonization framework, designed to bring a degree of rigour and predictability to the rollout of ISO 2022

ISO 2022 has arrived as the preferred messaging standard for financial market infrastructures (FMIs) around the world, for securities and payments business, international and domestic.

The ISO 2022 organization is principally concerned with the publication and governance of the standard, not with its implementation by the industry, and FMIs that implement the standard are free to choose, with their communities, which version of each message to deploy, when and how to upgrade to a newer version, and which industry market practice to adopt, if any.

However, as ISO 2022 implementations proliferate, variability in the ways in which ISO 2022 is rolled out in terms of versions, market practice and upgrade cycles, threatens to increase substantially the cost and complexity of implementation faced by the Financial Institutions (FIs) that are impacted, many of them members of the SWIFT community.

By its nature, the challenge posed by this fragmentation cannot be addressed piecemeal; coordinated action at an industry level is required. Working with key FMIs, therefore, SWIFT has put in motion an initiative, the

ISO 2022 harmonization framework, designed to bring a degree of rigour and predictability to the rollout of ISO 2022 comparable to that which governs the MT and ISO 15022 standards on SWIFT's FIN service.

“... variability in the ways in which ISO 2022 is rolled out [...] threatens to increase substantially the cost and complexity of implementation faced by the Financial Institutions”, says Patrick Neutjens

The seeds of the initiative were sown last year, at Sibos 2014 in Boston, at a breakfast meeting attended by representatives of 20 leading FMIs from around the world.

Not all the FMIs invited are SWIFT users today, but their participants - global banks and CSDs (Central Securities Depositories) - typically do use SWIFT for transactional business. The aim of this initial meeting was simply to establish first whether there was consensus that fragmentation is a problem that needs to be solved, and second whether SWIFT is the right organization to play the necessary coordinating role. The result was strong agreement around the table on both points, so the SWIFT team went away to start

planning the approach.

The next milestone was a meeting of the same FMIs at SWIFT's HQ in La Hulpe, Belgium on 30th April 2015. At this meeting, SWIFT shared a more detailed proposal aimed at driving harmonization between FMI implementations, without asking implementers to sacrifice too much of the flexibility that ISO 2022 offers. At the end of the meeting the proposal - see *breakout ISO 2022 Harmonization Framework* - was summarized as a series of principles to which the FMI representatives were invited to react. ⁽¹⁾See next page

Despite the differences in maturity of the ISO 2022 initiatives represented, the overall response was very positive, with representatives broadly accepting all the principles. Encouraged by this endorsement, SWIFT went on to further elaborate the proposal and to plan the technical developments required to realize the vision.

The same group will meet again at Sibos 2015, in Singapore. This time the proposal will be much more concrete, and the role of the FMIs much clearer. This is where the real planning will start, and we look forward to sharing the highlights with the community on the Standards Forum stand on Monday and Tuesday of Sibos week (12-15 October 2015, visit www.sibos.com for more information). ■

Products & Services



By Patrick Neutjens, ISO
2022 Programme,
Standards SWIFT



For more information about SWIFT, please visit
www.swift.com

**COMMUNITY
MANAGEMENT****Why:**

- ISO 20022 cannot deliver fully on its promise if the implementation is fragmented;
- FMIs need to collaborate and co-ordinate their efforts to minimize fragmentation.

PRINCIPLES**How:**

- SWIFT will play a co-ordinating role and provide a platform to drive harmonization.

What:

- As FMIs we are ready to collaborate with SWIFT and one another to realize greater harmonization, according to the maturity of our ISO 20022 initiatives:
 - Publish standards information in a consistent format;
 - Adhere where possible to global market practice;
 - Synchronize standards upgrades with industry MT release cycle;
 - Remain up-to-date with ISO 20022 standards release.

(1) series of principles to which the FMI representatives were invited to react at SWIFT's HQ meeting in La Hulpe, Belgium on 30th April 2015

ISO 22002 Harmonization Framework

The harmonization framework considers Market Practice, Version and Release Management and specifies SWIFT's MyStandards as the publication platform for ISO 20022 implementation details.

Market Practice

Global market practice specifications explain how to implement ISO 20022 in specific business contexts, such as High-Value Payments. They define which messages, and which data elements within each message, should be used to achieve a particular business result. By adhering to global market practice, FMIs ensure that common functionality is implemented in a common way, to the benefit of participants. Implementations are always free to go beyond global market practice, to provide market-specific or value-added features. There are several organizations that define global market practice, including the Securities Market Practice Group (SMPG) and Payments Market Practice Group (PMPG). As part of the harmonization framework, SWIFT supports these and other groups in the task of defining, maintaining and publishing global market practice for ISO 20022, and facilitates the adoption of global market practice by FMIs.

Version and Release Management

The ISO 20022 maintenance process enables message definitions to evolve to meet market requirements. Whenever a message is maintained, a new version is created. Many FMIs do not upgrade routinely or on a fixed calendar. The harmonization framework promotes convergence over time to fewer versions of each message in simultaneous use, and a common timetable for upgrades aligned to the existing MT standards maintenance process that is ingrained in the budget and development cycles of the SWIFT community.

Putting it together

The figure (2) illustrates the key practical measures.

Information sharing

As a starting point, FMIs supporting the harmonisation framework will share up-to-date standards information with each other concerning their ISO 20022 projects.

Adherence to Market Practice and Version & Release management principles

FMIs supporting the harmonisation framework will adhere as closely as possible to global market practice if it exists for their business domain. They are encouraged to work with their peers and SWIFT or another facilitator to help formulate and maintain global market practice.

To cater for service- or regulatory-specific requirements, FMIs define and document further guidelines to define how each ISO 20022 message should be formatted.

Similarly, FMIs implement a set of versioning and release management principles, facilitating a consistent roll-out for their members.

Publication

FMIs publish information about the standards they use in the scope of their project (messages/versions/market practice used and a release timeline) on MyStandards. This enables FIs to have an instant overview of which messages/versions/market practice are in use by which FMI.



Figure (2) - key practical measures

GEFEG.FX, the Message Implementation Guidelines Products & Services

GEFEG, the design-time solution provider, is willing to develop an open, flexible, and free Message Implementation Guidelines format for ISO 20022

Message Implementation Guidelines (MIGs) are for the messaging industry what blue prints are for the manufacturing industry. There, engineers use CAD (Computer Aided Design) software to elaborate blue prints based on technical standards. The blue prints (which normally are not printed anymore) flow seamlessly between different design time software systems. For example, CAD files can be exported to ERP (Enterprise Resource Planning) systems for ordering base materials as well as CAD files can be exported directly into the machines actually producing the designed parts.

But what about MIGs?

Further down the meta data supply chain, a MIG is usually enriched with enterprise specific information: translations into local language, including enterprise specific business language, mapping to other IT formats and applications, cross field rules and value combinations to address specific services. Finally, the information pieces of the MIG which are relevant for trading partners need to be published and internally the MIG and its mappings need to flow into a message engine.

"common office tools do

not have the strength of

"CAD tools for message

interfaces", says Frank

Dreisch

Today the process looks slow, expensive, error prone, because of the many media breaks involved and because common office tools do not have the strength of "CAD tools for message interfaces".

What about inventing an open, flexible,

free MIG format for ISO 20022?

GEFEG, as one of multiple design-time solution providers, would like to take part in such activity. Exporting and importing MIGs from and into various software products of users choice, based on a commonly accepted format, would be an opportunity for improvement, right? ■

Open, interoperable Message Implementation Guidelines

MIGs are sometimes misunderstood as simple subsets of a standard. Looking at Common Global Implementation (CGI) for example, there is a lot of wisdom in it, analyzing country by country usage and whole regions Single Euro Payments Area (SEPA) usage of ISO 20022.

The ISO 20022 community made a big step forward for the standard itself, providing

the eRepository for most parts of the standard (with one exception, the external code sets). But for MIGs, there is no similar approach available for the time being.

GEFEG is a global provider of message design-time solutions. GEFEG solutions span the whole range of a message design process. Typically, a message design lifecycle demands requirements and change management, the development of message standards, message implementation guidelines (MIGs), and mapping specification, publication, validation, test automation and roll-out support. More than 750 customers in 35 countries rely on GEFEG message design solutions.

In the ISO 20022 community, many MIGs in the securities and payments sector, as for example T2S, SEPA, Swiss Commission for Financial Standardisation (SCSF), have been elaborated or published using the desktop editor "GEFEG.FX".

GEFEG.FX editor consumes the ISO 20022 eRepository as starting point. Following the market trends, users can work either on model or on XSD schema level. Both, models and XSD schemas, are linked to the external ISO 20022 codes, which are imported into a relational database for machine readable usage. For convenience,

the ISO 20022 compliant XSD schemas are enriched by ISO 20022 names, definitions and business rules coming from the model.

Users then elaborate MIGs and mappings to standards such as ISO 8583, SWIFT MT, UN/EDIFACT and to internal IT formats. Providing a seamless flow of meta data is part of GEFEG's design-time mission. Hence the GEFEG.FX tool consists of numerous export interfaces. The users can export the elaborated meta data into production systems, to products like SWIFT MyStandards or to GEFEG's own portal.

The focus of the GEFEG portal is to support communities and financial institutions on premise or in the cloud in all aspects of their specific standards management processes. Especially corporate ISO 20022 implementers take advantage of the free portal www.iso20022validation.org, provided by GEFEG.

GEFEG 



By Frank Dreisch, Chief Technology Officer, GEFEG

Products & Services

Real Time Payments and ISO 20022 — Learning the lessons from SEPA



By Fiona Hamilton,
VP Europe & Asia,
Volante Technologies

SEPA posed many of the same challenges that the RTP community faces, why not learn from this experience...

There is undoubtedly growing consensus within the many bodies currently implementing or planning to implement Real Time Payments (RTP) infrastructure that ISO 20022 should be the adopted standard.

Whilst previous very successful RTP services have been deployed using ISO 8583, a standard that dominates the cards and ATM market, it is acknowledged that ISO 20022 is the emerging dominant standard for corporate to bank, and domestic bank to bank payments. The standard has been around for a decade and has now matured sufficiently to be adopted more broadly.

Specifically, ISO 20022 payments initiation, clearing and settlement messages were adopted as the basis for mandatory SEPA compliance.

SEPA in itself posed many of the same challenges that the RTP community faces if it is to avoid implementing wildly differing standards in each country which would then, negatively impact future interlinking of services.

The original and laudable aim of SEPA from a message standards perspective was to come up with a single standard that every stakeholder, from corporate, through bank to service provider, agreed upon 100% with respect to syntax and content.

“it is acknowledged that ISO 20022 is the emerging dominant standard for corporate to bank, and domestic bank to bank payments”, says Fiona Hamilton

The experience of the past few years, however, has shown that the reality is that Pareto’s Law (the 80/20 rule) or something similar, always comes into play no matter how hard you try. It is simply a fact that in a competitive and diverse world, not everybody can agree on everything.

No sooner has a standard been agreed upon such as SEPA, the cracks start appearing. Banks and for that matter service providers are always looking for competitive advantage, whether that be in reducing latency, increasing straight-through-processing rates or improving cash management information that ultimately flows back to the corporate or retail user.

Additionally, due to domestic legal reasons, conventions or the language, “one size fits all” approach also breaks down.

So with SEPA we have seen the implementation of country specific

Additional Optional Services (AOS) but more importantly individual banks and service providers implementing their own specific rules over content and optional field cardinality; i.e. whether an optional field must or must not be present. Payments infrastructures have also had to find ways of supporting the flow of extended remittance information which is a mandatory component of a corporate’s effective cash management

and increasingly a focus for them.

So the reality is that to a greater or lesser degree no two SEPA implementations are the same and for the most part RTP faces the same challenges albeit with the additional requirement of being able to communicate information which is specific to the processing of instructions in that type of service.

All of the above strongly suggests that the RTP community would be well served in not striving for 100% agreement between themselves but to work on the 80% that can absolutely be standardised based on the underlying ISO 20022 messages via message implementation guides that impose restrictions on field (element) usage and content.

The service and bank specific information and extended remittance information can then be handled in a fashion that preserves the basis of ISO 20022 compliance and therefore ease of interlinking and implementation but outside the global standards process thereby enabling all parties to go at their own speed. The specifics of how that goal could be achieved I hope to elaborate on in a future article.



Press

Willing to contribute to the ISO 20022 newsletter ?

The ISO 20022 newsletter is a great way of sharing your projects, achievements related to ISO 20022. If you have developed products, services and/or tools you can promote them here as well and share the benefits you can bring to the ISO 20022 community.

To publish an article in the ISO 20022 newsletter, please contact the ISO 20022 Communications Working Group (iso20022ra@iso20022.org) and we will be happy to assist you.

Media

Questions or comments ?

Please send your questions, comments or requests for additional information to iso20022ra@iso20022.org and we will get back to you in a timely manner.

This communication support has been developed by the ISO 20022 Communications Subgroup:

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