

Winter Edition
2014

ISO 20022 News

VOLUME 6, ISSUE 1

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Happy 10th anniversary!
The ISO 20022 RMG and the ISO
20022 standard and schema are in their
10th year. Happy Birthday !

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ISO 20022 Groups

The RA is kept busy !

ISO 20022 Comms Subgroup : @ your service !

The ISO 20022 Registration Management Group (RMG), at its November 2013 meeting, commissioned an assessment of the ISO 20022 Newsletter. Accordingly, the RMG Communications Subgroup is reviewing the RMG's overall approach to communications, including the Newsletter. This edition reflects some but not all of this future form and content.

A survey of the current readership including RMG and subgroup members was conducted. With over 300 survey respondents, the results give a good indication of interest and need.

In brief, future editions of the ISO 20022 Newsletter will:

- Reflect editorial themes including subject and mix,
- Be more news focused; incorporate a section for enablers (Products and Services); cover all domains and perspectives related to our standards and schema including: Operations and status of the RMG and its subgroups, education, implementation, technical.
- Reflecting the nature of ISO 20022 as an open standard, future coverage will address (and be sourced from) all members of the ISO 20022 community.
- Go beyond the Newsletter to post relevant information online via ISO20022.org.
- Reflecting the nature of ISO 20022 as an open standard, future coverage will address (and be sourced from) all members of the ISO 20022 community. In keeping with this approach, a new section is added to the newsletter, Products and Services. Providers of ISO 20022 systems and services are invited to provide non-commercial content for inclusion in the newsletter. SWIFT and Volante have kindly provided the first submissions for this section.

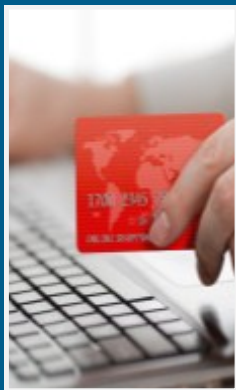
We hope you will like the new look and the new content. Both still a work in progress!

The RMG and its subgroups work on a volunteer basis. We encourage all members to support the Communications Subgroup and contribute to its publications.

The survey by the numbers

- ◇ 1416 recipients
- ◇ 323 respondents
- ◇ Broad distribution of interests:
- ◇ By domain (no domain receiving less than 23%, Cards)
- ◇ By country Survey respondents from 60 countries
- ◇ Preferred subject matter – implementer domain news 56 percent.
- ◇ Other subjects of interest: Implementer case studies 55%; Current initiatives 49%; Educational 37 %.

Project Insights



The plan is to improve dispute resolution in the cards domain

Development and Adoption of ISO 20022 Cards Messages in China

China UnionPay (CUP) submitted the Business Justification 'Dispute Resolution in cards' which was approved by the Registration Management Group (RMG)

CUP requested 13 new Cards messages that support the reporting and advising of card payment transactions, including the collection of fees and processing of chargebacks. Members of CUP will use these new messages to improve dispute resolution in the bank card area.

Adoption

Jiang Huike, designer in the CUP Department of Technol-

ogy, informs us that the intent is for the messages to be used by the major bank members of CUP, such as the Industrial and Commercial Bank of China (ICBC), Agricultural Bank of China (ABC), China Construction Bank (CCB), Bank of China (BOC), China Merchants Bank (CMB), Bank of Communications (BCM), China Mingsheng Banking Corporation (CMBC), Shanghai Pudong Development Bank (SPDB) and others. The list of CUP partners is available [here](#).

Want to have more information on the Business Justification? You can access the BJ [here](#). ■

Securities

At present, more than 50% of the future T2S users are connected to test the T2S platform, says Christone Jozet, ECB

Target2Securities Open for Testing!

On 1 October 2014, the Target2Securities project reached a key milestone as the T2S platform opened to participating CSDs and central banks for testing

This followed the positive results of the quality assessment conducted by the Eurosystem in the previous months. T2S, which will be Europe's single multi-currency platform for settling securities transactions in central bank money, is built as a state-of-the-art settlement engine and will establish the

use of 130 ISO 20022 messages.

At present, more than 50% of the future T2S users are connected to test the T2S platform.

Provided that all T2S signatories satisfy their respective commitments,

the Eurosystem is confident that T2S will go live on 22 June 2015, as planned. ■



“Flatpack Standards...”

« I can download the message definitions, but where does it tell me how to use the messages? »

I was moderating a corporate actions panel discussion this month in the UK, and, after the panel had spoken, very knowledgeably, about their perspectives, we took some questions from the floor.

One of the questions got straight to the heart of the value of ISO 20022.

“I can download the message definitions, but where does it tell me how to use the messages?” asked the interested party, a developer at a software house.

In their responses, the panel revealed much of the value of ISO 20022, compared to, say its predecessor, ISO 15022.

For ISO 20022, you can go to

the website (www.iso20022.org) to look at the models, or read the Message Definition Reports, which

« For ISO 20022, you can go to the website to look at the models, or read the Message Definition Reports, which define the message flows »

define the message flows. The message choreography is built-in, market practice is defined in the rules for the messages, and local infrastructures can even go so far as to create a variant for their own set of market restrictions.

For ISO 15022, none of these options exist.

Although, the best advice we could give, was for him to approach members of his National Market Practice Group, or to visit the website of the Securities Market Practice Group (SMPG). This organisation has been recording (and harmonising) global market practice for over fifteen years, and applies itself equally to ISO 15022 and ISO 20022. ■



Doc & Tools

By Kevin Wooldridge,
ISO 20022 Securities
SEG Convenor

“In their responses, the panel revealed much of the value of ISO 20022, compared to, say its predecessor, ISO 15022.”

Payments SEG: Want to be part of the game ?

More members and more involvement from existing members is both welcome and needed,

The Payments SEG is a large and active group. Membership from communities who have implemented or plan to implement the ISO 20022 is particularly encouraged.

The SEGs (and the RMG for that matter) are volunteer organizations. Member challenges include time commitment, but also practical considerations such language and time zone of meetings. Try convincing a New Zealander to attend the Payments SEG meetings, regularly scheduled for 9 am US ET!

In recent evaluations the Payments SEG has hosted 2 evaluation sessions (Asia daytime, WHem/ Europe daytime) to achieve the broadest possible engagement. More measures may be considered

in future to promote accessibility of the process.

Remittance Schemas
Remt (Remittance) Schemas are now published to address extended remittance information in association with a payment, useful for example when the remitter uses one payment to settle many invoices and wishes to advise the beneficiary with full details. Remt will give remitters and beneficiaries new options to communicate to one another across the payment process.

Broad Support for BJ's and CRs

Submitters are reminded that sharing proposals with parties having a likely (sometimes obvious) interest makes for a stronger more complete (and compelling)

submission.

Dashboards

The Payments SEG recently completed a review of the [Dashboards](#). The Dashboards offer us a view of what we have and what we need, a present and future view of our schema population. The questions of the moment: are we using the Payments Dashboard? Is it fully representative of our collective interests? To illustrate the point, some small examples from the US domestic payments market where legacy standards support payment related functions not yet found in ISO 20022 (and not on the Dashboard currently) include check stop pay, ACH NOC, direct debit block and report, amongst others. ■

Payments

By Bob Blair, ISO 20022
Payments SEG Vice-
Convenor

PaySEG by the numbers

61 members

22 member organizations

64 schemas

Focus on...



Payments - Remittance Information, To match or not to match ? What do you think Harri ?

Harri Rantanen, Manager, Formats & Standards at SEB Merchant Banking speaks about the challenges around Remittance Information

To match or not to match ? That is the key question for corporate financial departments and shared service centres when it comes to incoming transaction flow reconciliation.

Following developments around the Single Euro Payments Area (SEPA) migration and use of the Financial Industry messaging standard ISO 20022, there has been some improvement in this tedious aspect of corporate back-end financial processes. But can the Straight Through Processing (STP) ratio be pushed to higher levels?

The challenge in this process is that the Creditor of the money (the original seller of goods and services) has to rely on the ability of the Debtor (buyer of the goods and services) to clearly indicate how the payment correlate with the Creditor's invoice or invoices. In the ISO 20002 standard business model this is called Remittance Information.

Long tradition of manual processes

I could be rude and blame the Banking community for this inefficiency. In Europe, before the SEPA era, there were around 250 payment types for simple credit trans-

fers, moving money from one account to another.

These country-specific and sometimes regional credit transfers were cleared between the debtors' and creditors' banks using the national clearing systems. They were optimised and designed from the bank perspective and sadly, but frankly the needs and requirements of the end-users have not always been the key focus.

Put this same challenge into the global perspective beyond Europe, and the complexity and impact further increases .

From the perspective of corporate financial operations and back-offices, this has meant alignment to local national market practices, discouraging harmonisation of internal processes.

The variety (format, length, structuring) of remittance information within payments from a debtor to a creditor has also made the ERP (Entreprise Resource Planning) vendor's life tough in making the processing as transparent as possible for the end-users. In some cases, this variety makes reconciliation practically impossible. A good (or should I say bad) example is the 18

character long remittance information in a UK Credit Transfer clearing compared to the 12 characters in a Swedish Direct Credit.

The inability to deliver the appropriate and accurate remittance information for the creditor is an extraordinarily high challenge for the vendor-customer relationship in a close supply chain where there are tens or even hundreds of invoices within a month to be paid.

These reconciliation issues usually introduce another new feature called credit notes based on the reclaimed delivery to net the original invoice with a subvention.

The credit note cannot be paid by the debtor alone by sending it out as a negative payment moving money from a creditor to a debtor but has to be netted with a higher value of normal invoices increasing the need of the remittance information space.

Who is responsible to tackle this challenge?

You could claim that massive remittance information delivery within a

“The inability to deliver the appropriate and accurate remittance information for the creditor is an extraordinarily high challenge for the vendor-customer relationship in a close supply chain where there are tens or even hundreds of invoices within a month to be paid.”

« I could be rude and blame the Banking community for this inefficiency »



**“Finnish SEPA
Additional
Optional Service
(No 2) is
expanding the
standard SEPA
credit transfer to
carry remittance
information for a
maximum of nine
invoices”**

money transfer is not a business case for the banks. It requires the ability to process lots of information which is surplus to the core money transfer data of amount, currency, related counterparties and banks.

Remittance information has not traditionally been of any interest to banks, as the data in it is meaningful only for the debtor and creditor. This has been the main reason why banks have not supported extensive payment data in the remittance information, and in general the international and SEPA payment maximum of 140 characters has been thought to be enough.

Similarly, the debtor does not always care about the creditor's reconciliation process, but optimises its process to use the easiest payment method per country, which doesn't necessarily support the reconciliation at the creditor's end in the best way. In the close relation supply chain this payment optimisation is not preferred, causing additional issues for the trusted counterparty.

Means to solve the challenge

I have my roots in the Northern European countries, where some remittance information practices have been used commonly, and where the 140 character remit-

tance information has not been considered enough.

To meet market requirements, banks practically support an unlimited amount of remittance information, and it is used in a structured way, not as free text. This is done by either delivering invoice numbers in their dedicated fields, or, even better, using the structured creditor's reference - OCR, KID, VIITE or other national analogous business abstract – that makes the creditor matching automated.

There is now even a possibility to use the international standard equivalent of this according to the ISO 11649 standard, that describes the international creditor's reference, the 'RF-reference'.

This structured information, including credit note information, solves most of the reconciliation challenges, although it is dependent on the debtors correct input of the data. In the structured creditor's reference, there is a check digit that ensures correct input within the systems of the various banks and ERP-vendors.

The seller can also be more active in its invoicing. If the seller wants to automate the input from the buyer sent payments, there is the possibility to use direct debits.

In the direct debit initiation the creditor knows exactly the incoming transaction contents and can setup the remittance information in a way that ensures transaction matching. The problem is that not all debtors are willing to sign the mandate to give a creditor and its bank the right to access its bank account for debits.

Another solution is to use electronic invoicing – not a pdf invoice but a true electronic invoice -

where the invoice and payment information within is sent to a debtor in a structured way and can be processed at the debtor's bank or in its own ERP-system Accounts Payable electronically generating correct output for the payment initiation and finally for the creditor to make the automated reconciliation.

The downside for this is the lack of true international eInvoice standard and market practices in Value Added Tax requirements and need for electronic signatures. This method also requires technical capabilities in the banks' and ERP-vendors' system setups.

In SEPA payments, there is the option to use the 140 character remittance information space, and a structured option for the creditor's reference, which aid the recipient's processing. The problem, however, is that it has room for only one invoice reference per payment, and

therefore is not capable to deliver the credit note information properly. This is the reason for the Finnish SEPA Additional Optional Service (No 2) that is expanding the standard SEPA credit transfer to carry remittance information for a maximum of nine invoices.

Separation of the remittance information from the money transfer

When the remittance information delivery need is really big, one good way is to send the large chunk of the payment advice via a separate channel to the creditor, and include in the money transfer only a link or unique remittance identifier (URI) for the separate advice. ▶

**“Another solution is to
use electronic
invoicing”**

When the creditor receives the money, with the advice identifier, the remittance data can be reached with a separate search from the advice repository. The advice can be sent bilaterally from the debtor to creditor or there might be advice 'hotels', repositories maintained by the banks or service providers.

This separate advice process is common in the Northern American market as well as in some countries of central Europe. Again, as you can imagine, this setup requires good and static relationships between the seller and buyer and also has system and process requirements.

Is there a common solution ?

As long as the payment infrastructures, market practices and stakeholders act based on regional and country-specific approaches, there will be different ways to manage this challenge.

SEPA developments in ISO 2022, though, have shown that harmonisation is possible, significantly reducing the differences in market practice among the 17 euro-countries. This has enabled the European market to harmonise 100+ payment types to only few common ones, and also

introduce a common way to instruct structured remittance information instead of free text. This sets us on the path toward more reliable and STP remittance information delivery, either within the payment instruction or separately outside the actual money transfer.

The ISO 2022 business model supports and embraces structured payment information delivery instead of the unstructured one from the past.

Should this ISO 2022 ideology spread globally, more local and country-specific clearing systems may adopt the same payment behaviour and best practices, allowing process harmonisation for the multi-national end users and also benefiting the local players.

In this sense, globalisation gives a nice push towards more common solutions. It is most interesting to work in this area and try to offer new opportunities for the development. ■

“ISO 2022 business model supports and embraces the structured payment information delivery instead of the unstructured one from the past.”

Financial standard support

- ISO 2022 structured remittance and related remittance information delivery within payment and direct debit instructions, clearing messages and bank to customer reporting (pain, pacs and camt messages)
- ISO 2022 Electronic Invoice message (tsin.004)
- ISO 2022 Extended Remittance Advice messages (remt.001 and remt.002)
- ISO 11649 International Creditor's Reference

About the author

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SEB Merchant Banking
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ISO 2022 Registration Management Group country member representation for Finland

Common Global Implementation Market Practice (CGI-MP) group co-convenor

SEPA 2014: the Euro Area Successfully

Completes the Migration to ISO 20022

On 1 August 2014, thousands of Payment Service Provider and public entities as well as some 20 million businesses in the euro area completed migration to harmonised SEPA payment schemes and technical standards.

When the EU authorities first launched the SEPA process, they expected the banking industry to contribute the resources required to develop European instruments for electronic euro payments. The European banking sector created the European Payments Council (EPC) in 2002. In close dialogue with stakeholders, the EPC developed, among other things, the SEPA Credit Transfer (SCT) and SEPA Direct Debit (SDD) Schemes.

The SEPA payment schemes as set out in the SCT and SDD Rulebooks contain sets of rules

and technical standards defined by standards bodies such as the International Organization for Standardization (ISO). Simply put, the rulebooks can be regarded as instruction manuals which provide a common understanding among PSPs on how to move funds from account A to account B within SEPA. The SEPA payment schemes are based on ISO standards such as the International Bank Account Number (IBAN), the Business Identifier Code (BIC) and the ISO 20022 message standards.

On 1 August 2014, the ECB pointed out that with migration to SCT and SDD complete, “every month more than 2 billion payments will now flow across the euro area in new standardised formats.” The ECB added: “The Eurosystem, which consists of the ECB and the national central banks of euro area Member States, has monitored the migration to and implementation of SEPA from its inception, facilitating open dialogue between all

parties (banks, corporates, consumers, public authorities, governments and SMEs). This approach has contributed to the successful completion of SEPA for credit transfers and direct debits in the euro area, constituting one of the largest financial integration projects in the world.”

Also on 1 August 2014, Michel Barnier, Vice-President of the European Commission con-

cluded: “Completing the migration of payments to SEPA today is a real success.” Market participants across the euro area confirmed that the transition went very smoothly. Euro-

Treasurer, for example, commented: “There have been no public complaints about problems with SEPA transactions, and banks and corporate treasurers that EuroTreasurer has been in contact with did not report any difficulties due to the deadline.” ▶

**“Completing the
migration of
payments to SEPA
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Initiatives



By Javier Santamaria, Chair of the European Payments Council (EPC)

Food for thought: less flexibility, more harmonisation?

As mentioned above, the implementation guidelines released by the EPC with regard to the SCT and SDD Rulebooks are based on the global ISO 20022 message standards.

The EPC implementation guidelines applicable to the interbank space are mandatory. The EPC implementation guidelines applicable to the customer-to-bank (C2B) space are strongly recommended. It is however, up to the market whether to adhere to the EPC C2B implementation guidelines.

Several market observers commented that multiple specifications based on the recommended EPC C2B implementation guidelines are in use, “which has resulted in subtle (and sometimes not so subtle) differences in the application of the standard.”

These variations of the C2B implementation guidelines developed and implemented at national level would “risk preventing market harmonisation” (Ruth Wandhöfer, Michael Steinbach and Matthias Haberkorn. ‘ISO 20022 Message Standards: Too Many Flavours?’ EPC Newsletter, October 2011.)

On the other hand, it has to be kept in mind that 98 percent of all retail payments are made within national borders. Variances in the specifications developed at national level of the ISO 20022 messages standards applicable in the C2B space reflect requests by market participants acting mostly domestically.

Up to this point it has been recognised that achieving an integrated market for electronic euro payments, (i.e. the transition of millions of payment service users and thousands of providers executing billions of pay-

ments), to harmonised SEPA payment schemes and technical standards, requires allowing for a degree of flexibility. At the same time, it is arguable that flexibility breeds confusion and risks translating into a prolonged patchwork of national variations.

The experience of SEPA pioneers on the demand side who reported on their successfully concluded SEPA migration projects also indicates that the benefits arising from the migration are proportionate to the level of harmonisation achieved. However, as outlined above, it has to be emphasised that the degree of flexibility existing today reflects the requests articulated by a wide range of stakeholder groups in the past.

With migration to SCT and SDD in the euro area complete, the question is whether a majority of stakeholders is willing to relinquish – at least in the mid-term – any (or even all) of the options, exceptions, exemptions and variations currently available in favour of further harmonisation. This is, however, not a decision to be taken unilaterally by the EPC, but the way forward will have to be agreed in the further dialogue with all stakeholders.

Early adopters on the demand

SEPA is a European Union (EU) integration initiative in the area of payments. With the introduction of the euro currency in 1999, the political drivers of the SEPA initiative – EU governments, the European Parliament, the European Commission and the European Central Bank (ECB) – have focused on the integration of the euro payments market with a view to promote the further integration of the internal market and strengthening the Economic and Monetary Union.



side confirm: migration to SCT and SDD generates tangible benefits

The vast majority of early adopters on the demand side that had achieved full SEPA compliance early in the process confirmed that migration to SEPA leads to significant benefits. These include: more streamlined internal processes, lower IT costs, reduced costs based on bank charges, a consolidated number of bank accounts and cash management systems, and more efficiency and integration of any organisation’s payment business. ▶

SEPA pioneers, specifically, pointed out that implementation of the ISO 20022 message standards drives forward standardisation, automation and dematerialisation. To give an example: Luc Waterlot, financial systems and interfaces manager at Electrabel GDF Suez Market & Sales pointed out: “Using the ISO

20022 XML formats enables us to integrate SEPA and non-SEPA payments. Ectrabel is part of the global group GDF SUEZ; within the global group it is expected that standardisation of payment processes based on the ISO 20022 XML formats will lead to cost reductions.” ■

“There have been no public complaints about problems with SEPA transactions.”
says Michel Barnier, Vice-President of the European Commission

Recap: EU law effectively mandates migration to the SCT and SDD Schemes based on the ISO 20022 message standards

In February 2012, the EU co-legislators, i.e. the European Parliament and the Council of the EU representing EU governments, adopted the ‘Regulation (EU) No 260/2012 establishing technical and business requirements for credit transfers and direct debits in euro’ (the SEPA Regulation). It defines 1 February 2014 as the deadline in the euro area for compliance with the core provisions of this Regulation. In non-euro countries, the deadline will be 31 October 2016.

Effectively, this means that as of these dates, existing national euro credit transfer and direct debit schemes are replaced by SCT and SDD.

To avoid difficulties for non-compliant market participants, in February 2014, the European Commission, the European Parliament and EU governments agreed to “give an extra transition period of six months” during which payments which differed from the SEPA format could still be accepted in the euro area after 1 February 2014.

The SEPA Regulation details, among other things, the use of the ISO

20022 message standards by PSPs and payment service users (PSUs). Article 2 (17) of the SEPA Regulation defines the meaning of the ISO 20022 XML message standard as follows: “ISO 20022 XML standard means a

“ISO 20022 XML standard means a standard for the development of electronic financial messages in accordance with business rules and implementation guidelines of [European] Union-wide schemes for payment transactions falling within the scope of this Regulation.”

standard for the development of electronic financial messages as defined by the ISO, encompassing the physical representation of the payment transactions in XML syntax, in accordance with business rules and implementation guidelines of [European] Union-wide schemes for payment transactions falling within the scope of this Regulation.”

The ‘implementation guidelines of Union-wide schemes’ referred to in this definition are, for example, the implementation guidelines published

by the EPC with regard to the SCT and SDD Rulebooks. When carrying out credit transfer and direct debit transactions, PSPs must use the ISO 20022 message standards (see Article 5 (1) b and point (1) (b) of the Annex to the SEPA Regulation).

Article 5 (1) d of the SEPA Regulation states that PSPs “must ensure that where a PSU that is not a consumer or a micro-enterprise, initiates or receives individual credit transfers or individual direct debits which are not transmitted individually, but are bundled together for transmission, the message formats specified in point (1)(b) of the Annex are used”. Point (1) (b) of the Annex to the SEPA Regulation specifies that the message formats referred to are the ISO 20022 XML message standards.

This means that the SEPA Regulation effectively mandates PSUs to make arrangements to adapt to the usage of ISO 20022 XML message standards in the customer-to-bank (C2B) space in relation to files of payment transactions.

Article 16 (5) of the SEPA Regulation however allows EU Member States to waive the requirement to use the ISO 20022 message formats for PSUs until 1 February 2016.

Apps & IT

A mApp of the ISO 20022 Adoption World!



By Andrew Muir,
Standards Operations,
SWIFT

In the last newsletter, it was reported that an RMG subgroup has been established to consider how best to respond to growing demand for information on ISO 20022 adoption around the world. As a result, the Registration Authority was given the job – and the ISO 20022 Adoption mApp is now live, available and popular!

What is now available?

The mApp itself was developed specifically for the iPad, and is available from the AppStore. It contains summary data on 71 ISO 20022 implementations around the world. Some of them are live, others in the planning stage, others somewhere in between – but all are described using a common framework, so that the important information is clearly accessible to anyone who needs it.

Behind the mApp is a database of information which is refreshed thanks to the initiative owners themselves, prompted occasionally by the RA.

For those who do not use iPads, the same data is available now on iso20022.org in the form of a .PDF report, summarised by a short deck of introductory Powerpoint slides. On request to the RA, the same information can be made available in .XLS form.

***“Important
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Why an App?

Rendering this information through an App made us think hard about what information would be useful, and how to organise it so that both publishers and subscribers would be able, and willing, to use it.

For example - the mApp structure allows the user to filter out the types of information that is irrelevant to the need – if information is sought only about Denmark, or Payments, or South America, the rest is easily screened out.

That makes access to the information targeted, relevant, and fast.

The intuitive look-and-feel of the mApp means that finding the information takes no training, nor user manual – it works like it looks.

That makes access to the information easy.

Finally, the mApp refreshes its database every time the program is started up. That means the information is up to date, all the time.

The PDF on iso20022.org is also updated when new information comes in, of course – but it does prevent the filtration and display of data which we find so useful.

***mApp structure allows
the user to filter out the
types of information
that is irrelevant to the
need***

For whom is this useful?

The rollout of ISO 20022 is now well underway; it has established itself as the natural language of the modern market infrastructure, in securities and payments domains.

Up-to-date summary information is being used by:

Business Community Leaders, as they look to their peer group to determine their own strategy for local, regional and global interoperability

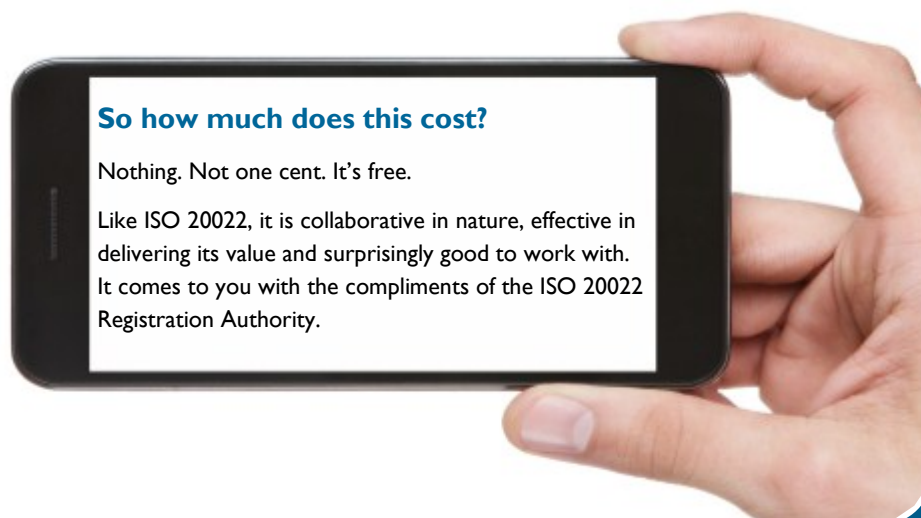
Infrastructure, Line-of-Business and Product managers, as they reconfigure internal plans to take advantage of the model-based approach to messaging, with higher straight-through processing, more scalable and flexible solutions, and more standardised methods of end-to-end transaction automation as the key benefits. The mApp data helps them by showing which markets, channels and business domains will be ready and by when, so that the implementation roadmap can be built on robust knowledge of real-world capabilities

Compliance managers, whose need for end-to-end views of real time, offline and historic data increases in volume, scope and speed in line with the ever-increasing demands of risk management and regulations

Technology and R&D managers, as they look to establish new and refreshed tooling, training and architecture to respond to the increasing scope and frequency of ISO 20022-generated messaging requirements as part of high- and low-value payment system projects, securities settlement and corporate actions projects, and semantic data transformation and mapping needs which are a frequent by-product of such engagements

Corporates, as well as Financial Institutions, as they plan the next stages of industrialisation of their cash and treasury management functions

Not to mention the **Standards community ourselves**, since we are continuously and professionally interested in the ways and means in which standards are used, adopted and harmonised. ■



Securities



By Kevin Wooldridge,
ISO 2022 Securities
SEG Convenor

Securities Standards Evaluation Group,

"And the winner is..."

Supporting actors take centre stage...

The diversity of the functional domains that fall within the jurisdiction of the Securities SEG is well-known. Just as for a play or film, the various actors take a greater or smaller part in driving along the ISO 2022 story.

Normally, the plot revolves around the odd couple of **Settlement & Reconciliation** and **Corporate Actions**, with the rebellious **Investment Funds** waiting in the wings to cause trouble.

This year, however, some of the supporting actors have stepped into the spotlight.

The maintenance cycle for 2014/15 involved change requests for **Proxy Voting**, **Issuer Agent**, and **Regulatory Reporting**, while new evaluations are in progress for **CCP Clearing** and **Collateral Management**.

Maintenance proved challenging, as the messages involved had not been updated for some time. For **Proxy Voting**, the membership of the Evaluation Team had to be reviewed, and

the members contacted. It had been a number of years since the last evaluation, and members had moved jobs or changed roles.

New members had to be informed of the process, and old members reminded! But the changes (and there were a lot of them) were all reviewed in time, and are on their way to implementation.

Changes for **Issuer Agent** and **Regulatory Reporting** were handled differently. There was only a single change in each business area, introduced by the ISO 2022 version 1.5 upgrade, so the SEG decided that there was little point setting up an Evaluation Team for so small a change. The change was

agreed by the SEG, and will be developed at the next opportunity.

Conversely, a number of changes for the **Corporate Actions** business area have been deferred until 2016. This

will give the industry a 'year off', although this brings its own dangers, as budgets get reallocated elsewhere.

And the **Investment Funds** industry has had a voluntary freeze on changes to order messages as it manages the transition into ISO 2022 implementation

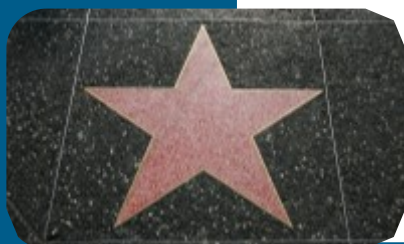
across Europe.

The two new submissions, for **CCP Clearing** messages and **Collateral Management** messages, have seen new players contribute to the SEG world, as Central Counterparties start to embrace ISO 2022. This can only be a good thing.

So, for once, it would be fair to say that the attention of the SEG has been momentarily diverted from its three main players, and we have been developing the stories of some of its lesser-known cast members. ■

« The two new submissions(...) have seen new players(...) as Central Counterparties start to embrace ISO 2022 »

« The various actors take a greater or smaller part in driving along the ISO 2022 story »



Bank Services Billing, How Banks Report Service Charges to Their Corporate Customers

Prior to BSB, corporate customers did not have the ability to receive a compressive statement of their bank service charges.

As a result, corporations do not know with any degree of accuracy what they are paying to international banks for their banking services.

In the mist...

In the current environment, there may be no way of accurately verifying bank fees, any analysis of bank fees is labor intensive and may not be conclusive, and there is no way to provide management with comprehensive global bank relationship metrics. In addition, International cash management fees are decentralized with few controls in place, leading to possible compliance issues.

BSB Benefits ?

The BSB allows corporations to:

- Receive bank service charges in a standardized electronic file;
- Use application software to process bank service charges;
- Review / analyze the bank service charges;

Most importantly, it allows corporations to work with their banks to receive better value.

camt.086 BSB

In 2009, TWIST and SWIFT applied to the ISO 20022 RMG (Registration Management Group) to create an ISO 20022 version of TWIST BSB. The intent was that there should be only one set of financial service standards.

TWIST and SWIFT spent eight months mapping the TWIST version of the BSB to a new message set, the camt.086. The Payment SEG (the Standards Evaluation Group, made up of twelve banks, six application vendors, TWIST and SWIFT) spent an additional six months reviewing and making enhancements, getting the camt.086 to where it is today.

The camt.086 was officially released in July 2012. It is fully compatible with the TWIST version of the standard (although any future updates to the camt.086 will not be made to the current TWIST version).

Currently all new banks have developed the BSB using only the camt.086 standard. A number of banks that provide the TWIST version have also released, or are in the process of releasing, the camt.086.

Future developments

A request has been made to the ISO 20022 CGI-MP (Corporate Global Implementation – Market Practice—see info box) to add the camt.086 to the list of standards to go through the

« Enhancements may be needed to meet other national legal requirements »

‘Harmonization’ process. A decision should be reached shortly on whether to undertake the project. There also is a desire by many corporates to switch from the practice, found outside the US, of the bank direct debiting the corporate’s bank account for service charges to a practice of the corporate receiving an electronic invoice and then the corporate initiating the bank payment.

While the BSB supports an electronic invoice for US bank accounts, enhancements may be needed to meet other national legal requirements. ▶

« Currently all new banks have developed the BSB using only the camt.086 standard » says Paul Burstein, GE

Payments



By Paul Burstein, Corporate Treasury, GE



History of the BSB

Around 1990 the predecessor to the US AFP (Association of Financial Professionals) created a US standard for reporting banking charges and account balances; the EDI 822 – Electronic Account Analysis. The 822 is highly successful, with at one time over 90 banks reporting bank fees via the 822; consolidation has reduced the number of banks. Over 500 corporations receive the 822. (Many major commercial and investment banks also receive the 822 from their partner banks.)

But the 822 did not meet the needs for most banks outside the US and Canada. In 2003/04 General Electric, Weiland Financial Group and TWIST (Transaction Workflow Innovation Standards Team) led an effort to create a truly global standard for reporting Bank Services Billing. The TWIST BSB standard is fully compatible with the US EDI 822 with a number of major enhancements. 1) It is able to handle impact of 'foreign currency' and currency conversions on bank charges. 2) It is able to handle three sets of taxes on total or individual bank charges. 3) It is compatible with international conventions and banking practices. 4) It is based on XML.

The first bank went live with the BSB in September 2007. Currently over 14 global and major-regional banks provide the BSB to over 50 major corporations. Nine software vendors provide BSB corporate applications. And additional banks and vendor applications are in development.

It is estimated that 50 to 100 corporations receive the BSB. (Some banks report that over 100 customers receive the BSB; but there probably is some overlap between and within corporate entities.) Many banks also exchange BSB files with their banking partners.

TWIST

TWIST produces an annual newsletter that contains the latest information on what banks and application vendors are doing with the BSB. The next release will be later this fall. ■

To be added to the mailing list,
please contact
paul.burstein@twiststandards.org.

CGI-MP ? The goal of the CGI-MP is to simplify implementation for corporate users and, thereby to promote wider acceptance of ISO 20022 as the common XML standard used between corporates and banks.

Bank Services Billing (BSB)?

BSB is the electronic statement of cash management service charges by banks for their corporate customers.

TWIST or the Transaction Workflow Innovation Standards Team is a not-for-profit industry group of corporate treasurers, fund managers, banks, system suppliers, electronics trading platforms, market infrastructures and professional services firms.

The primary aim of TWIST is to develop new and rationalise existing xml standards that connect the financial and physical supply chains, releasing the enormous value locked up in disjointed paper-based processes. TWIST also participates in the management of the ISO20022 standards for financial markets aiming to make this the umbrella for its comprehensive suite of standards.

For more information about TWIST, please visit www.twiststandards.org

ISO 20022 Groups



By Jean-Marie Eloy,
ISO 20022 RA

ISO 20022 Registration Authority is kept busy !

Since the last meeting of the ISO 20022 Registration Management Group (RMG) on 14 May 2014 and up until 14 October 2014, the Registration Authority (RA) has taken care of the submissions described below,

328 approved ISO 20022 messages

Since the last meeting of the RMG, no new message definition was published. On 14 October 2014 there were 328 approved ISO 20022 message definitions.

However, a new Supplementary Data extension message developed by the Federation of Finnish Financial Services (FFI) to supplement the Authorities Information Request Response (auth.002.001.01) was registered and published on 30 July 2014.

Candidate ISO 20022 messages

The RA has received and processed the following submissions of candidate ISO 20022 messages:

Factoring Services (ASF – 11 messages)

The RA had several interactions with ASF to qualify their submission of 11 message definitions. The evaluation documentation was submitted to the Trade Services SEG in June 2014.

Post Trade Foreign Exchange (CLS – 13 messages)

In July 2014, the RA has qualified a draft version of the messages to be pilot-tested by CLS before submission to the FX SEG.

FX Post-Trade Confirmation (CFETS – 5 messages)

The China Foreign Exchange Trade System (CFETS) submitted 5 candidate message definitions to the RA for quality review on 30 September 2014.

FX Post-Trade Trade Capture (CFETS – 3 messages)

The China Foreign Exchange Trade System (CFETS) submitted 3 candidate message definitions to the RA for quality review on 30 September 2014.

New Business Justifications, Change Requests and Maintenance Change Requests

As per ISO 20022 procedures, the RA receives new Business Justifications (BJ), Change Requests (CR) and Maintenance Change Requests (MCR) and checks them for compliance with the approved 'templates' before submitting them to the RMG or SEGs. It also organises RMG conference calls with the submitting organisations to give an opportunity to RMG members to get further clarifications on BJs before casting their votes. ■

What's the role of the RA ?

The RA is making sure that the registration process is timely followed by the various actors and that the ISO 20022 website is kept up to date accordingly.

Between the last RMG meeting on 14 May 2014 and the 14 October 2014, the RA processed **2 new Business Justifications** ** (BJ), **71 Change Requests** * (CR) and **10 Maintenance Change Requests** (MCRs) which propose the update of **94 existing message definitions** in the maintenance cycle 2014/2015:

Payments

Development (BJs)

- **Mandate Status List** (Danish Bankers Association) - approved by RMG on 15 August 2014.
- **Financial Institution Direct Debit** (SWIFT) - approved by RMG on 31 July 2014.

Maintenance (MCRs)

- **Payments Mandates Urgent Maintenance 2014** (SWIFT) - approved by Payments SEG on 15 September 2014.
- **Payments Maintenance 2014/2015** (SWIFT) - approved by Payments SEG on 6 October 2014.
- **Creditor Payment Activation Request Maintenance 2014/2015** (CBI) - approved by Payments SEG on 6 October 2014.

Trade Services

Maintenance (MCRs)

Trade Services Management Maintenance 2014/2015 (SWIFT) - approved by Trade Services SEG on 18 September 2014.

Securities

Maintenance (MCRs)

- **Corporate Actions Maintenance 2014/2015** (SWIFT) - Submitted to Securities SEG for approval by 31 October 2014.
- **Securities Settlement and Reconciliation Maintenance 2014/2015** (SWIFT) - Submitted to Securities SEG for approval by 31 October 2014.
- **Investment Funds Maintenance 2014/2015** (SWIFT) - approved by Securities SEG on 1 October 2014.
- **Proxy Voting Maintenance 2014/2015** (SWIFT) - approved by Securities SEG on 1 October 2014.

Cards and related services

Maintenance (MCR)

CAPE Maintenance 2014/2015 (EPASOrg) - approved by Cards SEG on 7 October 2014.

FX

Maintenance (MCRs)

FX Notifications Maintenance 2014/2015 (CLS) - approved by FX SEG on 7 October 2014.

(*) Change requests are shown in the [Catalogue of Change Requests](#).

(**) The status of all submissions is kept up-to-date on www.iso20022.org: [Status of Submissions](#).

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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