

Webinar 5: ISO 20022 Go-Live is fast approaching

March 2023

TOMORROW
BEGINS TODAY



NatWest

Bank of England

NatWest: ISO 20022

Elizabeth Leather

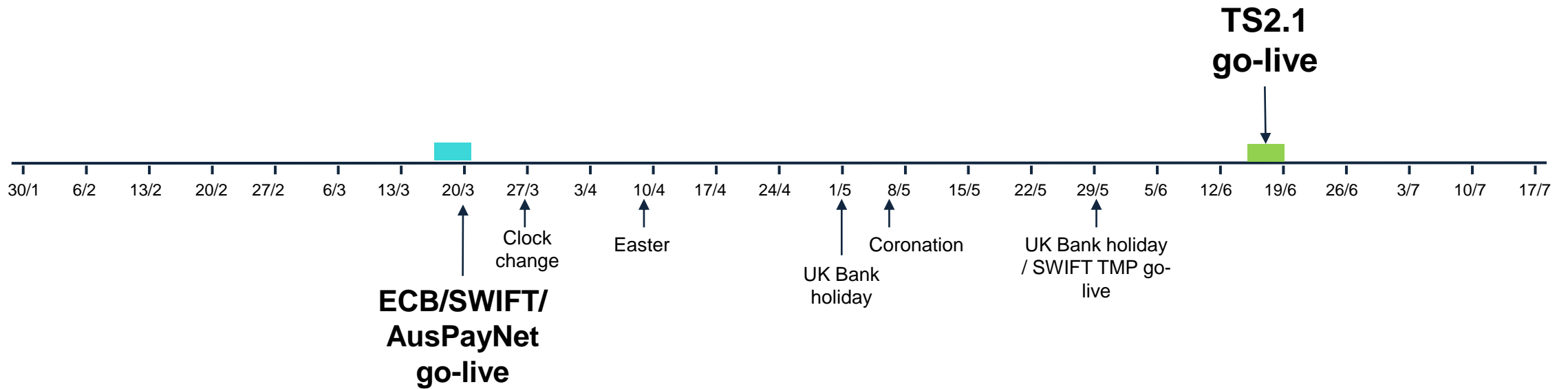


CHAPS migration to ISO 20022 messaging

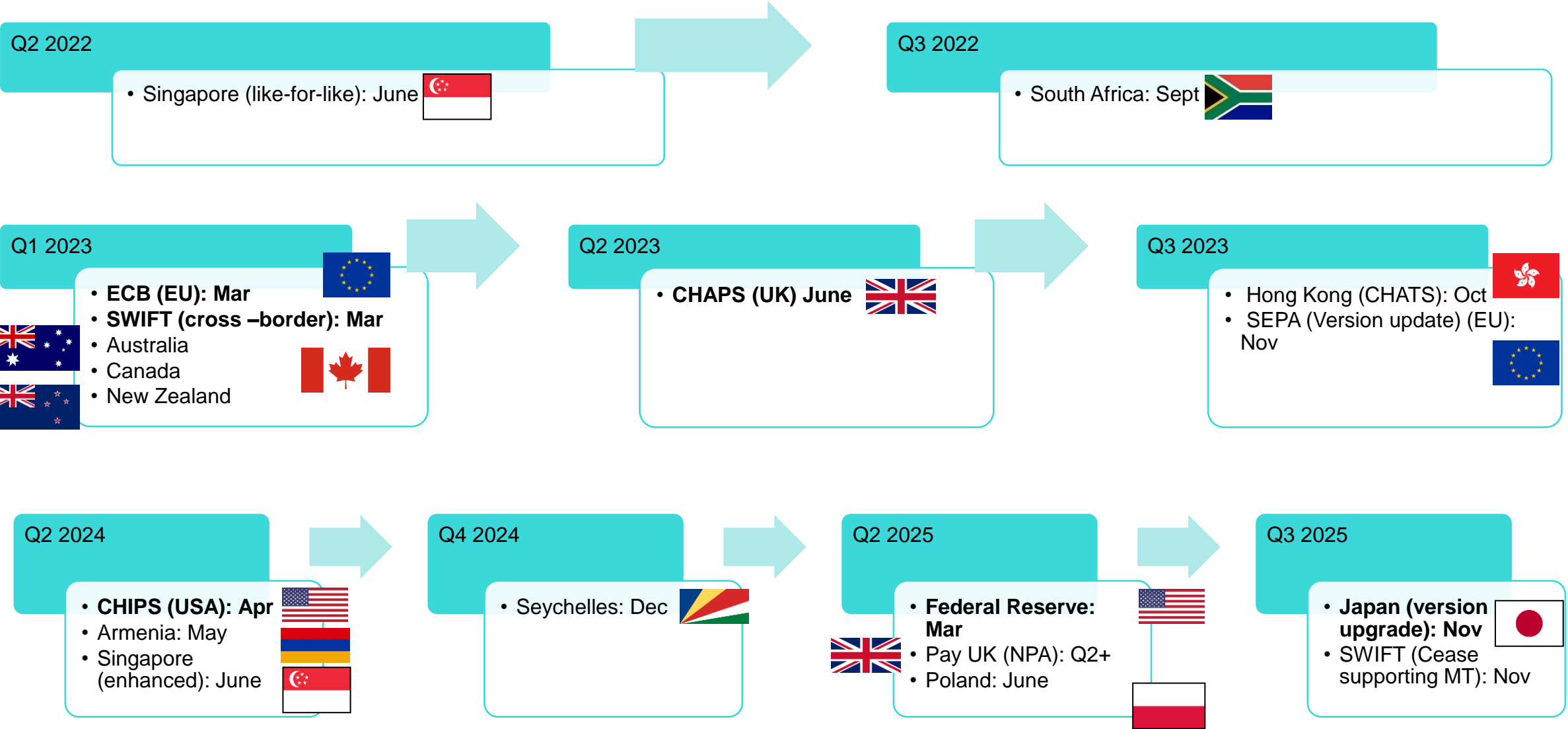
On 5 December, the Bank announced the revised target go-live for CHAPS migration to ISO 20022 messaging (TS2.1), following the decisions by ECB and SWIFT to defer their live dates.

The Go-Live for ECB/SWIFT migration is **20 March 2023**

The Go-Live for TS2.1 is **Monday 19 June 2023**



ISO 20022: The global standard



Revised TS3 Timeline – Summer 2023 to Summer 2024

(Relevant for Reserves Account Holders and Settlement Account Holders)

- The **TS3 go-live date has moved to the 24 June 2024**
- **In considering a revised plan for TS3**, we have balanced the direct impact of TS2.1 deferral and the need to maintain an acceptable level of risk, along with avoiding unnecessary extension to the programme. We have consulted with CHAPS Direct Participants in parallel with a detailed internal impact assessment.
- **TS3 major relevant impacts are** (non-exhaustive list):
 - **New core ledger and settlement engine**
 - Ability to **extend RTGS operating hours** (*no change at TS3 go-live*)
 - **Forward-dated and timed payments** permitted (*CHAPS*)
 - Notifications in **ISO format** (*CHAPS*)
 - **For RTGS Account holders:**
 - **New interfaces** providing improved access, and greater functionality
 - Statements in **ISO format** and sent later in the day (23:00 – 23:30 GMT)

ISO 20022 Migration: Implementing ISO 20022 enhanced data within CHAPS

- ISO 20022 data fields are **structured** and provide the opportunity to include more information, including **more classes of richer enhanced data**.
- Examples of richer data within the ISO 20022 enhanced schemas are:



Purpose Code



Legal Entity Identifier



Remittance Data



Structured Addresses



Extended Character Set

- Implementing **richer enhanced data** is key to realising ISO benefits.
- The Bank and Pay.UK are ensuring an **aligned approach** for implementing enhanced data.

Example of multiple enhanced data

Effectively using a combination of enhanced data increases the likelihood of reaping the benefits, especially where the risk of fraud may be higher.

Current: SWIFT MT103

Field 70: Remittance Information

Andrews and Murray Conveyancing LLP
, 3 Russia Lane, London, E2 9LU. Ov
er payment incorrect loansrepaymen
t at ukfinancialcorp.com to request

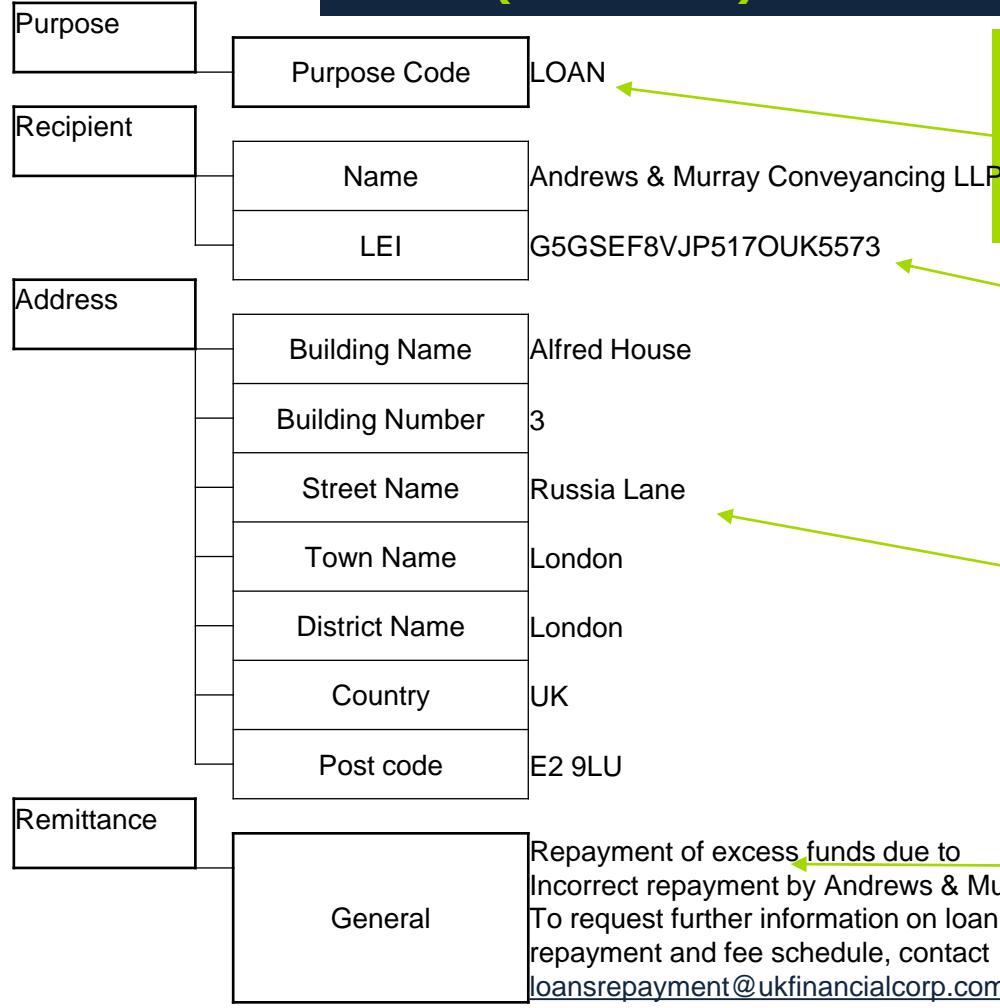
No dedicated space for

- identity checks
- addresses
- payment purpose
- explaining a different payment amount

The term “Russia” is likely to flag this payment for screening, even though it is a (real) street name!

Therefore, this field is just being used to dump important info in an unstructured format.

Future (from 2023): Enhanced ISO 2022 message



Purpose Code can:

- identify real economy impact in an outage
- prevent delay from false positives (e.g. flagging a retail customer sending a high-value payment)

Recipient's LEI can be used to prevent and / or detect fraud

ACTION: register for an LEI for your business and customers

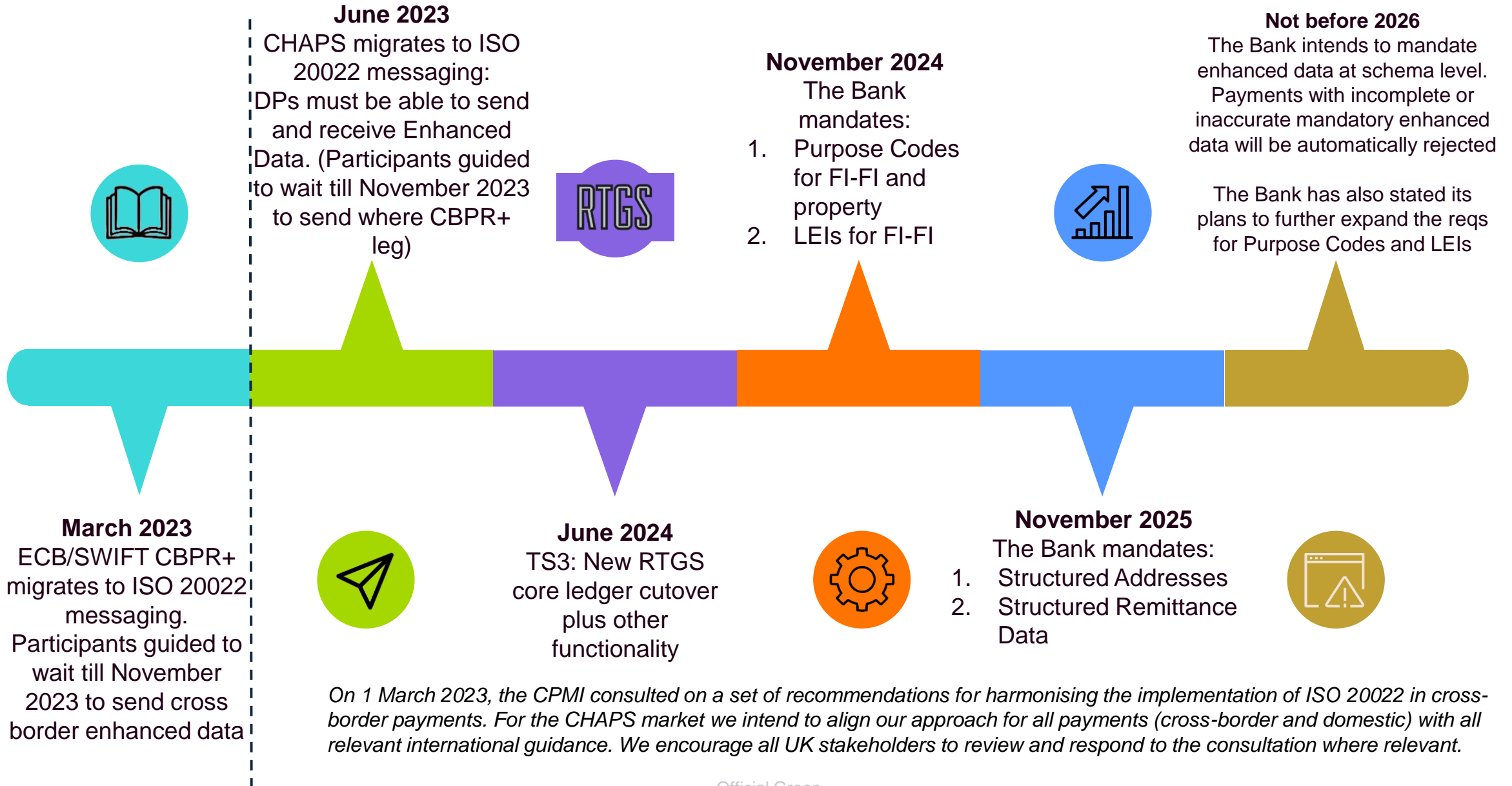
Fully structured address is easier to process, fraud-check and analyse: and “Russia” is now only in the Street Name

ACTION: start aligning internal databases to this structure

Advice of why payment doesn't match expected payment

ISO 2022 Extended Character Set allows for the “@” symbol to be included

RTGS Renewal and the migration to ISO 20022



On 1 March 2023, the CPML consulted on a set of recommendations for harmonising the implementation of ISO 20022 in cross-border payments. For the CHAPS market we intend to align our approach for all payments (cross-border and domestic) with all relevant international guidance. We encourage all UK stakeholders to review and respond to the consultation where relevant.

CHAPS & ISO 20022: actions for Indirect Participants

- We strongly encourage Indirect Participants (Corporates and Financial Institutions) to consider **how they would plan to move to / might make use of enhanced data** (esp. structured addresses, structured remittance, LEIs, purpose codes).
- When CHAPS first moves to enhanced messaging in June 2023, it will still be optional to send enhanced data. We will not, at that time, require CHAPS payments to contain information such as LEIs and Purpose Codes. But it will be possible for any participants to send enhanced data, and so **Indirect Participants such as Corporates and Financial Institutions should be prepared to receive enhanced data and consider how they would process it**. Indirect Participants should speak to their Direct Participant(s) to discuss **how they may receive the enhanced data**.
- Indirect Participants that already have ISO 20022 compatible software should **review the version capability and consider updating to** in line with BOE, ECB, Fed and SWIFT CBPR+ implementation plans. **Please speak with your software vendors**.
- Indirect Participants that are interested in **sending enhanced data, should speak to their Direct Participant(s) as to how to go about this**.
- **We will be mandating the sending of certain enhanced data** in CHAPS payments **in due course** (although not before 2024, and likely gradual), in order to realise the benefits of richer information in payments.

Webinar 5: Debbie Hoskins

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ISO 2022 Go Live is fast approaching

What should SWIFT members expect on 20th March

- They must be able receive payment messages in ISO format (MX)* – This is mandatory
- They don't have to send payment messages in MX until November 2025 – This is when MT formats disappear

*Only message type out of scope of this is the MT101 (pain.001 in ISO format)

From Go-Live on 20th March

- We can receive MX format
- We'll continue to originate outbound payments in MT format
- We'll be able to receive customer to bank payments (pacs.008) or bank to bank payment (pacs.009) into our gateway
- The payment(s) will then be translated into the relevant MT format (i.e., pacs.008 = MT103 and pacs.009 = MT202)
- Following translation, the payment will travel through our infrastructure and if the payment needs to go via TARGET2 (euro payment), it will be re-translated into the relevant pacs format

What does this mean?

- MX message has significantly more fields than an MT message and when the message is translated into MT format, customers will experience what is called 'truncation of data'. This means data will be missing

Webinar 5: Martin Foulger

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Bankline Direct

MX reporting

CAMT.052

- Ability for Bankline Direct customers to receive CAMT.052 intraday statements

CAMT.053

- Ability for Bankline Direct customers to receive CAMT.053 end-of-day statements

CAMT.054

- Ability for Bankline Direct customers to receive CAMT.054 advices

Supporting activity

- Relevant changes to staff and customer collateral
- Staff education and training



SGS

MX reporting & customer migration

MX statements

- CAMT.052 & CAMT.053 – Ability for SWIFT customer to receive CAMT.052 (intraday) and CAMT.053 (end-of-day) statements

An enhanced experience

- Ability for statements to be sent to multiple BIC addresses
- Ability to identify accounts via IBAN or domestic account number

Enabling customer migration and decommissioning of MCM

- ETL data migration approach defined, agreed and proven
- Customer migration commenced
- Customer migration strategy agreed and ready for handover to responsible team

Supporting activity

- Relevant changes to staff and customer collateral
- Staff education and training



Bankline

MX reporting

Classic Bankline

- CAMT.054 – Ability for users to download transaction-level CAMT.054 advices
- Enhanced Bankline CSV – CSV download enhanced with additional key fields ready to support key data when data provided from up-stream systems

Supporting activity

- Relevant changes to staff and customer collateral

