



EUROPEAN CENTRAL BANK

EUROSYSTEM

Full implementation of ISO 20022

30/09/2021

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Overview

- 1 Why are we migrating to ISO 20022?
- 2 Who is “the industry”?
- 3 How is the industry migration to ISO 20022 messages progressing?
- 4 How will SWIFT’s transaction manager support correspondent banks until they have migrated to ISO 20022?
- 5 What will this mean for the T2-T2S consolidation project?

Why are we migrating to ISO 20022?

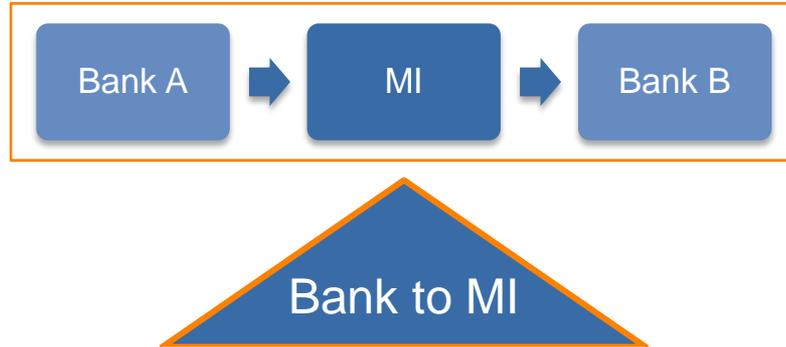
- ✓ **Common data dictionary** across various business domains
- ✓ **One message and communication standard** for all TARGET Services

target | T2 target | T2S target | TIPS target | ECMS
services services services services

- ✓ **Removal of restrictions** regarding **network choice** and **message richness**:
 - Network service provider agnostic
 - More structured address information
 - More granular remittance information
 - Additional party and agent information
 - Additional business flows
- ✓ **Global standard** adopted by major market infrastructures (MIs)

Who is “the industry”?

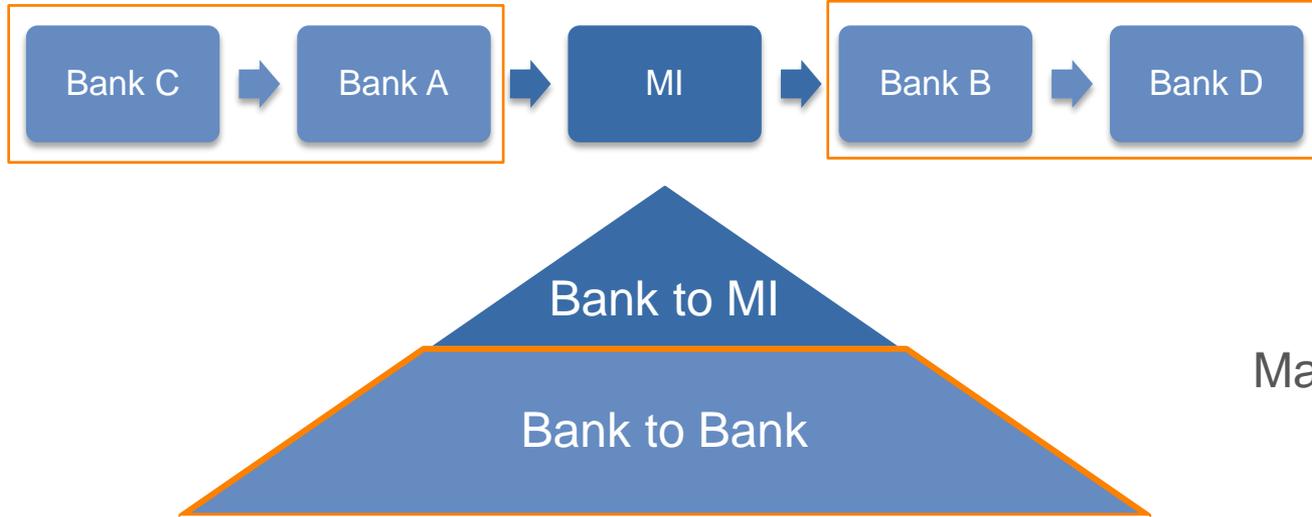
Bank to MI



Market Practice
HVPS+

Who is “the industry”?

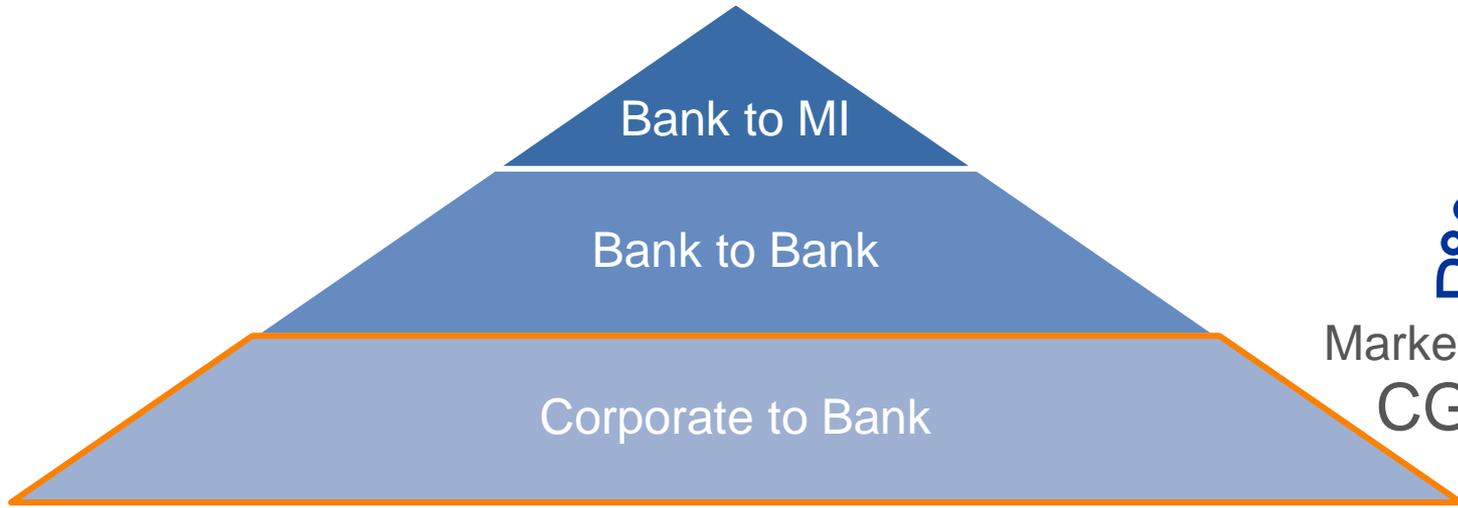
Bank to Bank



Market Practice
CBPR+

Who is “the industry”?

Corporate to Bank

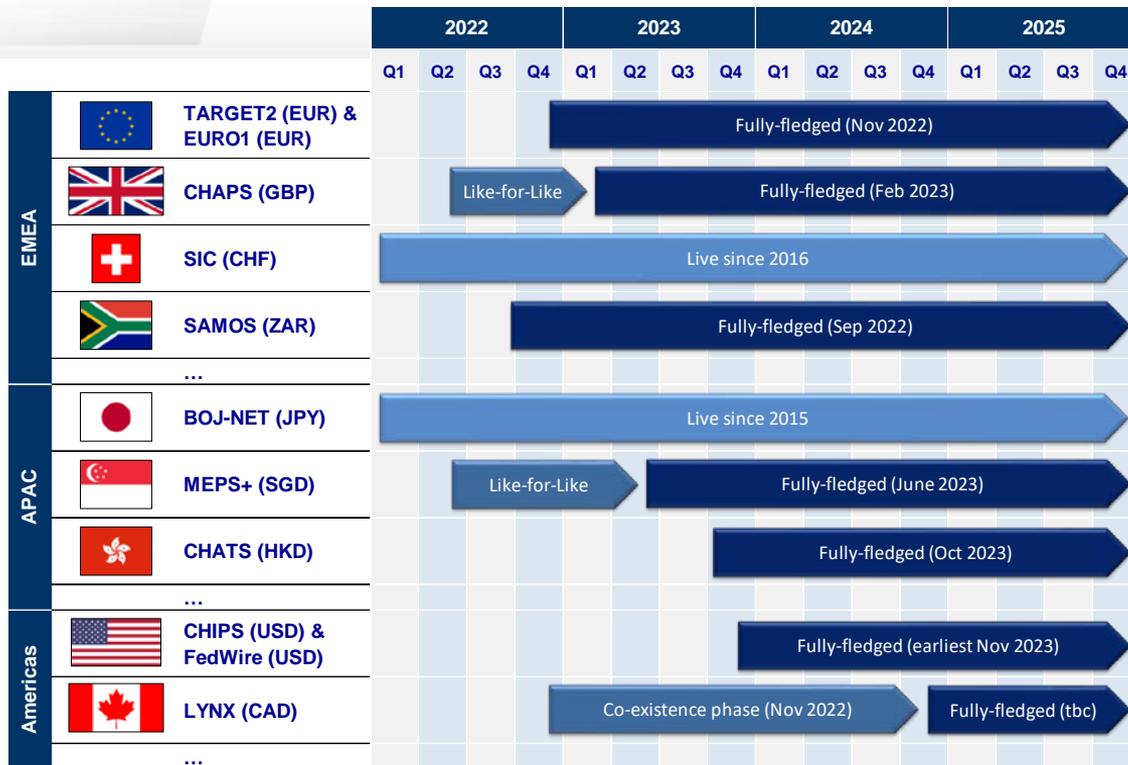


Market Practice
CGI-MP



Bank to MI – Update MI Migration Plans

- Significant number of **MI**s announcing **plans to migrate to ISO 2022** by Nov 2025
- **MI**s which are **already life** on ISO 2022 consider **upgrade** of **ISO maintenance release versions**



Source: Payments Market Practice Group (PMPG) - [MI Migration Strategy Sept 2021](#)



Bank to MI – Update MI Migration Approaches

- **Multiple migration approaches** will be applied by MIs:
 - **“Like-for-like”** maps existing FIN MT message fields like-for-like into new ISO 20022 message elements **inheriting legacy restrictions**
 - **“Fully-fledged”** allows banks to **make full use of ISO 20022 enhanced elements** which cannot be mapped to current FIN MT message fields fully, e.g. structured postal address elements
 - **“Co-existence”** allows banks to send both **FIN MT or ISO 20022 messages in parallel**. This approach entails the use of “like-for-like” ISO 20022 messages during the co-existence phase



Bank to MI – Update

Enhancing cross-border payments

- **G20** made **enhancing cross-border payments** a priority
- **Cross-border payments** are to become **faster, cheaper**, more **transparent** and more **inclusive** in the near future
- G20 expects **widespread benefits for citizens and economies worldwide**, supporting economic growth, international trade, global development and financial inclusion
- **FSB** (Financial Stability Board) in coordination **with the CPMI** (Committee on Payments and Market Infrastructures) **established** a **roadmap** in October 2020
- Roadmap provides **high-level plan** of ambitious but achievable goals **structured across five focus areas**



Source: [Enhancing Cross-border Payments: Stage 3 roadmap](#)

Bank to MI – Update Roadmap – ISO 20022 Building Block 14



Focus Area D - Data and market practices

Goal: Promote adoption of common data formats, including rules for conversion and mapping from legacy formats, as well as protocols for information exchange **to reduce costs** and **improve the scope for straight-through data processing** in **existing payments systems** and arrangements inter alia via:

Building Block 14: Adopting a harmonised ISO 20022 version for message formats

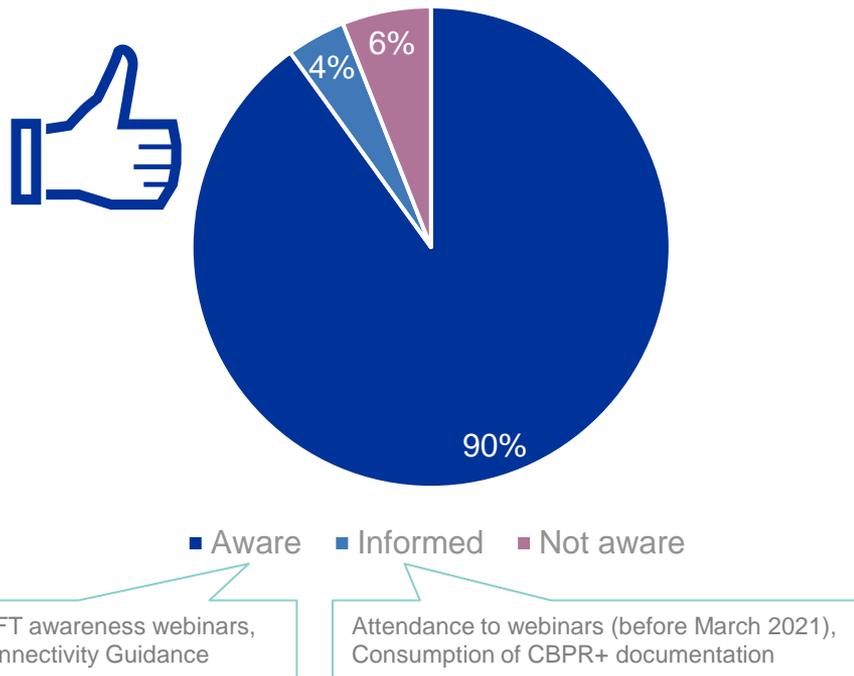
Source: [Enhancing Cross-border Payments: Stage 3 roadmap](#)



Bank to Bank – Update

- Majority of markets is aware of cross-border payments **co-existence phase** between **November 2022** until November 2025
- Support of community implementation is to follow the awareness campaign
- **In-flow translation** end-to-end **pilot testing completed** with 7 banks in June 2021
- In-flow translation **community testing** is expected to commence in **November 2021**
- **TM** to start **pilot testing** in **March 2022** and **community testing** as of **late Q2 2022**

Awareness Level as of September 2021



Corporate to Bank – Update



WG1 Activity: Credit Transfer and Payment Status Report (Q1 2021)

COMPLETED:

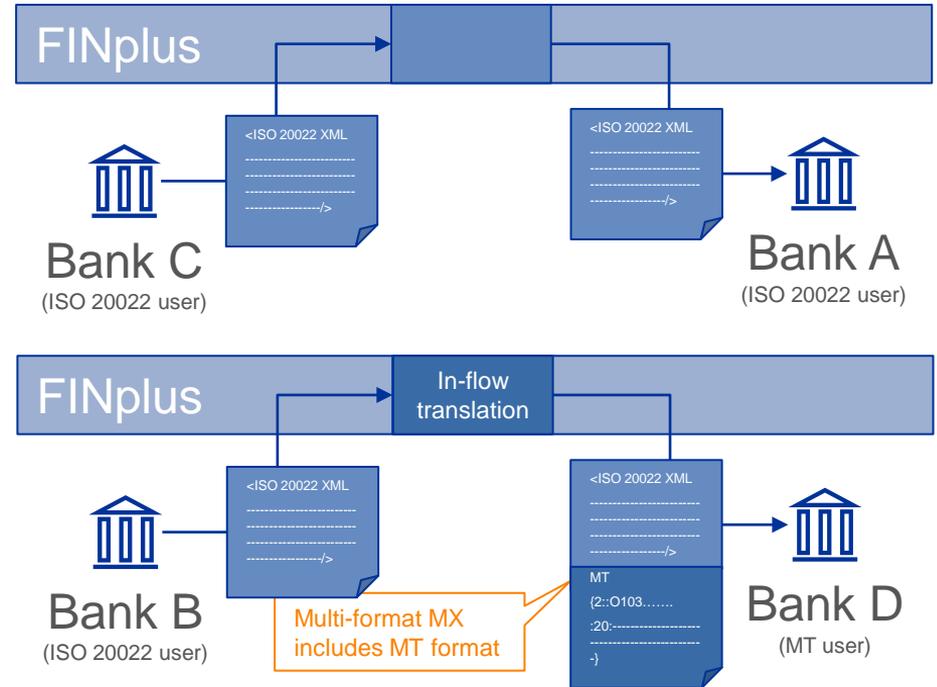
- ❖ Agreement: Support of ISO version 2019 by Nov. 2022
- ❖ Published guidelines for relay payments (pain.001 V09 and pain.002 V10) on MyStandards (close alignment to interbank

Source: [33rd CGI-MP Meeting Minutes](#) from the 21 April 2021

- **CGI-MP** agreed to **adopt** ISO 20022 **maintenance release version 2019** by **November 2022**
- Webinars hosted to highlight the **benefits** of **ISO 20022** to **corporate clients**

In-flow Translation

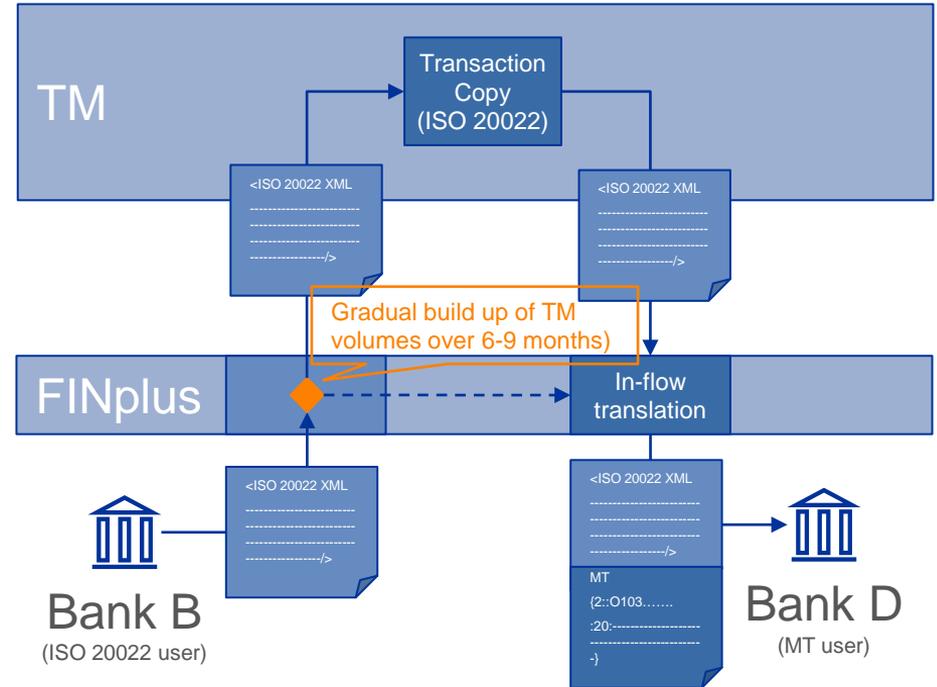
- Built into FINplus messaging service and **switched on by default**
- **Provides the key interoperability capability for ISO 20022 adoption**
 - Senders can send ISO 20022 to any bank; receivers can process as MT if not ready for ISO 20022
- **Available live** in production **August 2022**:
 - Opt-in, bilaterally agreed basis for 'penny testing', familiarization, early adopters
- **General go-live November 2022**



Source: SWIFT Information Report (IR) 864: ISO 20022 Adoption and Transaction Manager Activation

Transaction Manager

- TM brings **additional functionality on top** of **FINplus** messaging and **In-flow Translation**:
 - API access
 - Transaction data integrity (transaction copy)
 - Integration with value-added services
- Latest surveys indicate **over 50% of cross-border payments will switch to ISO 2022 in November 2022** already
 - Activate TM at original date November 2022
 - Progressively move ISO 2022 payments over 6-9 months
 - Prioritizing transactions with rich data
 - Keep MT on FIN and re-evaluate mid-2023

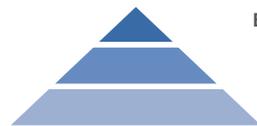


Source: SWIFT Information Report (IR) 864: ISO 2022 Adoption and Transaction Manager Activation



What will this mean to the T2-T2S Consolidation Project?

- In-flow translation go-live August 2022:
 - ✓ In-flow translation decoupled from TM go-live making CSLD-CR0048 on **“like-for-like” fallback solution obsolete**
 - ✓ Opportunity for banks to **test ISO 20022 in production prior T2 go-live**
- TM gradual volume build up:
 - ✓ **Increased confidence** in timely **adoption of ISO 20022** globally
 - ✓ **Ensure payment message flows over T2 migration weekend** and beyond
- **De-risking big bang migration weekend** in November 2022



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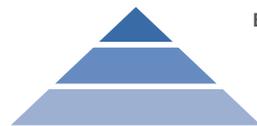
MIP NEWS

Fully-fledged implementation of ISO 20022 messages

1 July 2021

The Market Infrastructure Board has decided to move forward with fully-fledged ISO 20022 message implementation in the T2-T2S consolidation project and to not further pursue a “like-for-like” fallback solution. The decision is based on SWIFT’s confirmation that an in-flow translation solution will be available, which will allow the conversion of ISO 20022 messages to multi-format MT/MX messages for correspondent banks until they have migrated to the ISO 20022 message standard. The like-for-like solution was under consideration following the [rescheduling](#) of the global rollout of ISO 20022 for cross-border payments in 2020. Its objective was to prevent any potential risk to the go-live of the T2-T2S consolidation project in November 2022.

Source: [ECB internet site - MIP News 1 July 2021](#)



Different meanings of “Full implementation of ISO 20022”

- **From European market perspective:**
 - The **market** is migrating to ISO 20022 “**fully-fledged**” which allows European banks to **make full use of ISO 20022 enhanced elements** from November 2022
- **From industry perspective:**
 - The **whole industry** has embarked on the **ISO 20022 migration journey** and implementations have commenced. The aim is to **fully migrate** to ISO 20022 **by November 2025**



Thank you for the attention!

www.ecb.europa.eu/paym

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 ECB: market infrastructure and payments