ISO 20022 is coming

in November 2022

Key information and updates.

Ulster Bank

Tomorrow Begins Today

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Are you ready?

Over the next four years, we'll be working to help you and your business transition in readiness for ISO 20022 regulatory changes.

As a business ourselves, we'll be changing our systems to align with the new regulation and we'll be there to support you every step of the way as well.

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Introduction

ISO 20022 is an emerging global standard for payments messaging. It creates a common language and model for payments data across the globe, which provides higher quality payment information than other standards and adapts to new needs and approaches.

The introduction of ISO 20022 means there will be a requirement to make changes in the near future to send/receive international and domestic payments, which in turn will bring many benefits.

ISO 20022, first published by International Organization of Standardization (ISO) in 2004, has already been adopted in 70 countries – including China, India and Japan – to replace domestic or legacy formats.

Clearing House Automated Payment System (CHAPS) and TARGET2 Euro payment (T2) are on track for delivery, plus SWIFT will adopt the rulebook of the Cross-Border Payments Reporting (CBPR+) working group, where there will be a coexistence phase of MT/MX messages up until 2025.

Within five years, it's predicted that around 80% of high-value global payments by volume and 90% by value will have migrated to ISO 20022.

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Planned	Live
Belarus	Bangladesh
Canada	Brunei
Eurozone	Colombia
Hong Kong	China
Malaysia	India
New Zealand	Japan
Russia	Jordan
Singapore	Kosovo
United States	South Africa
United Kingdom	Switzerland

Source: SWIFT ISO 20022 XML migration consultation study.

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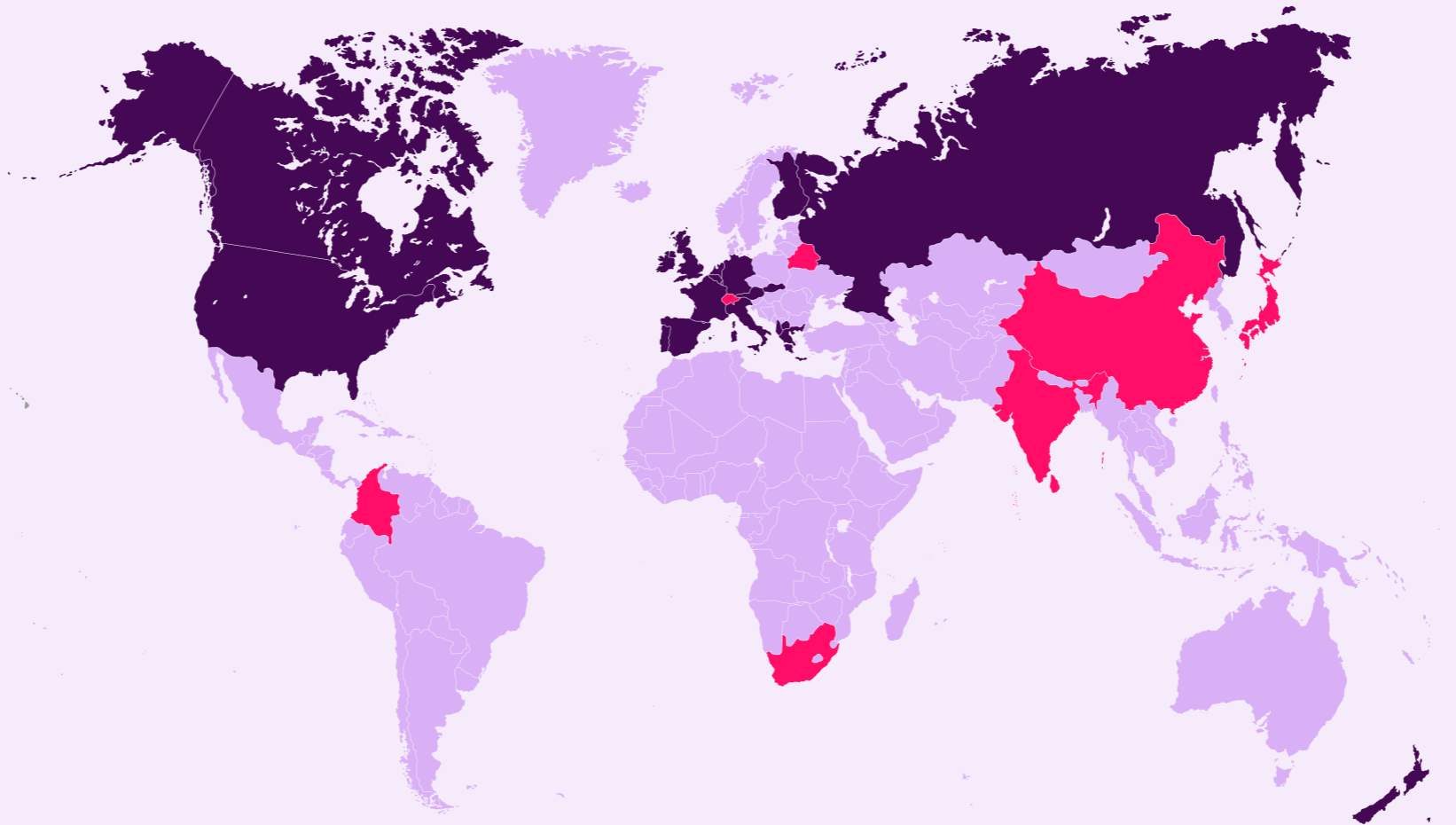
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Benefits of ISO 20022 XML

The main benefit of ISO 20022 is a far better payments experience for customers.

It also has a direct improvement on efficiency and compliance, as well as harmonisation with international payment systems. The migration to ISO 20022 will also enable improved user functionality, stronger risk management and opportunities for innovation.

Standardisation
- For different payment types.
- In bank formats (facilitate multi-bank consistency).
- Across global entities.

Bank agnostic
- No single point of failure.
- Reduced counterparty risk.
- Easier to manage banking relationships.

Modern and flexible tech
- Simpler transaction, faster troubleshooting and maintenance.
- Choice of connectivity.
- Increased support by major TMS and ERPS.

Higher automation and STP
- Automated G/L positioning and cash application.
- Reduction of manual entries and payments fx.

Financial gains/savings
- Reduced tech support needed.
- Focus on valued-added treasury activities.

Enriched data
- Improved cash visibility and forecasting.
- Facilitates business intelligence.

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NatWest and ISO 20022 – how will it affect you?

NatWest will support the new ISO 20022 messaging format from the published migration dates for both inbound and outbound CHAPS, Target2 and cross-border payments.

Today, the bank processes payments through MT message formats, eg MT103, MT202, etc. In ISO 20022, messages will be processed in eXtensible Markup Language (XML) through MX format, eg PAIN (Payment Initiation), Pacs (Payments Clearing and Settlement) and CAMT (Cash Management). The table in Appendix A shows the mapping of the current formation of a payment message to the new ISO format(s) within the payment and reporting messages range.

ISO 20022 will introduce a different business language across all of the payment products we currently offer, with changes for customers that will depend on the payment channel used. While ISO 20022 affects the bank's operational flows and payments systems, the impacts for financial institutions will be high, especially for those customers who have a direct link to our payment infrastructure. We would advise these customers to set up an in-house project to prepare for the effects of ISO 20022.

Our ISO 20022 migration strategy has been determined by the approach taken by the scheme operators and regulators, and it's in your interest to plan for the changes to be able to send/receive ISO 20022 messages.

We're currently finalising our core payments systems to be able to support all the ISO 20022 requirements and are finalising the timings of the transition states.

Indirect participants

Direct participants will be responsible in ensuring all indirect participants are ISO compliant with regards to systems and processes. We'll work with you to support you through the migration and make the changes required.

Direct participants including correspondent banks

You'll already be progressing internal programme plans to adopt ISO 20022 messaging standards across all schemas. Any queries related to your own adoption of ISO 20022 should be referred to your SWIFT relationship manager, who can support you with further guidance.

With regard to the service(s) you currently use through ourselves, we'll communicate changes to you directly when they're finalised. The timeline below breaks down the different timelines for the schemas and what these mean for you.

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Latest developments and scheme updates

Most banks have already started their journey as they migrate to ISO 20022, something that will not happen overnight but will take years to fully implement with challenges along the way.

The benefits of ISO 20022 migration are clear, with improvements in customer experience and the ability to deliver new services. But keeping up to date with the latest developments and understanding the key points can be difficult. For this reason, we'll be producing a series of ISO 20022-themed brochures to aid understanding of what this means for our customers.

The migration to ISO 20022 has continued to make significant strides. In 2020, SWIFT and the European Central Bank (ECB) decided to delay its implementation of ISO 20022 for TARGET2 and CBPR+ to November 2022. The Bank of England has also changed its approach to CHAPS, with CHAPS set to go live with full enhanced message adoption in April 2023.

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November 2022	November 2022	April 2023
TARGET2	**Cross-Border Payments Reporting+**	**Bank of England CHAPS**
ISO 20022 Messaging formats for International Euro Payments live	Coexistence period commences for current and new messaging formats	Enhanced ISO 20022 messaging format live

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The Bank of England has communicated that all CHAPS direct participants will be required to send and receive ISO 20022 payment messages using the published schemas.

From April 2023, on the basis that the SWIFT correspondent banking network will migrate to ISO 20022, the Bank of England will require all CHAPS direct participants to receive enhanced ISO 20022 payment messages.

The Bank of England has published the and enhanced ISO 20022 schemas for the CHAPS and Reserves and Settlement account services on MyStandards*.

TARGET2 Euro payments (T2) are used for high-value payments in the eurozone and managed by the Bundesbank's Real Time Gross Settlement (RTGS). The Eurosystem is the operator of T2, the RTGS service that enables EU banks to settle euros to each other in real time.

T2 has opted for a "big bang" approach: all Payment Module RTGS account holders shall switch from MT messaging to MX messaging exactly at the SWIFT Standard Release 2022 in November 2022. The usage in T2 of MT1XX, MT2XX, and MT9XX series of messages will be abandoned instantly.

T2 participants are responsible for adapting their own systems and processes to be able to send/receive ISO 20022 messages. This means T2 won't make use of the coexistence period of four years beyond.

From now until November 2022, the payment messaging type MT remains the standard for CBPR+. During this time, users and their supporting colleagues need to train for CBPR+ and prepare systems for native ISO 20022 support.

From November 2022, SWIFT will start the migration to ISO 20022 formats. This means there will be a coexistence period for CBPR+ where MT and MX messages will be processed for cross-border payments. All cross-border ISO 20022 schemas are available via the SWIFT CBPR+ Portal*.

Note

The new **SWIFT-hosted Transaction Management Platform (TMP)** will provide coexistence measures to intermediate between ISO 20022 messages and MTs to ensure that banks may use the standard of their choice for transactions. SWIFT are in the build stage at present.

The Transaction Management Portal will maintain full ISO 20022 transaction data, which will be accessible by any authorised party in the payment chain. If intermediaries don't pass on full ISO data, it can be accessed via the TMP and members can benefit from the enriched data sooner without needing to wait for all parties in the payment chain to use ISO 20022.

Access to SWIFT MyStandards

*All schemas are now available via SWIFT MyStandards. The owner of the relevant industry format will need to grant access to the specific SWIFT My Standards Community Group. Once you have been given access to the NatWest MyStandards Community Group, you can view the information for ISO 20022 under the option "Standards Releases".

You must be registered for an account on **swift.com** and full instructions on how to register can be found via **this link.**

Explore MyStandards: no extra steps are required. Access can be via **this link** after registration has been completed.

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CBPR+ Translation Portal

SWIFT has created and published translation rules on MyStandards for selected messages from the SWIFT MT Category 1, 2 and 9 set of messages.

The Translation Portal will enable you to get full details of field-by-field translation logic to test your translation utilities against CBPR+ approved translation rules. This can be done both ways – from MX to MT and MT to MX.

From November 2022 to November 2025, these translation rules will facilitate the coexistence period. The translation can be tested in the CBPR+ Translation Portal, where users are able to input a SWIFT MT message and view the translated ISO message along with explanations of the relevant fields.

It's to be noted that the rich data in the ISO 20022 messages cannot be mapped directly into an MT message, so truncation of data will be present which poses a number of risks.

Note

To access the CBPR+ Translation Portal, you'll need to be registered with SWIFT MyStandards and can request access via the CBPR+ landing page (see Appendix B).

Helping you prepare

As you develop your own ISO 20022 plans, we'll continue to keep you informed with our developments along with any industry communications through our Communications Programme 2021.

If you have any further questions, please contact us via email at **ISOSupport@ulsterbank.com**

There are some useful resources available in the public domain that provide overviews of ISO 20022 XML and the different schemas.

There are also some links to training modules on ISO 20022 XML, which can all be found below. We encourage you to use these to build your organisation's knowledge further and to prepare for migration to ISO 20022 XML.

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SWIFT ISO 20022 training

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Useful links

Bank of England – CHAPS

Contains all items related to the migration of the CHAPS payments to ISO 20022 CML, including CHAPS XML schemas.

ECB – Target2

Contains all items related to the migration of the Target2 payments to ISO 20022 XML, including Target2 XML schemas.

SWIFT ISO 20022 main site

Clear information on SWIFT and the ISO 20022 XML approach, timeline and specific articles on different elements of the ISO 20022 XML programme.

Key SWIFTSmart training sessions to support ISO 20022 learning

Introduction to ISO 20022

Understand how financial messaging standards are built using ISO 20022 XML. Discover who's using ISO 20022 XML and the role of SWIFT.

ISO 20022 introduction course

What you need to know about ISO 20022 adoption for payments and reporting

Understand the essentials of ISO 20022 XML adoption for payments. Gain a view on how the ISO 20022 XML migration will affect you and your customers who are involved in the business of cross-border payments and reporting.

ISO 20022 adoption for payments and reporting

Transaction and account reporting with ISO 20022

Understand the message flows of transaction and account reporting. List which ISO 20022 messages can be used for reporting. Know the related CBPR+ guidelines.

ISO 20022 transaction and report accounting

Customer payments and transaction reporting using ISO 20022

Understand the SWIFT customer payment message flows and related transaction reporting. Identify the various parties involved in a SWIFT customer payment. Understand the differences between a SWIFT customer payment made with serial method and one made with cover method.

ISO 20022 customer payments and transaction reporting

Financial institution credit transfer and transaction reporting with ISO 20022

Understand the SWIFT financial institution credit transfer message flows and related transaction reporting. Identify the various parties involved in a SWIFT financial institution credit transfer. Know which ISO 20022 XML messages can be used in a SWIFT financial institution credit transfer.

ISO 20022 financial institution credit transfer and transaction reporting

Financial institution to financial institution credit transfer with ISO 20022 (pacs.009 core)

Understand the structure of the pacs.009.001.08 and its related flows. Be able to interpret a pacs.009 for a specific scenario, following the CBPR+ guidelines.

ISO 20022 financial institution to financial institution credit transfer

YouTube

SWIFT – entering a new era with ISO 200222

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	MT number	MT name	MX ID	MX name
Customer payments and cheques	MT 101	Request for transfer	pain.001	CustomerCreditTransferInitiation
	MT 102 MT102 STP	Multiple customer credit transfer	pacs.008	FIToFICustomerCreditTransfer
	MT 103 MT103 STP MT103 REMIT	Single customer credit transfer	pacs.008	FIToFICustomerCreditTransfer
	MT 104	Direct Debit and request for debit transfer	pain.008	CustomerDirectDebitInitiation (when MT104 is request for Direct Debit)
	MT 105	EDIFACT envelope	None available	None available
	MT 107	General Direct Debit message	pacs.003	FIToFICustomerDirectDebit
	MT 110	Advice of cheque(s)	None available	None available
	MT 111	Request for stop payment of cheque	None available	None available
	MT 112	Status of a request for stop payment of cheque	None available	None available

	MT number	MT name	MX ID	MX name
Financial institution transfers	MT 200	Financial institution transfers	pacs.009	FinancialInstitutionCreditTransfer
			camt.050	LiquidityCreditTransfer
	MT 201	Multiple financial institution transfer for its own account	pacs.009	FinancialInstitutionCreditTransfer
	MT 202 MT202 COV	General financial institution transfer	pacs.009	FinancialInstitutionCreditTransfer
			pacs.009	FinancialInstitutionCreditTransfer
	MT 203	Multiple general financial institution transfer	pacs.009	FinancialInstitutionCreditTransfer
	MT 204	Financial markets Direct Debit message	pacs.010	FinancialInstitutionDirectDebit
	MT 205 MT205 COV	Financial institution transfer execution	pacs.009	FinancialInstitutionCreditTransfer
	MT 210	Notice to receive	camt.057	NotificationToReceive

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	MT Number	MT name	MX ID	MX Name
Cash management and customer status	MT 900	Confirmation of debit	camt.054	BankToCustomerDebitCreditNotification
	MT 910	Confirmation of credit	camt.054	BankToCustomerDebitCreditNotification
	MT 920	Request message	camt.060	AccountReportingRequest
	MT 935	Rate change advice	None available	None available
	MT 940	Customer statement message	camt.053	BankToCustomerStatement
	MT 941	Balance report	camt.052	BankToCustomerAccountReport
	MT 942	Interim transaction report	camt.052	BankToCustomerAccountReport
	MT 950	Statement message	camt.053	BankToCustomerStatement
	MT 970	Netting statement	camt.053	BankToCustomerStatement
	MT 971	Netting balance report	camt.052	BankToCustomerAccountReport
	MT 972	Netting interim statement	camt.052	BankToCustomerAccountReport
	MT 973	Netting request message	camt.060	AccountReportingRequest
	MT 985	Status enquiry	None available	None available
	MT 986	Status report	None available	None available
	MT n90	Advice of charges, interest and other adjustments	None available	None available
	MT n91	Request for payment of charges, interest and other expenses	None available	None available
	MT n92	Request for cancellation	camt.055	CustomerPaymentCancellationRequest
	MT n95	Queries	camt.026	UnableToApply
	MT n95	Queries	camt.027	ClaimNonReceipt
	MT n95	Queries	camt.033	RequestForDuplicate
	MT n96	Answers	camt.034	Duplicate
	MT n96	Answers	camt.028	AdditionalPaymentInformation
	MT n96	Answers	camt.031	RejectInvestigation
	MT n96	Answers	camt.029	ResolutionOfInvestigation
	MT n98	Proprietary message	None available	None available
	MT n99	Free format message	None available	None available

Note: the above table is subject to change. For the most updated information, refer to swift.com to access the MT and MX equivalence tables.

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Appendix B

CBPR+ Translation Portal – how to get access

Go to the Cross-Border Payment and Reporting homepage.

In the Open Communities tile on the CBPR+ Translation Portal community, click the 'Request Access' button.

Click here to access the SWIFT CBPR+ landing page.

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The information enclosed was correct at time of publishing.