Legal Notices

The State of ISO 20022 Adoption

Prepare for November 2022

Kalyani Bhatia
Head of Business Innovation, AM&UKI

Agenda:

- SWIFT Platform Evolution

- Update on ISO 20022 Adoption & Timelines

- Customer Readiness Program

- Community Progress

- Call to Action & Available Resources

Why do we need to evolve as an industry?
5 market trends highlight the need for change

1. Upstream disintermediation	— New trade, FX and securities solutions managing transactions in new ways, absorbing payment/settlement as a side effect
2. Stronger competition	— Unmet customer needs leaving opportunities for competitors — Market entry by new players intensifies competitive landscape
3. Tighter compliance	— Higher compliance cost and risk — Uneven regulatory burden on existing players
4. Increased cost of doing business	— Compulsory market changes — Window of opportunity is closing in securities market
5. Rapid adoption of new tech	— Enabling customer experience improvements, and new business and operating models — Widespread innovation and disruption

SWIFT's Strategic Vision – Smarter, Faster, Better

Builds on our foundation as an industry co-operative with unrivalled security standards to innovate rapidly at scale, with the right levels of risk and control

Frictionless payments

Instant and frictionless transactions from account to account anywhere in the world, building on and extending gpi

## Smarter securities

Smarter securities services for greater simplicity and efficiency

Open state-of-the art platform

State-of-the art digital platform that enables messaging and transaction services with effortless customer experience

Rich data

End-to-end integrity and rich data services enabled by ISO 20022, to help our users innovate and grow

Smarter   **Faster**   **Better**
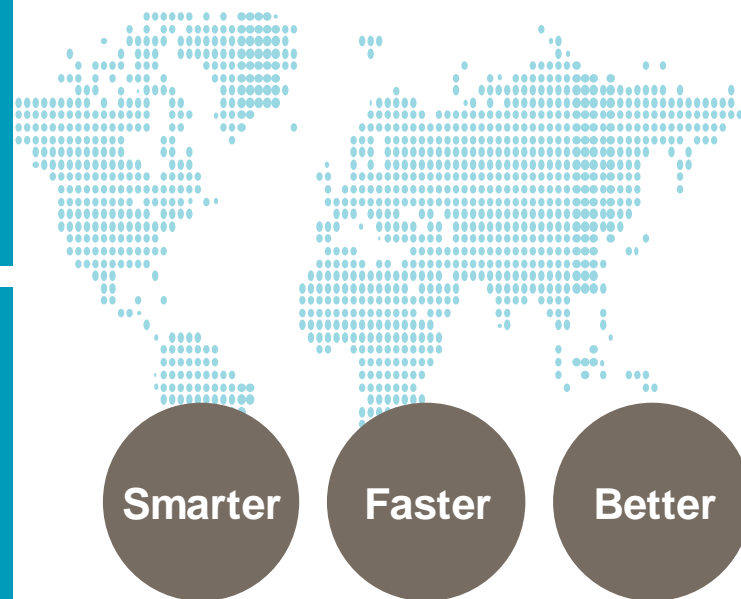
From sequential message exchange to transaction management
Enabling frictionless and instant transactions

UETR

Traditional messaging
1970s-2017

Debtor → Debtor Agent → MT103 → Intermediary Agent → MT103 → Creditor Agent → Creditor
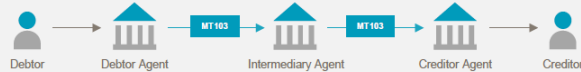
- ✓ Standard
- ✓ Secure
- ✓ Integrity and availability
- ✓ Community reach
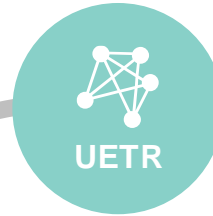
Tracking and service levels with gpi
2017-2020

Debtor → Debtor Agent → MT103 → Intermediary Agent → MT103 → Creditor Agent → Creditor
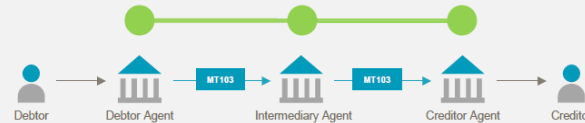
- ✓ Transactional referencing (UETR)
- ✓ Business service levels and quality controls
- ✓ STP enhancements
- ✓ E2E tracking and insights
- ✓ Controls
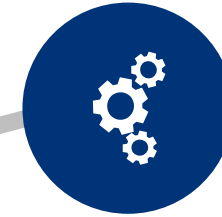
Transaction management
2021 and beyond

Transaction manager

Debtor → Debtor Agent (API) → Intermediary Agent (pacs.008) → Creditor Agent (MT 103 / pacs.008) → Creditor
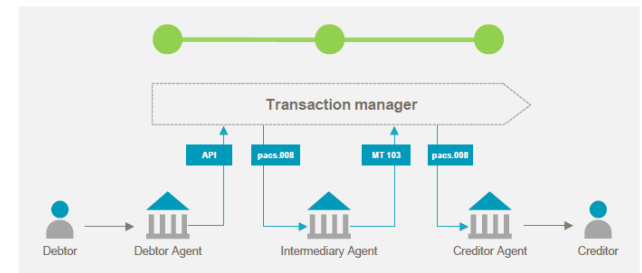
- ✓ **Frictionless payments**
  Ensuring accuracy and unaltered rich data across the transaction
- ✓ **Instant processing**
  End-to-end orchestration and built-in value added services
- ✓ **SME and consumers**
  Enhanced user experience through tighter SLAs and quality assurance

ISO migration – timeline

MI

Q4 2022

Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	
• HKEX (Pilot)	• PayCan (Pilot)	• Paycan (Pilot)	• BoE (Pilot)		• T2 ESMIG (Pilot)	• MAS (Live)	• BoE(Live)	• T2 ESMIG live
• Philipass (Pilot)	• HKEX (Live)	• Philipass (Live)	• MAS (Pilot)		• EURO1 (Pilot)	• PayCan (Pilot)		• EURO1 (Live)
			• EURO1 (Pilot)					• PayCan (Live)

CBPR+

Nov 2022, Transaction manager (Live)

Nov 2020, FINplus (Pilot)

June 2021, In-flow Translation (Pilot)

November 2021, In-flow translation (Pilot)

March 2022, Transaction manager (Pilot) - TBD

Nov 2022, In-flow translation (Live)

- • FINplus service available
- • CBPR+ Limited ISO collection

- • Pilot 6-9 Customers
- • Test Sparring Partner available

- • Pilot all Customers
- • CBPR+ Final ISO collection

- • Pilot Transaction Management

More information on ISO programme: https://www.swift.com/standards/iso-20022-programme

Payments Market Infrastructures adoption of ISO 20022 – EMEA / AMUK

◆ Community Testiing ◆ Live

Mis	Topology	ISO Content	UGs Published
EURO1	V	Big-Bang	Y
TARGET2	V	Big-Bang	Y
PL-Sorbnet2	Y		→ 2024
RO-Transfonnd	Y	Big-Bang	
ZA-SARB	Y	Big-Bang	Y
SADC			
MITASS (Malawi)			
Estonia	V	Big-Bang	Y
Bulgarian Nat. Ban	V	Big-Bang	Y
Mozambique		Coexistence	Y

◆ Community Testiing ◆ Live

Mis	Topology	ISO Content	UGs Published
CA_PAYCAN	Y	Coexistence	Y → 2024
GB-BOE	Y		Y
HN BC Hondu.	Y	TBC.	
CW-BC Curac.	V	TBC.	
US-CHIPS	Prop.	TBC.	

Note =
BOE Phase 2 testing from April 2022
CHIPS = Nov. 2023

Payments Market Infrastructures adoption of ISO 20022 – APAC

Legend: ◆ Community Testing   ◆ Live

MIs	Topology	ISO Content	UGs Published	2021	2022	2023
PH- BSP	Y	Big-Bang	Y	Community Testing (green) ~Jul		
SG- MAS	Y	Big-Bang	Y		(L4L) ◆ Feb, ◆ Live; (Next Gen/ Swift) ◆, ◆ Live	
TH-BOT	Y	Big-Bang	n.a	◆ Nov	◆ Live	
MY-BNM	Y	Big-Bang			◆ Live	
AU-RBA	Y	Coexistence	Y		◆ — ◆ Live	
NZ-PNZ	Y	Coexistence	Y		◆ — ◆ Live	
PG-KATS	Y	TBC.				◆ Live
FJ-RTGS	Y	TBC.			◆ Live	
CN-CIPS	Y	Big-Bang	Y			
HK-HKICL	Y	TBC.	Y			◆ Live
MO-RTGS	Y	TBC.				◆ Live
TW-FISC	Y	TBC.				→ 2025
SK-RTGS	Y	TBC.			◆ Live	

Live

MIs		Year
CN-CNAPS		2012
CN-CIPS		2015
IN- RBI		2013
BD- RTGS		2015
JP-BOJ Net		2015
BN-RTGS		2014

Note =
Phillpass = Go live shifted from 20th June to 12th July and then further to 26th July.
CN CIPS = will connect off-shore clearing bank using Swiftnet network, with 21 XML prop. And 47 ISO 20022.

# Strategy delivery is underpinned by 3 pillars

	FROM	TO	DETAILS	ACTIONS
RICH DATA	**MT**	**ISO 20022** for cross-border payments	At request of community. Approved by the Board in 2018 Translation to protect MT users during 3 year transition	**Mandatory action**: update interface to receive multi-format MX **Assess any compliance obligations**
API CHANNEL	**Messaging** (FIN)	**Messaging** (InterAct) and **APIs**	API access to correspondent banking	Opt-in only; **no mandatory action**
INSTANT & FRICTIONLESS	**Passive Tracking** (gpi tracker) **Discrete data services** (Sanctions screening, pre-validation, case management, payment controls)	**Active Transaction Management** with embedded data services for payment quality	End-to-end certainty on data Simplified access to data services for payment quality	**Centrally enabled** Systemic improvements to data quality and transaction integrity New services available on opt-in basis

Update on ISO 20022 Adoption & Timelines

ISO 20022 will provide consistent, rich and structured data across the payments chain
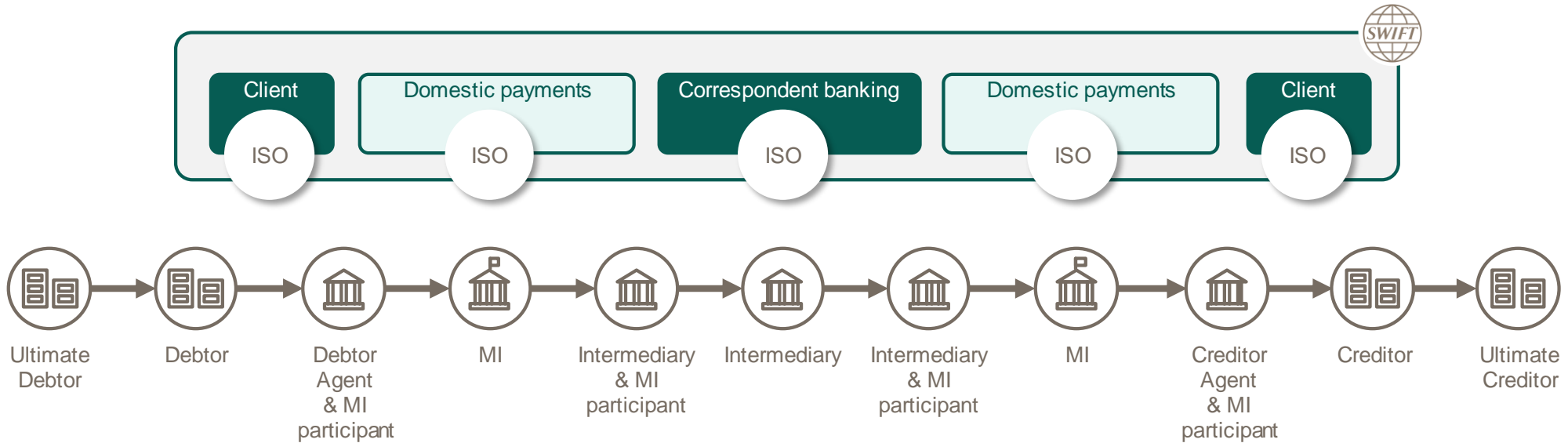
ISO context

- ISO20022 is a **key game changer** for the payment industry: End-to-end rich, structured data provided by ISO 20022 enables more efficient, more compliant and faster payments

- **Community decision** to adopt ISO20022 for CBPR+ flows – co-existence period (from Nov.2022 to Nov.2025)

- Pushed by the **wide adoption of ISO20022 by Payments Market Infrastructures** (RTGS, Instant Payment, ACHs)

How SWIFT is planning to support ?

From November 2022, any bank can send CBPR+ messages to their correspondents network. All banks will be provisioned on FINplus. SWIFT put some measures to foster interoperability such as:

- **In-flow translation** (stand-alone or for transactions from the Transaction Manager) will allow banks to send ISO20022 messages to any counterpart, independently of their ISO readiness

- **Transaction Manager** will support ISO adoption even further. Thanks to transaction copy, rich data will be kept centrally, avoiding any loss of information in case of MT sender in the chain

ISO20022 Customer Value Structured remitance info

```
<Purp>
    <Prop>P1002</Prop>
</Purp>
<...nf >
    <Strd>
        <RfrdDocInfo>
            <Tp>
                <CdOrPrty>
                    <Cd>CINV</Cd>
                </CdOrPrty>
            </Tp>
            <Nb>AcctPay12345</Nb>
        <CdtrRefInf>
            <Tp>
                <CdOrPrty>
                    <Cd>SCOR</Cd>
                </CdOrPrty>
            </Tp>
            <Ref>20190830-1072-01</Ref>
            <Ref>20190910-2084-01</Ref>
            <Ref>20190912-3232-01</Ref>
        </CdtrRefInf>
        <RfrdDocInfo>
            <Tp>
                <CdOrPrty>
                    <Cd>CREN</Cd>
                </CdOrPrty>
            </Tp>
            <Nb>20191030-5044-01<Nb>
        <RfrdDocAmt>
            <CdtNoteAmt>USD25</CdtNoteAmt>
        </RfrdDocAmt>
        <CdtrRefInf>
            <Tp>
                <CdOrPrty>
                    <Cd>SCOR</Cd>
                </CdOrPrty>
            </Tp>
            <Ref>20190917-4214-01</Ref>
        </CdtrRefInf>
        <RfrdDocInfo>
            <LineDtls>
                <Id>
                    <Nb>002<Nb>
                </Id>
                <Desc>Cystic Fibrosis Genetic Marker Test</Desc>
                <Amt>USD0</Amt>
                <AdjstmntAmtAndRsn>
                    <Amt>USD100</Amt>
                    <CdtDbtInd>CRED</CdtDbtInd>
                    <Rsn>Test not on Purchase Order</Rsn>
                </AdjstmntAmtAndRsn>
            </LineDtls>
        </RfrdDocInfo >
```

This is a payment for medical research

My client number is: AcctPay12345

I am paying invoice no: 20190830-1072-01 20190910-2084-01 20190912-3232-01

Invoice no: 20191030-5044-01 is a credit note and I have deducted 25 USD from the total amount

I have reduced the amount of invoice no: 20190917-4214-01 by 100 USD because the 2nd line item is not part of the Purchase Order

```
:70:P1002/Payment of medical
resear ch invoices nrs - 20190830-
1072-01/ 20190910-2084-
01/20190912-3232-01/2 0191030-
5044-01/20190917-4214-01/
```

MT 101 and 103 are limited to 4 lines of 35 characters

Free form text that ERP and bank apps have to interpret

CBPR+ : A group of your peer banks advising SWIFT on how ISO 20022 should be used

Objective

Create **global ISO 20022 Market Practice, Usage Guidelines and Translation Rules** for selected messages from the **SWIFT MT Category 1, 2 & 9** set of messages, which will be validated on the SWIFT network in the many to many space.

With the approach of

- **Benefiting from ISO 20022 features,** and not alike for like adoption from SWIFT MT
- **Interoperable with high value payment system (HVPS+) guidelines*,** while differences should be justified and documented
- **Incorporating gpi requirements,** such as UETR
- **Incorporating securities requirements,** for the cash-leg of a securities transactions
- **Including new messages & functionalities where required,** e.g. Return & Status messages
- **Validated on the SWIFT network**
- **Maintained on a yearly basis**

HVPS+: A working group of payment marketing infrastructure operators advising SWIFT on how ISO 20022 should be used for high value payment systems. HVPS+ has established usage guidelines for this purpose

FINplus service

To enable exchange of ISO 20022 formatted request types over SWIFTNet, SWIFT has

- Deployed a FINplus, an InterAct service supporting ISO 20022 messages for payments and beyond

- Offered an equivalent level of features as FIN and include the validation of industry usage guidelines such as CBPR+

FINplus

Scope & Features

Addressing

Validation
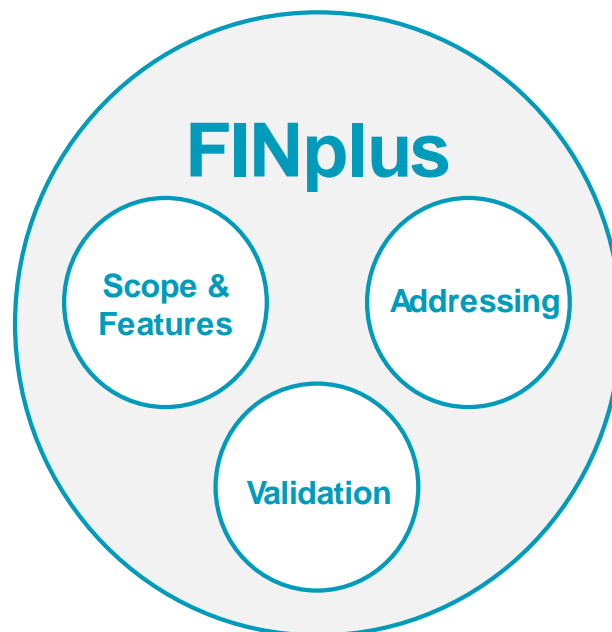
The service will be

- Deployed progressively for securities, gpi and Payments

- As of 2020, for securities (SRD II & CSDR) ISO 20022 messages

- And for CBPR+ relevant request types in 2021 (for Test) and 2022 (for Live)

- Used in the context of the SWIFT Platform as of the end of 2022

"FINplus" is SWIFT's many-to-many messaging environment, which will ultimately host <u>all</u> SWIFT ISO 20022 messages in a many-to-many service.

CBPR+ MyStandards Portal - <link>

Suggested Test Approach for Customers Boarding on FINplus

Implementing

STANDARDS TESTING

Validate the structure of CBPR+ messages before connectivity to FINplus
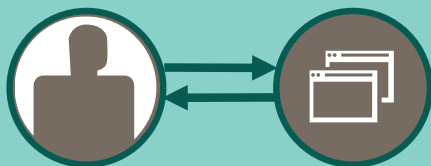
**Readiness Portal
Translation Portal**

CUSTOMER INTERNAL TESTING

Validate developments and changes through unit, system, (internal) integration testing, …

Testing

LOOPBACK TESTING

Validate connectivity to FINplus

TESTING WITH SWIFT

Test Sparring Partner

Validate functional integration with internal applications

COMMUNITY TESTING
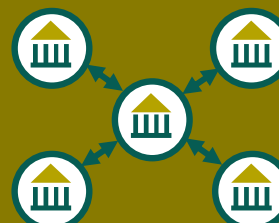
Validate business and technical interoperability with selected counterparties

NON FUNCTIONAL TESTING

Some considerations if you want to conduct NF Testing related to FINplus

Live

ROLLOUT

(Big Bang or Gradual)

FINplus Testing in 2021

	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
STANDARDS — Usage Guidelines	CBPR+ Ph 1&2 available		CBPR+ 2.0 available			
STANDARDS — Readiness Portal	CBPR+ Ph 1&2 available	Standards testing based on CBPR+ Ph 1&2 UGs	Updated to CBPR+ 2.0	Standards testing based on CBPR+ 2.0 UGs		
STANDARDS — Translation Portal	CBPR+ Ph 1&2 available	Translations testing based on CBPR+ Ph 1&2 UGs		Updated to CBPR+ 2.0	Translations testing based on CBPR+ 2.0 UGs	
MESSAGING — FINplus Pilot Future	Pilot Future available	Connectivity/ Loopback testing based on CBPR+ Ph 1&2 UGs		Updated to CBPR+ 2.0	Connectivity/ Loopback testing based on CBPR+ 2.0 UGs	TM Pilot available
MESSAGING — In-Flow Translations			Restricted Pilot / AA 7.6 & AMH 4.2 available		In-flow translations available (opt-in)	Testing of multi-format messages
TESTING — Test Sparring Partner		Premium available, based on CBPR+ Ph 1&2 / Early Adopters testing with SWIFT based on CBPR+ Ph 1&2 UGs	Universal available, and updated to CBPR+ 2.0	Testing with SWIFT based on CBPR+ 2.0 UGs	Updated for In-flow translations	Updated for TM
ORDERING & PROVISIONING	FINplus e-form available	Subscription to FINplus Pilot (opt-in)		Updated FINplus e-form for In-flow translations	Subscription to In-flow translations / Mass Enrollment (TBC)	

Customer Readiness Program

Customer Readiness engagement

Phase 1 Awareness	Phase 2 Implementation	Phase 3 Testing – Go Live
March 2021 - October 2021	October 2021 - December 2021	As of January 2022
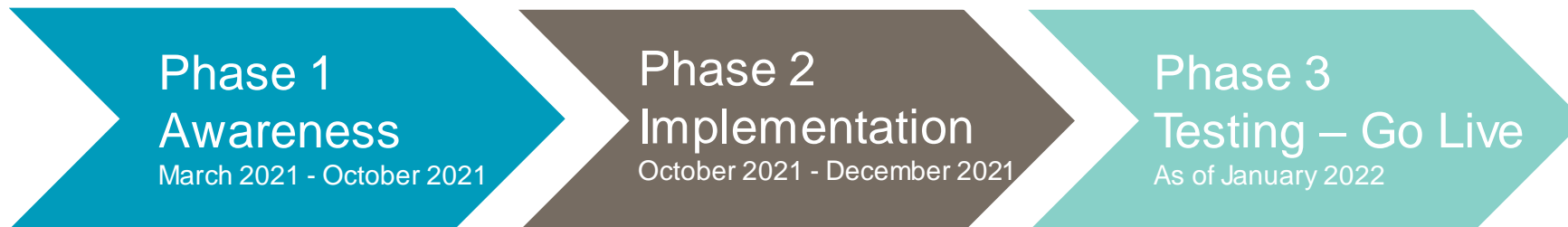
Aim

Create awareness Understand value proposition Prepare implementation	Understand business flow impact Understand operational impact Support implementation	Understand testing scenarios Support testing

Webinar Content focus

Value proposition Connectivity Guidance	Messaging flows Interfaces Impact	Testing

Bilateral and webinar engagement

- **260+** Bilateral meetings held YTD
- **4497** Unique BICs **(~ 8800** contacts) have attended a webinar globally
- **91** Webinars held YTD - **70 +** scheduled from Sept until the end of the year

Key documentation and training

Representatives from **4100+** BICs have downloaded one or more relevant documents on swift.com (*Connectivity Guidance, FIN+ Serv.Desc., CBPR+ Adoption Guide SWIFT Platform doc.*) and/or attended a Smart module training on ISO Adoption

Community Progress

Poll

What's your institution's level of commitment / understanding of ISO20022?

a) We know the details of the migration to ISO20022, but we have not started working on it internally.

b) We know the details of the migration to ISO20022, and we started the project recently.

c) We know the details of the migration to ISO20022 and we are quite advanced in the project and implementation.

d) Today is the first time we have seen any details of the migration to ISO20022

Community readiness programme on-track and engagement focus will shift to share more detailed implementation related information

Level	🟢 Ready for Implementation	🟢 Aware	🟡 Informed	🔴 Not aware
Actuals (on 15 Sept 2021)	Work in progress *(planned for Phase 2 – Oct 2021)*	**92%** *(A.16: target 90% by Q42021)*	**3%**	**5%**
Scope and Data points	Attendance to Phase 2 webinars Consumption of implementation related documentation (Getting started guide, release letters…)	Attendance to Phase 1 webinars Consumption of Connectivity guidance document, SWIFT Smart modules….	Attendance to webinars (before March 2021) Consumption of CBPR+ documentation	-
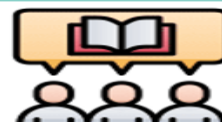
All in #BICs	TOTAL	NOT AWARE		INFORMED		AWARE	
TOTAL	**8,158**	*414*	**5%**	*228*	*3%*	*7,516*	**92%**
AMUK	**1,922**	*100*	**5%**	*52*	*3%*	*1,770*	**92%**
LAM	722	*42*	6%	*12*	*2%*	*668*	93%
NAM	620	*36*	6%	*23*	*4%*	*561*	90%
UKI	580	*22*	4%	*17*	*3%*	*541*	93%
AP	**2,068**	*85*	**4%**	*44*	*2%*	*1,939*	**94%**
ENO	**1,810**	*66*	**4%**	*38*	*2%*	*1,706*	**94%**
ESO	**841**	*19*	**2%**	*14*	*2%*	*808*	**96%**
META	**1,517**	*144*	**9%**	*80*	*5%*	*1,293*	**85%**

Call to Action & Available Resources

Community call to action

1 Amplify the key messages towards your community

What do I need to be ready for November 2022?
1. Ensure my Interface is ready
2. Ensure I am able to receive ISO 20022 format with embedded MT over FINPlus
3. Ensure I understand the impact on my operations and compliance

2 Point towards knowledge centre page

To support customers, all information related to SWIFT Platform is centralised in a single Knowledge Centre page.

3 Jointly engage with your correspondents

Bilateral engagement, joint meetings, internal awareness,....

→ if you are interested to have support to jointly engage with your correspondents, contact your SWIFT Account Manager

How to get started : SWIFT Platform page on the Knowledge Centre

mySWIFT

Knowledge Centre › SWIFT platform › Support Page

SWIFT platform evolution

Access all the key resources and documentation you need to prepare for the go live of the first release of the transaction manager in November 2022.
New SWIFT platform readiness programme: register here to one of our free webinars to hear about the list of mandatory activities and related timelines.

Get ready for November 2022

Connect to the platform

Value-added Services

Learn

New SWIFT platform evolution: Connectivity Guidance - Version 1.1 now available.

Download our info paper to learn more about your options to connect to SWIFT's enhanced platform and how you can start planning now.

Get ready for November 2022

New Getting Started Guide

Upgrade your interface

- Alliance Access
  - Is Release 7.6 optional or mandatory?
  - Alliance Access/Entry: Configuring FINplus
  - Alliance Access/Entry: Sending a FINplus message

Related links

Your Questions Answered ›
Release Timeline ›
Alliance Access 7.6 ›
ISO 20022 Customer Adoption
Support Page ›
Knowledge base tips for 7.6 ›
Contact Support ›
Standards Readiness Portal ›
Translation Portal ›

One stop shop for all technical specifications

- The Connectivity Guidance is the must-read document detailing options to connect to SWIFT's enhanced platform

- The FAQ provides answers on many topics, from business understanding to technical clarification .

- The Getting Started Guide focuses on readiness topics customers have to take into account to assess the impact on their operations.

- Links to Interfaces pages, CBPR+ guidelines, KB tips,…

- More to come in the coming months : SWIFTSmart modules, messaging flows detailed views, testing guide,transaction manager service description and operations guide…

Where can I get more help?
New resources are available

Webinars & work sessions

Webinars & information sessions are available for you to attend and get your questions answered

SWIFTSmart

The SWIFTSmart e-learning platform includes training modules for

- Introduction to ISO 20022 and Standards
- CBPR+ message flows and attributes
- Exchange messages over FINplus

ISO 20022 Programme hub

The ISO 20022 Programme Document Centre now includes:

- ISO 20022 for Dummies e-book
- Customers insights
- Corporate case study
- Third-party toolkit
- Past webinar recordings

MyStandards

The MyStandards CBPR+ group page includes:

- (Updated) Final Usage Guidelines for Nov-22
- (Updated) User Handbook
- Translation rules offline documentation
- Samples Library
- Readiness & Translation Portals

Knowledge Centre

The Knowledge Centre includes updated documentation:

- Frequently Asked Questions (FAQ)
- Customer Adoption Guide
- FINplus Service Description

Adoption services

Get support for your project with:

- Training
- Impact assessment
- Standards specifications
- Integration solutions

Vendor support

- A Vendor Readiness Portal is live, allowing vendors to test their applications
- A self-attestation and certification framework has been launched to allow vendors to confirm and promote readiness for CBPR+

Customer support

SWIFT Customer Support is available to answer questions if you do not find the information you are looking for

iso20022programme@swift.com

Key References

- ISO 20022 Programme on swift.com

- Updated ISO 20022 adoption roadmap on swift.com

- CBPR+ Market Practice and ISO <> MT Translation Rules

- Customer Adoption Guide

- FINplus Service Description

- Getting Started Guide - New

www.swift.com