



payments
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network

ISO20022

**Harmonisation requirements for enhancing cross-
border payments**

**Submission to the Bank of International Settlements'
Committee on Payments and Markets Infrastructure
Consultative Report**

31 May 2021

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Payments Consulting Network

Payments Consulting Network has been providing strategic advisory and market research services to the financial services and payments sectors since 2013. Our consulting network has presence across Asia-Pacific, Europe, North America, Latin America, and Africa. Each of our consultants has between 10-40 years of payments industry experience and are specialists in their respective areas of expertise.

Areas of industry focus include merchant acquiring and online payments; ATM acquiring and deployment; card issuing; real-time payments; mobile payments; and the infrastructure that supports payments processing.

The firm's client base includes leading financial institutions, card schemes, payments processors, retailers, not-for-profits, ATM deployers, international consulting firms, industry associations, e-commerce marketplaces, and service providers to the payments industry.

Payments Consulting Network also operates Merchant Advisory which supports organisations of all sizes lower the cost of payments acceptance and optimise the customer payments experience – instore and online. Areas of focus include the retail, hospitality, tourism, and not-for-profit sectors.

Introduction

Payments Consulting Network (PCN) submits this response to the Bank for International Settlements' Committee on Payments and Market Infrastructures (CPMI) for the ISO20022, harmonisation requirements for enhancing cross-border payments.

PCN is happy to meet and discuss any aspects of this submission with the Bank for International Settlements' Committee as required. Our primary contact for this submission is:

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Fundamentals

Question 1

Do you agree with the guiding principles followed for setting the requirements, including the platform or network agnostic approach, the level of ambition and the future state orientation?

PCN Response:

Overall, the Consultative Report addresses several crucial challenges faced by cross-border payment participants, including consistent message usage, data clarity, and the harmonisation of address and payer/payee information. It is hoped that this initiative will contribute to resolving some of these pressing concerns, and in doing so, potentially benefit the greater good, such as the achievement of G-20 targets.

PCN supports the guiding principles followed for setting the harmonisation requirements, including a platform or network agnostic approach, the level of ambition and the limitation to an envisioned future state, yet feels that certain elements are lacking which deserve specific attention.

These three elements are:

1. Transaction security and detection and prevention of fraud;
2. Potential for unintended conflict between cross-border and non-cross border payment requirements on a given platform; and
3. Identification of a pathway to harmonisation during the coexistence period.

Restricting harmonisation requirements to the G20 targets related to cost, speed, access, and transparency omits a requirement which should be fundamental to all stakeholders – the detection and prevention of transaction security and fraud detection and prevention.

While the Consultative Report does mention fraud prevention in Section 1.3, “The structured data enhances the efficiency of transaction screening for compliance (e.g. anti-money laundering (AML)) and other purposes such as **fraud prevention**, resulting in faster and cheaper cross-border payments” {emphasis added}, PCN recommends that transaction security and fraud detection and prevention be more deeply considered as a separate, standalone target. The rationale for inclusion of this target includes considerations related to the adoption of ISO20022 based platforms – if a platform is insecure or prone to fraud, adoption is less likely, costs will increase and trust in the platform will diminish.

Consideration of platform requirements for non-cross border payments should be undertaken. To ensure that the CPMI’s requirement recommendations for cross-border transactions do not inadvertently conflict with requirements for any region’s domestic payments utilising the same ISO20022-based platform as cross-border payments, PCN recommends evaluation of such platforms to identify any such conflicts and propose steps for mitigation or resolution of discovered conflicts.

PCN believes the CPMI harmonisation requirements are neutral with respect to solutions used by financial institutions for their processing of cross-border payments. The concept of network neutrality is ambiguous. since ISO 20022 is a global, non-proprietary standard, any initiative (such as the Australian New Payments Platform and other real-time payment systems) can employ ISO 20022 messages, and many indeed do so.

Orientation to a presumed future state is evident and understood to be the remit of the JTF. However, PCN believes that the coexistence period, currently scheduled to end in November 2025, is a critical period for financial institutions and other stakeholders to develop compromises and to develop pilot and test processes and technologies that will enable the harmonisation requirements well before the end of the coexistence period. The pathway to harmonisation is therefore left unclear at this point.

PCN believes the harmonisation requirements are ambitious yet realistic while also suggesting areas for further discovery and potential additions or revisions to the requirements as noted throughout our responses to this question and subsequent questions. Initiatives of this nature are rarely short on

ambition, and the "ISO 20022 harmonisation" program is no exception. The G20 targets of making cross-border payments cheaper, faster, more accessible, and transparent are as ambitious as any.

Question 2

Do you agree that the inconsistent use of messages can be adequately addressed through this requirement?

PCN Response

The core data elements of a message must be specific to a business function and consistent across the remittance network. Additional data can be handled by enabling discretionary data elements.

We assume the context here is that participants use transactions for unintended purposes. To the extent that participants adopt and adhere to the requirements, standardisation could be achieved.

However, we do not see an audit/enforcement process in the proposal which would be necessary to ensure compliance.

Question 3

How could the risk of inconsistent use of messages or deviation from the business functions defined by ISO 20022 be mitigated? Would the proposed solution contribute to mitigating such risks and lead to improved efficiency of cross-border payments processing? Please explain.

PCN Response

What is not explained is whether messages are peer to peer or handled by a switch. A switching service, (or services) must validate messages in terms of compliancy to the standard. Messages that fail validation must be rejected. This validation would only apply to the core data elements.

Question 4

How do you assess the level of effort that will be required to adopt the appropriate message as defined by the ISO 20022 standard?

PCN Response

The required effort for institutional participants, such as banks and payment processors, will be substantial, similar to the initial phase of ISO 20022 implementation, but likely smaller in scale than the ongoing second phase (scheduled for completion in November 2025). Adapting existing systems and processes, particularly legacy ones, is always the most significant challenge.

Question 5

Would requiring the use of ISO 20022 externalised codes facilitate faster, cheaper, and more transparent cross-border payments? How do you assess the implementation effort?

PCN Response

PCN believes that requiring the use of ISO 20022 externalised codes may facilitate faster, cheaper, and more transparent cross-border payments under certain conditions and with a related concern.

Undoubtedly, the use of mutually agreed-upon coding systems is beneficial for all payment ecosystem participants. The challenge lies in ensuring that such systems remain up to date across all parties.

Updates must be implemented quickly to maintain market efficiency, but the current management of the ISO 20022 standard (and other financial standards) does not offer a rapid process for urgent updates. Even minor changes, such as currency updates, are released biannually at best.

Specifically, PCN believes that relying on a standardised set of externalised codes allow for all participants in the system have clarity in the meaning of the codes and consistency of usage across organisations and platforms.

Effectively used externalised codes will facilitate faster transactions as such transactions will be less prone to error or use of non-standardised codes. In turn, clarity and cost will be improved as less manual intervention will be required to address anomalies in transactions that would be attendant to the use on non-standardised codes.

PCN would like to highlight a facet of the externalised codes concept that does not appear to have been fully considered – the need for on-going changes to the externalised codes. It is likely in our opinion that codes which are obsolete will be deleted, new codes will be added, and the meaning of codes may be changed over time. In these cases, participants may need to make substantial modifications to their platforms and processes. Adequate notice, vetting, testing and certification processes should be made available to participants well in advance of any modifications to ISO 20022 externalised codes.

Implementation effort should be low for most participants as reference to external, standardised tables / codes is common in payment systems. However, PCN's concerns regarding changes to the externalised code base are reiterated. Such changes are likely to create significant on-going effort to maintain data, processes, and systems.

Question 6

Are there any limitations/challenges resulting from increased reliance on ISO 20022 codes? How difficult would it be to overcome these limitations/challenges?

PCN Response

PCN acknowledges that the use of ISO 20022 externalised codes can be beneficial for facilitating faster, cheaper, and more transparent cross-border payments, as mentioned in our response to Question 5. The reliance on a standardised set of externalised codes ensures that all participants have clarity in the meaning of the codes and consistency of usage across organisations and platforms. This leads to faster transactions with fewer errors, improved clarity, and reduced costs, as less manual intervention is required to address anomalies in transactions that would arise due to the use of non-standardised codes.

However, we would like to highlight certain challenges associated with the increased reliance on ISO 20022 codes. One of the major challenges lies in the management of the ISO 20022 standard itself. The current administration of ISO 20022 involves a complex process of committee submissions, reviews, and agreement across multiple parties. Updates to the standard are implemented infrequently, and they also need to align with SWIFT's annual standard release, which has its own set of complexities.

The difficulty in overcoming these limitations is mainly due to the inherently slow and bureaucratic nature of the standard management process. Ensuring that ISO 20022 codes remain up to date across all parties and that updates are implemented quickly to maintain market efficiency requires a more agile and responsive approach to standard management.

Additionally, as noted in our response to Question 5, the need for ongoing changes to the externalised codes should be carefully considered. Participants may need to make substantial modifications to their

platforms and processes when codes become obsolete, new codes are added, or the meaning of codes changes over time. Adequate notice, vetting, testing, and certification processes should be made available to participants well in advance of any modifications to ISO 20022 externalised codes.

In conclusion, while the use of ISO 20022 codes offers various benefits, addressing the challenges associated with the management of the standard and the need for ongoing updates is crucial to fully realise the potential of these codes in enhancing cross-border payment processes.

Question 7

Do you agree that identifying a payment as a cross-border payment should be required to enhance the processing efficiency of cross-border payments? Would such a flag facilitate compliance procedures including financial crime screening? Please explain.

PCN Response

PCN agrees that identifying a payment as a cross-border payment should be required and will enhance the processing efficiency of cross-border payments and suggests that the mechanism/requirement for the calculation of the flag be included in the standard.

Specifically, PCN suggests that detailed requirements be articulated regarding what specific data fields are required for a cross-border payment and that only when every required field is populated should the cross-border payment flag be populated indicating the payment is cross-border. With regards to financial crime screening, there is a tendency to streamline domestic screening to a level like international, which is logical and beneficial.

While this method may require additional “up front” effort to ensure that the cross-border flag is properly calculated, doing so will ensure that participants subsequently viewing / processing the transaction can rely on the cross-border flag to indicate that all other fields necessary for a cross-border payment are present.

Such a flag could be used facilitate compliance procedures including financial crime screening. If properly calculated the cross-border flag, by itself, would trigger any necessary screening – there would be no need to interrogate multiple fields to determine if a payment is cross-border or domestic. Such a flag will enhance process efficiency and facilitate financial crime screening. It can help in more efficient routing to the correct correspondent banks, reduce intermediary banks involved and hence reduce cost and time in the overall payment process. The cross-border flag can enhance AML, CFT screening by helping identify countries involved and thus identify relevant regulations / sanctions requirements.

The cross-border flag would therefore enhance the speed, transparency, and security of transaction. PCN cautions, however, that systemic mechanisms need to be deployed to ensure that the cross-border flag is not (intentionally or unintentionally) miscalculated causing the transaction to circumvent any required screening process.

Generally, it could be helpful in some scenarios, provided there is a clear definition of what constitutes a cross-border payment. In my experience working with Australian banks, determining the nature of a payment for compliance and control purposes, such as sanctions screening and anti-money laundering (AML), has not been a significant issue.

Question 8

Do you agree that the use of an ISO 20022 external code (e.g. a Category Purpose) would be the most effective way to flag a payment as cross-border? Are there alternative approaches you would suggest?

PCN Response

PCN acknowledges that using an ISO 20022 external code, such as a Category Purpose, could be beneficial for identifying cross-border payments in certain jurisdictions or specific use cases. However, with regards to cross-border payments and transfers between financial institutions, these institutions usually have the means to identify cross-border transactions effectively without the need for a dedicated flag.

It's important to note that implementing such a code would require updates to the ISO 20022 standard, which, as highlighted in our response to Question 6, comes with its own set of challenges. The standard management process is complex, and updates can be slow and infrequent, potentially delaying the adoption of the proposed flag.

As an alternative approach, PCN suggests providing clearer guidance on how to use data from the message itself, such as sender and receiver information, to achieve the required purpose. If achievable, this method would allow for obtaining the necessary results without having to update the ISO 20022 message format.

In summary, while using an ISO 20022 external code to flag a payment as cross-border may be useful in some cases, it may not be the most effective or efficient method for all scenarios. It is essential to consider the existing capabilities of financial institutions and explore alternative approaches that leverage the data already available in payment messages to determine the cross-border status of transactions.

Question 9

How do you assess the level of cost and effort required for the implementation effort?

PCN Response

The cost and effort really depend on the scope of implementation, such as whether it is solely to determine if a payment is cross-border, or whether it involves more nuanced categorizations like "cross-border to a friendly country" or "cross-border to a country with a history of sanctions."

Question 10

Do you agree with the restricted character set for cross-border payments as described above? If not, which alternative character sets or additional characters should be included?

PCN Response

PCN appreciates the initiative to standardise the character set for cross-border payments, as it would improve the efficiency of transaction processing and reduce overheads caused by unexpected characters. However, we believe that any decision on the restricted character set should be based on a proper engagement and consultation across all involved parties. This approach would help ensure that the character set requirements are confirmed and aligned with the actual needs and experiences of the participants.

In the aftermath of the initial ISO 20022 migration phase in March 2023, valuable insights have been gathered from the actual messages exchanged and the issues experienced by participants. These insights should be utilised to shape the character set requirements.

Furthermore, we must consider the potential challenges that may arise due to the processing of existing systems and their ability to handle specific characters (e.g., "&" in XML messages). Imposing a particular character set without proper consultation might inadvertently trigger another set of changes required for these systems, rather than resolving existing issues.

PCN emphasizes the importance of adhering to standards as much as possible before resorting to customised restrictions. In this particular case, it means striving to maintain compatibility with the standard XML character set requirements and only introducing additional restrictions when all involved parties agree that the benefits outweigh the need for custom rules.

In summary, while the concept of a restricted character set for cross-border payments is a promising idea, it is crucial to engage all relevant stakeholders and gather feedback from the ISO 20022 migration experiences. This approach will help determine the most appropriate character set that addresses specific issues and facilitates efficient processing, while minimising the need for custom restrictions.

Question 11

Do you agree that requiring times in ISO 20022 messages to be stated either in UTC or in local time with UTC offset will enhance the transparency and efficiency of cross-border payments? If not, please explain.

PCN Response

While PCN supports requiring ISO 20022 messages to include times based on UTC, allowing the use of local time with UTC offset may reduce transparency and efficiency of cross-border payments. UTC is a globally recognised time standard. It is not subject to "Daylight Savings Time" adjustments nor is it subject to changes based on geographic or political boundaries. UTC is utterly unambiguous.

In contrast, local times may change seasonally or may change for a variety of other reasons. While seasonal changes related to Daylight Savings Time are the most common reason the offset from UTC for a given local time may change, other examples abound.

"For example, Coral Harbour has not always been five hours behind GMT [UTC]; for a few months in 1999 and 2000, it was six hours behind GMT. These changes were all legal decisions."¹

Thus, the UTC offset of a given local time may change periodically. Such changes may engender a lack of clarity and therefore reduce efficiency especially for cross-border transactions that are "in flight" during periods immediately before, during or after a time change in either the initiating region or the receiving region. Additionally, use of an offset that changes periodically introduces the possibility of errors related to the failure of a participant in the cross-border transaction to correctly and timely adjust the calculation for the offset. Use of UTC requires no adjustment and is therefore less likely to be subject to errors.

PCN recommends that all timestamping in cross-border transactions simply use UTC and that the use of local time with UTC offset not be permitted.

Additionally, agreeing on consistent time usage would improve efficiency. Even seemingly minor issues, such as the number of digits after the "second" component not having a maximum, can potentially cause problems. A lack of specific rules for Date-Time can result in illogical but technically valid ISO 20022 messages, such as payments "created in the year 9999."

¹ - <https://spin.atomicobject.com/2016/07/06/time-zones-offsets/>

Question 12

Do you agree that requiring the use of UETR for all cross-border payments will have a positive impact on the transparency, speed, and cost of cross-border payments? If not, please explain.

PCN Response

This is a must and is now practically a mandated requirement for cross-border payments over the SWIFT network. It has proven to be a valuable feature, and any implementation of account-to-account transfers (over any network) would likely benefit from it.

Firstly, each financial institution must have a unique bank code. Each individual remittance must have a unique reference number generated by the sending institution. This reference number might embody a date Julian date and time stamp. Some additional follow up questions that come to mind and would require some more fleshing out, are: Who "calculates" the UETR? How is its uniqueness ensured across stakeholders/platforms? What happens if a duplicate UETR is introduced into the system?

Question 13

How do you assess the effort required to implement this requirement?

PCN Response

This should already be a current process. The financial institution unique code should already exist. If only a domestic code, it could be prefixed by a country code.

Question 14

Do you believe that the requirement for inclusion of the time of debit of the debtor will increase transparency on the time it takes to complete the processing of cross-border payments? What improvements would the requirement bring to the end user experience?

PCN Response

Enforceable SLAs, paired with the inclusion of the debtor's debit time, can offer significant advantages and improve the end-user experience. For most end-users, knowing when a payment will arrive is generally preferable to being uncertain. However, practical implementation is often challenging due to other factors, specifically compliance obligations (payments held for checks, KYC, etc.) and other organisations involved (for example, correspondents).

That being said, well-implemented SLAs, such as "99% within 2 business days" (or something similar), are beneficial for institutional participants, end-users, and the industry and community as a whole. The inclusion of the time of debit of the debtor can further increase transparency on the processing times of cross-border payments, allowing for better benchmarking, measurement of progress against G20 targets, and a clearer differentiation between service providers. This would ultimately lead to greater competitiveness in cross-border payment services and an enhanced end-user experience.

Question 15

How do you assess the difficulty of adopting usage of the Acceptance Date Time data element as a requirement for cross-border payments? Would the implementation effort and impact on the transparency needs of end users differ by message type?

PCN Response

Introducing the Acceptance Date and Time data element for the purpose of facilitating faster and more transparent payments is a great idea. However, updating all systems to accommodate this new

requirement can be potentially challenging. The implementation effort and impact on transparency for end users may differ depending on the message type and the involved systems.

For example, a retail banking system might be relatively easy to update and adapt for faster processing, but a specialised business banking system could be much more complex to modify. This complexity could result in varying degrees of effort and impact on transparency needs for different end users.

Considering the message types, it could be beneficial to establish separate SLAs depending on their nature. Stricter SLAs could be implemented for payments, while slightly different SLAs could be applied for returns or refunds to ensure all necessary checks are conducted. Additionally, more time could be allocated for responding to initial inquiries and conducting payment investigations. This approach would aim to strike a balance between providing faster processing and maintaining the necessary level of compliance and control, ultimately enhancing the user experience.

Question 16

What are the implications of requiring all those involved in cross-border payments to provide complete information on amount, conversions, and charges?

PCN Response

Requiring full transparency on amounts, currency conversions, and charges in cross-border payments can bring significant benefits for end users and enhance competition in the market. However, it also presents challenges related to the natural resistance from incumbent participants, who might perceive limited benefits for themselves while being required to facilitate their competition.

Another challenge lies in agreeing on the full scope of requirements for transparency, given that there will be vastly different opinions on what should be included and what constitutes transparency. For example, some may advertise "no fees currency conversion" while using currency exchange rates with massive spreads. Defining what is reasonable and transparent in such cases can be difficult.

Furthermore, such initiatives may force participants to disclose sensitive data related to their terms and conditions and business practices, which they typically keep private. This may inadvertently facilitate undesirable actions by competitors seeking to obtain such information for their own competitive advantage, rather than promoting the intended transparency of payments.

Question 17

Are there any technical, legal, or other hurdles that could impede the inclusion of complete information on amount, conversions, and charges in cross-border payments?

PCN Response

As mentioned in the answer to question 16, one major challenge may be the willingness of banks to participate in such initiatives due to potential drawbacks for their own businesses, including the disclosure of sensitive information. Additionally, there could be technical challenges in updating systems to provide complete and accurate information on amounts, conversions, and charges consistently across all participants.

Legal hurdles might also arise, as different jurisdictions might have varying regulations and requirements regarding the disclosure of fees and charges. Aligning these requirements across borders can be complex and may require negotiations and agreements between different regulatory bodies. Furthermore, privacy and data protection laws might also impact the level of transparency that can be achieved without violating any legal requirements.

Question 18

Would the introduction of a CPMI service level code in ISO 20022 to track adherence to the CPMI guidance and harmonisation requirements facilitate improvements to cross-border payments processing?

PCN Response

This assumes a certification process undertaken by an independent assessment body. Assessment should be undertaken periodically or in response to an adverse event that questions the compliance of the financial institution or financial institutions involved.

Question 19

How would the availability of a CPMI service level code in ISO 20022 messages impact the business models/strategies of financial institutions providing cross-border payment services?

PCN Response

The impact must be positive. There are numerous financial institutions and remittance businesses, and the service level code will provide the receiving institution with a level of comfort. This service level could also be held in a secure directory that could be accessed by the financial institutions.

Question 20

How do you assess the difficulty of adopting a CPMI service level code?

PCN Response

A certification body must exist. Little work involved for the financial institutions as this is not a transaction specific service level. Including certification indicator in the message is not a major task although it must be held in a table with an update facility.

Question 21

Do you agree that the use of account identifiers (or account proxies), to the extent possible, would have a positive impact on the speed and cost of cross-border payments? Please explain.

PCN Response

The use of unique account identifiers, such as IBANs, would indeed have a significantly positive impact on the speed and cost of cross-border payments. Unique account identifiers would facilitate straight-through-processing (STP) and prevent errors in payment processing, reducing the number of returns, misapplied payments, and the need for manual intervention. This would lead to increased efficiency and reduced costs.

However, the challenges related to local implementation can be substantial, and such issues are often the reason behind the lack of a globally accepted account numbering structure. For example, in Australia, account numbers lack a standardised structure, and the BSB system is proprietary without a dedicated place in ISO 20022 messages. These challenges would need to be addressed to fully realise the potential benefits of unique account identifiers.

By overcoming these challenges and adopting a universally accepted account numbering structure, the overall user experience for cross-border payments would be greatly enhanced, leading to more efficient and cost-effective transactions.

Question 22

Do you agree that uniquely identifying all financial institutions involved in cross-border payments in an internationally recognised and standardised way would enhance cross-border payments? Please explain.

PCN Response

Uniquely identifying all financial institutions involved in cross-border payments would indeed enhance the process by providing a standardised and recognisable identifier for each institution. This would lead to increased efficiency, transparency, and reduced errors in payment processing.

However, it is important to note that BICs are primarily used within the SWIFT network, and not all participants may be part of this ecosystem. Therefore, the overall impact may depend on the solution BIS advocates for.

Question 23

Do you agree with the proposed solution of requiring the use of the BIC to identify all financial institutions? Why or why not?

PCN Response

Yes, using the BIC to identify financial institutions is an effective solution, as it has been proven to work seamlessly within the SWIFT network. However, it should be considered that not all participants may be part of this ecosystem, and the broader impact would depend on the solution BIS ultimately chooses to promote.

Question 24

What would you assess to be the level of effort required by your jurisdiction: (a) to only use the BIC to identify financial institutions in ISO 20022 messages; and (b) for all financial institutions that currently do not have a BIC to register for one?

PCN Response

- a) Technically, using the BIC to identify financial institutions in ISO 20022 messages is straightforward.
- b) The main challenge lies in governance. If an organisation could coordinate all financial institutions to obtain BICs and agree to use them as a mandatory identifier for cross-border payments, it would be highly beneficial for the entire cross-border payments ecosystem. However, managing such a global reference data requires a well-coordinated and controlled process, taking into account the varying levels of involvement within the SWIFT network and the different jurisdictions.

Question 25

Do you agree that requiring participants to identify all entities involved in a cross-border payment in a standardised and structured way would enhance the processing efficiency of cross-border payments? Please explain.

PCN Response

Yes, requiring participants to identify all entities involved in a cross-border payment in a standardised and structured way would enhance the processing efficiency of cross-border payments.

However, it is important to acknowledge that implementing identification beyond financial institutions will be an extremely challenging task due to the involvement of many jurisdictions, some of which may not have a proper structure for identifying companies, physical persons, or legal persons.

Additionally, certain jurisdictions might have multiple structures that are not easily incorporated into global rules for payment processing. Despite these challenges, leveraging the more granular message fields of an ISO 20022 message would make the information in cross-border payments more transparent and easily interpretable by screening filters, reducing "false positives" and manual interventions, and ultimately improving the speed and efficiency of cross-border payments.

Question 26

Do you agree with the proposed use of structured identifiers such as the LEI, if they exist, to complement the recommended minimum data requirements to identify the legal entities involved in cross-border payments? Are there alternative approaches that you would suggest?

PCN Response

Using structured identifiers, such as LEIs, to complement the recommended minimum data requirements is a good idea, provided they exist. It is important to recognise that current sanctions checks often rely on simple name-based comparisons, which can lead to problematic false positives and potential loopholes for sanctioned individuals or entities to exploit.

Furthermore, many countries are highly sensitive when it comes to their own and their citizens' or corporations' data, which adds another layer of complexity to the process.

In response to the last part of question 26, we suggest a gradual, pilot-type approach, selecting a few jurisdictions where LEI (or similar) systems exist and function well. By conducting trials and assessing the results, the best approach moving forward can be determined, allowing for a more efficient and transparent cross-border payments ecosystem while taking into consideration the challenges and sensitivities of the various jurisdictions involved.

Question 27

Do you agree that requiring participants to identify all persons involved in a cross-border payment in a standardised and structured way would enhance the processing efficiency of cross-border payments? Please explain.

PCN Response

We agree that requiring participants to identify all persons involved in a cross-border payment in a standardised and structured way would enhance the processing efficiency of cross-border payments.

However, the practical implementation of this requirement may face several challenges due to the complexity of local regulations, data sovereignty concerns, and privacy issues. These factors may limit the enforcement of a specific identification method for all involved persons and entities.

While the benefits of standardised identification are evident, it is essential to consider the potential obstacles and find solutions that can be adapted to varying local requirements and concerns in order to achieve a globally functional system.

Question 28

Do you agree that a requirement not to use unstructured postal address information and to use only structured postal address information can help enhance the processing efficiency of cross-border payments? Please explain.

PCN Response

We strongly support the move towards eliminating the use of unstructured postal address information in cross-border payments and adopting only structured postal address information. This change would significantly improve efficiency, particularly in the areas of sanctions checks and other regulatory compliance tasks. The standardisation of address information would facilitate more accurate and streamlined processing, ultimately leading to faster transactions and reduced costs.

Question 29

Do you agree with the minimum required postal address information consisting of the Country and Town Name fields? Should any additional fields be required?

PCN Response

While we agree with the minimum required postal address information of Country and Town Name fields, we suggest conducting a thorough study of address formats in all countries to identify common denominators and create an optimal set of address fields. This study should take into consideration factors such as mandatory and optional fields, field length, specific requirements, and the need to convert non-Latin script addresses (such as those in Chinese, Thai, Arabic, etc.) into a standardised Latin-script format for cross-border payments.

By analysing these factors and understanding the complexities of various address formats, we can develop a more comprehensive and effective approach to structured postal address information in cross-border payments.

Question 30

Do you believe that setting minimum end-to-end expectations with respect to the carrying of remittance information can improve the processing efficiency of cross-border payments?

PCN Response

We acknowledge that minimum expectations currently exist for both cross-border payments and institutional transfers. However, we support the idea of extending these minimum requirements to address specific use cases, such as mandating invoice or bill reference numbers for B2B payments related to goods and services. It is important to note that imposing more specific requirements for providing additional information may have unintended consequences. In some cases, entities that cannot support the provision of additional information might resort to supplying generic data instead (e.g., invoice number "NOT PROVIDED"). This could potentially undermine the efficiency gains sought through the implementation of more detailed requirements.

Question 31

To what extent would the ability to include references to separately sent remittance related information (e.g. through inclusion of hyperlinks or other references) be helpful to process a cross-border payment? Are there obstacles (e.g. legal, regulatory, supervisory limits) to including reference to separately sent remittance information in your jurisdiction/community?

PCN Response

We recognise that the inclusion of hyperlinks or other references to separately sent remittance information could be potentially beneficial in certain contexts. However, there are considerable security concerns associated with hyperlinks, which often face scrutiny and scepticism. Implementing this approach may necessitate extensive measures to mitigate risks related to potentially harmful links.

Furthermore, we believe that the industry is currently grappling with more pressing issues related to basic harmonisation, many of which are addressed in this consultation paper. Addressing these fundamental challenges should take precedence over exploring advanced applications of ISO 20022 messages, such as the inclusion of hyperlinks.

Question 32

Is the timing envisaged for the requirements to take effect in line with industry expectations?

PCN Response

The alignment of the proposed requirements with the November 2025 end-of-coexistence deadline for SWIFT cross-border payments depends on the industry's preparedness. Based on past experiences, many industry participants may primarily focus on implementing the minimum required support for ISO 20022 messages and might defer harmonisation improvements to a later stage.

However, we appreciate the efforts made to ensure an inclusive consultation process, which can help foster widespread adoption and alignment with the timeline.

Question 33

Do the requirements provide clarity on how harmonised implementation of ISO 20022 can contribute to achieving the G20 targets?

PCN Response

We believe that the requirements presented in this paper provide a clear roadmap for how the harmonized implementation of ISO 20022 can contribute to the G20 targets. The goals outlined by the G20 – focusing on cost reduction, speed enhancement, increased accessibility, and greater transparency – are commendable. The initiatives proposed in this paper, in our opinion, align well with these objectives and will contribute positively to their achievement.

We appreciate the efforts made by the CPMI to improve cross-border payments and drive the industry towards a more efficient and inclusive future.