

The future of payments is ISO 20022

How will you transition?

While barely noticeable to consumers, being able to transmit and receive more data within a single payment is a game changer for players in the payments space.

Unlocking benefits including:

Deeper insights into customers and partners

Better accounting and financial data

More flexibility More transparent payments

What are the different transition models?



The translation model

This approach involves translating incoming MX messages to the MT format and vice versa for outgoing messages.



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The complete overhaul model

In this approach, organizations prepare then execute a wholesale architecture transformation based on the latest payments and accounting systems.

The hybrid model

This is where translation is used in some markets and complete overhauls in others

The opportunities of ISO 20022 migration



More structured data and standardization

Moving to the MX standard allows payments to carry significantly more structured data, and introduces standardization across previously different types of payments.



Greater efficiency

ISO 20022 will deliver major benefits for banks in terms of efficiency, cost and STP rates, The extra information can enable easier real-time tracking of a payment message



Openness and interoperability

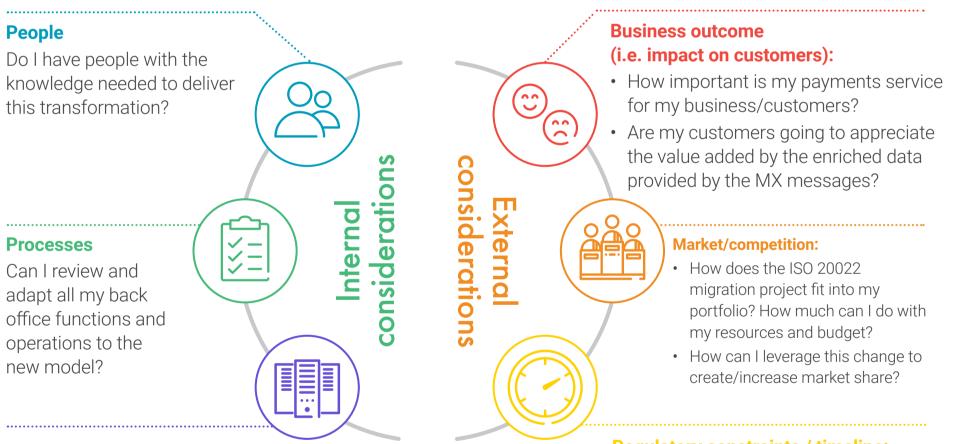
ISO 20022 is an open standard. Anyone can contribute new candidate models and messages for approval by the ISO 20022 registration bodies



Better customer service

With ISO 20022, complete remittance details may be carried with a payment so customers can more easily automate account reconciliation or manage payments" on behalf of" other entities.

Banks can either take a "wait and see" or use this opportunity to completely rethink their end-to-end payments service. Here are some key questions banks must ask themselves to decide which approach to take.



Technology

- Do I have a homogeneous payments service across my branches and territories?
- Does my system allow the use of a translating tool?
- Is my current system able to retrieve the additional information provided by ISO 20022?
- Can the migration project be a good opportunity to decommission some legacy payments applications?

Regulatory constraints / timeline:

Can I complete the required changes on time?

Time to act now



Start early enough considering local, regional and global Milestones and Go-Live dates (For SWIFT, planning had to be started or should start now).



Consider all requirements and go for strategic approach (fully fledged as Target State).



Plan all changes beyond mere compliance towards business benefits beyond.

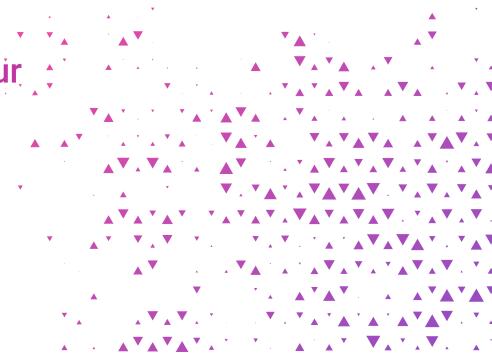


Build environment to cope with regular standard updates in the future.

To find out more about the full report, we invite you to access our webpage 'Payment Insights'.

Finastra is unlocking the power of finance for everyone by creating a platform for open innovation in the world of financial services.

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