

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?

- 1 The translation model**
 This approach involves translating incoming MX messages to the MT format and vice versa for outgoing messages.
- 2 The complete overhaul model**
 In this approach, organizations prepare then execute a wholesale architecture transformation based on the latest payments and accounting systems.
- 3 The hybrid model**
 This is where translation is used in some markets and complete overhauls in others.

The opportunities of ISO 20022 migration

- 1 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.
- 2 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
- 3 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
- 4 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.



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'.

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