Welcome to Standards Forum in Moscow

15th November 2017

Opening of the Standards Forum

Agenda

❑ **Welcome & introduction**

❑ **Panel discussion: Payments and ISO 20022 in the Russian market**

❑ **Coffee Break**

❑ **Securities and ISO 20022 in the Russian market**

❑ **Business standards and technology evolution**

❑ **Wrap-up and closing**

❑ **Networking Lunch**

SWIFT

Welcome & introduction

Denis Zagumennov, Deputy Head of National Payments System Development & Regulation Division, The Bank of Russia

Charles Boniver, Principal Standards Specialist, SWIFT

Why ISO 20022?

Why ISO 20022?

Payments Treasury & Trade 1973	Securities only 1984	Securities only 1999	2000	2004
Proprietary MT	ISO 7775	ISO 15022		ISO 20022

Proprietary MT:
- Paper-based
- Proprietary syntax
- Point-to-point
- One size fits all
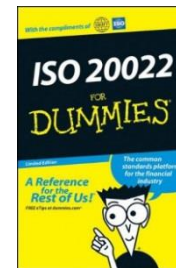- SWIFT only

FIN MT:
Computer-processable
versions of telexes

ISO 20022:
- Reference standard
- Electronic
- Open, neutral syntax
- End-to-end transaction
- Market practice
- SWIFT + other organisations

What is ISO 20022?

single standardisation approach (methodology, process, repository)
to be used by all financial standards initiatives

Recipe to create financial standards	Body of content

Business / Conceptual

- Defines **business meaning** of financial concepts, e.g., 'Credit Transfer'

Logical

- Defines e.g. credit transfer **messages**, to execute the business process

Physical

- Defines physical **syntax**, e.g. XML

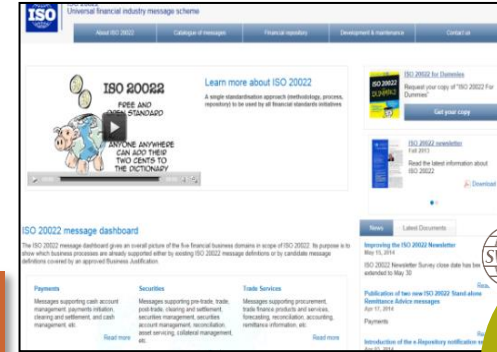- **Business** models

- Data dictionary

- Catalogue of messages

www.iso20022.org

Maintenance process – built on strict business justifications and review process - leading to new 'versions' of the messages

More than 20 submitting organisations, besides SWIFT
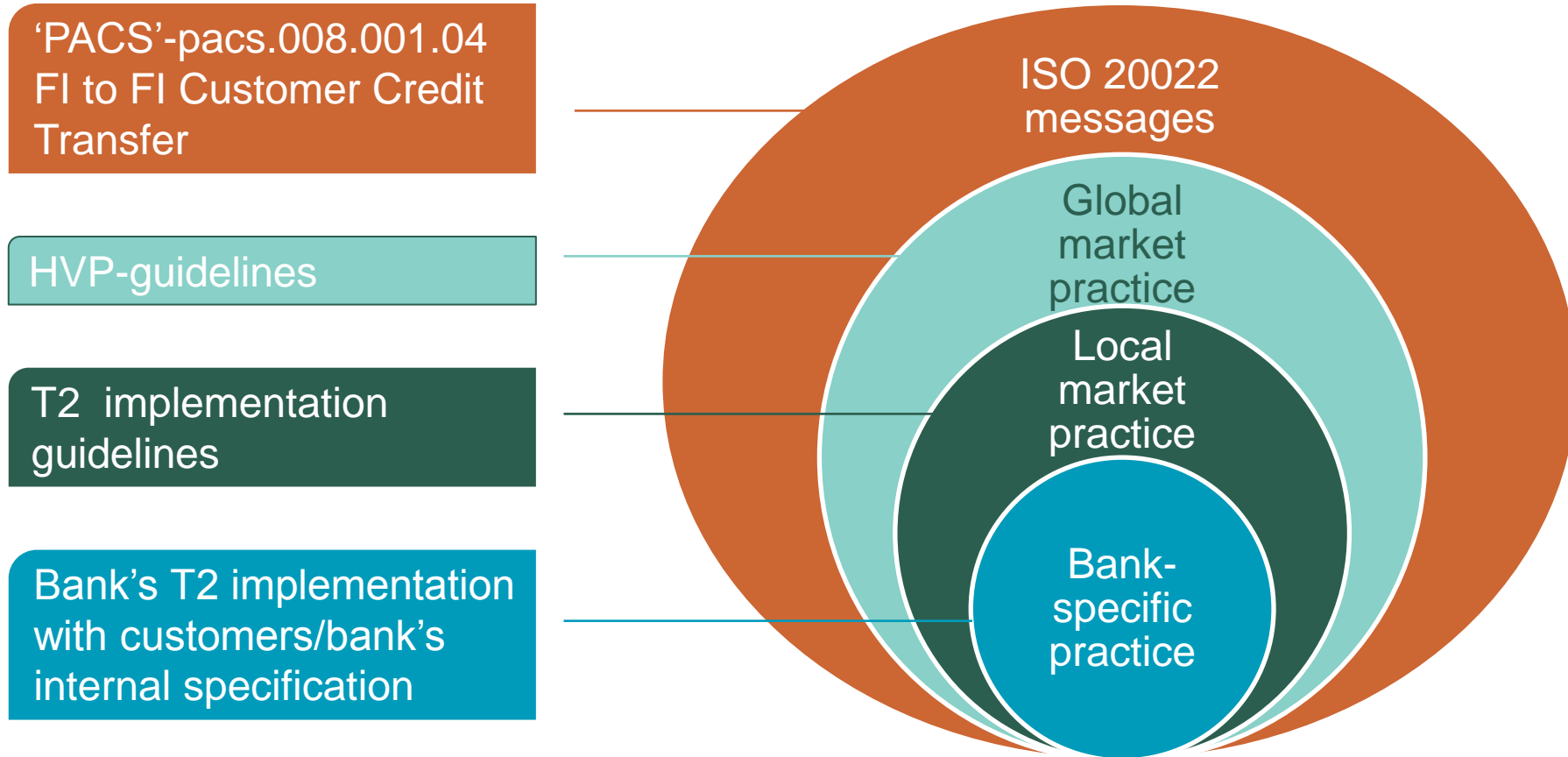
ISO 20022 message catalogue

+ SWIFT User Handbook

MyStandards

More than 320 messages, covering payments, securities, trade services, FX, cards

18 Business Areas - EXAMPLE

'PAIN'	= Payment initiation	= used in Corporate-to-bank
'PACS'	= Interbank clearing and settlement	= used in HVP and LVP MI
'SESE'	= Securities settlement	= used in Securities MI
'SEMT'	= Securities management	= used in Securities MI

Standards are created globally and used locally: market practice and variants

'PACS'-pacs.008.001.04 FI to FI Customer Credit Transfer

HVP-guidelines

T2 implementation guidelines

Bank's T2 implementation with customers/bank's internal specification

ISO 20022 messages

Global market practice

Local market practice

Bank-specific practice

Standards are created globally and used locally: market practice and variants

Name	Min	Max	Restrictions
✉ FI To FI Customer Credit Transfer V04 (pacs.008.001.04)			⬇⚠
⊖ ◉ Group Header	1	1	⚠ ⬇⚠
◉ Message Identification	1	1	◇ ⚠
◉ Creation Date Time	1	1	
◉ Batch Booking	0	1	🚫
◉ Number Of Transactions	1	1	⚠
◉ Control Sum	0	1	🚫
⊕ ◉ Total Interbank Settlement Amount	0	1	🚫
◉ Interbank Settlement Date	0	1	🚫 ⚠
⊕ ◉ Settlement Information	1	1	⬇⚠
⊕ ◉ Payment Type Information	0	1	🚫
⊕ ◉ Instructing Agent	0	1	🚫
⊕ ◉ Instructed Agent	0	1	🚫
☑ CrossElementComplexRule : TotalInterbankSettlementAmountAnd DateRule			🚫
⊖ ◉ Credit Transfer Transaction Information	1	*	Non-Repetitive ⬇⚠
⊕ ◉ Payment Identification	1	1	⬇⚠
⊕ ◉ Payment Type Information	0	1	⬇⚠
⊕ ◉ Interbank Settlement Amount	1	1	⚠
◉ Interbank Settlement Date	0	1	⚠ Mandatory
⊕ ⊐ Settlement Priority	0	1	◇ ⚠

Restrictions | **Result**

☐ View only restricted elements ☐ Hide removed elements

How to create, share and test market practice?

- Removing optional elements
- Make optional elements mandatory
- Limit options
- Restricting data types
- Reducing code lists

Based on community needs

MyStandards

Readiness Portal

A summary : The power of ISO 20022

Open, neutral methodology to develop standards

Everyone can participate

Greater automation

Rich, structured

Scenario-based standards facilitating market practice

Ease of integration

Re-usable message components, electronic message formats (XML Schema's), character set

BEST VALUE

End-to-end business-centric approach

The standard is being used!

independent

Future-proof

Allows for interoperability

Data dictionary approach allowing re-use of any other standards

Who is using ISO 20022?

A free IOS tablet app, (also as PDF and high-level slide presentation) that provides an overview of initiatives adopting ISO 20022

Brought to you by the ISO 20022 Registration Authority

ISO 20022

Adoption mApp

Facilitating adoption and fostering dialogue

- Information provided by initiative* owners
- Covers all regions & business segments
- Easy to use, contribute to and maintain

All ISO 20022 Initiatives

North America
Europe
Asia
Africa
South America
Australia

ISO 20022 adoption mApp

* Initiatives who plan to adopt the official ISO 20022 messages registered on www.ISO20022.org

ISO 20022 is being used; MIs around the globe lead the way

Compliance with regulation/harmonization

ENTER

Globalization/alignment with other major initiatives

Modernization/upgrade of [end-to-end] services

Renewal of legacy systems

24/7

Reputation

Interoperability for MI-members with multiple MI-connections
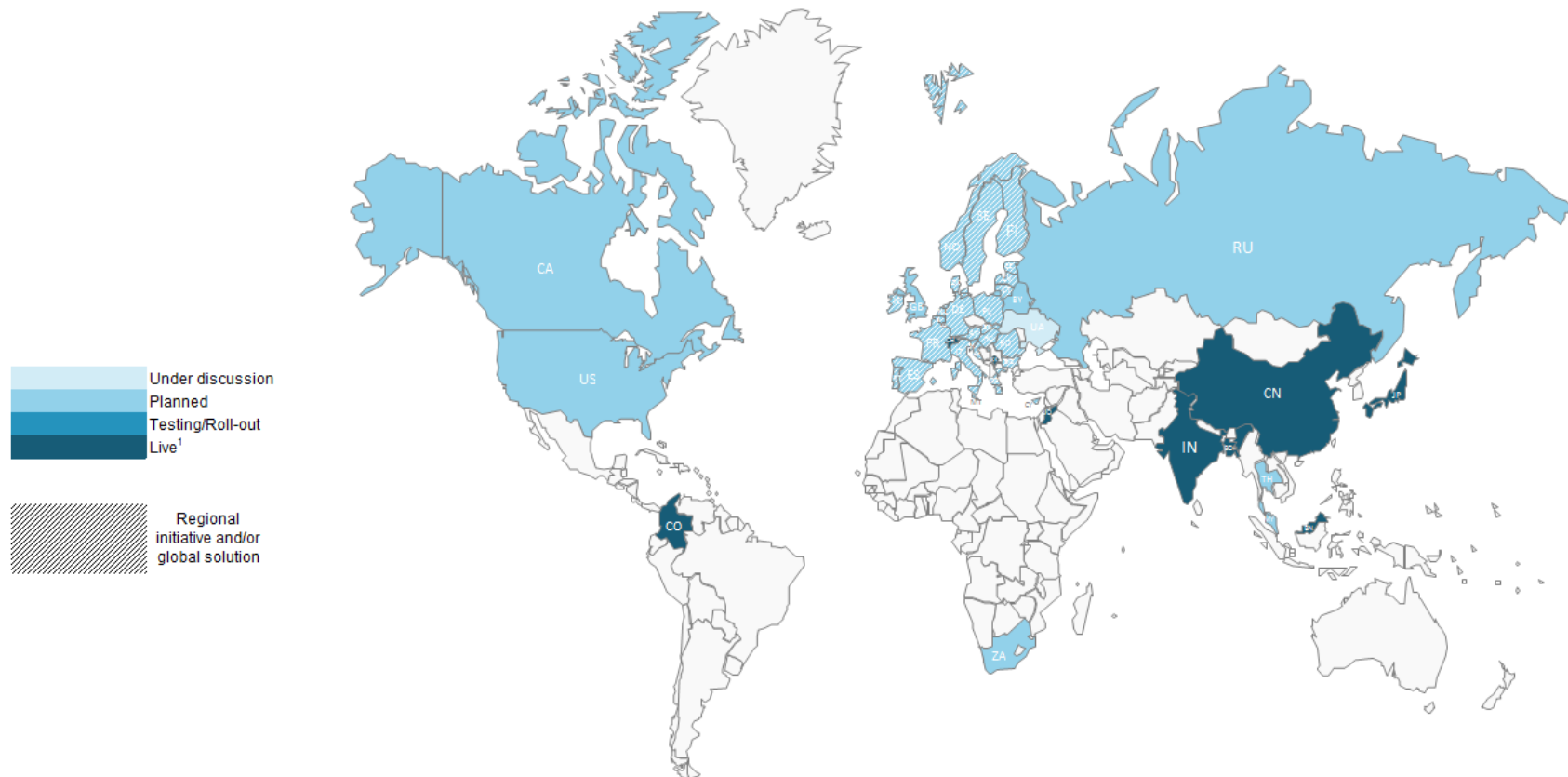
ISO 20022 Adoption – Payments MI & initiatives (some examples) From discussion to implementation

ISO 20022 adoption map - HVP MIs

Legend:
- Under discussion
- Planned
- Testing/Roll-out
- Live[1]
- Regional initiative and/or global solution

ISO 20022 Adoption – Real Time Payments initiatives
From discussion to implementation (some examples)

ISO 20022 adoption map - RTP MIs

[1] Offers ISO 20022-enabled solution for one or more of its business areas, on part or all of its network channels

ISO 20022 adoption in the corporate-to-bank space (some examples)

ISO 20022 adoption map - Corporate-to-Bank

Legend:
- Under discussion
- Planned
- Testing/Roll-out
- Live[1]
- Regional initiative and/or global solution

[1] Offers ISO 20022-enabled solution for one or more of its business areas, on part or all of its network channels
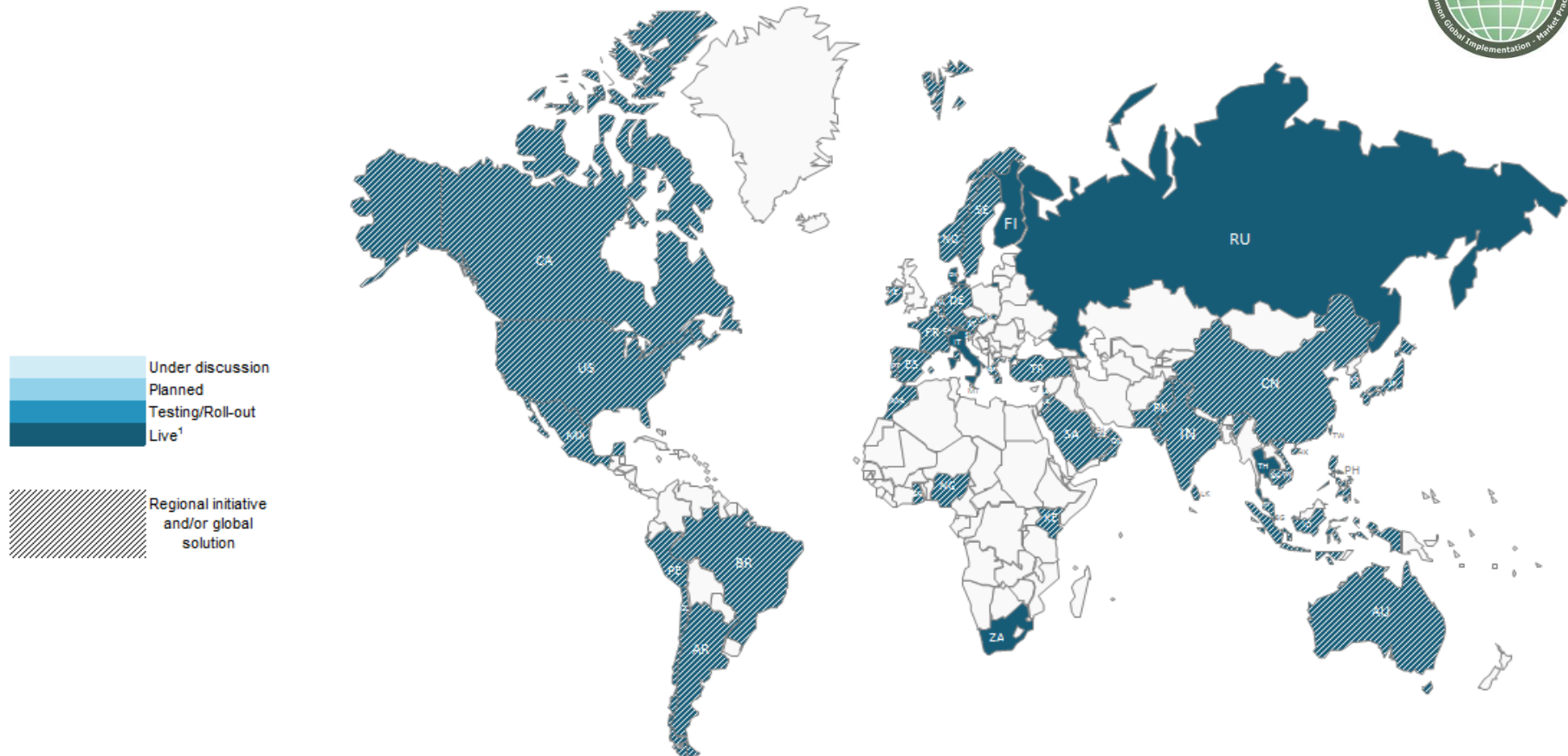
ISO 20022 Adoption – Securities MI (some examples)
From discussion to implementation

ISO 20022 adoption map - SMIs

Legend:
- Under discussion
- Planned
- Testing/Roll-out
- Live[1]

Regional initiative and/or global solution

[1] Offers ISO 20022-enabled solution for one or more of its business areas, on part or all of its network channels
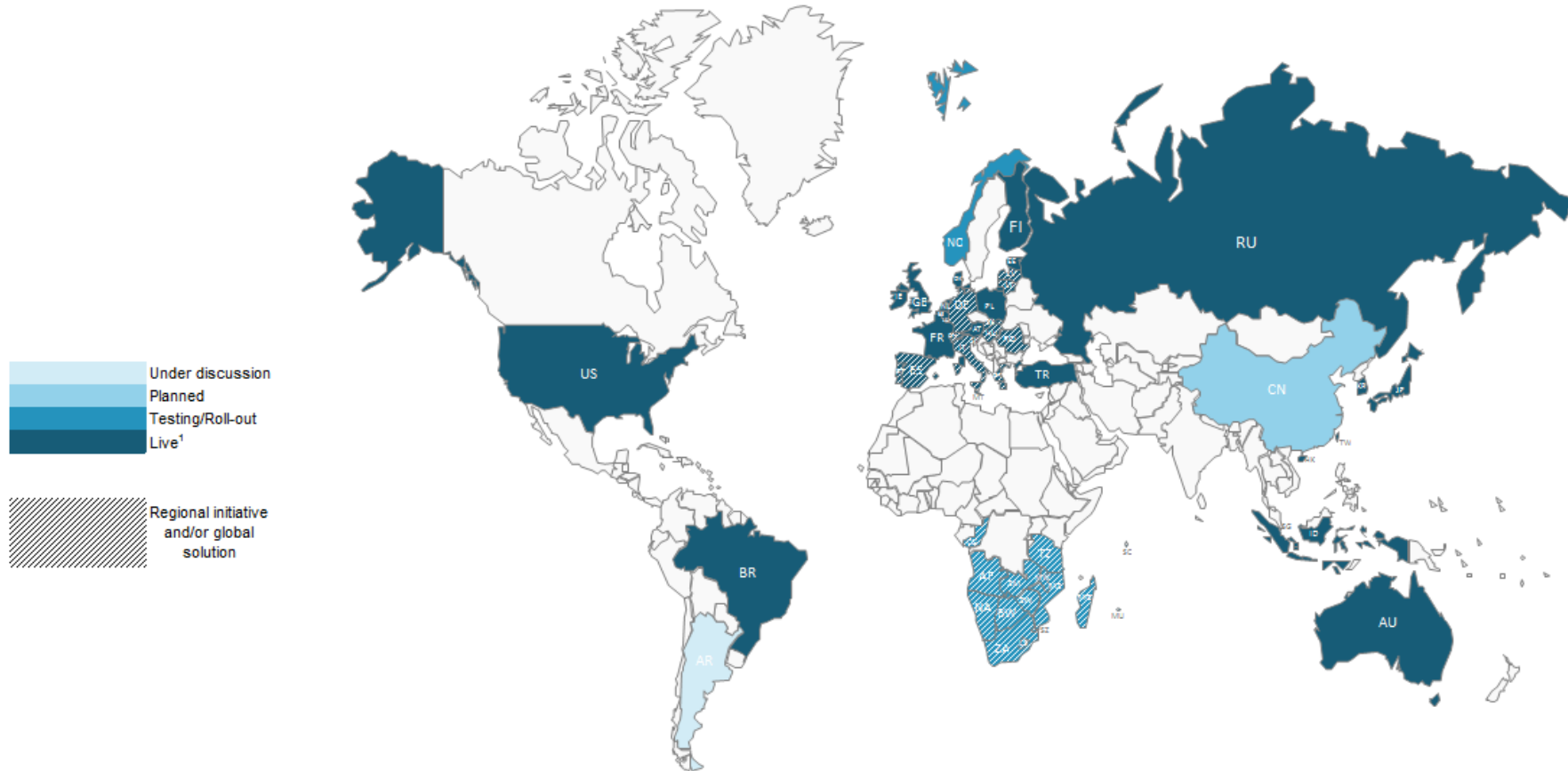
ISO 20022 Adoption – Non MI, Regulator initiatives

ISO 20022 adoption map - Regulator
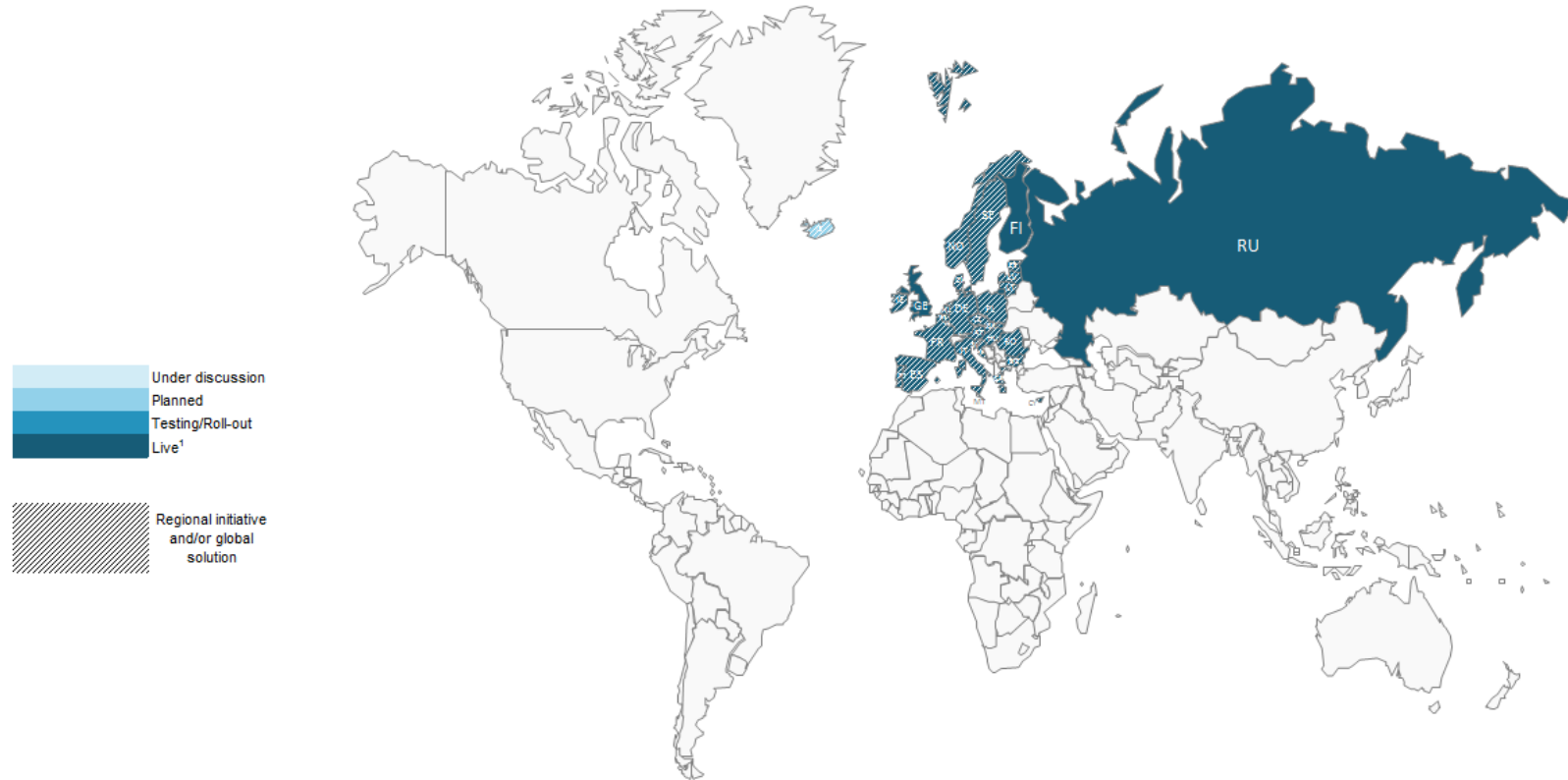
Under discussion
Planned
Testing/Roll-out
Live[1]

Regional initiative
and/or global
solution

[1] Offers ISO 20022-enabled solution for one or more of its business areas, on part or all of its network channels

ISO 20022 Adoption – SWIFT for Funds

ISO 20022 adoption map - SWIFT for Funds

Legend:
- Under discussion
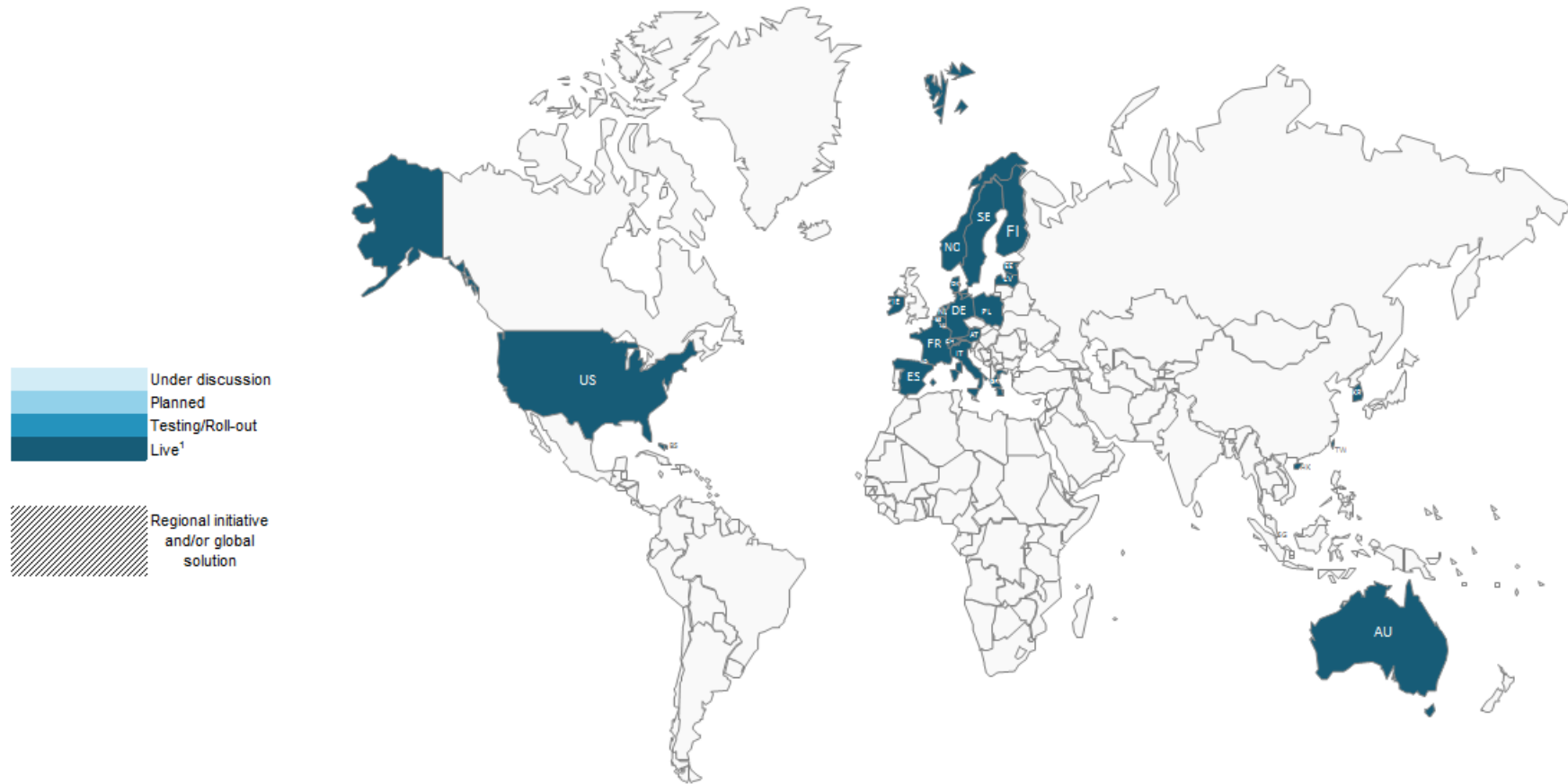- Planned
- Testing/Roll-out
- Live[1]

Regional initiative and/or global solution

[1] Offers ISO 20022-enabled solution for one or more of its business areas, on part or all of its network channels

ISO 20022 for Trade - SWIFT BPO/TSU

ISO 20022 adoption map - SWIFT BPO/TSU

Legend:
- Under discussion
- Planned
- Testing/Roll-out
- Live[1]

- Regional initiative and/or global solution

[1] Offers ISO 20022-enabled solution for one or more of its business areas, on part or all of its network channels

ISO 20022 for Cards nexo A.I.S.B.L
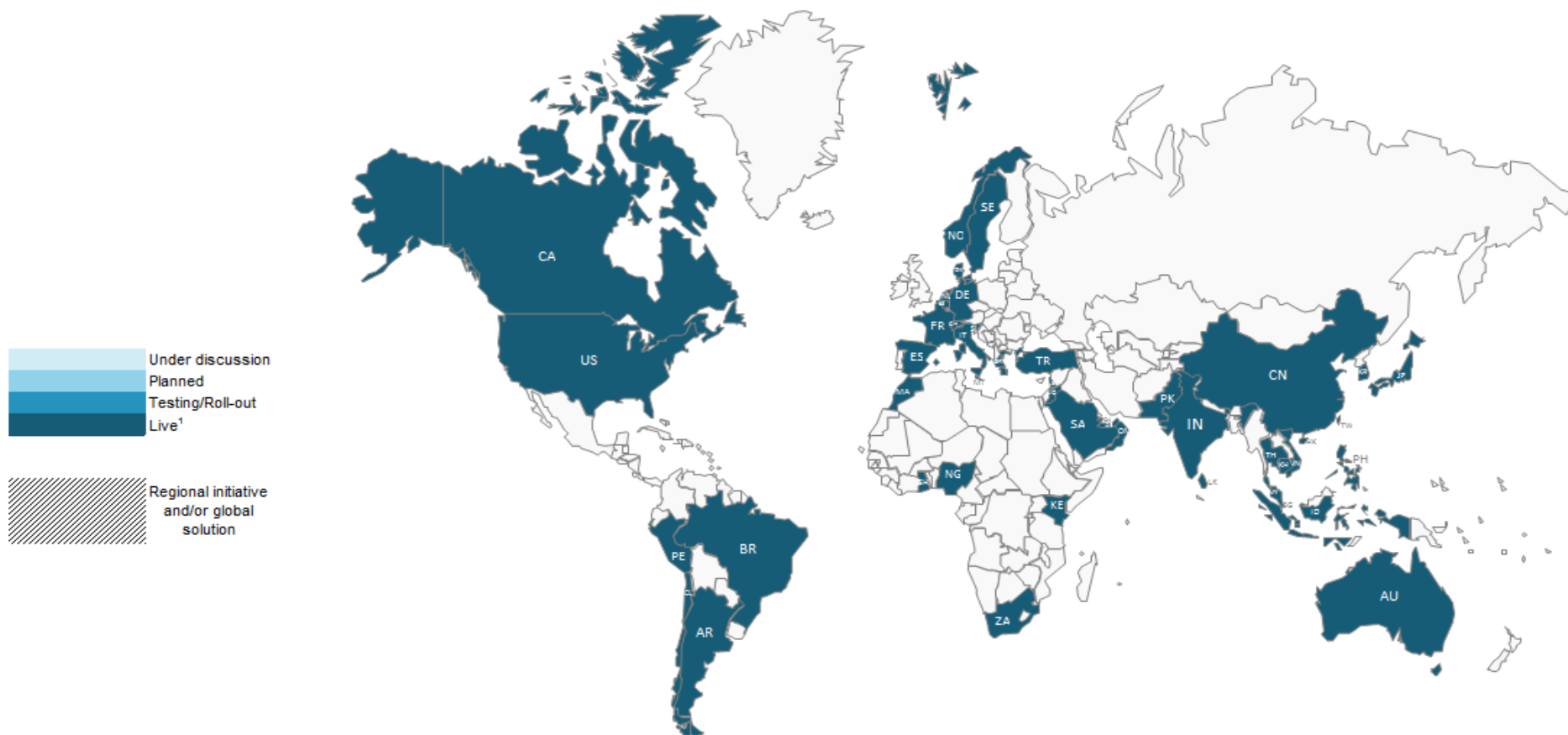
ISO 20022 adoption map - ISO 20022 for Cards (nexo A.I.S.B.L.)

Legend:
- Under discussion
- Planned
- Testing/Roll-out
- Live[1]
- Regional initiative and/or global solution

Map labels: CA, DE, FR, ES

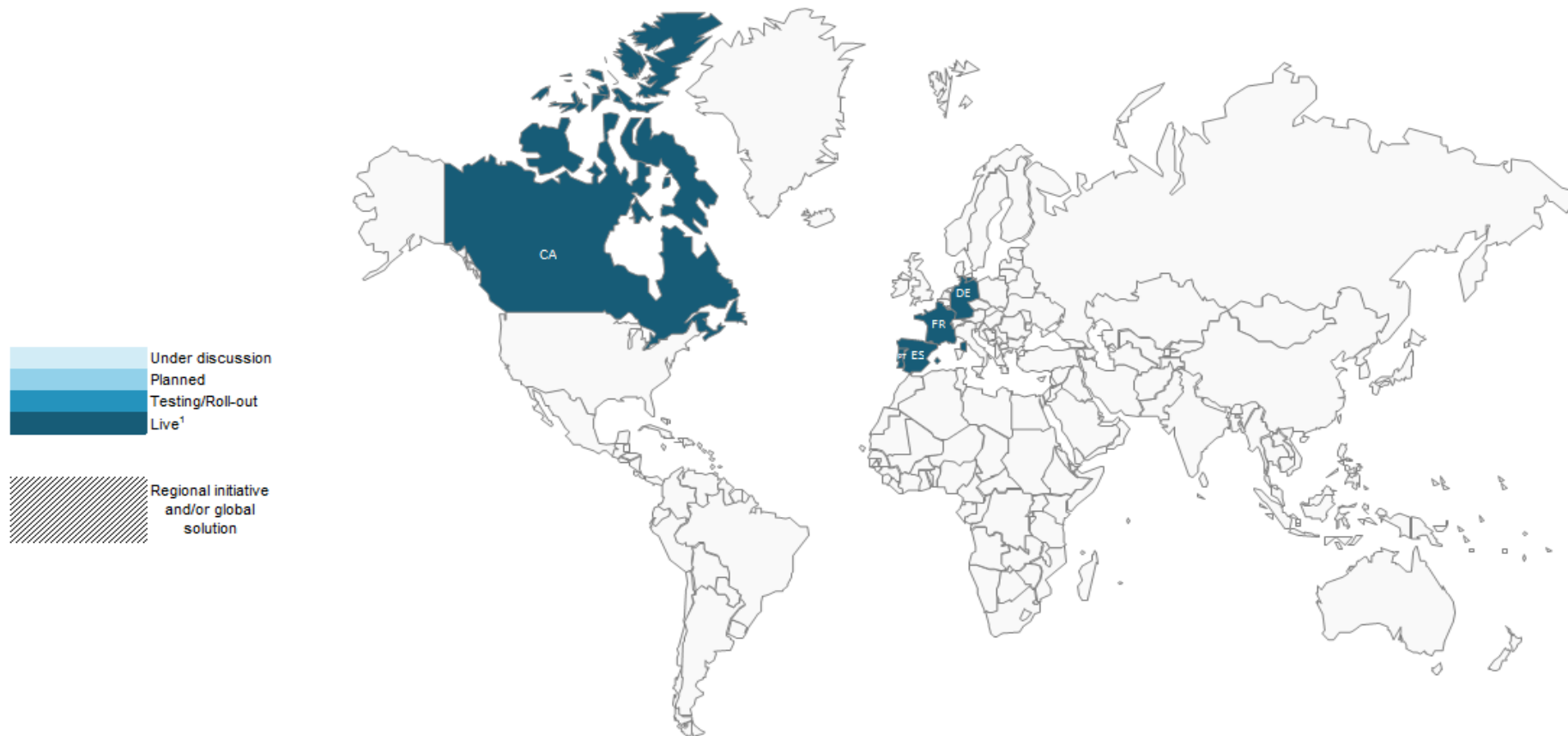[1] Offers ISO 20022-enabled solution for one or more of its business areas, on part or all of its network channels

ISO 20022 Harmonisation

Towards a harmonised use of ISO 20022
Call made by global and regional Financial Institutions …

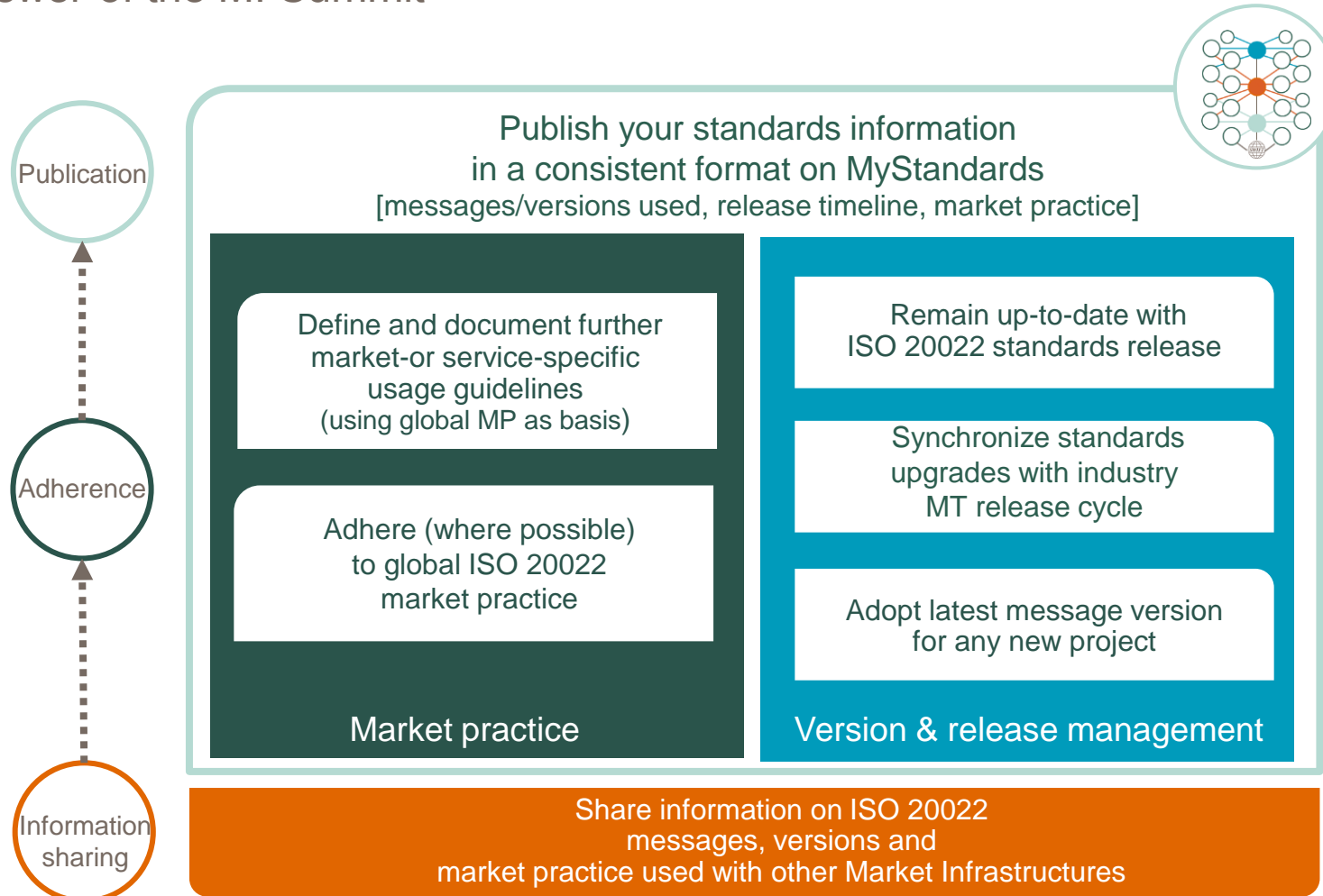**1** Less variation, more global market practice on ISO 20022

2 Provide a predictable environment for MI communities (versions, release mgmt..)

3 Best practice sharing for community adoption & implementation

The ISO 20022 Harmonisation Framework – Principles
… the answer of the MI Summit

Publication

Adherence

Information sharing

Publish your standards information
in a consistent format on MyStandards
[messages/versions used, release timeline, market practice]

Define and document further
market-or service-specific
usage guidelines
(using global MP as basis)

Adhere (where possible)
to global ISO 20022
market practice

Market practice

Remain up-to-date with
ISO 20022 standards release

Synchronize standards
upgrades with industry
MT release cycle

Adopt latest message version
for any new project

Version & release management

Share information on ISO 20022
messages, versions and
market practice used with other Market Infrastructures

The ISO 20022 Harmonisation Framework – Endorsement and Support

✓ Market Practice

✓ Release management

✓ MyStandards

25 Endorsing MIs

11 Supporting MIs*

Payments markets	Securities markets	FX markets
Endorsing	**Endorsing**	**Endorsing**
• ACH Colombia	• ASX	• CLS
• Bank of Canada	• Barbados Stock Exchange & Barbados Central Securities Depository	
• BankServAfrica	• Clearstream	**Supporting**
• Central Bank of Kosovo	• Euroclear	• SMPG
• Hong Kong Interbank Clearing	• Hong Kong Exchanges and Clearing	• PMPG
• National Bank of Ukraine	• Jamaica Exchange/CSD	
• Payments Canada	• KDPW	
• SADC **	• LCH	
Supporting	• National Bank of Belgium	
• APCA	• NSD	
• Banca d'Italia	• OeKB CSD	
• Bank of England	• SGX	
• Deutsche Bundesbank	• VP Lux	
• EBA Clearing	• VP Securities Denmark	
• ECB	• VPS Norway	
• Reserve Bank of South Africa	• Ukrainian National Securities and Stock Market Commission	
• The Clearing House	**Supporting**	
• US Federal Reserve	• DTCC	
	• Jasdec	

MIs that are part of the MI Summit, except PMPG and SMPG

** SADC Banking Association *is representing the following countries: Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia, Zimbabwe*

ISO 20022 market practice for securities and payments

	Available	**Ongoing**	**Future**

Securities

Available

- **Investment Funds**
  - Defined by the Securities Market Practice Group (SMPG)
  - Published on www.smpg.info and MyStandards
- **Settlement and related services used by TARGET2 Securities (T2S)**
  - Published on MyStandards
- **Collateral management for communications between CCP and CMs**
  - Published on MyStandards

Ongoing

- **Settlement and reconciliation**
  Creation of 'generic' settlement templates (for use outside T2S markets)
   => 90% done - Work will be finalised by Q2 2017
- **Corporate actions**
  Work is ongoing (CA Notification as a start)

Future

- **Proxy Voting**
- **Cash management**
- **Post-trade**

Payments

Available

- **High Value Payments**
  - Sponsored by the Payments Market Practice Group (PMPG)
  - 'Like-for-Like' approach
  - Published on MyStandards

Ongoing

- **Real Time Payments**
  - Ongoing work by ISO 20022 Real Time Payments Group (RTPG) – 70 stakeholders from 17 countries
  - Covers payments initiation, Clearing & settlement and investigation handling
  - Published on the ISO Website
- **High Value Payments 'Plus'**
  - Sponsored by the PMPG - Beyond like-for-like
  - Phase I completed - Work published on MyStandard (March 2017)
  - 4 Sub groups - Ongoing

Future

- **Low Value Payments**
  No demand to-date

Status: Nov 2017

Context of HVPS+

HVPS available today!

Why?

How & Who?

What?

MyStandards

HVPS

> Ensure interoperability and that ISO 20022-based RTGS implemented consistently
> 'Like-for-like' backward compatibility with existing (MT) standard

> Sponsored by Payments Market Practice Group (PMPG)

> 7 formal usage guidelines
> Translation rules to/from MT
> Communication flows

> Published on MyStandards
> Documentation (PDF, XLS)
> Processable formats (XSD)

HVPS+

> Kick-started as of ISO 20022 harmonisation initiative
> New wave of HVP MI initiatives
> Taking into account benefits of ISO 20022

> Taskforce group consisting of MIs and FIs
> 3 different membership categories

> Build on existing HVPS and deliver additional guidelines to support global interoperability
> Phase 1 – First set of 7 implementation guidelines

HVPS+ posted on MS – March 2017

SWIFT

www.swift.com