



flow briefing



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Three last-minute ISO 2022 migration tips

We are almost there. The much-anticipated ISO 2022 go-live date is nearly upon us, and the industry is busy with the final preparations

Transaction banking, however, involves the cooperation of various actors and because of this, no matter how well prepared you are, you cannot plan for everything and must expect the unexpected. For instance, we already expect that unforeseen issues will likely emerge after the migration deadline.

That said, there are certain areas that could be susceptible to issues post-migration and are already known to the market. By considering these areas – and some last-minute tips – we can ensure a better migration experience.

1. Don't get lost in translation: ensure you are ready to handle both MT and ISO 2022 standards

Until November 2025, both messaging standards – the “old” MT messages and the new ISO 2022 messages – will be able to be used for exchanging payments via Swift. However, translating ISO 2022 into MT might not be straight forward, given that the latter does not provide enough space to fit all information from the data-rich ISO 2022 message.

Recognising that certain information might get missed due to translation, the Cross-Border Payments and Reporting Plus (CBPR+) group developed guidance for the market on how to handle such scenarios.

The document provides recommendations to MT-based intermediary banks on how to leverage the translation reports of the received multi-format messages (ISO 2022 message with embedded translated MT), but also gives guidance to the banks receiving potentially truncated MT messages from the previous agents.

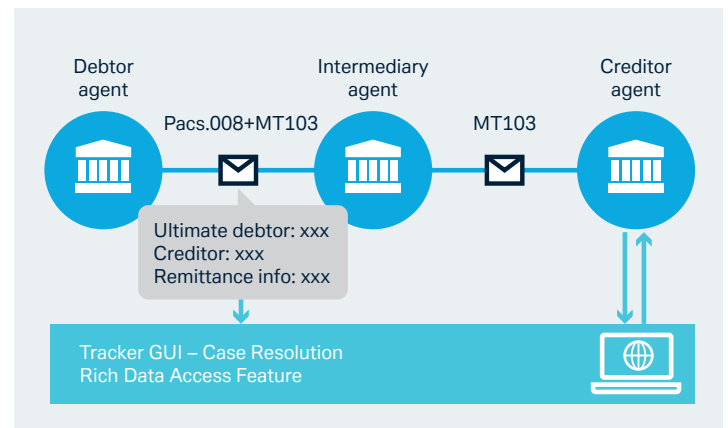


Figure 1: Rich Data Access Feature (Source: Deutsche Bank)

Furthermore, it describes an alternative way of accessing the truncated information rather than having to request it from the bank and wait for the reply. The solution is called the Rich Data Access Feature (see Figure 1) and it is a central platform available via the Swift gpi Case Resolution screen. It enables banks to centrally view any “rich” data that did not fit into an MT message. The solution is accessible for any bank on Swift – and no subscription to the Case Resolution service is required. Please note, however, that users wishing to access the solution require RBAC gpi Tracker access roles to be assigned in advance – in particular, the “TMTransactionViewer” and “Update” roles.

The guidance can be downloaded from the CBPR+ landing page on [MyStandards](#) (the Swift portal hosting the usage guidelines for the future messaging standard).

Continued overleaf →

2. Consider the differences – it's not just Swift that will migrate, some market infrastructures and clearing houses will also introduce ISO 20022

The red-letter day of 20 March 2023 will not only have significant implications for the correspondent banking space – market infrastructures in the Eurozone, Australia and Canada are migrating to ISO 20022 on the same day as Swift.

The differences in their implementations, however, might create challenges for the industry.

For example, it has been discovered that while CBPR+ (which applies to the correspondent banking space) allows the usage of unpublished Business Identifier Code (BIC)11 as long as BIC8 is published, the Eurozone's real-time gross settlement (RTGS) system, T2, will not allow unpublished BICs at all. This means that a transaction reaching T2 from the correspondent banking space, which includes unpublished BICs in the payload of the message (for example, in the Debtor Agent element), will be rejected.

▼ Debtor Agent	
▼ Financial Institution Identification	
> BICFI	DEUTDEFFXXX
> Clearing System Member Identification	
LEI	
Name	Deutsche Bank AG
▼ Postal Address	
Department	
Sub Department	
Street Name	Taunusanlage
Building Number	12
Building Name	
Floor	
Post Box	
Room	
Post Code	60325
Town Name	Frankfurt
Town Location Name	
District Name	
Country Sub Division	
> Country	
Address Line	

Figure 2: Options for agent identification (Source: Deutsche Bank)

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Considering our industry occasionally receives unpublished BICs in this element (MT-equivalent field) from banks outside Europe, we may need to consider a (potentially difficult) workaround in addition to drawing our clients' attention to it. An option would be, for example, to decrease the quality of the identifier, i.e., the conversion of the unpublished BIC into the Name and Address in the respective Agent elements.

3. Remember, it will not be all over with the March go-live date

Let's face it, the industry has been preparing for this transition for a few years now – and reaching the go-live date will be a significant milestone for us all.

But it is important to understand that even though ISO 20022 messages will be used from 20 March onwards, the migration project will not be over any time soon. There are several elements to keep in mind:

- Now is not the time to reduce resources since the early days of migration are expected to be turbulent and will require additional assistance. In fact, stocking up additional operational resources is the way to go.
- The 20 March migration is only the first step of this journey. Over the next few years, CBPR+ will implement further sets of ISO 20022 messages – replacing the currently exchanged MT, for example, for cheques, charges, etc. Alongside this, the industry is working on a new concept for Exceptions & Investigations, which will change the way we process exceptional cases.
- CBPR+ ISO 20022 messages have been developed under the consideration of the coexistence phase and include several restrictions which make them aligned with MT. Once the coexistence phase is over, ISO 20022 messages are expected to change and become far stricter (think structured data). The recent paper published by the Committee on Payments and Market Infrastructures (CPMI), tasked by the G20 to improve cross-border payments, only amplifies this goal.
- In May 2023, Swift will introduce a Transaction Manager orchestration platform, which will change the way the transactions are orchestrated. Among others, this will impose further validation rules, which we all need to comply with.

All of this being said, we must not forget the ultimate goal of this project that we have been working on for the past few years: improving cross-border payments. Now that the final countdown has started, let's embrace this challenge, join forces and ensure it is a success.