



flow briefing



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Topic

Swift's Transaction Manager

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The Five Essentials of Swift's Transaction Manager

While ISO 20022 remains one of the most important topics in the correspondent banking space – and will likely continue to for another few years – there is another topic on the horizon with the potential to gain a similar level of industry attention: the introduction of Swift's Transaction Manager

Starting in May 2023, in-scope ISO 20022 messages and the respective translated MT messages will be automatically routed via the Transaction Manager – a central platform that will apply an additional set of rules during processing that go beyond the Cross-Border Payments and Reporting Plus (CBPR+) guidelines. Thanks to the stricter rules and the overarching orchestration, the Transaction Manager promises to ensure data immutability along the payment chain and further increase payment efficiency.

Before jumping into the numerous deep dives on the functionalities, scope and purpose of the Transaction Manager platform, there are five essential points to first understand:

1. In-scope messages will be routed via the Transaction Manager automatically

One of the key elements to understand about this platform is that you will not need to subscribe to the Transaction Manager or even implement new routing – eligible messages (which will be discussed below) will be routed and processed by the Transaction Manager automatically before they reach the receiver. This means that no one can opt out from Transaction Manager processing, and we must all prepare for the consequences. Keep in mind that messages processed by the Transaction Manager will contain special indicators that we need to handle. These include:

- The presence of the "TDOK" indicator in the Technical Header of an ISO 20022 message – if a message has not been processed by Transaction Manager, the indicator will be missing.
- The presence of XML namespaces in the ISO 20022 message payload: for example, <head> for Business Application Header and <pac> for the document name.

1	In-scope messages will be routed via the Transaction Manager automatically
2	Not all ISO 20022 messages will form part of the first release of the Transaction Manager
3	Transaction data stored centrally in the Transaction Copy
4	The Transaction Manager will apply a set of stricter validation rules
5	The Transaction Manager will introduce additional data integrity rules

Figure 1: Five key points about Transaction Manager (Source: Deutsche Bank)

Continued overleaf →

2. Not all ISO 20022 messages will form part of the first release of the Transaction Manager

When the Transaction Manager is first released on 29 May 2023 (the go-live date at the time of writing), it will only include pacs.008 (+ translated MT103) and pacs.009 core, cov, adv (+ translated MT202/cov) messages. All the other CBPR+ ISO 20022 messages will be processed on FINplus but will not be routed via the Transaction Manager. It is important to note that MT-initiated transactions (i.e. when the first message in the payment chain is formatted in MT) will also not be part of the initial release.

But not even all the in-scope messages will be processed by Transaction Manager as of day 1. This is due to the “build-up” approach that was chosen, whereby in-scope messages will be routed through the Transaction Manager gradually, starting with pacs.008 and pacs.009 cov messages containing “rich”/enhanced data elements, such as Ultimate Parties.

3. Transaction data stored centrally in the Transaction Copy

When the first interbank message is sent to the Transaction Manager it will trigger the creation of a Transaction Copy – a centralised record of the transaction which serves as reference data. Depending on the rules (discussed further in point 5), the Transaction Copy will either be updated with further messages or remain as is, neglecting other agents’ attempts to change the content. The Transaction Copy will be accessible to all banks participating in the transaction chain via gpi Tracker. This will prove useful for MT-based agents, in particular, since they will be able to access the full message content. Two points to keep in mind here:

- The Transaction Copy is subject to visibility rules as we know it from the current gpi processing. For example, banks only participating in the “cover” flow of a transaction (=MT202 COV or pacs.009 COV) will have a restricted view of the underlying “serial” transaction (=MT103/pacs.008). On the other hand, agents that participate in both the serial and the cover flow will see

both flows in the same Transaction Copy. The visibility rules also apply to data elements: while some elements, such as End-To-End Identification, will be visible to all agents in the payment chain, certain information that is subject to bilateral processing, confidentiality or competition laws, such as Charges Information, will only be visible to the receiver.

- Users wishing to access Transaction Copy must be assigned with an additional “TMTransactionViewer” role next to the existing RBAC gpi Tracker roles.

4. The Transaction Manager will apply a set of stricter validation rules

Once a transaction message reaches the Transaction Manager, the platform will apply validation rules: i.e. decide whether to abort, bypass (route it via FINplus, without Transaction Manager processing) or process the message. Incorrect business practices (such as UETR recycling or usage of wrong message types) will result in messages being either bypassed or aborted. These cases will be closely monitored by Swift and will result in peer benchmarking and stricter validation rules.

5. The Transaction Manager will introduce additional data integrity rules

Since data integrity rules classify all message data elements in “editable” and “locked” data, the Transaction Manager will either update the Transaction Copy with new values from incoming messages or discard changes and deliver original input to the next agent. For example, End-To-End Identification is classified as “locked” and will therefore remain the same along the entire transaction chain. If any agent attempts to change the value of this element, the change will be neglected. As a result of data integrity rules, agents may receive data that the last sender did not send.

More to come

As you see, there is more to come on this journey towards frictionless cross-border payments. It is important to make ourselves familiar with more than just the essentials of the Transaction Manager by reading through the published documentation.

But, based on experience, what will really prepare us is testing. Specific testing for the Transaction Manager via FINplus future environment, and the subsequent analysis of the traffic, will give us an end-to-end transaction view and a better sense of our behaviour and compliance with the enhanced controls. It’s time to seize this opportunity.

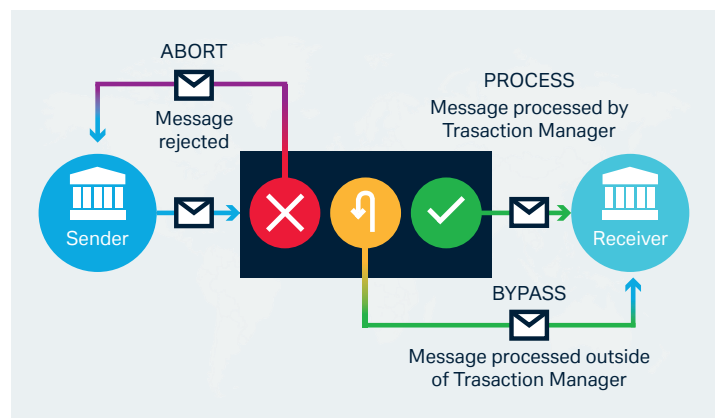


Figure 2: Validation rules (Source: Deutsche Bank)

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