

09:00  
to  
09:15



# WELCOME TO PMPG ANNUAL FORUM 2016

Roy DeCicco,  
JPMorgan  
PMPG Co-chair

global  
collaboration  
implementation  
community  
harmonization  
automation  
market practice  
expertise  
methodology  
interoperability

# Agenda

Topic	Time	
<i>Registration &amp; Coffee</i>	08:30 – 09:00	30 min
<b>Welcome</b>	09:00 – 09:15	15 min
<b>Instant Payments across borders</b>	09:15 – 10:00	45 min
<b>Global ISO20022 adoption</b>	10:00 – 11:00	60 min
<i>Coffee Break</i>	11:00 – 11:15	15 min
<b>AML / Financial crime round table</b>	11:15 – 12:15	60 min
<i>Lunch</i>	12:15 – 13:15	60 min
<b>Usage of Legal Entity Identifier (LEI) in payments</b>	13:15 – 14:00	45 min
<b>CPMI report on Correspondent Banking</b>	14:00 – 14:45	45 min
<b>Wrap-up &amp; Close</b>	14:45 – 15:00	15 min

09:15  
to  
10:00

# INSTANT PAYMENTS ACROSS BORDERS



Neil Buchan,  
SWIFT  
Moderator

Erwin Kulk,  
EBA Clearing

Jose Beltran,  
STET

Steve Ledford,  
CHIPS

Bob Masina,  
APCA

global

automation

expertise

methodology

community

collaboration

market practice

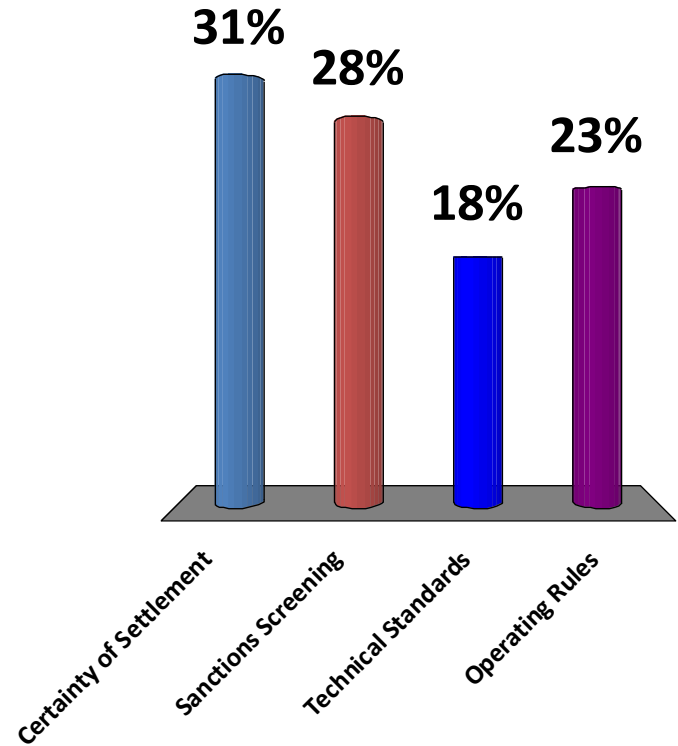
interoperability

implementation

harmonization

**Which of the following topics is the most significant challenge, in your opinion, when considering Instant Payments across Borders ?**

- A. Certainty of Settlement
- B. Sanctions Screening
- C. Technical Standards
- D. Operating Rules



10:00  
to  
11:00

# Global ISO 20022 adoption



Stephen Lindsay,  
Head of Standards,  
SWIFT

Andrew Muir ,  
SWIFT,  
Moderator

All of you



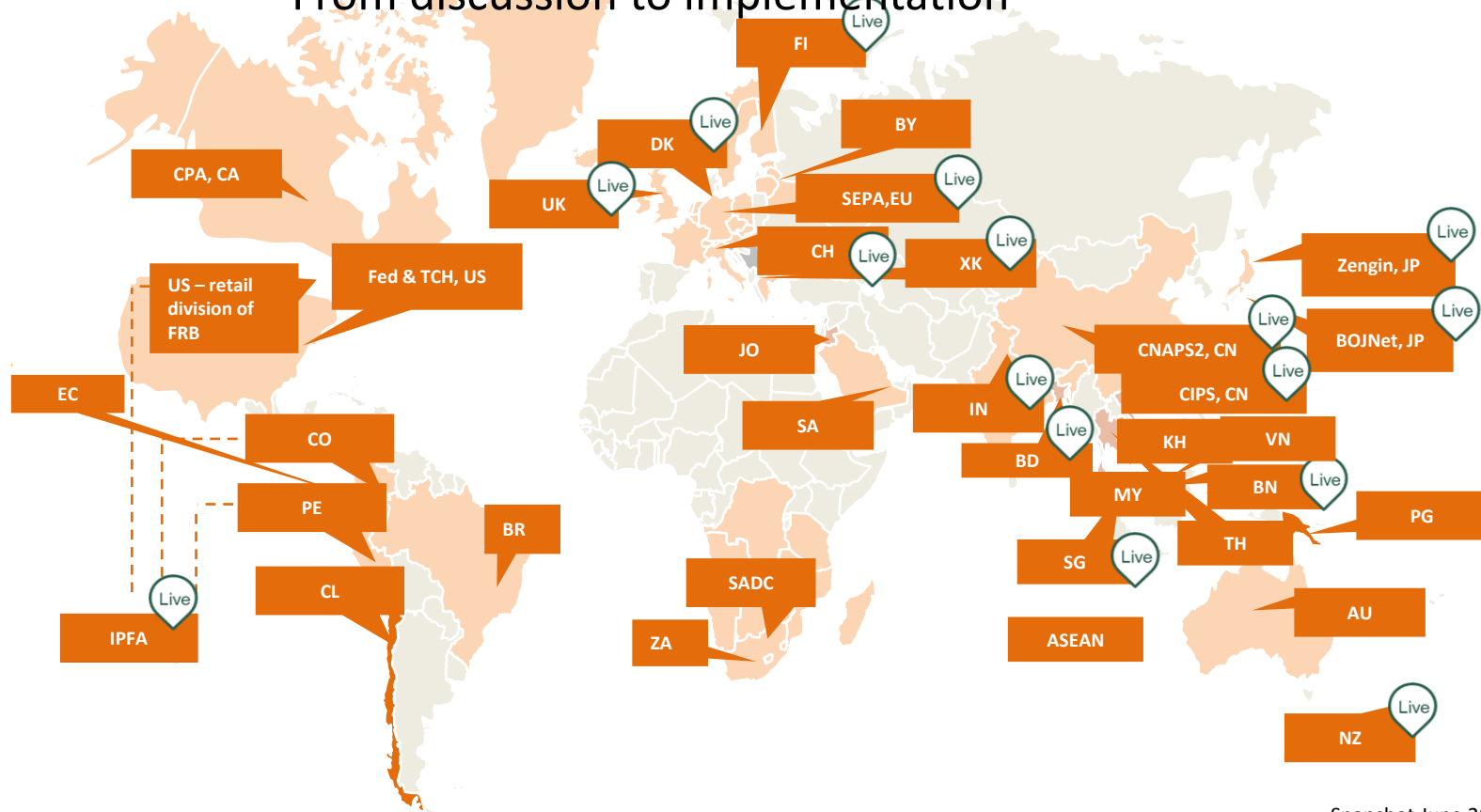
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# ISO 20022 recent significant

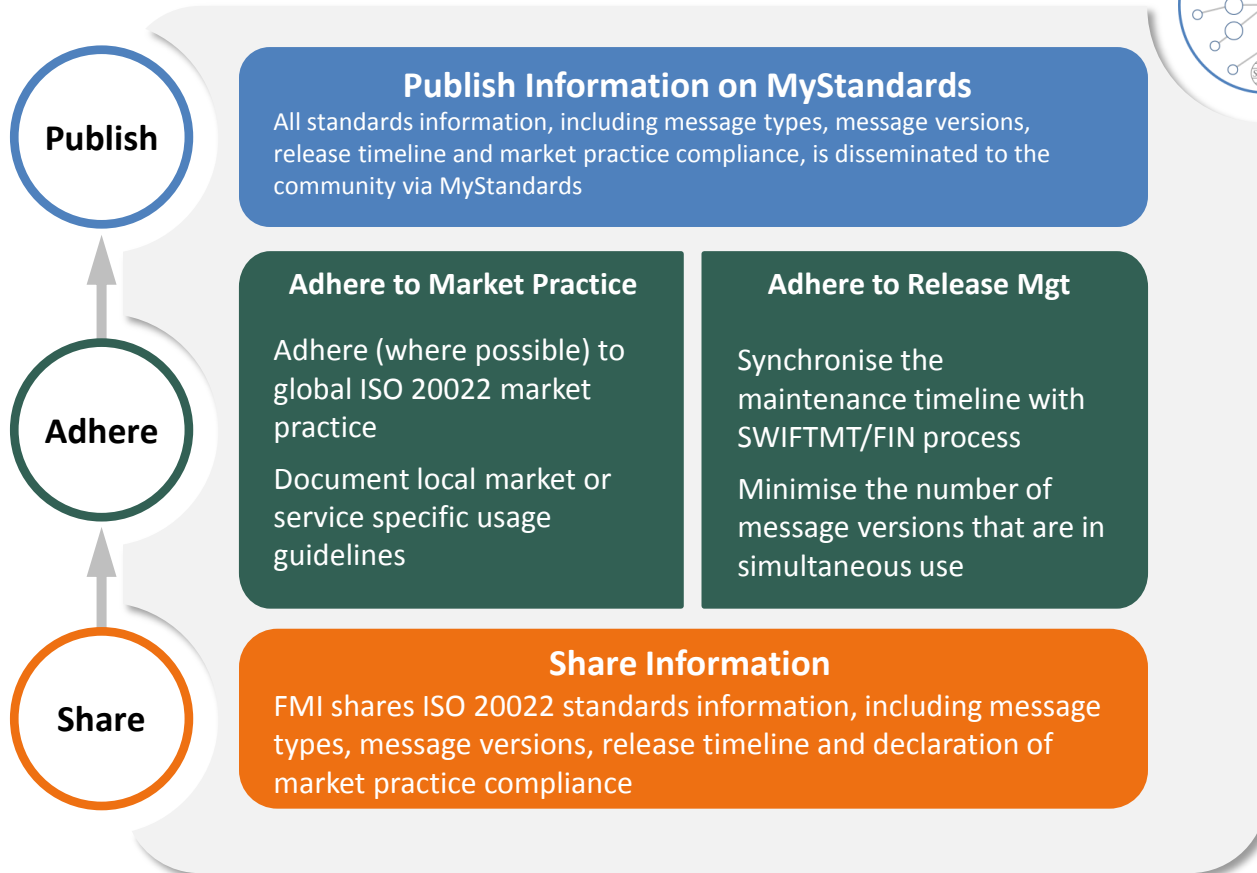
Initiative	Comment
CH SIC	4 <sup>th</sup> generation of SIC live Aril 2016
XK HVPS	Kosovo high-value payments system live since June 2016
CN CIPS	ISO 20022-based service (also used for CNAPS 2) MoU with SWIFT for off-shore participants
US Fed/TCH	ISO 20022 operation expected to begin 2020
EU Target	Consultation reaffirms commitment to ISO 20022 'Full' implementation (no longer like-for-like) Re-use of Target 2 Securities platform
UK CHAPS	Consultation this year; development next year ISO 20022 in scope
EU EPC	SCT <sup>INST</sup> work in progress; specs in November 2016 Some live operation expected November 2017

# ISO 20022 Adoption – Payments MI & initiatives

## From discussion to implementation



# Standards ISO 20022 harmonization







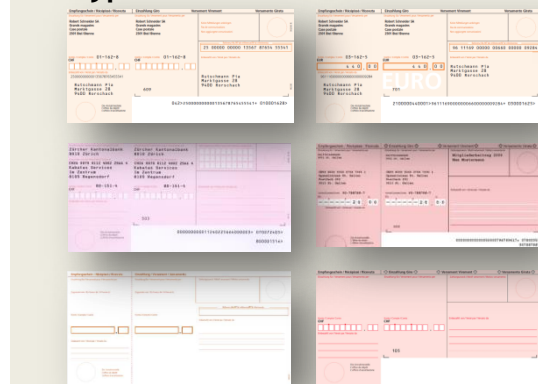
# Swiss Payments harmonization

## Initial situation

### 1 Variety of different formats & schemes

		
System	<ul style="list-style-type: none"><li>• SIC &amp; euroSIC</li></ul>	<ul style="list-style-type: none"><li>• PosfFinance</li></ul>
CT format	<ul style="list-style-type: none"><li>• DTA, SIC messages</li></ul>	<ul style="list-style-type: none"><li>• EZAG, SIC messages</li></ul>
Direct debit	<ul style="list-style-type: none"><li>• LSV+</li></ul>	<ul style="list-style-type: none"><li>• Debit Direct</li></ul>
Account ID	<ul style="list-style-type: none"><li>• Bank account &amp; IBAN</li></ul>	<ul style="list-style-type: none"><li>• PC-Nummer &amp; IBAN</li></ul>

### 2 Variety of different invoice types



# Swiss Payments harmonization

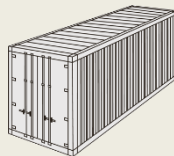
## Future state



Migration to the **next generation** CHF SIC & euroSIC clearing platform (SIC4)

Completed in April 2016

Adoption of international **ISO20022** standard will increase efficiencies, End-to-End integration and interoperability



A joint & **harmonized portal** for a new e-bill and direct debit

New **unified Swiss invoice slip** with electronically readable data code



Basis for the harmonization: ISO20022

# Swiss Payments harmonization

Advantages for Switzerland going beyond a like-to-like adoption of ISO2022



Integration of payments into the **End-to-End process chain** thanks to harmonized formats & standardized processes



Reduction to one single standard will **reduce complexity and costs** for the market infrastructure, banks and end customers



ISO2002 standards allows to transport **more information** in payment messages, status updates and reporting messages



Clients have **one standard** when interacting with different financial institutions



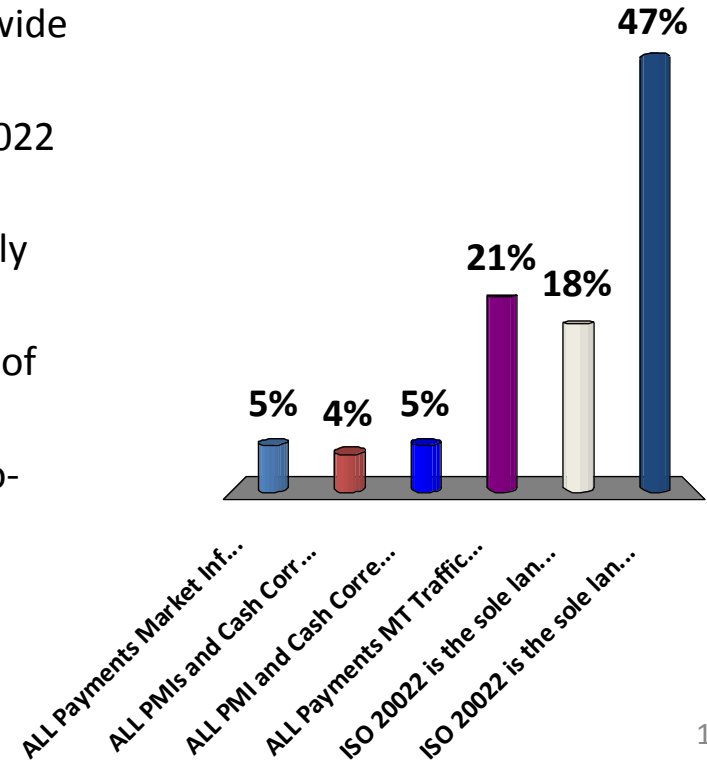
Richer information in payments **increases transparency** and allows for better compliance processes



Increased **interoperability** between local market infrastructures and harmonization of cross-border payments

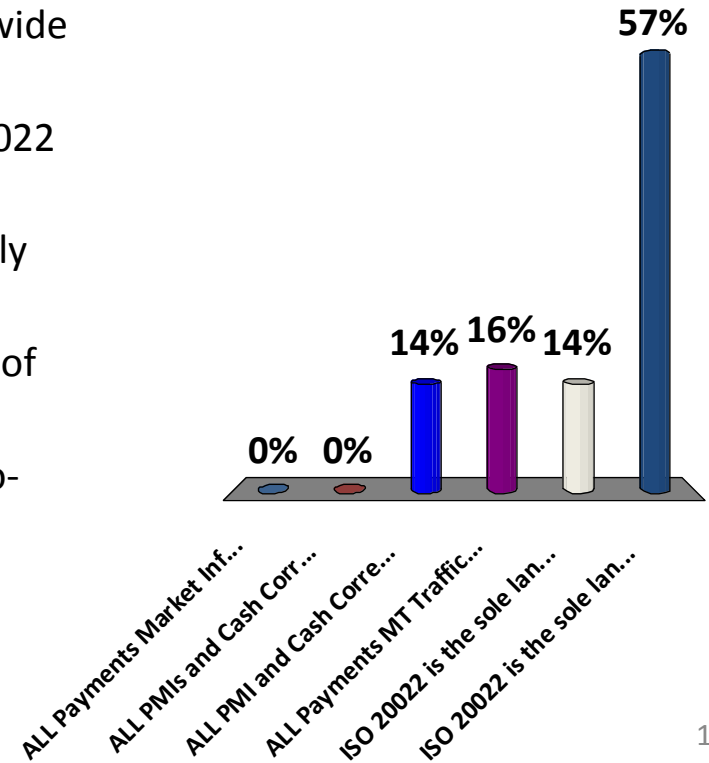
## ISO 2022 will have done its job when:

1. ALL Payments Market Infrastructures (PMIs) worldwide offer an ISO 2022 channel for core services
2. ALL PMIs and Cash Correspondents offer an ISO 2022 channel for core services
3. ALL PMI and Cash Correspondent services are widely accessible using ISO 2022
4. ALL Payments MT Traffic has been retired in favour of ISO 2022
5. ISO 2022 is the sole language worldwide of end-to-end financial transactions in Payments
6. ISO 2022 is the sole language worldwide of all financial transactions



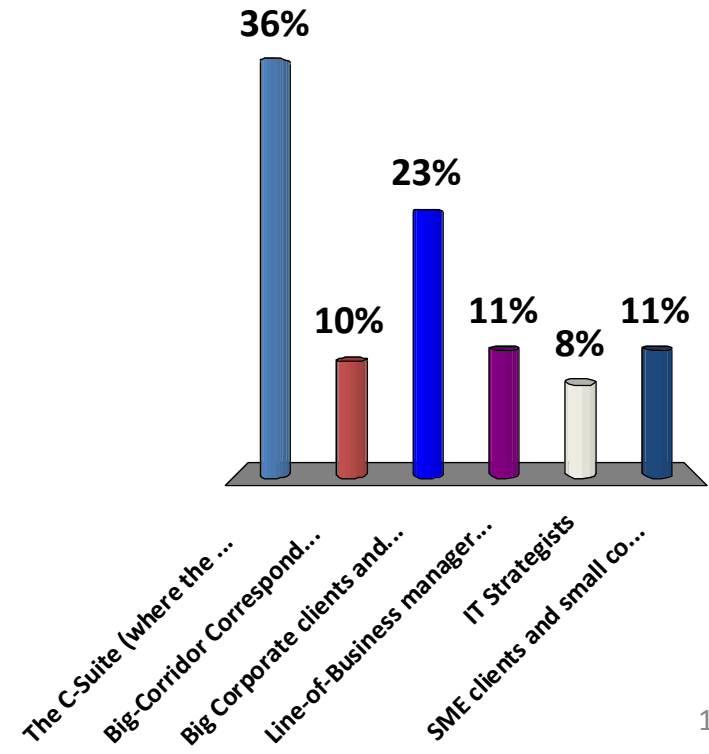
## TAKE 2: ISO 2022 will have done its job when:

1. ALL Payments Market Infrastructures (PMIs) worldwide offer an ISO 2022 channel for core services
2. ALL PMIs and Cash Correspondents offer an ISO 2022 channel for core services
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To determine the scope of the End State of ISO 20022, the most important sponsors we must engage are:

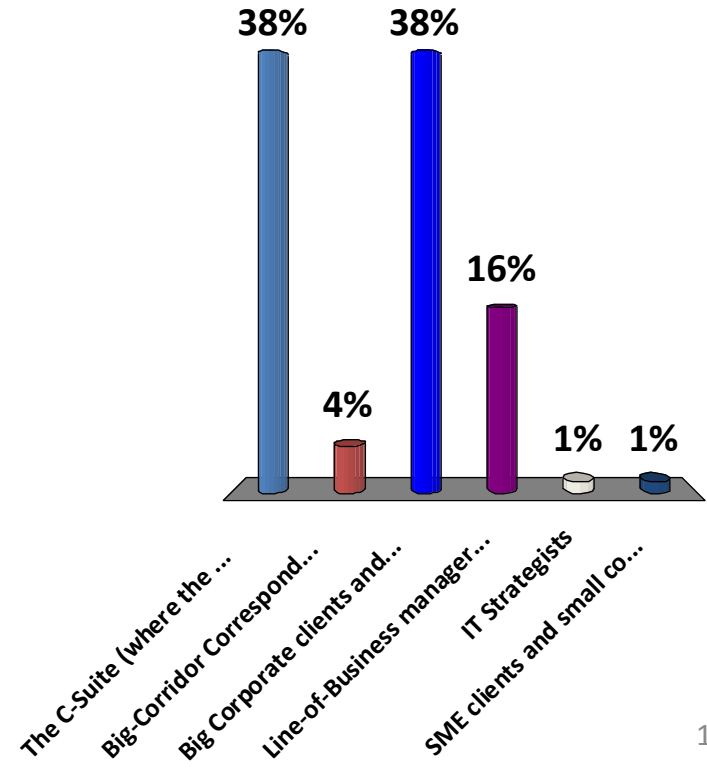
1. The C-Suite (where the CEO, CIO, CFO work)
2. Big-Corridor Correspondents
3. Big Corporate clients and their Vendors
4. Line-of-Business managers in our institutions
5. IT Strategists
6. SME clients and small correspondents



You have up to 2 votes...

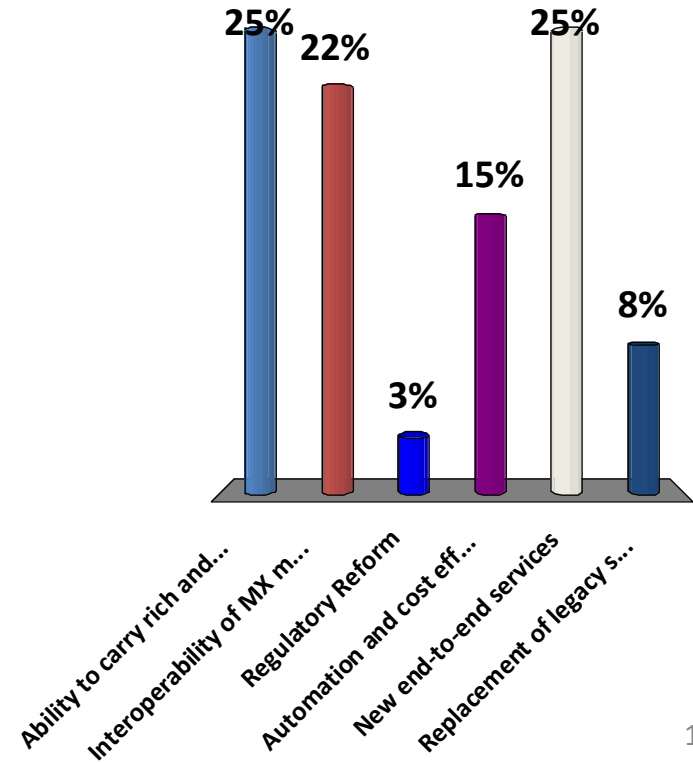
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4. Line-of-Business managers in our institutions
5. IT Strategists
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The Business Case for the next phase of ISO 20022 adoption should be primarily based on:

1. Ability to carry rich and comprehensive data in the payload
2. Interoperability of MX messages across networks
3. Regulatory Reform
4. Automation and cost efficiency
5. New end-to-end services
6. Replacement of legacy systems

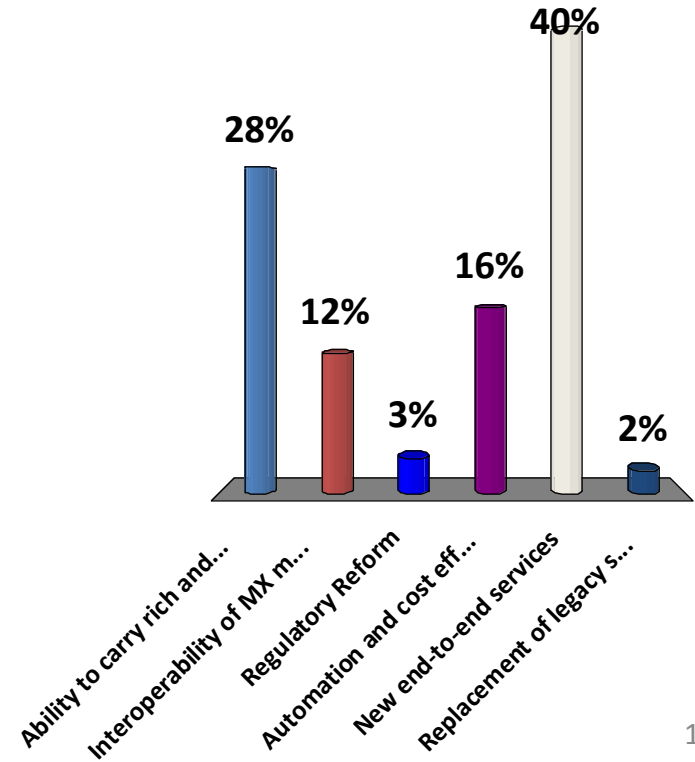


Again, you have up to 2 votes...



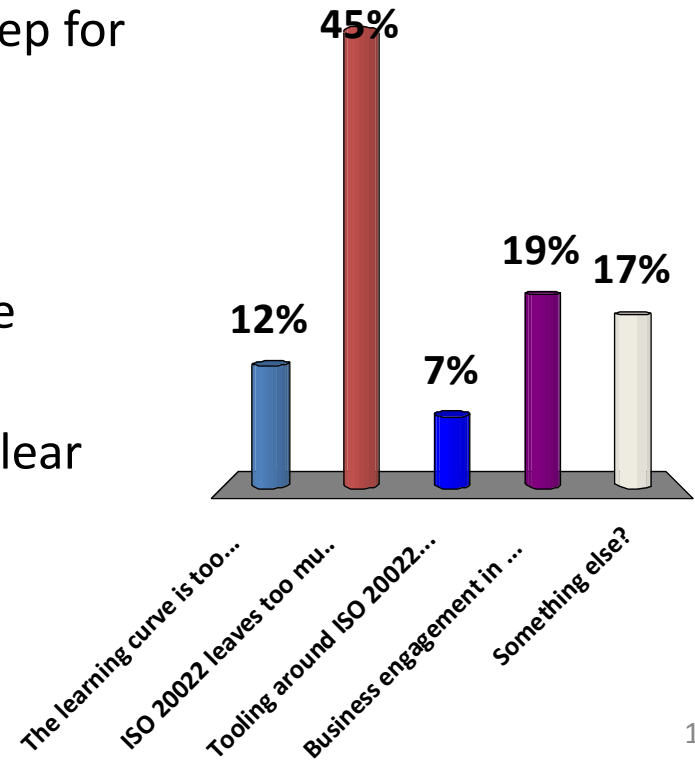
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After 12 years of working with ISO 20022, what is the main thing we would criticise about it?

1. The learning curve is too long and too steep for new communities
2. ISO 20022 leaves too much room for interpretation
3. Tooling around ISO 20022 is still immature
4. Business engagement in the standards registration and evaluation process is unclear
5. Something else?



11:15  
to  
12:15

# AML/FINANCIAL CRIME ROUND TABLE



Michael Knorr,  
Wells Fargo Bank,  
Moderator

Tracy Paradise,  
HSBC, The  
Wolfsberg Group

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harmonization  
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13:15  
to  
14:00



# USAGE OF LEGAL IDENTITY IDENTIFIER (LEI) IN PAYMENTS

Roy DeCicco,  
JPMorgan  
PMPG Co-chair

Stephan Wolf,  
Global Legal Entity  
Identifier Foundation  
(GLEIF)

global  
collaboration  
implementation  
automation  
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harmonization  
market practice  
expertise  
methodology  
interoperability

14:00  
to  
14:45



# CPMI: CORRESPONDENT BANKING

Bernd Waizenhöfer,  
PMPG Germany,  
**Moderator**

Yuuki Shimizu,  
CPMI Secretariat

Isabel Schmidt,  
Deutsche Bank  
Americas

Jochen Metzger,  
Chair CPMI  
Working Group

global

automation

expertise

methodology

collaboration

community

market practice

interoperability

implementation

harmonization

# CPMI: Correspondent Banking

**The Committee on Payments and Market Infrastructure has published its technical report on Correspondent Banking in July 2016**

## Background

- Growing indications that service providers reduce correspondent banking services and relationships
- Threat that cross-border payment networks might fragment and that the range of available options could narrow
- Identified main reasons: Rising costs and uncertainty of customer due diligence

## Five Recommendations

### Measures

- to help improve efficiency of procedures,
- to reduce compliance costs, and
- to help address perceived uncertainty

# CPMI Recommendations

1	<b>KYC Utilities</b>	<ul style="list-style-type: none"><li>• Minimum set of standardised data to be defined in order to reduce customer due diligence costs</li><li>• Authorities are invited to develop a set of issues which FIs should consider</li></ul>
2	<b>LEI in Correspondent Banking</b>	<ul style="list-style-type: none"><li>• Promotion of LEIs as means of identification in KYC utilities</li><li>• Promotion of BIC-to-LEI mapping facilities</li><li>• Authorities to elaborate further on reliance of LEI data</li></ul>
3	<b>Information Sharing Initiatives</b>	<ul style="list-style-type: none"><li>• Authorities to provide clarity on due diligence recommendations, and to tackle obstacles to information sharing, establish best practices</li><li>• Recommendation to include provisions in contractual client framework</li></ul>
4	<b>Payment Messages</b>	<ul style="list-style-type: none"><li>• Banks to decide individually which payment method is used</li><li>• Stakeholders to review principles for use-cases of payment messages</li><li>• Guidance on supervisors' role and on quality of payment message content to be developed</li></ul>
5	<b>LEI as additional information in payments</b>	<ul style="list-style-type: none"><li>• Optional in MT103, strategic in XML with dedicated codes / data items</li><li>• Stakeholders to develop common market practices</li></ul>

14:45  
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# PMPG ANNUAL FORUM 2016 CLOSING ADDRESS

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JPMorgan  
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