



**SWIFT Operational Forum**

# **ISO 20022 and Transaction Manager Readiness**

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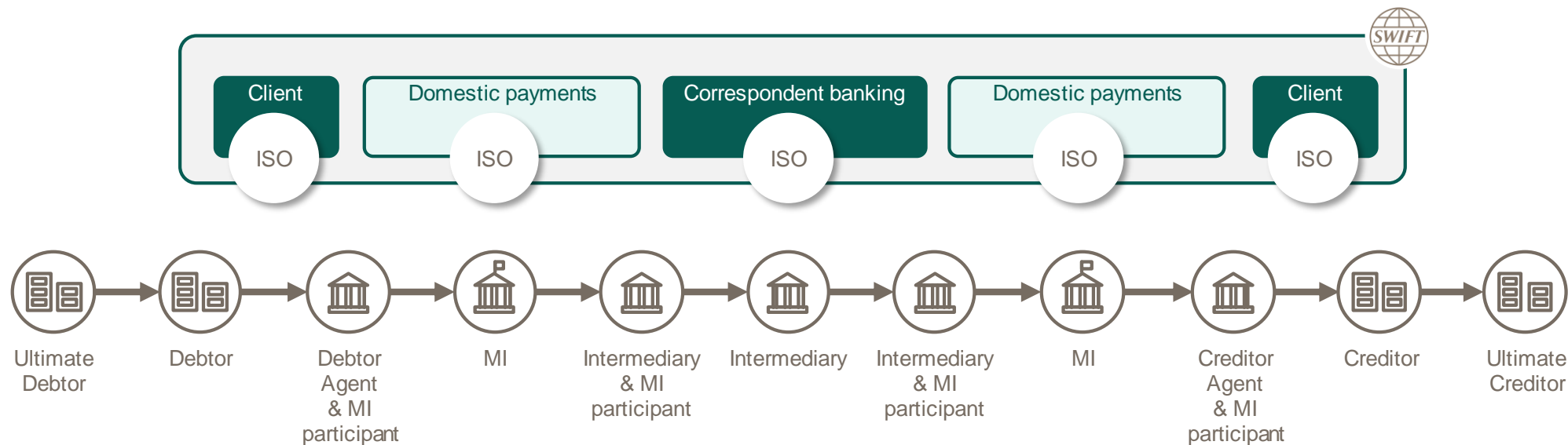
Transaction Management

SWIFT



# Facilitating ISO 20022 Adoption

# ISO 2022 will provide consistent, rich and structured data across the payments chain



## ISO context

- ISO 2022 is a **key game changer** for the payment industry: End-to-end rich, structured data provided by ISO 2022 enables more efficient, more compliant and faster payments
- **Community decision** to adopt ISO 2022 for CBPR+ flows – co-existence period (from Nov.2022 to Nov.2025)
- Pushed by the **wide adoption of ISO 2022 by Payments Market Infrastructures** (RTGS, Instant Payment, ACHs)

## How SWIFT is planning to support ?

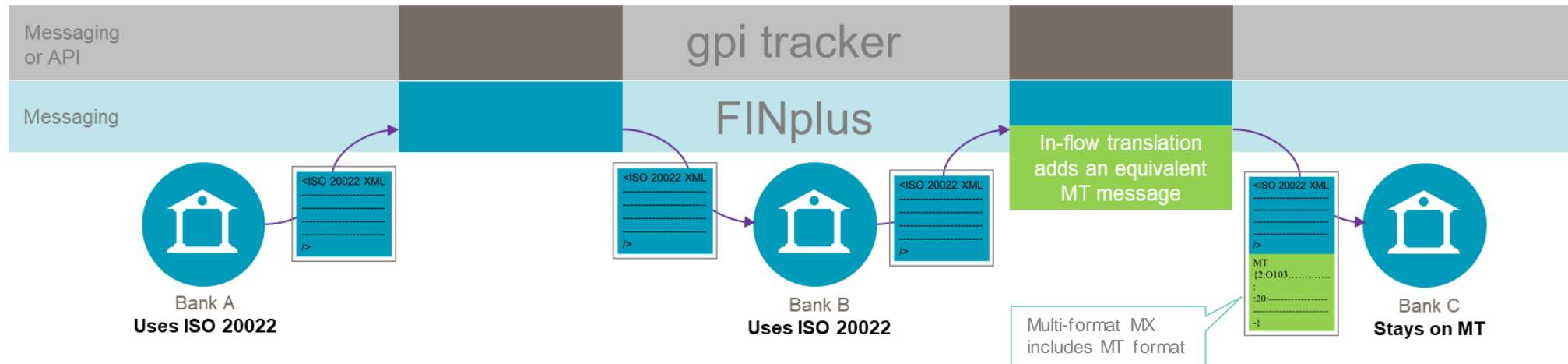
From November 2022, any bank can send CBPR+ messages to their correspondents network. All banks will be provisioned on FINplus. SWIFT put some measures to foster interoperability such as:

- **In-flow translation** (stand-alone or for transactions from the Transaction Manager) will allow banks to send ISO 2022 messages to any counterpart, independently of their ISO readiness
- **Transaction manager** will support ISO adoption even further. Thanks to transaction copy, rich data will be kept centrally, avoiding any loss of information in case of MT sender in the chain



# Pre-requisite for ISO 2022 adoption

## FINplus and In-flow translation



### In-Flow translation *Highlights*

- Built in to FINplus messaging service and switched *on* by default
  - All users will be provisioned in FINplus automatically by November 2022
- **Provides the key interoperability capability for ISO 2022 adoption:**
  - Senders can send ISO 2022 to any bank; receivers can process as MT if not ready for ISO 2022
  - Limited to ISO → MT for CBPR+ flows
- Multi-format MX **handled transparently** in SWIFT interface
- **End-to-end pilot completed** with 7 banks in June 2021\*

\*Full report available on MyStandards CBPR+ homepage

### Next Steps: community readiness for ISO 2022

- **Prepare to adopt:** upgrade your SWIFT Interface+
  - Compatible SWIFT interface software available now on download centre
- **In-flow Translation testing** on FINplus pilot now available
  - Many ISO 2022 testing resources already available from [ISO 2022 knowledge centre](#)
- **Available live in production August 2022:**
  - Opt-in, bilaterally agreed basis for 'penny testing', familiarization, early adopters
- **General go-live November 2022**

+SWIFT's cloud-based interfaces, Alliance Lite2 and Alliance Cloud, will support the ISO 2022 adoption timeline





# Transaction manager activation

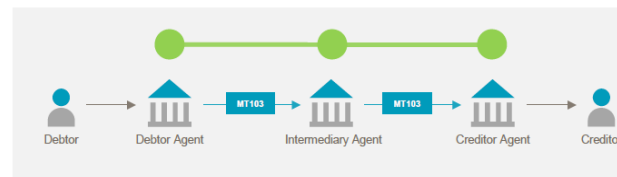
# From sequential message exchange to transaction management

## Enabling frictionless and instant transactions

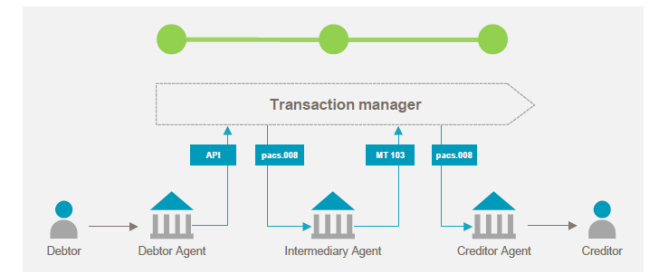
### Traditional messaging



### Tracking and service levels with gpi

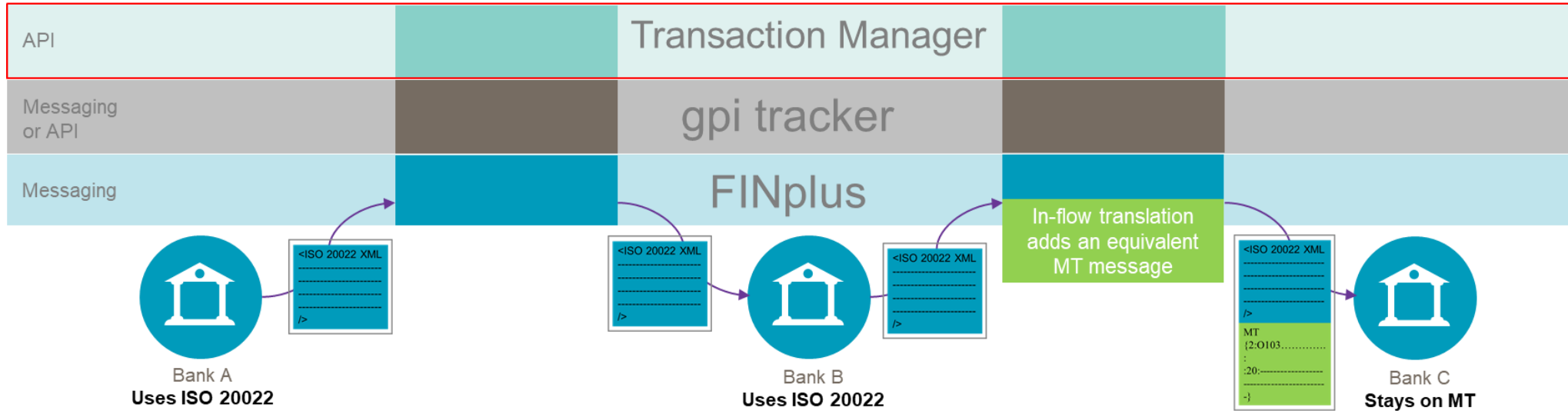


### Transaction management



# Transaction manager activation

To support further the community with ISO adoption for CBPR+



## Transaction manager

**TM brings additional functionality *on top of* FINplus messaging and In-flow translation:**

- API access
- Transaction data integrity (transaction copy)
- Integration with value-added services

**Minimum readiness criteria *the same as for* In-flow translation**



## Refined activation plan

- Latest surveys indicate over 50% of cross-border payments will switch to ISO 2002 in November 2022 (much more than originally anticipated), leading to *deployment risk for TM*
- **Activate TM at original date and progressively move ISO 2002 payments over 6 months, prioritizing transactions with rich data**
- Debate in the community around migrating FIN/MT-originated transactions to TM (which was not part of the defined TM scope), with a broad range of views on the topic
- **Keep MT on FIN and re-evaluate mid-2023**

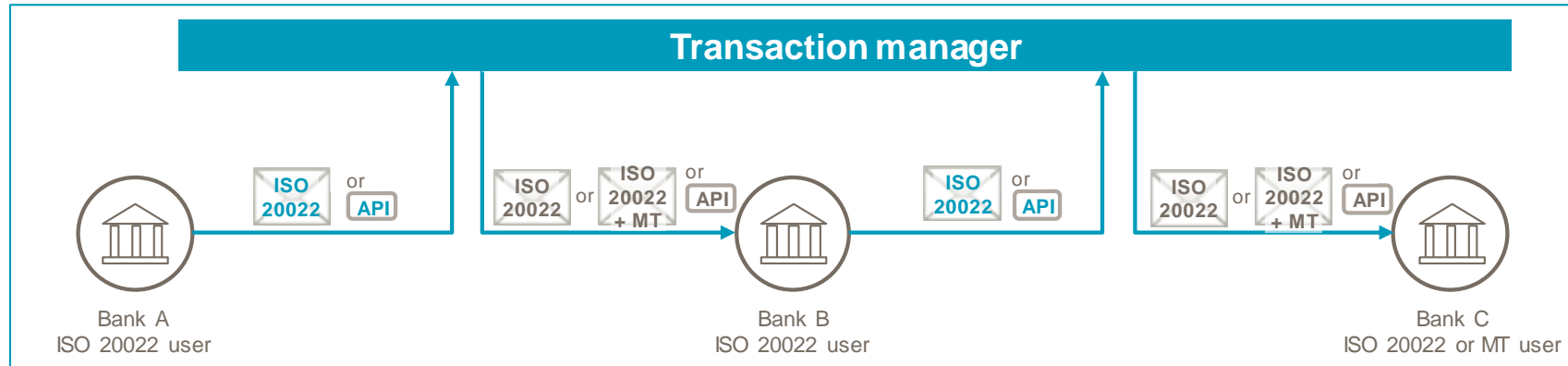


# Supported transaction flows

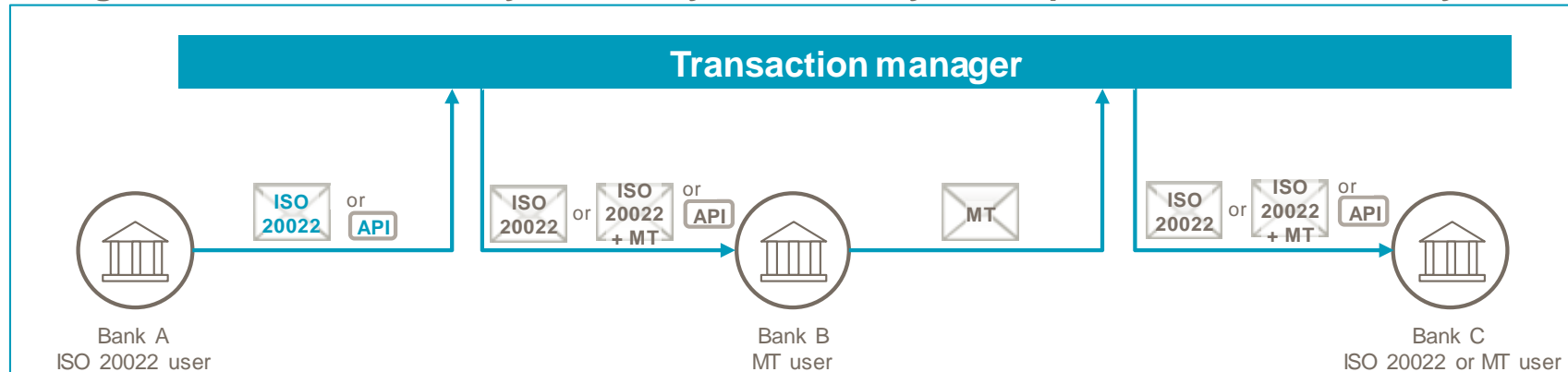


# Transaction flows – ISO originated – after traffic build-up

## 1. ISO 20022 originated transactions will be processed end-to-end by transaction manager

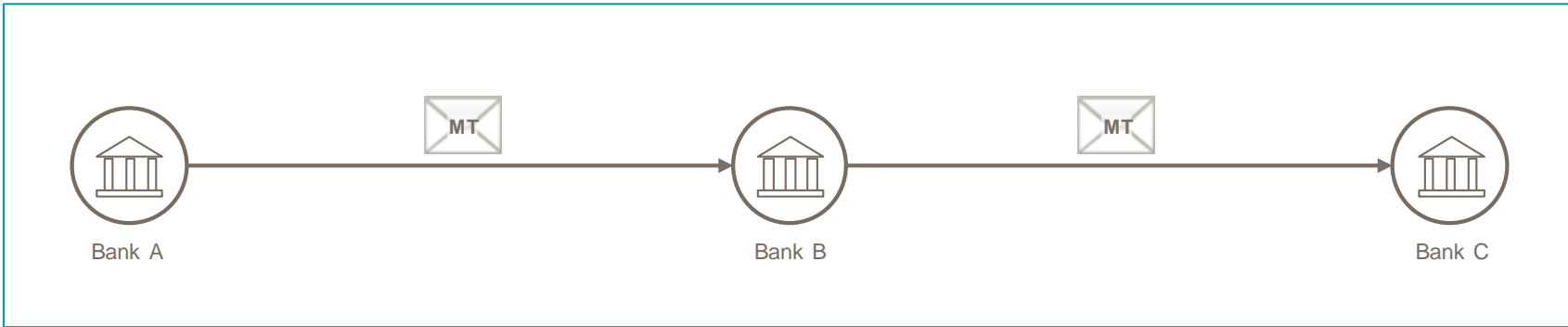


## 2. ISO 20022 originated transactions relayed in MT by intermediary will be processed end-to-end by transaction manager

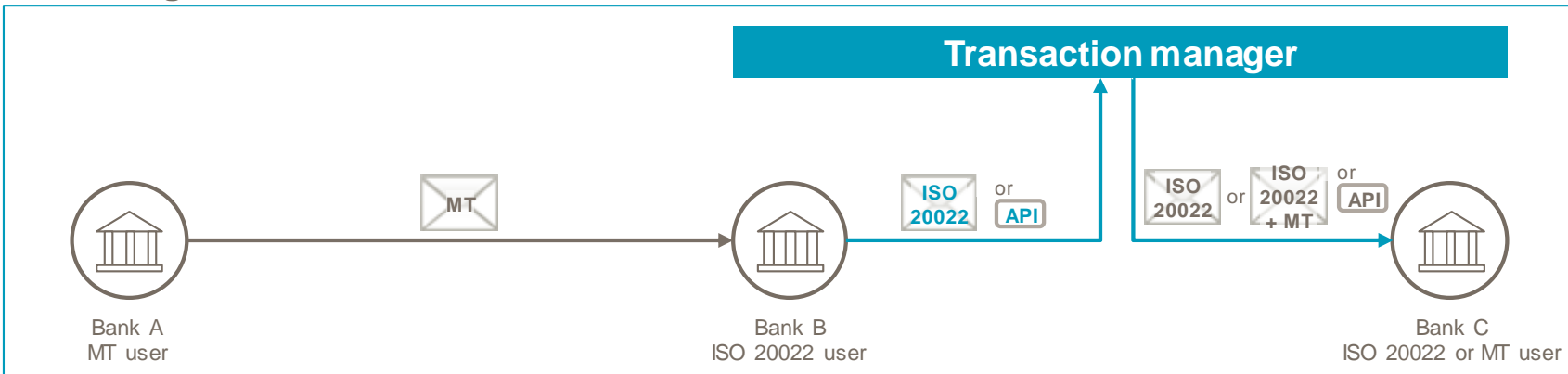


## Transaction flows – MT originated – after traffic build-up

### 3. MT originated transactions remain on FIN and are not processed by transaction manager



### 4. MT originated transactions relayed in ISO 20022 by intermediary will be processed by transaction manager as of ISO 20022 leg





# My options and obligations

## What are my options as a sender and obligations as a receiver for my CBPR+ flows?

Bank profile	Will typically send...	Obligation to receive...
ISO enabled bank	ISO 20022 to all correspondents	<ol style="list-style-type: none"> <li>1) Multi format MX or ISO 20022 only</li> <li>2) MT for MT originated payments over FIN</li> </ol>
MT legacy bank (ISO implementation ongoing)	MT while you are still implementing ISO <i>(decommissioned as from Nov.2025)</i>	<ol style="list-style-type: none"> <li>1) Default: multi-format MX</li> <li>2) MT for MT originated payments over FIN</li> </ol>
API native bank	API for all correspondents	<ol style="list-style-type: none"> <li>1) API (TM supported transactions: ISO and API originated)</li> <li>2) Multi format MX or ISO 20022 only during the TM build-up phase (for ISO flows not on TM)</li> <li>3) MT for MT originated payments over FIN</li> </ol>

### Minimum requirements:

- **Mandatory interface upgrade** to receive multi-format messages
- **Impact of receiving ISO:** all parties involved in the payment chain are impacted by ISO which has ramifications to the core banking, reconciliation, liquidity management, financial crime compliance controls and archival systems. Ultimately back office shall be ISO native before the end of coexistence period in November 2025.



# Financial Crime Compliance: impact of ISO 20022

## Checklist

- Make sure your compliance department is aware of the ISO 20022 migration timeline
- Check with your compliance application vendor\*, if, how and when they will support ISO 20022 flows
- If you consider:
  - Using ISO 20022 for compliance purposes, check the impacts of additional data elements compared to MT
  - Continuing using MT during the co-existence phase, be aware of possible data truncation impacting the effectiveness of your controls
- Check with your compliance department how this may impact your compliance policies

## Additional information

- Consult the [ISO 20022 screening guidelines](#) document on swift.com.
- For more information, go to <https://www.swift.com/our-solutions/compliance-and-shared-services/financial-crime-compliance>

*\* If you are using a hosted screening or fraud solution from SWIFT, ISO 20022 is supported directly within the application*





# Next steps



[www.swift.com](http://www.swift.com)