FISER CONSULTING
FINANCIAL SERVICES

FUTURE OF PAYMENTS THROUGH ISO 20022 IMPLEMENTATION

March 2023

FOREWORD

The ISO 20022 standard is not new. It was introduced in 2004 by the International Organization for Standardization as an open, international standard for relaying electronic messages between financial institutions.

In 2014 it became a standard for the European retail payment service SEPA (Single Euro Payments Area), and it will be the standard for cross-border payments and cash reporting starting in March 2023.

Meeting that regulatory deadline most probably means having a related program up and running. However, the sense of urgency here is whether that program is well on track (or not) with the remaining changes planned after March 2023.
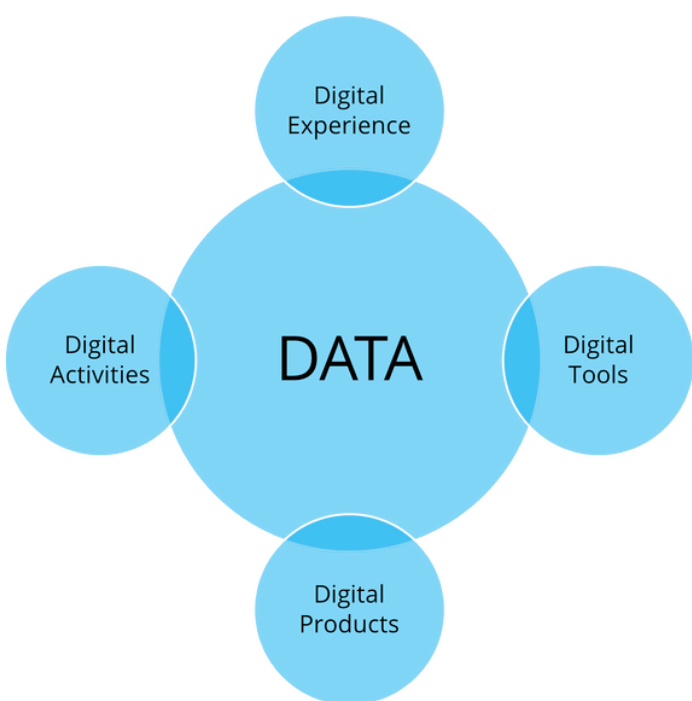
This document will provide practical guidance on navigating ISO 20022 implementation from a project management view during the coexistence period (March 2023 – November 2025).

WHAT IS ISO 20022 IN THE CONTEXT OF THE FUTURE OF PAYMENTS?

The ISO 20022 standard data format creates a foundation for innovations and speeds up future changes.

Banks around the globe are in the middle of a migration from legacy Swift MT financial messaging to the ISO 20022 standard resulting in:

- **Richer** data – more new fields and fields contain more info
- Highly **structured** data - information presented in the defined structure

	MT 103	Pacs.008.001.02

Example 1: identification of the debtor agent	:52A:EXABNL2U	<DbtrAgt>
		  <FinInstnId>
		    <BIC>EXABNL2U</BIC>
		  </FinInstnId>
		</DbtrAgt>

Example 2: account number of the debtor	:50F:/8754219990
	1/ACME NV.
	2/AMSTEL 344
	3/NL/AMSTERDAM
		<DbtrAcct>
		  <Id>
		    <Othr>
		      <Id>8754219990</Id>
		    </Othr>
		  </Id>
		</DbtrAcct>

Example 3: name and contact details of the debtor	:50F:/8754219990
	1/ACME NV.
	2/AMSTEL 344
	3/NL/AMSTERDAM
		<Dbtr>
		  <Nm>ACME NV.</Nm>
		  <PstlAdr>
		    <StrtNm>Amstel</StrtNm>
		    <BldgNb>344</BldgNb>
		    <TwnNm>Amsterdam</TwnNm>
		    <Ctry>NL</Ctry>
		  </PstlAdr>
		</Dbtr>

ISO 20022 is about standardizing **payment data** throughout the lifecycle: from initiation to processing and usage.

Such standardization enables faster and frictionless payment processing via higher automation and better interoperability, helps your data analytics become more accurate to understand the trends, and eventually defines a new customer experience.

The ISO 20022 implementation implies massive **challenges** for banks due to the complexity and scale of the transition.
The selected approach and adoption timelines will define the future of current players in the payment business. It will also create the **opportunity** for new players to elevate.
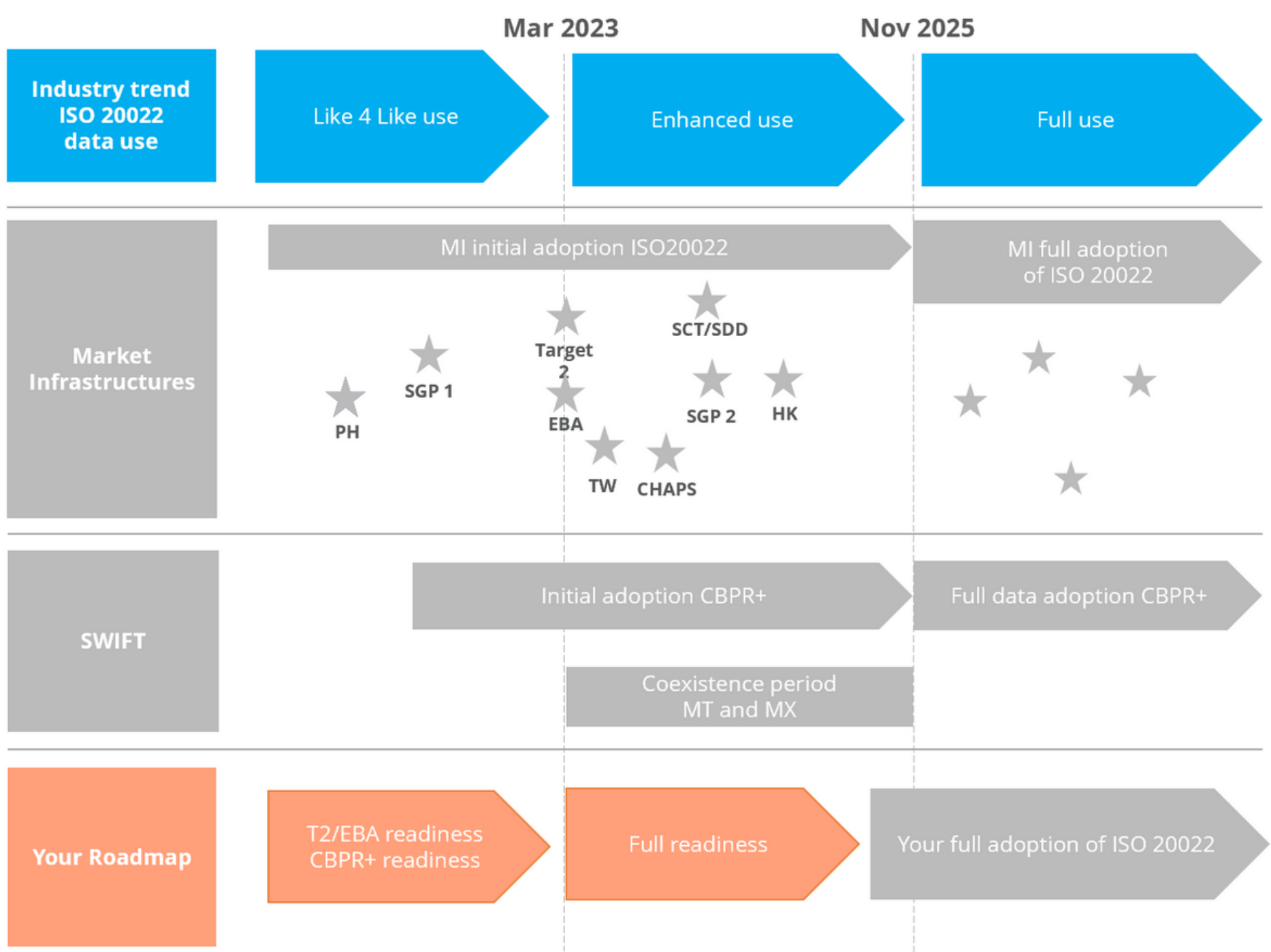
THE ISO 20022 IMPLEMENTATION ROADMAP HAS 3 MAIN PHASES

1. **Start the migratio**n to the new MX format - initial adoption by various market infrastructures and SWIFT
   - EURO: all EURO payments going through TARGET2 and EBA Clearing will only be in ISO 20022 format from March 2023
   - SWIFT: all financial institutions processing SWIFT MT category 1, 2 & 9 must process ISO 20022 equivalent from March 2023

2. **Coexistence period** of both MT and MX formats – enhanced adoption

3. **End of coexistence period** - full use of MX format.

These are different timelines per market infrastructure; however, what is common is the deadline for full data adaptation of ISO 20022.

As of November 2025, all messages between Financial Institutions, both sending and receiving must be based on ISO 20022.

Mar 2023   Nov 2025

| Industry trend ISO 20022 data use | Like 4 Like use | Enhanced use | Full use |

Market Infrastructures
MI initial adoption ISO20022 — MI full adoption of ISO 20022
PH | SGP 1 | Target 2 | EBA | SCT/SDD | SGP 2 | HK | TW | CHAPS

SWIFT
Initial adoption CBPR+ — Full data adoption CBPR+
Coexistence period MT and MX

Your Roadmap
T2/EBA readiness CBPR+ readiness — Full readiness — Your full adoption of ISO 20022

WE SUGGEST THE FISER 2X2 APPROACH TO MAXIMIZE ADOPTION AND OBTAIN PRACTICAL BENEFITS

Market Readiness

- How is the global payment industry adapting?
- Competitor readiness for ISO 20022 implementation and migration

Customer Experience

- What does the Customer want vs. need?
- Design thinking workshops for new product development and enhancements
- Do customers know timelines?
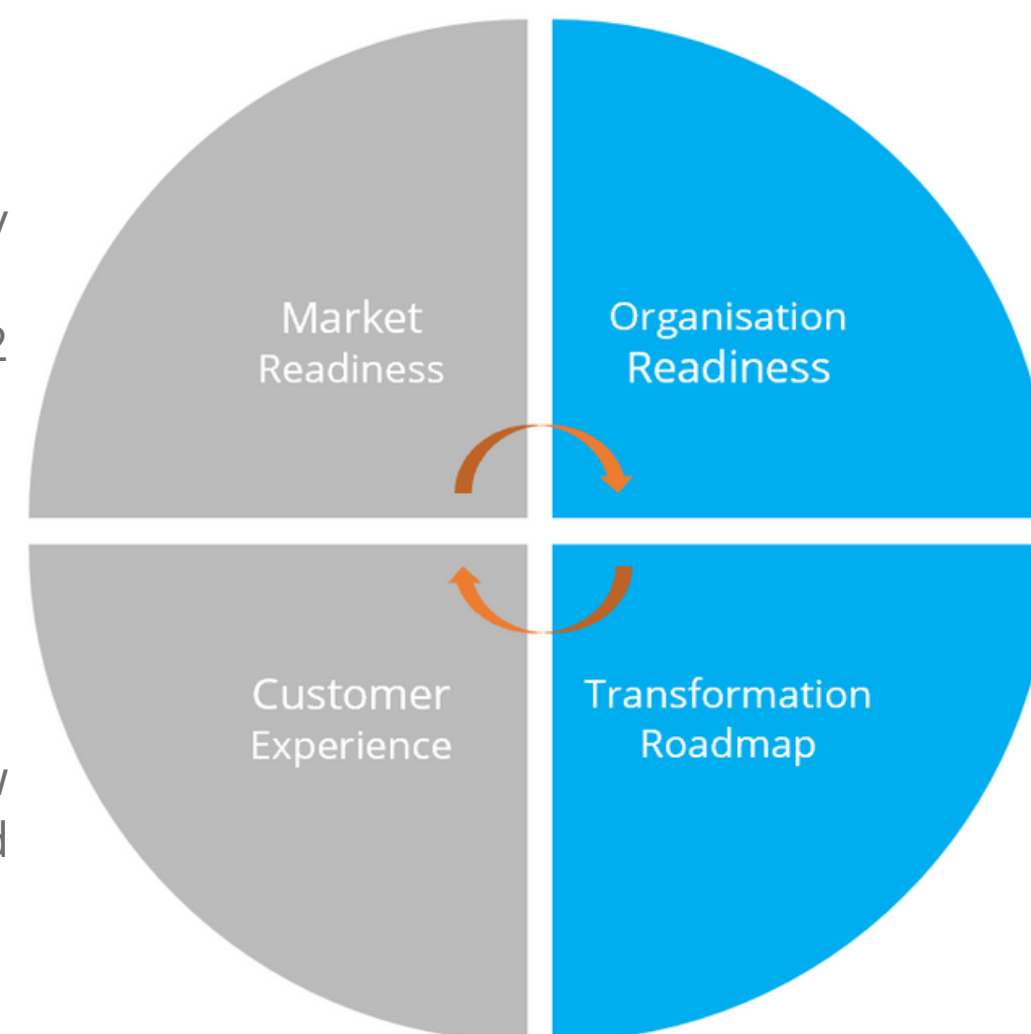
Organization Readiness

- Minimum compliance or strategic change?
- Payment IT infrastructure readiness
- Payment operations readiness

Transformation Roadmap

- Where we are? Current program assessments as per Market Readiness, Customer Experience, and Organisation Readiness
- What's the future state, and how do we get there? (Re)Structure the approach
- Program governance to support it

This approach will aid in setup a helicopter view of the market, focus on the customers, and zoom in from strategy formulation to implementation. FiSer will work closely with you to identify a tailor-made transformation plan and be your partner at every step of this journey.

FISER DEVELOPED A 3-STEP FRAMEWORK STARTING WITH LOOKING AT THE PROPOSITION & APPLICABLE BENEFITS
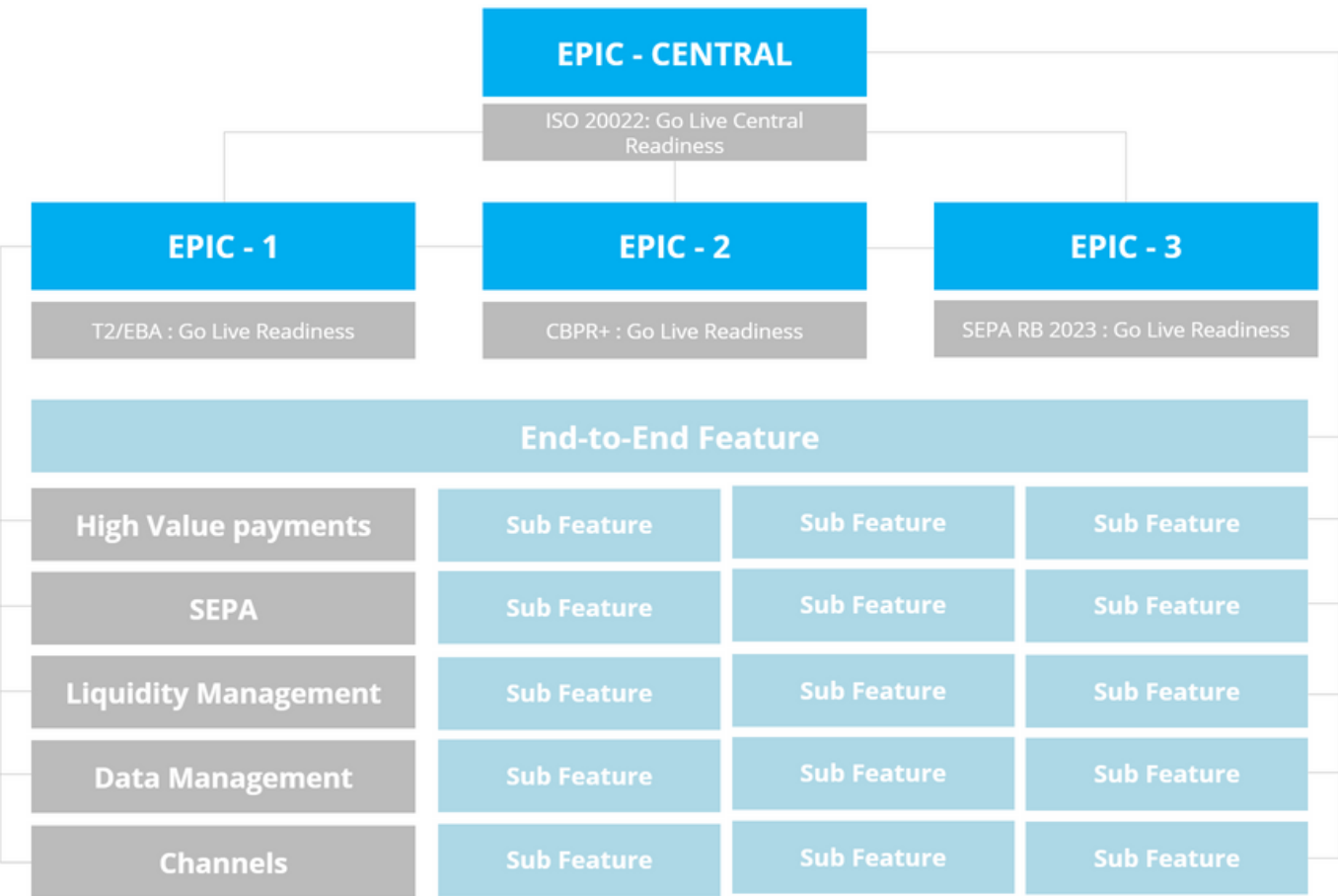
1. Proposition   2. Implementation   3. Success

Applicability check of your ISO 20022 benefits

Centralise to optimize the payment flows	Opportunity to centralize payment processing across your entities (e.g., reduce T2 direct participant accounts).
Centralise to decommission the legacy systems	Build a targeted payment infrastructure and decommission the obsolete legacy elements through migration plans.
Cost optimization by strengthening operational resilience	Standardization of payment messages will lead to significant STP improvements.
Improved customer experience	Payments in ISO 20022 format will be processed and settled more quickly through STP, with reduced errors/failures and quicker investigations throughout the payment lifecycle.
Efficient sanctions check, compliance & fraud prevention	The richer and structured ISO 20022 payment data will improve fraud prevention capabilities and regulatory reporting activities (e.g., faster and more accurate transaction screening, and reduction of false positives).
Manage the payment data	Enable consistent interpretations of rich and structured ISO 20022 payment data. Manage the data end to end from multiple sources, e.g., payment engines, and corporate data lakes to data consumers as reporting and data analytics (client reports, post transaction monitoring, internal reports, customer insights).
Reduce time to market of future changes	The successful adaptation to ISO 20022 standard is a foundation for improved time to market of various upcoming regulatory initiatives such as SEPA rulebook update, Instant Payments schemes roll out, CESOP, PSD3, and it creates more opportunities for innovation.

(Re) validate your key objective

Strategic	Build the future payment platform to robust the Payment as a Service (PaaS) proposition for more volumes and instant processing.
Stay compliant	Maximize compliance with market infrastructure requirements while minimizing the changes.

FISER DEVELOPED A 3-STEP FRAMEWORK CONTINUING WITH IMPLEMENTATION

1. Proposition   2. Implementation   3. Success

| EPIC - CENTRAL |
| ISO 20022: Go Live Central Readiness |

| EPIC - 1 | EPIC - 2 | EPIC - 3 |
| T2/EBA : Go Live Readiness | CBPR+ : Go Live Readiness | SEPA RB 2023 : Go Live Readiness |

| End-to-End Feature | | | |
High Value payments	Sub Feature	Sub Feature	Sub Feature
SEPA	Sub Feature	Sub Feature	Sub Feature
Liquidity Management	Sub Feature	Sub Feature	Sub Feature
Data Management	Sub Feature	Sub Feature	Sub Feature
Channels	Sub Feature	Sub Feature	Sub Feature

Structure program governance	• How to slice the elephant in terms of delivery and governance control? We have ideas, let's discuss. • Set up bespoke program governance to drive the changes across building blocks and manage multiple stakeholders with continuous alignment. • Should the delivery be organized per asset owner against relevant market infrastructure: channels delivery for T2 / EBA / CBPR+ MI's. • Should the central and local change elements be differentiated? E.g., central changes are driven by the Head office and local changes by branches? How to align them together? • Fast-track resolution mechanisms to manage the impediments and escalate "show-stoppers".
Mobilise and secure the team	• Assess available resources, knowledge, and experience. • Address identified constraints as prerequisites to ensure the delivery of the ISO 20022 roadmap. • Mobilise and secure required resources throughout the program lifecycle.
Controlled delivery in an agile environment	• Architectural design is translated into a functional, product, and IT/non-IT impact. • Delivery setup: epics, features, use cases, backlog management and sprints-based delivery. • Delivery prioritisation based on the program's forced ranking, and translated into quarterly business review (QBR) process. • Standardized feature documentation and support tools (Jira, Azure, SNOW BLM). • Testing coordination / Defect management / Runbooks implementation.

FISER DEVELOPED A 3-STEP FRAMEWORK ACHIEVING SUCCESS

1. Proposition   2. Implementation   3. Success

Readiness of the payment infrastructure	• Update the core payment infrastructure - payment engine, transaction screening, investigation. • Keep the rest of the changes on track: payment initiation (client channels), account management, liquidity management, post-transaction monitoring, reconciliation, and transaction reporting. • Manage internal dependencies: other strategic initiatives might claim the same pool of resources, alinement related to migration and decommissioning activities. • Manage external dependencies: collaborate for common delivery e.g., SEPA rulebook update, Instant Payments schemes roll out, CESOP.
Readiness of the payment operations	• Ensure operation readiness to deal with new (ISO 20022 MX-based) and interim (MT-based) solutions that support business continuity.
Customer awareness	• Establish proactive client communication through the corporate portal, specialized webinars, and Q&A sessions. • Elaborate customer journey impact of ISO 20022 implementation. • Regular updates about the progress and timelines. • Align with the customer's ERP providers for their support as an out-of-the-box solution.
Enhanced risk prevention and mitigation	Establish various controls to assess, mitigate and manage identified risks, such as: • Data truncation: from the start of the co-existence period, incoming ISO 20022 MX payment data will be translated to the legacy format (like 4 like) down the road, whereby several ISO 20022 MX fields do not have an equivalent field. • Structured remittance information: ISO 20022 MX messages include tags and fields to capture rich remittance information for end-to-end payment processing details in an organized and structured manner. On the contrary, the legacy MT format accommodates just 70 characters in a free format (unstructured).

Payment Infrastructure
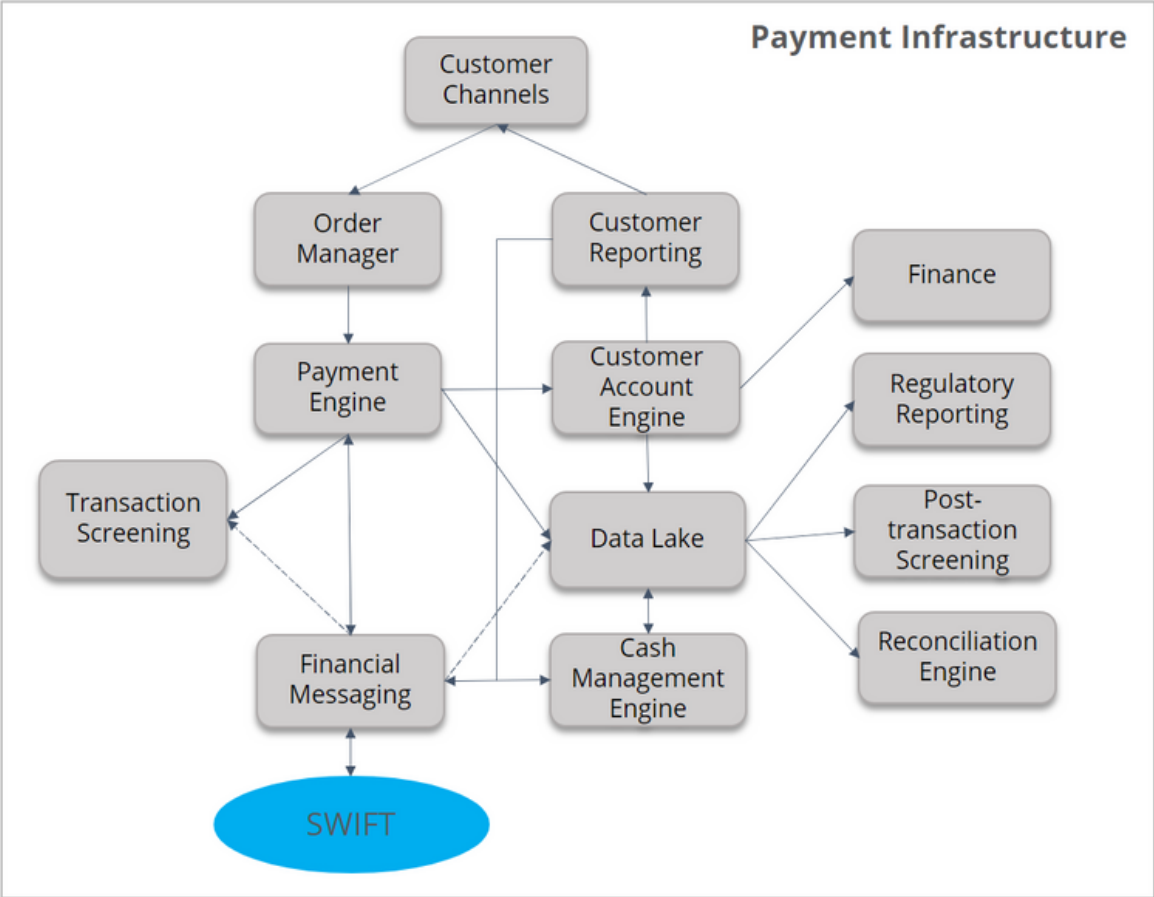
FISER CONSULTING CAN SUPPORT YOUR ISO 20022 TRANSITION

By understanding your organization's needs and curating a bespoke transformation roadmap via a 3-step framework, we help you to deliver a full data adaptation ISO 20022 to meet the regulatory deadline of November 2025 by:

- Accelerating digital - transforming your legacy payment platform to future Payment as a Service (PaaS)

- Delivering to maximize value from ISO 20022 payment data for your data consumers

- Ensuring your operational readiness during the co-existence period till full use of ISO 20022 format

Mischa Wesdorp - Managing Partner

Mischa brings over 20 years of experience in the Global Financial Services Industry. He has been a *Program Manager* at large international Dutch-based banks and insurance companies with strong success record.

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Andrey Kim - Senior Consultant

Andrey is a banking professional with *extensive experience in the Payment domain* for Corporate and Financial Institutions. He makes things happen due to his versatile exposure to program management, product management, risk, and regulatory compliance.

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Debarghya Chatterjee - Consultant

Debarghya is a result-driven consultant serving investment banks with 4+ years of experience in the *Project Management Office* in the Payments Domain and in Regulatory Compliance.

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