



ISO 20022 in focus with Fiorano: Leveraging canonical data models

The benefits of ISO 20022 will permeate financial services ecosystems, from Market Infrastructures and banks, through to corporates and vendors.

Adoption of ISO 20022 into the world of financial services represents a once in a generation opportunity for players in the payments space, who can benefit from data-rich messages in numerous ways. While introducing a new messaging format may seem complex, the short and long-term benefits of doing so far outweigh the initial effort of adoption.

Richer and higher quality data allows more information to be transmitted with each payment and can increase the speed of global transactions through a reduction in false positives. On top of this, financial institutions can also benefit from cost reduction, better validation, settlement finality and an increased level of transparency when it comes to monitoring payments.

Who can benefit from ISO 20022?

The benefits of ISO 20022 vary depending on the financial institution adopting it. To simplify, we have summarised some of them below:

Central banks

For central banks, the enhancement and standardisation of messages allow indications of financial crime to be spotted more easily, reduces truncation and translation variances whilst improving global interoperability. It also enables central banks to retain sovereign control of their currencies and surveillance capabilities through transition phases to digital currencies while managing potential threats from public blockchains.

Retail, corporate and SME banks

Banks in this space will be able to harness additional information sent with ISO 20022 payments to tailor product offerings better to customer needs. Using a data-lead approach will enable retail, corporate and SME banks to create 'sticky', personalised products that are more likely to be successful. ISO 20022 also has the potential to increase the profitability of individual branches through automation, and reduce the need for individual case resolution processes.

Correspondent banks

In correspondent banking, ISO 20022 has the potential to better protect the integrity of financial networks through a more focused approach to financial compliance – with more available information on the purpose of a payment and the ultimate beneficiary. Banks will also benefit from improved Anti-Money Laundering support and significant cost and time savings as a result of having to undertake fewer false-positive investigations.

Corporates

Corporates will be able to improve their analytics for better management of liquidity, cash flow, and forecasting, while the standardisation of cash and treasury operations across multiple business units will result in smoother global and domestic cash transfers.

ISVs and FinTech

Finally, Independent Software Vendors (ISVs) and fintech will be able to take product innovation projects to the next level by leveraging rich and structured data. The adoption of ISO 20022 within this space has the potential to level up the development of next-generation artificial intelligence and machine learning systems to ensure the future of financial services is smart, refined and proactive.





“The financial services industry has been talking of data being the new gold for a while now. ISO 20022 for the first time puts this into practice, turning data into information across the payments value chain. In an increasingly competitive marketplace, banks and corporates who transform this information into insights and use it for competitive differentiation will emerge as the leaders of tomorrow.”

Biju Suresh Babu
Managing Director,
Banking & Financial Services,
Fiorano Software

About Fiorano Software

Established in 1995, Fiorano Software is a trusted provider of hybrid integration, messaging and API technology globally, enabling interoperability, agility and new revenue streams. [Fiorano ISO 20022 Accelerator \(FIA\)](#) is a canonical toolkit that delivers translations from existing MT messages to CBPR+ and other scheme-specific ISO 20022 formats out of the box. As a canonical resource, FIA delivers the ability for legacy systems to accept and publish ISO 20022 format messages without disruption and includes a powerful mapping and visual studio environment to design, deploy and debug translations without code.

www.fiorano.com

Canonical tools should be considered essential

Canonical models are standardised design patterns used to communicate between different systems and data formats. These typically include a super-set data model and data-definitions (ISO 20022 for example), with individual formats and variations (e.g., CBPR+ from SWIFT or the Bank of England’s RTGS Renewal CHAPS schema) as scheme-specific endpoints to an intelligent central translation engine.

With ISO 20022 becoming widely adopted globally, financial institutions in practically all countries that are set up for MT/FIN now need to translate messages in real-time to an entirely different data language. In this case, ISO 20022 format scheme-specific messages.

As a resource to aid adoption, canonical technologies and tools such as Fiorano ISO 20022 Accelerator offer several immediate benefits, including:

- Real-time conversion of MT/legacy endpoints and systems to MX/ISO 20022 and vice-versa without forcing financial institutions to learn a new rich and complex language and its nuances.
- Fast adherence to ISO 20022 specification deadlines.
- The ability to meet requirements of multiple ISO 20022 deadlines (such as SEPA, Target2, SWIFT CBPR+, BofE RTGS upgrade, FedWire, and others) with a common and easy to manipulate toolset.

About SWIFT

SWIFT is a member-owned cooperative, providing secure financial messaging services to more than 11,000 organisations across the financial ecosystem, in almost every country in the world. For nearly five decades we have delivered certainty, continuity and excellence by constantly evolving in an everchanging landscape. In today’s fast moving, increasingly connected and challenging world, this approach has never been more relevant.

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Make your ISO 20022 adoption impactful

It is clear that the adoption of ISO 20022 has the potential to benefit a myriad of players within the financial ecosystem. However, it is important that financial institutions do not view the introduction of ISO 20022 as a simple compliance project. ISO 20022 adoption by financial institutions requires senior stakeholder buy-in as it is often a multi-departmental affair.

Thinking beyond basic adoption, extracting organisational value from ISO 20022 requires an even more strategic mindset, people, the right operating model, and suitable underlying technology to avoid accruing costly overheads along the way.

As a registered provider in SWIFT’s Partner Programme, Fiorano Software is a key partner in enabling cross-border payments innovation for banks.

For more information, please contact your SWIFT account manager, email iso20022programme@swift.com or visit www.swift.com/iso20022programme.