

eBook



MYTH BUSTING

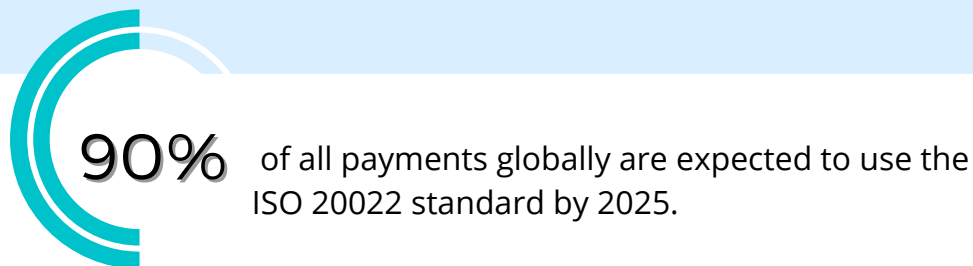
ISO 20022



Fiorano®

ISO 20022: THE STORY SO FAR

For the majority of banks and financial institutions globally, ISO 20022 **deadlines** are fast approaching, coming into effect in November 2022.



While ISO 20022 will introduce harmonization in global payments, the implementation approach is not one-size fits all, as multiple global schemes start switching over.

The **complexity** and impact of changes required for migration are often underestimated.

Without the **right technology**, introducing ISO 20022 can be risky, expensive, and disruptive.

MYTHS VS FACTS

MIGRATING TO ISO 20022

MYTH #1

**ISO 20022 is only
for payments**

FACT:

ISO 20022 is a standard for financial messaging and not restricted to payments.

The initial November 2022 deadlines are for payments messages, but by 2030 the standard will be extended to multiple domains including Trade finance, Foreign exchange and others.

MYTHS VS FACTS

MIGRATING TO ISO 20022

MYTH #2

**ISO 20022
adoption in 2022
is optional, and
you can wait till
November 2025.**

FACT:

From November 2022, Financial Institutions must be able to receive and process MX records or MT records embedded in MX in the case of multi-format messages. This will require support throughout a bank's backend infrastructure, often impacting multiple systems.

While this shift requires investments and significant planning, they cannot afford to wait. The November 2022 deadline is real and FIs need to plan for at least 3 months of testing.

MYTHS VS FACTS

MIGRATING TO ISO 20022

MYTH #3

**ISO 20022
migration only
impacts cross
border payments.**

FACT:

While SWIFT's CBPR+ (by sheer size of their network) constitutes a significant portion of banks who need to migrate to ISO 20022, adoption is by no means restricted to SWIFT / cross-border transactions.

Many domestic schemes have already started migrating, and by 2025, more than 85% of Market Infrastructures will have moved to a version of ISO 20022.

MYTHS VS FACTS

MIGRATING TO ISO 20022

MYTH #4

Migrating from legacy MT to ISO 20022 / MX is mainly just a mapping project.

FACT:

- ISO 20022 is a new data language. The name of every single field changes and this needs to be incorporated into systems.
- There are many mandatory and optional fields.
- There is a substantial increase in data which needs to be managed. The currently accepted format of appending truncated fields with a '+' sign is not fit for purpose. Enhanced data needs to be managed.
- Scheme specific rule-books need to be enforced.

MYTHS VS FACTS

MIGRATING TO ISO 20022

MYTH #5

**ISO 20022 is
exclusive to and
limited to SWIFT.**

FACT:

By 2025 90% of the worlds payments transactions (including domestic payments) are expected to have moved to the rich and structured ISO 20022 / MX format.

Different Market Infrastructures who have confirmed migration to ISO 20022 include:

- Bank of England
- European Central Bank
- MEPS (Singapore) and many others..

MYTHS VS FACTS

MIGRATING TO ISO 20022

MYTH #6

**ISO 20022
compliance is
automatically
ensured by using
SWIFT tools.**

FACT:

- FIs looking to comply with other (non CBPR+) schemes will not receive ready-made translations from SWIFT.
- FIs with multiple back-office systems on legacy MT / proprietary formats will require internal integration and orchestration capabilities beyond what can be provided externally / at a gateway level.
- While standalone translation tools assist stepping-down of incoming MX messages, they will not improve transaction visibility as they do not provide options to manage enhanced data within MX messages.

MYTHS VS FACTS

MIGRATING TO ISO 20022

MYTH #7

**ISO 20022
adoption will
follow a 'one-
size fits' all
approach.**

FACT:

Most FIs will need to plan for compliance with at least one domestic and one cross-border ISO 20022 scheme.

- Timelines and related impact from each will be different as different adoption approaches are involved.
E.g.
 - ECB (hard cut-over)
 - SWIFT (co-existence)
 - MEPS (like-for-like)
- Internal system's impact of enhanced data through these new MX format messages will also vary from FI to FI.

MYTHS VS FACTS

MIGRATING TO ISO 20022

MYTH #8

The deadlines for ISO 20022 (CBPR+) compliance have been extended so there is no need to rush.

FACT:

There are no changes to the CBPR+ timeline, which commences in November 2022.

For FIs adopting other ISO 20022 schemes in addition to CBPR+, those guidelines, adoption models and impact thereof must be considered in conjunction with CBPR+.

MYTHS VS FACTS

MIGRATING TO ISO 20022

MYTH #9

**SWIFT gpi and
ISO 20022 are no
different.**

FACT:

Although SWIFT gpi and ISO 20022 both employ the same data standard, they are not identical.

Payment status' are provided by SWIFT gpi, whereas ISO 20022 is the payment messages format and data dictionary, allowing for enriched and structured payments metadata. Although SWIFT promotes both SWIFT gpi adoption and ISO 20022 migration, the two are not the same.

MYTHS VS FACTS

MIGRATING TO ISO 20022

MYTH #10

ISO 20022 is an endeavor of the European Union.

FACT:

Though one of the earliest initiatives to embrace ISO 20022 was the Single Euro Payments Area (SEPA), the format's use is not confined to Europe. By 2025, more than 85% of the world's market infrastructures will have adopted ISO 20022.

KEY DATES



FIORANO'S ISO 20022 MIDDLEWARE

Fiorano ISO 20022 Accelerator (FIA) is a SWIFT listed translator that accelerates adoption of CBPR+ and multiple ISO 20022 scheme formats, with minimal risk, costs, effort, and disruption.

FIA provides a central and flexible reference translation platform for multiple ISO 20022 schemes, to & from legacy MT and even proprietary format. FIA is shipped with powerful integration adapters, services and pre-configured CBPR+ mappings and validations to accelerate compliance.

FI A CORNERSTONE FEATURES

01

Codeless integration to backend systems

02

Fault tolerant messaging subsystem

03

Fast compliance with CBPR+ and other global schemes

04

Synthetic ISO 20022 MX generation for testing



About Fiorano

Connecting People Through Technology

Fiorano is a leading enterprise integration, microservices, and API management software provider. We help organizations accelerate digital transformation to compete effectively in a world that is digital-first.

Our products and solutions help businesses scale, adopt emerging technologies, respond to digital disruption, and improve customer experiences.

Fiorano operates worldwide through its offices in 9 countries and a strong network of partners across the globe.

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