

ENTERPRISE PAYMENTS ARE EVOLVING

When will you?

Three Ways to Migrate to ISO 20022

Deadlines to migrate Real-Time Gross Settlement (RTGS) and domestic high-value payments to ISO 20022 are looming fast, leaving institutions with little time left to evaluate their options. Similarly, staying relevant in the correspondent banking business demands migrating cross border payments by November 2022.

“Many institutions have underestimated the impacts of the fast-approaching migration deadlines – but it’s not too late,” says Olivier Denis, FIS product director enterprise payments. There are approaches that can still get you to market on time and enable you to deliver enhanced data and better service.”

Indeed, it is not all about compliance. As the new global standard for exchanging payments moves from promise to reality, benefits to your bank include enhanced data, improved regulatory compliance, optimized payment reconciliation, increased straight-through processing, simpler cross-border payments, greater efficiency and lower costs. Here are three ways to meet the migration deadlines:

1 A Phased Approach to Full Legacy System Replacement

For the long-term benefit of your bank and its customers, a phased approach begins with a partial migration that includes the necessary requirements to meet ISO 20022 deadlines, followed by a full system replacement that goes beyond meeting basic guidelines. It frees you from the restraints that have held you back from modernizing your approach to world-class customer service. Not only will you meet requirements for ISO structured messaging, remove the possibility for misinterpretation or lost data, eliminate manual intervention and improve straight-through processing, you will be lowering costs while passing payments more quickly and easily.

In the case of FIS’ ISO 20022 native Open Payment Framework (OPF), clients are already transmitting payments in the richer format with longer references, detailed name and address descriptors and extensive remittance information. The result is improved regulatory compliance and easier payment reconciliation by the beneficiary as well as the potential to deliver a host of new propositions and services to their customers.

2 Payments as a Service (PaaS)

Replacement of an outdated legacy payments system requires a commitment of time and capital and must be carefully timed. With ISO 20022 deadlines looming, for some institutions, beginning the journey now could result in missing the timeline. There is an alternative solution: PaaS.

Under this arrangement, your technology partner manages payments infrastructure on your behalf, allowing you to comply with all the requirements of the new, standardized payments format. PaaS services can also offer streamlined access to instant payments, ACH payments and open APIs, giving your business the agility to add on new services and adapt to growing market demands as they arise.

3 A Stop-gap Measure

For banks not yet capable of receiving the richer, standardized ISO 20022 messages, a translation service may be used to convert the data. SWIFT and other vendors offer tools to translate both cross-border and domestic ISO 20022 messages to MT. However, reliance on this solution is a short-term fix and is fraught with risk. Data can be truncated or dropped altogether while in transit when SWIFT is not used as the network end-to-end. This presents serious compliance issues and is not suitable for correspondent banks. If the message is truncated, sanction scanning can no longer take place on the full ISO message. Additionally, banks are then unable to offer the richer data that ISO brings to customers.

Without a long-term strategy to upgrade your payments system to the new format, you will be taking extra steps and incurring extra costs while you and your customers miss out on the long-range benefits.

Beyond Compliance: Enhancing Your Data Capabilities

The global common language for financial communication will increase interoperability and enable message data richness for enhanced regulatory reporting and more extensive remittance information. However, it will also usher in a new era of data handling. You must now determine how to manage, use, process and store data that’s more verbose and will consume more bandwidth. This will require a sound strategy and action plan for how to embrace the new data capabilities that can create added business value.

The right technology solution is built on a native ISO 20022 data model will make it easier to store and to meet customer demand for new products and services, and market to them in a way that resonates in a timely manner.

For more information about how to unlock the potential of ISO 20022, [click here](#) or contact us at getinfo@fisglobal.com