



ISO 20022  
Third party toolkit

# Quality data means quality payments

How we share the  
benefits of ISO 20022

# ISO 20022 third party toolkit

How we share the benefits of ISO 20022

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**By 2025 the high value payment systems of all major reserve currencies will have moved to ISO 20022. ISO 20022 is a rich, structured and extensible messaging standard that is increasingly becoming the de facto standard for exchange of payments and reporting in high value, instant and other domestic payment schemes.**

**As a result banks and the SWIFT community have decided that all financial institution (FI) to financial institution (FI) payments need to move to the standard. Adoption of ISO 20022 will begin in November 2021. This will be followed by a four-year period of coexistence with legacy SWIFT MT standards which will end in November 2025.**

**The industry is keen for the adoption of ISO 20022 to happen quickly to reap the many benefits it provides sooner rather than later. For this to happen the rate of adoption of ISO 20022 by the community at large needs to accelerate. SWIFT wants to help facilitate this process with your help.**

**Together we need to build awareness and promote the value and benefits of ISO 20022. Many of you are already doing this. Should you wish to do so, this toolkit provides you with the basic content elements to help you do this quickly and effectively.**

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# How to message ISO 20022

Probably the most important and most challenging aspect of communicating the benefits of ISO 20022, is how to create the right messages to explain and promote it. The following pages provide a resource and ready-made copy for you to use, to do just that.

## The ISO 20022 standard

### Definition

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### **A short and simple definition of the ISO 20022 standard.**

This can be used where you need to explain what the ISO 20022 standard is in a nutshell.

ISO 20022 is an emerging global and open standard for payments messaging. It creates a common language and model for payments data across the globe. One that provides higher quality data than other standards which means higher quality payments for all. One that improves compliance, increases efficiency and enables a better customer experience as well as payment system harmonisation.

## ISO 20022 narrative

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### **The super-summary describes the ISO 20022 narrative or story in the fewest possible words.**

This can be used where you need to sum up the need for ISO 20022 or to tell the story in the most succinct manner.

Momentum behind the adoption of the ISO 20022 standard has increased across the payments world. The high value payments systems of all major currencies will have adopted the standard by 2025. And that's not all. Banks and the SWIFT community are also adopting the standard for FI to FI payments. Although there will be a four-year period of coexistence with the corresponding SWIFT MT standard, all financial institutions will need to be able to receive and process ISO 20022 payments by November 2021. Additionally, financial institutions with significant intermediary business may need to be able to send ISO 20022 payments based on received intermediary instructions. So you need to start planning now to remain interoperable. SWIFT has developed new messaging and translation features to assist with coexistence and transition. What's in it for you? ISO 20022 is a global and open standard for payments messaging that provides significantly richer and better structured data. The benefit of this is a better payments experience for your customers. Plus improved efficiency and compliance as well as harmonisation with international payments systems.

If we all play our part in the ISO 20022 adoption journey we all win: the platform, the community and the customer.

## ISO 20022 narrative

### Summary

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### The summary provides a compact but complete overview of the ISO 20022 story.

It can be used in its entirety or as a boilerplate, overview or introduction to ISO 20022.

The payments ecosystem continues to rapidly change and evolve. This is being driven by increasing pressure from regulators, intense competition from new entrants and by customers who now expect payments to be instant, transparent and seamless. New channels and platforms for business are evolving at unprecedented speed, and the harmonisation of risk-bearing data exchange across all these channels is critical to the security of the world's financial system. To address these new challenges, a modern, structured, open and pervasive standard language is now required. That standard language is ISO 20022.

Banks and SWIFT together form the most pervasive, reliable, resilient and secure value transfer platform in the world. We are in the process of modernising our shared platform for the digital age.

Our platform has constantly evolved over the years to address new and different challenges. SWIFT gpi was designed to upgrade the platform rails to make them faster. The Customer Security Programme (CSP) to make the rails safer and the Financial Crime product portfolio was created to make the rails more compliant. The upgrade to ISO 20022 will make the rails more data-rich. Richer rails means quality data and quality payments. This in turn means improved customer experience, compliance and efficiency as well as payment system harmonisation.

Adoption of ISO 20022 will take place over a four-year coexistence period starting in November 2021 to coincide with adoption in the Eurozone, US, UK and other major economies. So you need to start planning now to ensure you remain interoperable.

By November 2021 we want all financial institutions to be able to receive and process ISO 20022 payments. And, those financial institutions with significant intermediary business may need to be able to send ISO 20022 payments based on received intermediary instructions. To ensure timely adoption SWIFT will enable all customers on the new ISO 20022 messaging service as well as on the required translation services.

With all reserve currencies adopting ISO 20022 by 2025 we are all set to reap the benefits of this rich standard. To realise these benefits every connected institution needs to play its part. And by doing so we all win: the platform, the community and the customer.

## ISO 20022 narrative

Long narrative

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### The long narrative provides the entire ISO 20022 story for the SWIFT community in one place.

It provides the market context, SWIFT network context, ISO 20022 features, ISO 20022 benefits plus an example of ISO 20022 in action.

It is unlikely that you will need to use this in its entirety often, but if you do, this copy is a summary of all the key aspects of the ISO 20022 story in a logical order.

Naturally you can use excerpts from the story or create different summaries from it.

## Market context

### A more modern and open payments messaging standard is now required

The payments ecosystem continues to change and evolve at a rapid pace. There are three key drivers of this. The first is the increasing pressure from regulators on banks and financial institutions to innovate and to improve safety and security. The second is the intense competition from new entrants who are bringing compelling new propositions to the international payments market. The third is ever higher customer expectations. Customers now expect payments to be instant, transparent and seamless and the related services more relevant, valuable and personalised.

The good news is that progress has already been made. Payments have become faster, more transparent and more trackable thanks to the widespread adoption of SWIFT gpi. But problems still persist. Which means that the customer experience continues to be compromised. For example, compliance and AML processes regularly result in delays, particularly where key information is missing from the transaction. SWIFT estimates that some 10% of international payments are held up somewhere along their journey for compliance checks, most of which are false-positives and wasted investigations.

This and other payment-related problems all stem from a common cause: insufficient or poor-quality data. The solution to this is richer, better structured and more granular data. Data that is consistent end-to-end. In short, quality data. The current SWIFT MT cross-border payments standard is not capable of delivering this quality of data. This is because MT was conceived in the 1970s when messages were optimised to be small in size, carrying minimal datasets for ease of processing by the mainframe computers of the time. A more modern and open standard is now required. One that prioritises richness of data over message size and processing costs. One where quality data means quality payments.

**That standard is ISO 20022.**

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## SWIFT context

The way  
the world  
moves value

Banks and SWIFT together form the most pervasive, reliable, resilient and secure value transfer platform in the world.

It consists of more than 11,000 interconnected financial institutions and market infrastructures in more than 200 countries and territories. It supports all currencies. Messages can be sent anywhere in the world in just seconds. An average of 29 trillion USD – the equivalent of a third of global GDP – is transferred through it every day. No other platform can address the scale, precision, pace and trust that this demands. And it's growing. Annual growth on FIN payment traffic is 12%. In a connected and challenging era, our approach has never been more relevant.

But we don't stand still. SWIFT – along with the community – are in the process of modernising our shared platform for the digital age. The adoption of and migration to the ISO 20022 standard is significant part of this process. One that ensures we can address the increasing compliance challenges as well as those posed by new entrants. One that provides banking customers with a richer, faster and more efficient end-to-end payments experience.

**With all reserve currencies adopting ISO 20022 we are all set to reap the benefits of this rich standard. To realise these benefits every connected institution needs to play its part. And by doing so we all win: the platform, the community and the customer.**

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## SWIFT context

### ISO 20022 is the natural next step in the platform's evolution

The SWIFT network – along with the community – is a platform that has constantly evolved and changed over the years to address new and different challenges.

SWIFT gpi was designed to upgrade the platform rails to make them faster in order to transform the transparency, trackability and speed of cross-border payments. The Customer Security Programme (CSP) was developed to make the rails safer to protect the community from cyber threats. And, FCC was created to make the rails more compliant to ensure the community continued to comply with ever-changing financial crime regulations. The upgrade to ISO 20022 will make the rails more data-rich. This means higher quality data. Data that is richer, better structured and more granular end-to-end. It also means that your investments in CSP, FCC and SWIFT gpi are not only protected but can be exploited further and deliver more for you and your customers.

#### **Fast rails (SWIFT gpi)**

*Fast* and efficient rails enable banks to quickly process payments end-to-end from one jurisdiction, across correspondent banking, into domestic payment systems and ultimately beneficiaries. And provide full transparency over where a payment is at any given moment.

#### **Safe rails (CSP)**

*Safe* rails mean banks and the wider ecosystem are more protected from the growing threat of cyberattacks. And enable industry-wide collaboration to fight against these threats.

#### **Compliant rails (FCC)**

*Compliant* rails enable banks to process, screen, analyse and report payments efficiently and get them right first time. And enable embargo screening or embargo filtering sanctions screening as well as anti-money laundering and countering terrorist financing.

#### **Rich rails (ISO 20022)**

*Rich* rails enable banks to transmit and process more remittance, party and purpose information with flexible supplementary data, within their domestic and cross-border ecosystems. And to be flexible enough to meet the needs of today and the needs of tomorrow.

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## ISO 20022 features

### Quality data means quality payments

ISO 20022 provides richer data end-to-end. Data that is right first time. Data that is structured and more meaningful. In short, it provides quality data which means quality payments. And quality payments mean a richer, faster and more efficient end-to-end payments experience for banking customers.



#### Rich data

The rich data that ISO 20022 provides means you can include much more data about the payment than you can with MT. For example, you can include details of the remittance but also the purpose of the payment, the original source and ultimate beneficiary as well as any other relevant supplementary data. This means more efficient and more cost-effective payments as well as an improved customer experience.



#### Rich data end-to-end

With ISO 20022 the rich exchange of data can extend from one end of the transaction to the other. This is currently very difficult if not impossible for banks to achieve because of the mix of standards, applications and connectivity solutions. Rich data end-to-end means all actors in the value chain are acting with the same data. This means more transparency and faster and more efficient payments processing.



#### Right data, first time

ISO 20022 also provides you with the ability to get the right data first time. This means that not only will you be able to transmit more data, you can also examine it in much more detail due to the granularity of the data. This means that you can more accurately and more easily comply with regulatory as well as risk-related requirements. Which in turn means that the number of failed payments, false positives and associated investigations can be significantly reduced.



#### Structured, meaningful data

ISO 20022 provides more structured and, in turn more useful and meaningful data. More detailed and better structured reference information means better analytics and better decision making. As the standard will – for example – specify what the minimum viable data for sanctions screening and AML are it will also enable more accurate and efficient regulatory compliance processing.

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## ISO 20022 benefits

### Improved customer experience, compliance and efficiency as well as payment system harmonisation

You have much to gain by adopting the ISO 20022 standard. Richer, better structured and more granular data end-to-end – in short, quality data – for parties and payments brings multiple benefits as we outline here.

#### Better customer experience

Banks currently have little or no insight into the business purpose of a payment. End-customers are similarly restricted by the intelligence – for example spending patterns or habits – they can extract from their own payments data. In both cases insufficient or poor-quality data limit a bank’s ability to develop relevant, valuable and personalised new services for customers. The rich data end-to-end that ISO 20022 provides means a richer data set for banks to mine for customer insights and business intelligence. Enabling them to develop more compelling value propositions for customers.

#### Improved compliance

Compliance and AML processes currently are plagued with false positives and delays in processing payments, particularly where key data is missing from the transaction. SWIFT estimates that some 10% of international payments are held up somewhere along their journey for compliance checks, most of which are false-positives and wasted investigations. The improved data quality and structure that ISO 20022 provides will significantly reduce these issues and deliver more accurate and efficient regulatory compliance processing.

#### More efficiency

The information and data related to a payment can in some cases be incomplete or misleading. This can result in a payment being flagged as problematic which invariably requires manual intervention to review. Related investigations and remediations are time consuming and costly. ISO 20022 provides richer and higher quality data which means much more detailed information about the payment is available. This means fewer errors, less manual intervention, fewer delays for the end customer and ultimately a more efficient, cost-effective and higher quality payments system and experience for all.

#### Payment system harmonisation

Over 70 countries today use ISO 20022 in domestic payment systems, and more are on the way. So messages will be harmonised with payment systems around the world. By 2025 the high value payment systems of all major reserve currencies will have moved to the standard. Harmonised messaging standards will create efficiencies for payment system participants and establish the foundation to develop new services. It will also provide a simpler, faster and more cost-effective way to be compliant with future emerging standards and technologies.

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## ISO 20022 in action

### A practical example

You have much to gain by adopting the ISO 20022 standard. Richer, better structured and more granular data end-to-end – in short, quality data – for parties and payments brings multiple benefits as we outline here.

Take one of the key elements of any payment for example the beneficiary (payee, or creditor). Fig 1 and Fig 2 show how the message might appear in the MT standard format and the ISO 20022 structured format respectively.

```
{1:F01ABNANL2AAXXX1234012345}
{2:O1031511010606UBSWCHZHGX00000130850105141149S}
{3:{108:UHBMT103001}{121:360f1e65-90e0-44d5-a49a-92b55eb3025f}}
{4:
:20:987654321/DEV
:23B:CRED
:32A:011521USD10551,50
:33B:USD10551,50
:50K:/122267890
BIODATA GMBH
HOCHSTRASSE, 27
8022-ZURICH
SWITZERLAND
:59:/1234567890
CUBA SPORTS BAR GRILLE
1234 OCEAN DRIVE
90099 LA
:71A:SHA
```

Fig 1

```
<?xml version="1.0"?>
<Document xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"
xmlns="urn:iso:std:iso:20022:tech:xsd:pacs.008.001.08">
  FIToFICstmrCdtTrf
  ...
  <CdtTrfTxInf>
  ...
  <Cdttr>
    <Nm>Cuba Sports Bar & Grille</Nm>
    <PstlAdr>
      <StrtNm>Ocean Drive</StrtNm>
      <BldgNb>1234</BldgNb>
      <PstCd>90099</PstCd>
      <TwnNm>Los Angeles</TwnNm>
      <CtrySubDvsn>CA</CtrySubDvsn>
      <Ctry>US</Ctry>
    </PstlAdr>
  ...
  </Cdttr>
```

Fig 2

In the MT example, it's highly likely the payment would be one of the 10% typically stopped by a sanctions filter, triggering an investigation. This is because the word 'Cuba' appears in the name and address and it's otherwise unclear where the payment is going.

In the ISO 20022 example the postal address (PstlAdr) unambiguously identifies the country that the Cuba Sports Bar & Grille is based in - the United States – using a standard 2-character country code (US). It's also clear that 'Cuba' is part of the name (Nm) of the establishment, so no 'false positive' compliance hit should occur. The payment can therefore be processed smoothly with the money arriving on time and the bank benefitting from the reduced cost of manual processing.

Accurate country information also allows risk and compliance managers to understand precisely where the money originates and where it goes in the payments the bank handles. Banks can also accurately identify other key information such as postcode (PstCd), which can for example be used to build up demographic data for analysis.

ISO 20022 supports the same rich party information for 'ultimate' parties i.e. ordering customer (ultimate debtor) and beneficiary (ultimate creditor). This is important information for multi-national corporations that operate shared 'on-behalf-of' payment and collection (POBO and COBO) factories, which is a rapidly growing trend for global organisations.

## ISO 20022

### Adoption roadmap

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### The key dates and milestones for the adoption of ISO 20022.

It provides the key dates that banks and financial institutions need to be aware of between now and November 2025. You may not need to share the level of detail shown here but you can use it to create simpler or more high-level versions.

## ISO 20022 adoption roadmap

### You need to start planning now

The ISO 20022 standard has already been adopted for payments in more than 70 countries, replacing domestic or legacy formats. In the next few years all the major payment market infrastructures (PMIs) will switch to ISO 20022, which will dominate high-value payments, supporting 80% of the volume and 87% of the value of transactions worldwide.

To enable banks to comply and to benefit from better data, in 2018 the SWIFT community resolved to adopt ISO 20022 for cross-border payments and cash reporting. Adoption will take place over a four-year coexistence period starting in November 2021 to coincide with adoption in the Eurozone, US, UK and other major economies.

There are two key objectives to be achieved by November 2021:

1. All financial institutions are able to receive and process ISO 20022 payments.
2. Additionally, financial institutions with significant intermediary business, where required for compliance, are also able to send CBPR+ compliant ISO 20022 payments based on received intermediary instructions.

To ensure timely adoption SWIFT will enable all customers on the new ISO 20022 messaging service as well as on the required translation services.

#### 2019

- You need to know which standards and business flows are impacted and need changing
- Plan and budget your project for adoption of the new standard

#### September 2020

- SWIFT will enrol all customers in the new ISO 20022-enabled messaging service and enable them on required translation services in preparation for testing by September 2020
- You will need to prepare with test messages and test cases
- Testing begins

#### November 2021

- ISO 20022 FI to FI payments and cash messages are now live
- A four-year period of co-existence between the MT and ISO 20022 standards begins
- You can continue to send and receive MT-based payments during the co-existence period
- You must be ready to receive and process ISO 20022 payments, and if required for compliance, support intermediary ISO 20022 payments

#### After November 2021 and before November 2025

You will need to:

- Implement the required changes to your back office and processes to adopt and send ISO 20022 payments
- Enable ISO 20022 intermediary payments, and supporting flows to and from domestic payment systems as they move to ISO 20022
- Enable the required SWIFT services such as gpi on ISO 20022
- Decommission SWIFT MT-based FI to FI payments and reporting messages

#### November 2025

- The co-existence period ends
- All FI to FI payments and reporting messaging are now ISO 20022 and CBPR+\* compliant
- SWIFT MT based FI to FI payments and reporting messages are disabled on the SWIFT platform

\*Cross-Border Payments and Reporting Plus (CBPR+). A working group set up to develop best practice usage guidelines for the implementation of ISO 20022 in the context of cross-border payments.

**The key things that banks and financial institutions need to know about ISO 20022.**

The headlines capture the four key messages in a nutshell. We also provide a short narrative for each for when more detail is required.

**ISO 20022**  
**key messages**  
An industry driven initiative that benefits us all, join in

**The move to ISO 20022 is industry driven**

The adoption of ISO 20022 is already under way. It's happening. It's not being driven by a single entity such as a market infrastructure, a GTB or even SWIFT. It's an industry driven movement. It's what the global community is moving to. It will create a common language for quality payments data across the globe and future-proof the industry by easing the adoption and integration of new technologies as they emerge.

**Planning needs to start now**

The adoption of ISO 20022 for FI to FI payments and for domestic high value payments in the Eurozone, US, UK and elsewhere starts in 2021. Financial institutions will therefore need to be able to receive and process ISO 20022 messages as of November 2021.

For this to happen smoothly and successfully they need to start testing in 2020 and therefore planning for it needs to start this year. It needs to start now.

**You're not alone, support is available**

Adoption of ISO 20022 is a significant undertaking for any financial institution. But the good news is that there is a lot of support available. The MyStandards landing page for CBPR+ is a good starting point. SWIFT has set up a working group to develop best practice usage guidelines for implementation of ISO 20022 in the context of cross-border payments. The Cross-Border Payments and Reporting Plus (CBPR+) is a working group of leading banks facilitating the creation of these usage guidelines.

**This is a great initiative, we will all benefit**

ISO 20022 will enable richer, better structured and more granular data end-to-end to be carried in payments messages. In short, quality data. This means more transparency and more remittance information for customers, which in turn means better customer service and experience. It will also mean improved analytics, less manual intervention as well as more accurate and efficient compliance processes. Everyone benefits but only if the entire community adopts and implements the ISO 20022 standard. And its adoption in payments worldwide makes it a secure investment for the future.

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