



Standard Chartered's adoption of ISO 20022 will result in a seamless payment experience for customers both into and out of Asia.



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Shirish Wadivkar
Global Head Correspondent
Banking Products, Standard
Chartered

ISO 20022 in focus with Standard Chartered Bank

For Standard Chartered, challenges when it comes to payments can be viewed through two lenses: global and regional. Global challenges are driven by the inadequacy of current formats that banks and market clearing infrastructures use to exchange payment data.

From a regional perspective, the vast array of formats that have evolved at the clearing infrastructure level has proven problematic. Some of these formats are regulatory in nature, designed to uphold capital and FX controls that are mandated to understand the purpose of payments.

What's more, Asia is notorious for having multiple payment and clearing formats, languages and regulatory controls. As such, reporting obligations require a harmonised approach. The adoption of ISO 20022 will help this. It will lead to uniformity in data exchanged between market infrastructure providers (ACH/RTGS), market participants like banks and end-clients.

"Corporates in Asia do not use ISO 20022 yet – reasons vary, from corporate priorities and resistance to change, to market infrastructures not supporting ISO, and clients not fully understanding the benefits that it can bring for their business" says Ankur Kanwar, Regional Head of Cash Products, Standard Chartered, ASA. "We are educating our clients around the benefits of using ISO 20022 messaging formats to improve the payment experience when doing commerce with Asia, driving more prosperity via better and seamless payments."

ISO 20022: a cost/benefit dichotomy

While the adoption of ISO 20022 requires investment, the benefits are wide ranging. The new value creation through better cash management will drive new value propositions across the bank's product suite in areas such as liquidity management.

From a compliance perspective, there is a palpable reduction in both the cost and speed of due diligence. With digital payments on the rise, and speed a critical KPI for retail/corporate clients, a unified and borderless payments language is critical.

The new standards also bring greater interoperability across various settlements systems and will drive down the cost of transactions. When it comes to the reconciliation of receivables, un-truncated and data-rich messaging allows for the simple tracking of payments end-to-end.





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A watershed moment

Adopting ISO 20022 can pose technological challenges given the numerous systems required to process a payment. For Standard Chartered, effective change management means synchronising various projects, upgrading or replacing legacy systems, and introducing new products to allow them to leverage the synergies that exist. This accelerates the timeline and helps avoid throwaway investment.

“It’s clear that there is great promise and we can plan to harness a great deal of returns from the significant investment in ISO 20022 the industry is making,” says Shirish Wadivkar, Global Head Correspondent Banking Products, Standard Chartered. “But only if we look at this not as a mandatory technology-led change, focused on adherence to minimal change standards; but see it for what it truly represents – a watershed moment for the global payment business.”

Standard Chartered is heavily involved in the flows from the world coming into Asia and the intra-Asia regional flows. As some of the local markets start to adopt ISO 20022 for domestic clearing networks, it is one of the lead banks implementing the new standard to provide a seamless and rich experience for its clients.

Summary of benefits

Un-truncated, rich data on payments as received from the sender, no longer limited by constrained character limits

Better receivables reconciliation, as structured information can improve and possibly fully automate the order-to-cash process

Bank and market agnostic payments processes, leading to cost saving and improved service

Given the volume of markets in Asia, and the currency/capital payments controls that exist, a homogeneous ISO 20022 standard improves payment certainty as it caters for the different information required across markets

As an open format, it allows all players in the industry to create better use-cases around the payments that can cross into other areas of the business processes - allowing for deeper integration at cheaper costs

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