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Payments Market Practice Group Managing the End-of- Coexistence: Key Considerations



1. Introduction

With the end of the ISO 20022 coexistence period fast approaching in November 2025, financial institutions must urgently finalize preparations for full adoption of ISO 20022-formatted interbank payment messages. This PMPG document offers strategic and operational guidance, drawing on Swift's validation frameworks, the PMPG's global best practices, and known risks observed during the ongoing migration.

It is critical to understand that while Swift provides contingency measures, these should not be seen as a fallback plan for institutions unprepared for native ISO 20022 initiation.

2. Risk and Urgency

The global financial industry is reaching a hard cutover: after November 2025, FIN MT messages (MT 103, MT 202, etc.) will no longer be accepted as primary formats for cross-border interbank payments.

Key points:

- Swift's contingency translation mechanism allows limited use of legacy MT messages, converting them into ISO 20022 formats (e.g., pacs.008, pacs.009).
- These MT messages must strictly conform to new network validation rules, or they will be rejected.
- The estimated reject/abort rate is 1%, even under best-case projections—each failed message represents operational cost, payment delays, and client dissatisfaction.
- Translation is not automatic fallback: it is available only to compliant messages, and only for a limited volume.

For detailed guidance and the latest updates, please refer to [Knowledge Centre](#).

3. Key Considerations for Transition and Contingency

3.1. FIN Messages Being Decommissioned (Hard Cutover)

As of 22 November 2025, the following FIN messages will be permanently rejected (NAK'ed) for FI-to-FI flows:

- ⇒ MT102 / MT102 STP
- ⇒ MT103 REMIT
- ⇒ MT201 / MT203

Institutions must cease use of these formats and migrate all processes to ISO 20022-compliant messages.

3.2. Contingency Conversion: MT to ISO 20022

A select set of MT messages will be eligible for automatic translation via Swift's FINplus contingency service, subject to strict network validation. Messages include:

- ⇒ MT103 / MT103 STP → pacs.008
- ⇒ MT200 / MT202 / MT202 COV → pacs.009 / 009 COV
- ⇒ MT205 / MT205 COV → pacs.009 / 009 COV

This service is chargeable and only available to compliant messages and limited volume.

3.3. Validation Rule Enforcement

Swift will apply enhanced network-level validation to ensure MT messages are structurally and semantically translatable. Applicable Network Validation Rules are available at [Additional Network Validated Rules](#).

Common reasons for rejection include:

- ⇒ Improper use of field 72 codes (e.g., /INTA/ without field 56a)
- ⇒ Use of non-financial BICs (e.g., /INS/ with subtype CORP)
- ⇒ Invalid account formatting (leading/trailing slashes or double slashes)
- ⇒ Repetition or conflict of codes in field 70 (e.g., multiple /URI/ or excess characters in /PURP/)

Messages may be either NAK'ed on entry or aborted post-ACK (with MT019 notification). The list of rejects codes is available at [Error Codes](#).

3.4. Financial, Operational, and Transparency Impact

Reliance on fallback mechanisms entails key operational, regulatory, and financial consequences and should be considered:

- ⇒ Translated messages lose ISO-native structure, limiting regulatory and business data integrity
- ⇒ Use of non-financial BICs (e.g., /INS/ with subtype CORP) will be rejected
- ⇒ Institutions using fallback services are automatically enrolled and will incur charges starting January 2026

3.5. Scope Limitations

Contingency services do not apply to messages exchanged through:

- ⇒ Swift for Corporates (SCORE)
- ⇒ Market Infrastructure Closed User Groups (MI-CUGs)
- ⇒ Corporate-to-FI MA-CUGs

4. Addressing the Address: Hybrid Format Enforcement

As of November 2025, the hybrid postal address format becomes available for ISO 20022 messages, with structured address elements increasingly required.

- The free-format (unstructured) postal address will be retired in November 2026.
- Institutions must begin capturing and transmitting postal addresses using the hybrid or fully structured format:
 - Minimum required: ISO 3166 Country Code and Town Name
 - Recommended: Additional structured fields such as street name and building number
 - Implication: Any ISO 20022 message—whether sent natively or via translated MT—will soon require this structured data to pass validation.

For guidance please refer to: "[Industry guidance on the introduction of the hybrid postal address](#)" at [Swift Payments Market Practice Group document centre | Swift](#)

5. Market Infrastructures: Mind the Gaps

While many MIs have completed their ISO 20022 migration, others—particularly in less globally integrated markets—are yet to commit. These discrepancies create potential interoperability issues, including:

Data truncation when converting rich ISO messages to MT for MI processing

- Loss of structured elements such as remittance or party information
- Recommendation: Institutions must work with their local MIs to:
 - Map message flows clearly
 - Identify points of truncation or fallback
 - Ensure all participants can pass on essential structured data without degradation

6. Call to Action: Engage Your Correspondent Banking Providers

A key dependency in global payments remains the correspondent banking network, particularly in emerging market currencies, where ISO 20022 adoption may be lagging.

Immediate actions for financial institutions:

- Engage all correspondent banking providers, especially in emerging markets, to confirm:
 - Are they ISO 20022-enabled?
 - Are they testing and validating for compliance with Swift's contingency validation rules?
 - Are they prepared to send and receive ISO-compliant messages?
- Failure to ensure your counterparties are ready may result in:
 - Delayed inbound payments
 - Complaints and investigations
 - Liquidity issues for clients
 - Missed credit deadlines and dissatisfaction

7. Strategic Action Plan for Stakeholders

- ⇒ Ensure internal systems are ISO 20022-native and hybrid or structured address-compliant
- ⇒ Validate message flows using Swift's [FINplus](#) pilot and [MyStandards CBPR+](#) testing portal
- ⇒ Engage correspondent banking partners—especially in emerging markets—to verify readiness
- ⇒ Monitor fallback usage through Swift Transaction Manager and CBPR+ Data Integrity guidelines

8. RMA Bootstrap Eligibility Risk

The FINplus RMA bootstrap planned for end of November 2025 introduces dependencies that may affect the successful delivery of pain.001 messages via in-flow translation.

Key considerations include:

- Only institutions that have formally acceded to the ISO 20022 payment relay rulebook by the relevant deadlines will be included in the bootstrap.
- Non-acceding institutions will not receive in-flow translated messages – posing a risk for senders expecting delivery to be completed.
- Senders of pain.001 must proactively confirm the rulebook status of their counterparties to avoid rejections or undelivered messages.
- For detailed guidance and the latest updates, please refer to [Knowledge Centre](#).

Final Outlook:

The transition to ISO 20022 is not optional. Financial institutions must act decisively to eliminate legacy risks, solidify partnerships, and ensure operational continuity. Leadership teams must drive this as a top-priority initiative for 2025, with governance, technology, and operations aligned for success.