

**AFP®**



# Annual Conference

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ORIGINAL→ESSENTIAL→UNBIASED→**INFORMATION**



## Making the Most of ISO20022 Standards CGI (Common Global Implementation), SEPA and You

Jayna Bundy  
Group Treasury  
Manager  
Microsoft

Robert J. Blair  
Managing Director  
J.P. Morgan

James Wills  
Standards - Banking  
Initiatives  
SWIFT

# Getting To Know Us

Jayna Bundy,  
Group Treasury  
Manager,  
Microsoft

- Responsible for global cash and investment operations
- Optimization of bank account structure, driving straight-through processing, risk management through automation
- Use of ISO XML 20022 v2 CAMT messages
- Use of ISO XML 20022 v3 PAIN messages

Robert J. Blair,  
Managing Director,  
J.P. Morgan

- Vice convener of the ISO20022 RMG
- Vice convener of the Payment SEG
- Member of the SWIFT Corporate Advisory Group
- Board alternate with ASC x9

James Wills,  
Standards -  
Banking Initiatives,  
SWIFT

- Market/standards representative for the North American Market for SWIFT Americas
- Works closely with standards-setting bodies, trade associations and member communities on standardization issues

# Juggling Multiple Bank Relationships Can Be A Handful



# Agenda

- **Introductions**
- **Background**
- **Microsoft Best Practices**
- **Tips and Tricks**
- **In-Depth Discussion**
- **Q&A**
- **Appendices - Resources**

# Current State of Affairs

- **Award winning efforts to apply standards to corporate-to-bank connectivity**
- **Key corporates are utilizing best practices in applying standards**
  - EG. Microsoft
- **Standards as the basis for multibank connectivity**

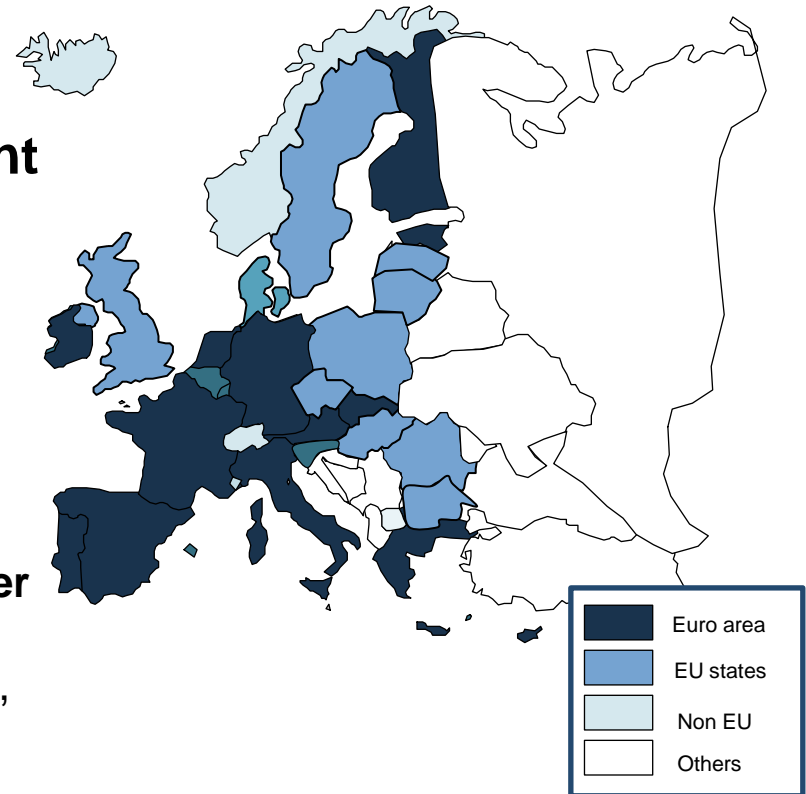
# Current State of Affairs

- **Corporate-to-bank connectivity**
  - Increasingly automated
  - Increasing use of standards
  - Increase focus on standards challenges, improvement opportunities
- **SWIFT MT and MX, ISO20022 and CGI**
  - SWIFT
  - ISO20022's growing use
  - CGI's normalization of ISO20022 standards adoption amongst banks, techcos, corporates

# Market Forces Drive Standards Use

## SEPA

- **Forced march: Feb 2014**
- **The destination: A single payment instrument and currency**
- **17 Euro area countries** - Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, The Netherlands, Portugal, Slovakia, Slovenia, Spain
- **10 EU Member States with currencies other than the euro** - Bulgaria, Czech Republic, Denmark, Hungary, Latvia, Lithuania, Poland, Romania, Sweden, United Kingdom
- **5 Non-EU countries** - Iceland, Liechtenstein, Monaco, Norway, Switzerland



# Conversion of Legacy Formats into ISO 20022 XML

- **Conversion mentioned in EU Reg 260, but not in SEPA guidelines**
- **Banks must ensure that customers send XML when using files for payment initiation**
- **Banks likely to do conversion for some time as many corporates are not ready for Feb 2014**
  - This may be a temporary service, and probably will come at a higher price



# The Standards Response – ISO 20022 - CGI Drivers

- **CGI is driven by customer demand for multibank coordination of implementations**
  - Intended specifically for global, multi-country, multi-bank and multi-instrument implementations
  - Focused on general message structure and then successful creation of individual transactions
  - Published and endorsed from appropriate communities
  - Engaged through active corporate partnership

A corporate can use the same message structure for all their payments with all of their transaction banks reaching any payment system across the globe.

\*Common Global Implementation (CGI) initiative

# Payment Flows Addressed by CGI



\*Common Global Implementation (CGI) initiative

# Financial Institution Members

In total 35 FI members (Contributing & Observers)

Bank of America  
Merrill Lynch

Deutsche Bank

BARCLAYS

BBVA

Danske Bank

citi



BNP PARIBAS



J.P.Morgan

COMMERZBANK



Nordea

PAYMENTS  
COUNCIL

HSBC



RBS<sup>TM</sup>  
The Royal Bank of Scotland

Raiffeisen Bank  
International



Santander

SEB

Standard  
Chartered



Sydbank

UniCredit

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Association for  
Financial Professionals<sup>®</sup>

# Non-Financial Institution Members

In total 45 Non-FI members (Contributing & Observers)



\*Common Global Implementation (CGI) initiative

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# Microsoft Case Study: Simplifying the Complexity of Connectivity



# Microsoft Banking Infrastructure

>200  
subsidiaries

118 countries

>85 global  
banking  
partners

~85  
currencies

~1,300 bank  
accounts

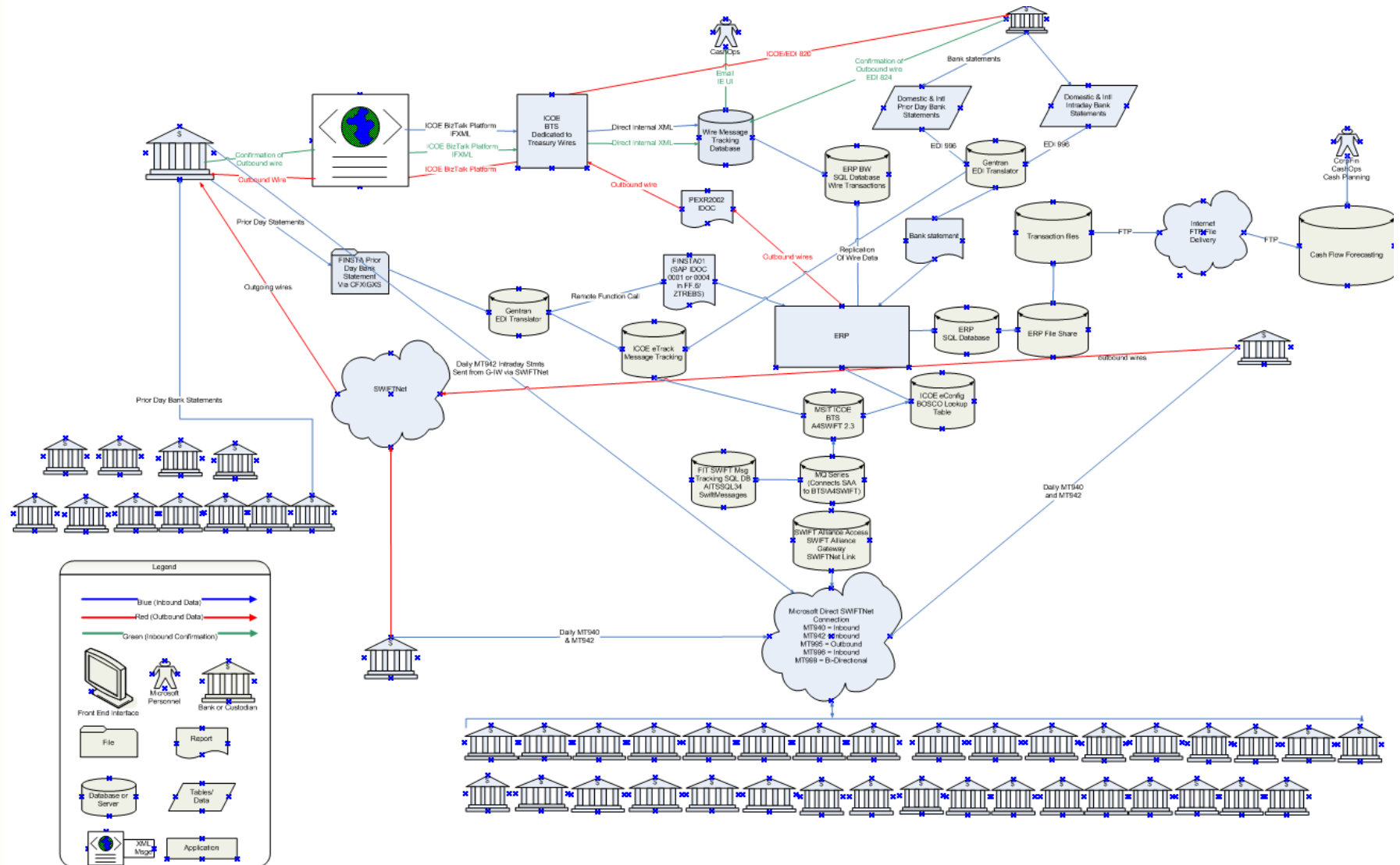
~600  
concentrated  
daily

Visibility to cash via MT  
messages and other local  
statements

Multiple bank-specific VPN  
connections



# Complexity!





# Managing Global Cash with CGI

## Reduce Costs:

Simplify infrastructure and process

## Global Risk Management:

Move from visibility to mobility

### Visibility

### Electronic Bank Statements



### Mobility

### Wire Payments





# Costs and Benefits

## Costs

- Implementation, project management & operations
- Infrastructure development of messaging
- New monitoring systems and dashboards



## Benefits

- Single data pipe
- Lower IT support costs
- Easier maintenance and troubleshooting
- Increased STP and visibility into cash balances globally
- Enables mobility of cash across banks and regions

# Collaboration Drives Innovation

Win-win  
solution for  
corporate and  
banks



First ever ISO-XML 20022 v2  
implementation

Industry  
recognition:

- Pinnacle
- Alexander Hamilton
- EuroFinance
- Adam Smith



Prepare, plan,  
and plan  
again!

Build  
partnerships  
with banks and  
SWIFT

Implementation may vary due  
to different practices:

- Market
- Banks
- Corporates

# Corporate-to-Bank Connectivity Tips and Tricks



# Corporate-to-Bank Connectivity Tips and Tricks

- **Use standards to achieve multibank reach**
- **Harnessing new industry developments, value and issues**
- **Implications for core systems**
- **CGI standardization and potential areas for further improvement**

# Key Learnings

- **ISO20022 provides the “next new thing” in financial services standards**
- **CGI has made corporate to bank standards easier to implement, more standardized**
- **Dependencies on core systems bank network and capabilities still drive design and deployment considerations**
- **Heavy lifting remains. Astute strategies can help**

# In-Depth Discussion

- Our overall XML strategy and roadmap as it relates to SWIFT & XML including SEPA, DD's and eBAM



# In-Depth Discussion

- **Additional points on our cost/benefit & ROI analysis in our decision to move to XML**





# In-Depth Discussion

- The importance of implementing these key standards to make the most of moving from data to business intelligence





# What's On Your Mind?



# Resources

## Microsoft News and Awards Received for this work:

- 2011 AFP Pinnacle Finalist [www.afp.org](http://www.afp.org)
- 2011 Treasury & Risk - Silver for ISO 20022/SWIFT & Overall Excellence Award  
[www.alexanderhamiltonawards.com](http://www.alexanderhamiltonawards.com)
- 2013 Treasury Today Top Treasury Team [www.treasurytoday.com/adamsmith/2013/winners](http://www.treasurytoday.com/adamsmith/2013/winners)

## ISO and Related:

- ISO 20022 [www.iso20022.org](http://www.iso20022.org) ISO20022 standards committee
- ISO [www.iso.org](http://www.iso.org) International Standards Organization
- CGI <http://www.swift.com/corporates/cgi/index>

Common Global Implementation

## Others:

- EPC <http://www.europeanpaymentscouncil.eu/> European Payment Council, SEPA
- NACHA [www.nacha.org](http://www.nacha.org) US ACH
- ASCX9 [www.x9.org](http://www.x9.org) US national financial standards
- X12 [www.x12.org](http://www.x12.org) US national EDI standards

# For More Information:

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**J.P.Morgan**

