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Connect Automate Innovate

Webcast | August 28, 2024

State of ISO 20022 Readiness

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Organizational

Presentation

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Questions

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Agenda

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02 | ISO 20022: What Does It Mean For You

03 | Payments Modernization and ISO 20022: Sample Use Cases

04 | Final Words

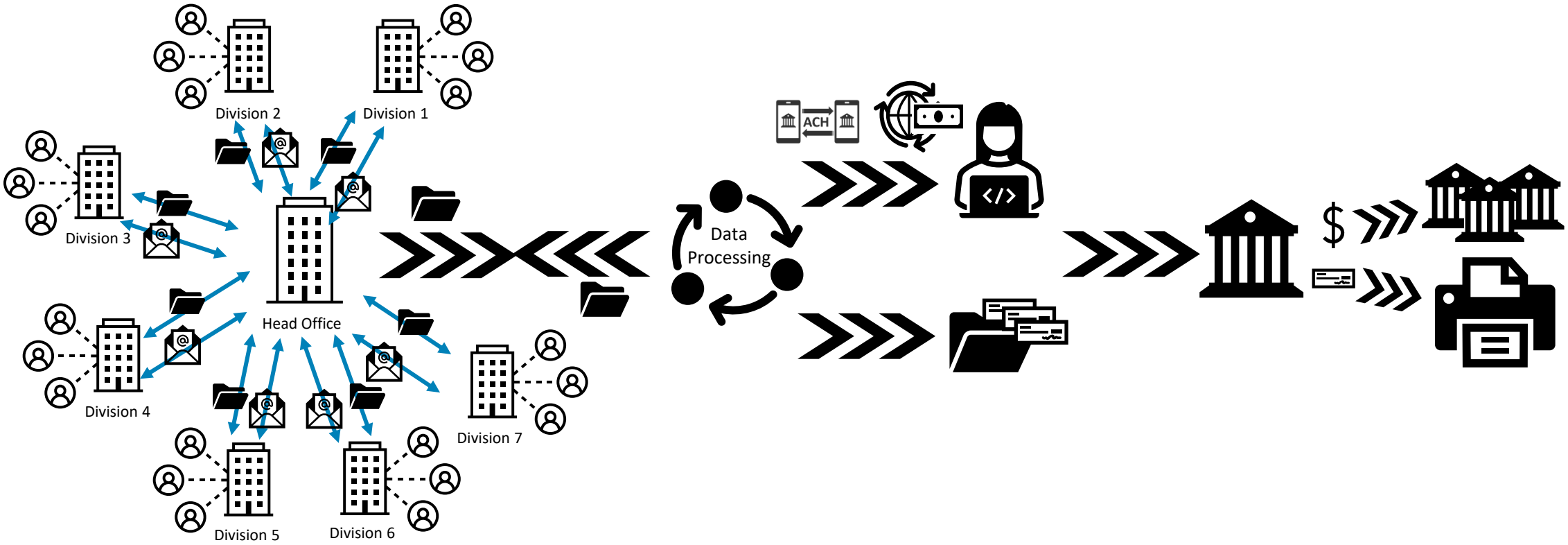
Q&A

01

Payments Trends

The Struggle is Real:
Payments Today

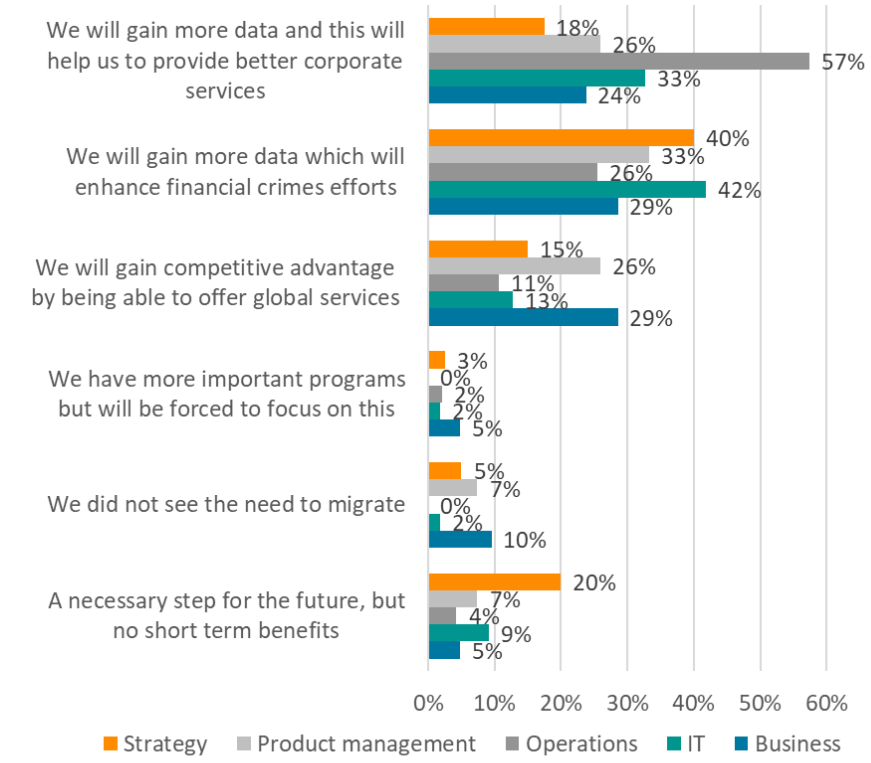
A Typical Painful Payments Day



ISO 20022 – The Payments Language of the Future

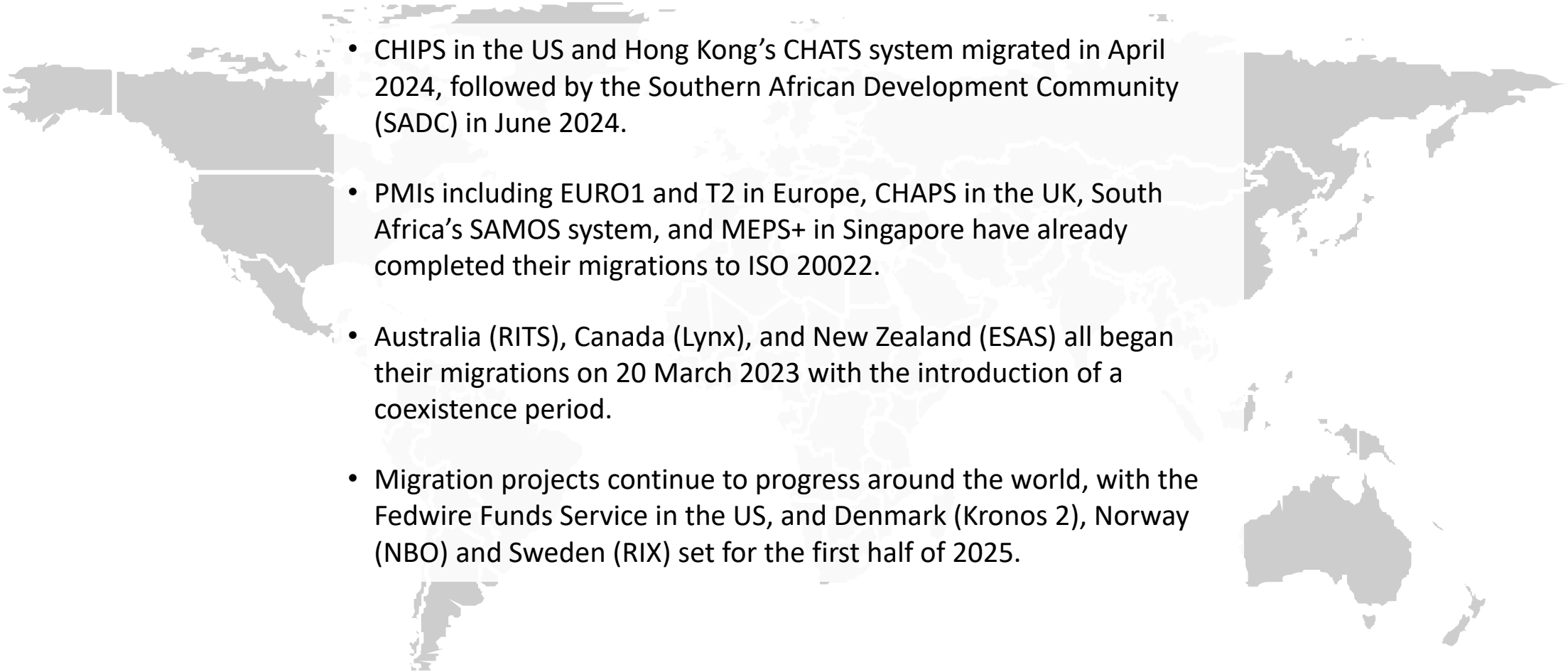
- ISO 20022 is rapidly becoming the financial messaging standard, with faster payments initiatives in many countries and in many payment rails
- Adoption of ISO 20022 will improve interoperability across payment systems and other related applications, and make it easier to connect and collaborate across banks and corporates globally
- SWIFT will enforce usage for banks by November 2025.

> "Anybody and everybody who touches a payment across the whole entire value chain – your treasury system, treasury management, suppliers within the corporates and the ERP systems – they're all going to need to be able to handle 20022, create it and migrate it."
>
> Gareth Lodge, Principal Analyst of Global Payments, Celent



Question: (Banks) How do you view the move to ISO 20022? (Top four answers)
Source: Celent Global ISO 20022 Readiness Survey, 2022

Global ISO 20022 Situation



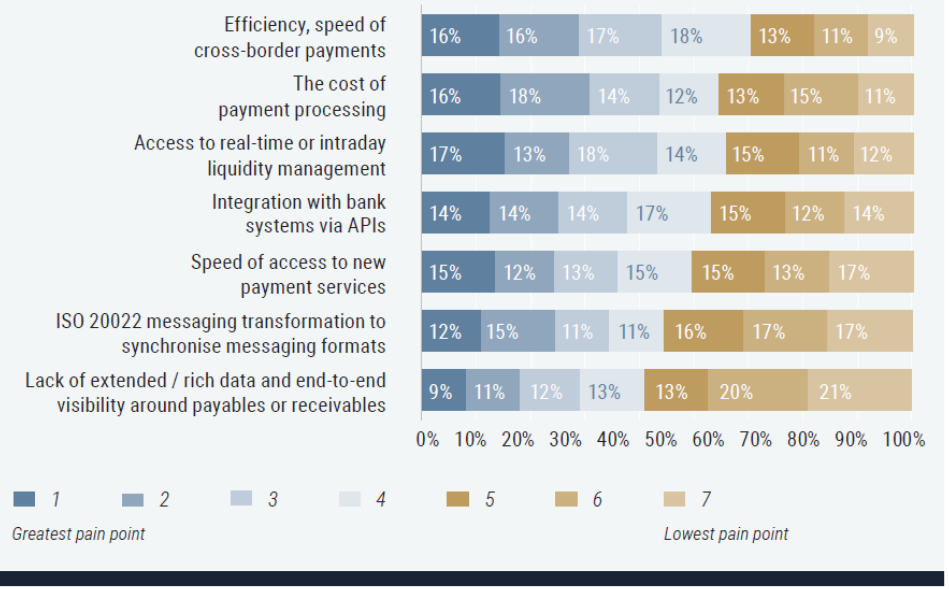
- CHIPS in the US and Hong Kong's CHATS system migrated in April 2024, followed by the Southern African Development Community (SADC) in June 2024.
- PMIs including EURO1 and T2 in Europe, CHAPS in the UK, South Africa's SAMOS system, and MEPS+ in Singapore have already completed their migrations to ISO 20022.
- Australia (RITS), Canada (Lynx), and New Zealand (ESAS) all began their migrations on 20 March 2023 with the introduction of a coexistence period.
- Migration projects continue to progress around the world, with the Fedwire Funds Service in the US, and Denmark (Kronos 2), Norway (NBO) and Sweden (RIX) set for the first half of 2025.

Source: Swift.com

Bank to Corporates: Payments Paint Points

GLOBAL RESPONSE

What are the biggest pain points you hear about from your customers?



Regional ranking of customer pain points

	North America	Europe	Southern Europe	Benelux	UK	Nordics
Efficiency, speed of cross border payments	1	2	1	1	3	7
The cost of payment processing	2	4	4	4	6	2
Access to real-time or intraday liquidity management	3	1	2	2	5	3
Integration with bank systems via API	4	5	3	5	2	4
Speed of access to new payment services	5	6	6	6	4	6
ISO 20022 messaging transformation to synchronise messaging formats	7	3	5	3	1	1
Lack of extended/rich data and end-to-end visibility around payables or receivables	6	7	7	7	7	5

Research report by Finextra Research, in association with Volante Technologies. June 2024

How ISO 20022 Enables and Supports Global Payment Trends

What	How
Digital Payments	ISO 20022 provides a standardized framework for digital payments, ensuring seamless communication and interoperability between different systems. It supports various payment types, including instant payments, request to pay, and direct debits.
Cross-Border Payments	ISO 20022 plays a crucial role in enabling faster and more transparent cross-border payments. It provides a common language for financial institutions, reducing friction and improving settlement times.
Open Banking	ISO 20022 supports open banking by providing a standardized format for data exchange, ensuring compatibility between different financial institutions and fintech companies.
Real-Time Payments	ISO 20022 is essential for real-time payments, providing the necessary messaging infrastructure to facilitate immediate transactions.

02

ISO 20022: What Does It Mean For You

As a Bank … How Can ISO 20022 Help You?

- Increased Efficiency
- Improved Data Quality
- Enhanced Fraud Detection
- Streamlined Regulatory Compliance
- New Revenue Opportunities
- Competitive Advantage
- Global Interoperability

As a Corporate … How Can ISO 20022 Help You?

- Improved Reconciliation
- Working Capital Improvements
- Enhanced Fraud Detection
- Streamlined Cross-Border Payments
- API Connectivity
- Regulatory Compliance

For Banks it’s Mandatory, for Corporates it’s Just Smart

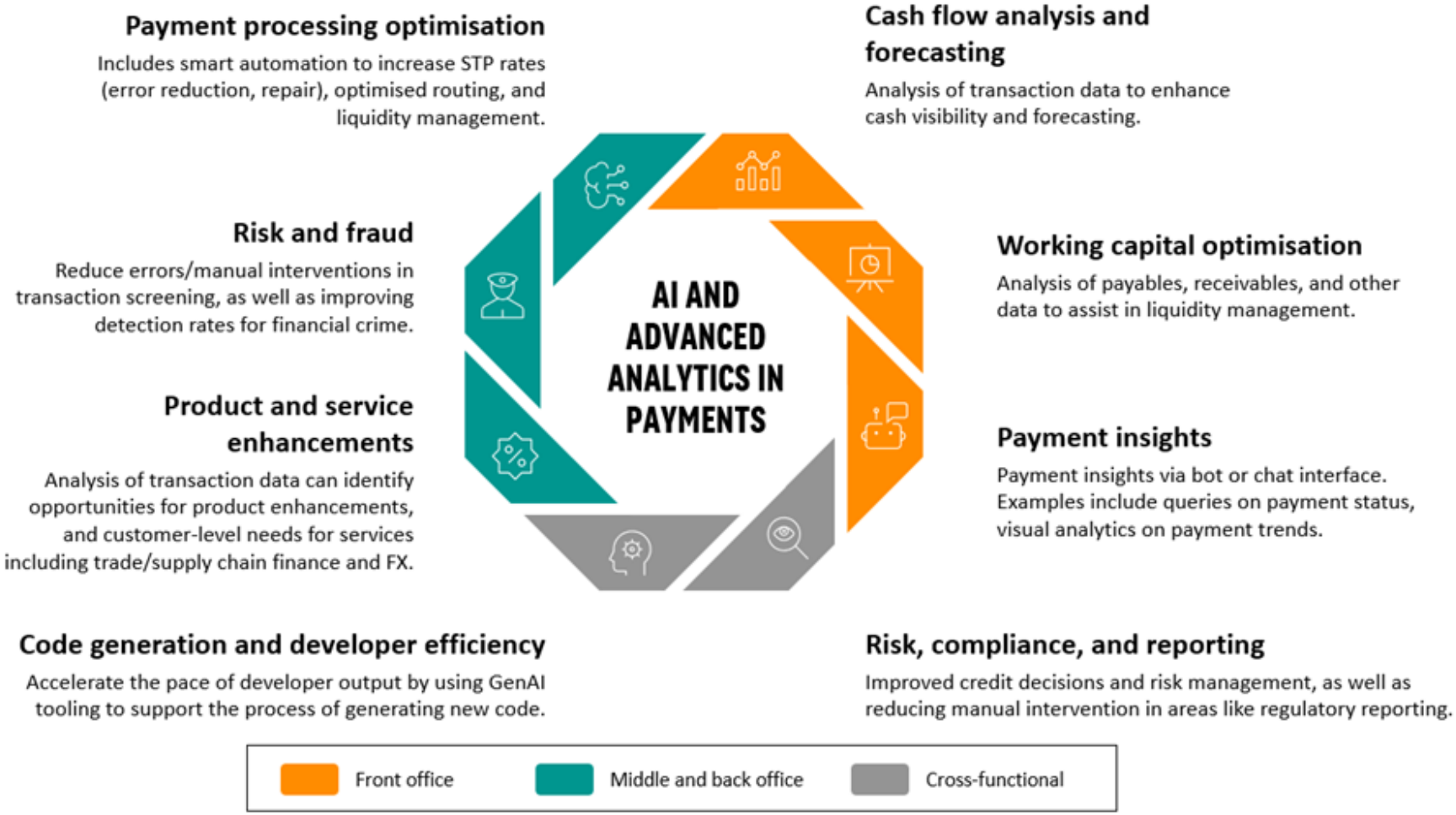
- It will help improve operational efficiencies
- It’s a win-win for both banks and corporates
- It will help with payment reconciliation – a common pain point for many!

Not mandatory for corporates, but if you jump on the ISO 20022 bandwagon now, you can:

- Improve/automate your reconciliations
- Leverage data and improve your reporting capabilities
- Enable AI when ready

Act now! The financial community has been ready to receive ISO 20022 traffic since March 2023.

AI in Payments



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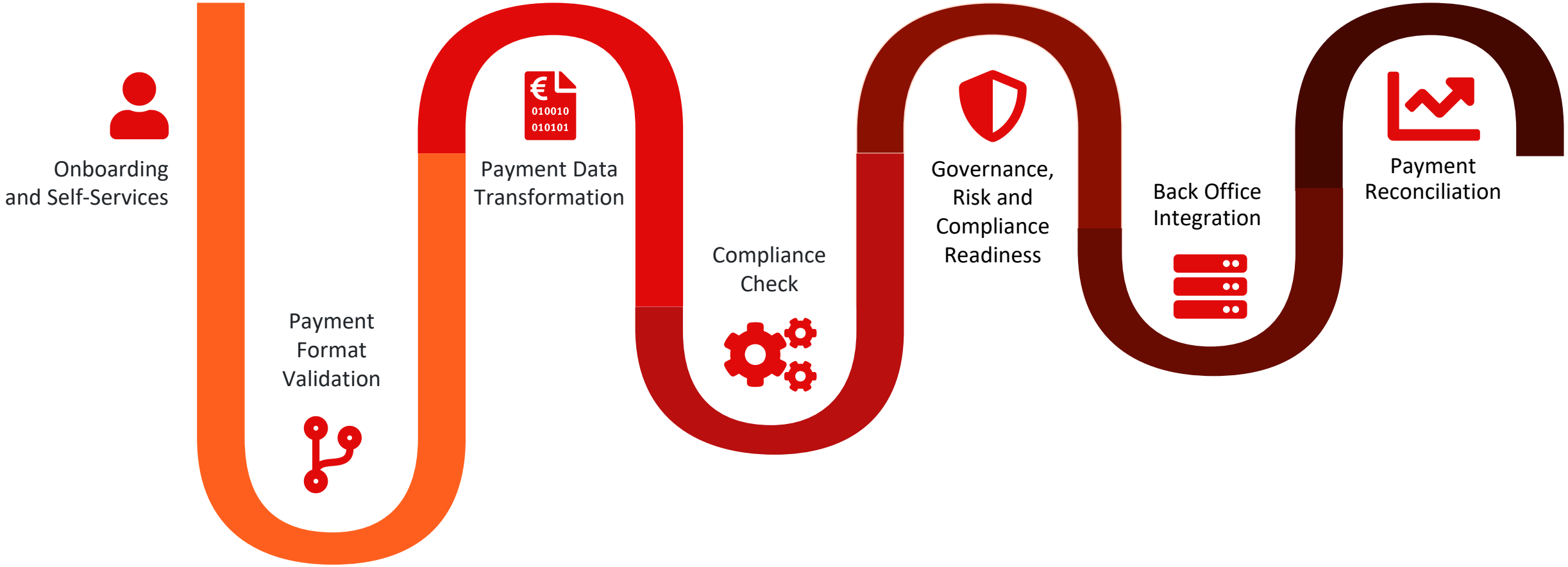
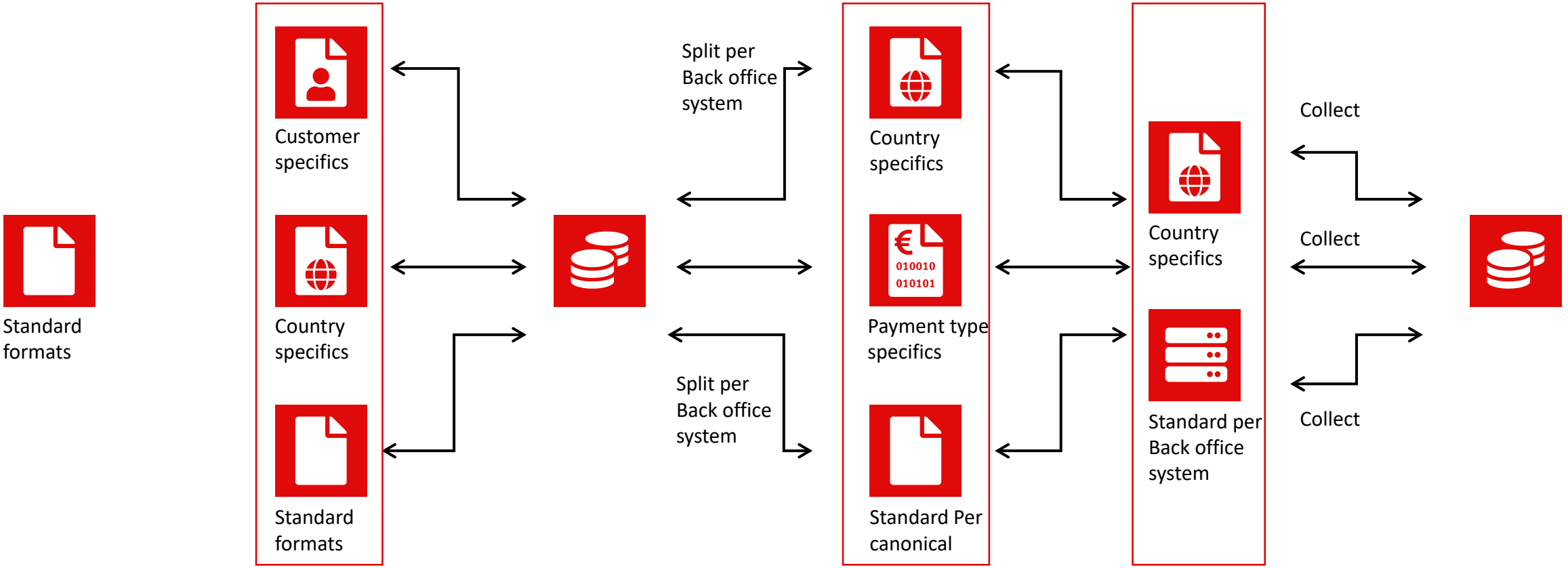
03

Payments Modernization and ISO 20022: Sample Use Cases

Building Blocks for Smarter and Faster Payments
ISO 20022 is the foundation



Payment Data Transformation Using an ISO 20022 Canonical Approach



Inbound

Syntax Validation

Inbound File

Conversion

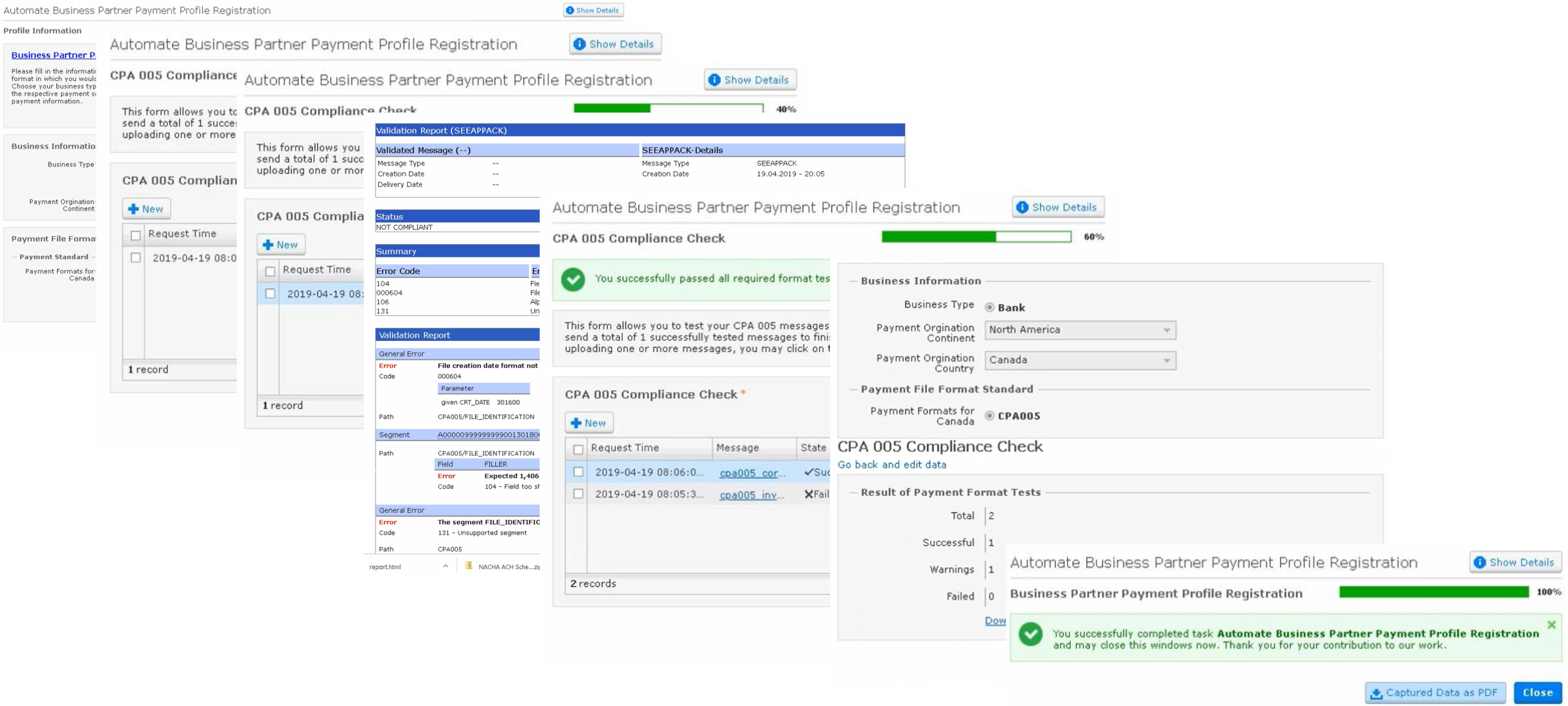
Canonical format/ ISO 20022

Validations

Back office system

File Conversion

Onboarding and Self-Services

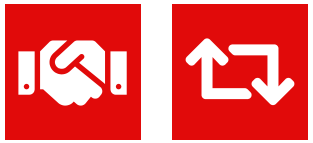


Payment Flows Integrated with Real-Time Fraud Monitoring

Payments
e.g. ISO 20022 (PAIN001s),
SWIFT (MT101s/103s),
CODA, BACS (Std 18),
SAP, EDIFACT (PAYEXT),
JSON, APIs, etc.

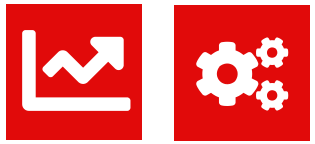
Receive and respond

Message orchestration & enrichment
Validate, transform & process response



Risk score response

Behavioral & predictive analytics
Risk score response



Decline, approve, on hold response

Behavioral & business rules
Decline, approve, on hold response

Manual blocking

Alert Triage
Release, cancel payment response

04

Final Words

What Do You Need to Do Now?

Banks need to be ready!
Without the banks, corporates can’t benefit from ISO 20022 (and vice versa!).

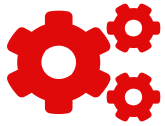
Alignment is key!
- Within the bank
- Towards your corporate customers and business partners

Start identifying and addressing the gaps:
- Identify business-critical use cases
- Predict system and application impact
- Coordinate with relevant stakeholders
- Test, test, test!
- Equip your teams with knowledge (=training!)

Time for Your Questions

How SEEBURGER Can Help

A global team in place to support you with a best practice approach to smarter payments, the ongoing transition to ISO 20022, process automation, and much more for both banks and corporates using the SEEBURGER Payments Integration Hub.



Process Automation:
Integrated onboarding, self-services, testing and migration

Risk Mitigation:
Automated payment reconciliation, compliance rule-sets, fraud detection, AVP and DLP integration

Power up data transformation:
Powerful and comprehensive transformation supporting any format of standards such as ISO 20022, SWIFT MT/MX, ANSI X.12, EDIFACT, ACH, NACHA, BAI, BACS and more

Move to the cloud:
Any cloud, hyperscalers and all operating models

Real-time overview:
Real-time monitoring of payment processes for your end users, business or technical

Application Integration:
Integration with ERPs, CRMs, Treasury Management Systems (TMS), human relations payroll systems and more

https://www.seeburger.com/solutions/industry-solutions/fsi

Sample Resources

https://www.seeburger.com/solutions/industry-solutions/fsi/countdown-to-iso-20022

http://www.iso20022.org/iso-20022

https://www.swift.com/standards/iso-20022/iso-20022-faqs

https://www.swift.com/standards/iso-20022/supercharge-your-payments-business

https://corporates.db.com/in-focus/Focus-topics/iso20022/faqs

https://www.nacha.org/resource-landing/iso-20022-resource-center

https://www.bnymellon.com/us/en/iso-20022/iso-20022-resources.html

https://www.bankofengland.co.uk/payment-and-settlement/rtgs-renewal-programme/iso-20022

https://www.gbm.hsbc.com/en-gb/campaigns/iso20022

https://www.ebaclearing.eu/services/euro1/iso-20022-migration/

https://www.commerzbank.com/research-insights/magazine/iso-20022/conversion/

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