Date: 30 May 2023

Sent to: cpmi@bis.org

Guiding principles (section 2.2)

1. **Do you agree with the guiding principles followed for setting the requirements, including the platform or network agnostic approach, the level of ambition and the future state orientation?**

BNPP agrees with the approach. BNPP is working on several initiatives on the market focusing on implementing G20 targets, ISO20022 adoption and deployment, think about the future for payments and harmonization between market practices (including from a regulations standpoint).

Requirement #1 – To use the appropriate message for a particular business function (Section 2.5.1)

2. **Do you agree that the inconsistent use of messages can be adequately addressed through this requirement?**

Inconsistent use of messages is a high risk for banks and we need to define clear set of rules to reduce NSTP flows (and backlog in our back offices). We agree this topic should be address by CPMI (and maybe PSMB).

3. **How could the risk of inconsistent use of messages or deviation from the business functions defined by ISO 20022 be mitigated? Would the proposed solution contribute to mitigating such risks and lead to improved efficiency of cross-border payments processing? Please explain.**

Partially, it is but it is still unclear how CPMI could force local MI to follow the CPMI rules.

4. **How do you assess the level of effort that will be required to adopt the appropriate message as defined by the ISO 20022 standard?**

The level of effort is high and will take time to be adopted, we see how the ISO migration is complex and subject to interpretation. Some messages are not yet 100% defined, others already have Change Requests in the pipe. On top of that even if a CSM is using ISO20022, we can see that it is not always aligned with CBPR+ guidelines (e.g. SEPA CT vs CBPR+ PACS.008). It will require a lot of collaboration, lobbying and a clear process to make sure that all ISO 20022 Change Requests will always respect CPMI rules.

But the road to ISO has already started and BNPP believes that we now have the opportunity to make it universal.

Requirement #2 – To use ISO 20022 externalised codes for payments and payment-related processes (Section 2.5.2)

5. **Would requiring the use of ISO 20022 externalised codes facilitate faster, cheaper and more transparent cross-border payments? How do you assess the implementation effort?**

We agree that the use of ISO20022 externalised codes could facilitate cross-border payments. In term of implementation effort, we should not only take the IT part but also the adoption into account. We believe the impact could be not negligible for some market/banks.

6. **Are there any limitations/challenges resulting from increased reliance on ISO 20022 codes? How difficult would it be to overcome these limitations/challenges?**

Major challenges for payment community are and will continue to be

1) to agree on market practices and codes use,
2) to manage, update and maintain these code lists.

Requirement #3 – To indicate that a payment is a cross-border payment (Section 2.5.3)

7. **Do you agree that identifying a payment as a cross-border payment should be required to enhance the processing efficiency of cross-border payments? Would such a flag facilitate compliance procedures including financial crime screening? Please explain.**

Global definition and common understanding of cross-border payment messages is key before any attempt to implement a flag.

BNPP does not believe that adding a requirement to flag all cross-border payments will enhance the efficiency of these payments. There are several reasons for this, including

- There is no clear definition of what constitutes a cross-border payment, without this implementation of a flag will not be consistent
- The flag would need to be added in the interbank space because payment originators are not always aware of how the payment will be settled
- Screening obligations will differ by Bank and by currency, the simple presence (or absence) of a flag is not going to have an impact on bank operations

If the global market can benefit from a dedicated global flag, then CPMI should set easy to implement criteria when this specific flag should be set. (For example: Country code of debtor and creditor agent different and ccy not home currency of debtor agent then flag=Yes. Perhaps the name label of this indicator should not be “cross-border” but a more neutral term such as “international”).

8. **Do you agree that the use of an ISO 20022 external code (eg a Category Purpose) would be the most effective way to flag a payment as cross-border? Are there alternative approaches you would suggest?**

External codes could be a simple way to flag that a payment is cross-border. In the current implementation only one instance of the category purpose code is supported, and so we might need

to add multiplicity in order to allow additional instances of this element, other field like Service level could also be envisaged.
If this change is needed, an appropriate change request (including a business case) should be submitted to ISO. However, The PMPG does not support the idea to use flags to specify that a payment is cross-border for the reasons explained in Q7. If the fact that the payment meets a certain desired definition can be derived from the other elements maybe no additional flag is even needed.

9. **How do you assess the level of cost and effort required for the implementation effort?**

The implementation effort of adding an external code to a list is low - but the implementation of this code within the back-office process that will require resources, and this effort will depend on each Bank's existing set up and systems~~.~~

BNPP believes that the overall cost of implementation for the industry would be high and that the business case to make this change is weak.

Requirement #4 – To support/restrict the character set used for ISO 20022 payment messages to current market practice (Section 2.5.4)

10. **Do you agree with the restricted character set for cross-border payments as described above? If not, which alternative character sets or additional characters should be included?**

BNPP agrees with the current restricted character set for cross-border payments.

Requirement #5 – To use a common time convention across all ISO 20022 messages associated with cross-border payments (Section 2.5.5)

11. **Do you agree that requiring times in ISO 20022 messages to be stated either in UTC or in local time with UTC offset will enhance the transparency and efficiency of cross-border payments? If not, please explain.**

BNPP agrees that Standardised use of date/time in messages is necessary to increase transparency on the time it takes for a cross-border payment to be processed and supports the proposal to use the UTC standard because this is aligned with existing ISO 20022 recommendations.

Requirement #6 – To include a unique end-to-end reference for all cross-border payments (Section 2.5.6)

12. **Do you agree that requiring the use of UETR for all cross-border payments will have a positive impact on the transparency, speed and cost of cross-border payments? If not, please explain.**

Yes UETR on Swift traffic has already demonstrated a lot of value and Securities are also implementing their unique reference.

BNPP agrees it will help our customers and back office to monitor a flow from E2E process (instead of reconciling position based in value date / currency / amounts).

Attention point : Imposing UETR is not enough, it will also require that each Markets infrastructure/ Clearings have logic to validate unicity of the UETR on their MI/clearing.

13. **How do you assess the effort required to implement this requirement?**

Not negligible but a lot of institution have already implemented it for swift traffic. Attention point is to make sure that Market infrastructures and local clearings are also implementing and capable of transporting it.

Requirement #7 – To ensure full transparency on processing times for cross-border payments (Section 2.5.7)

14. **Do you believe that the requirement for inclusion of the time of debit of the debtor will increase transparency on the time it takes to complete the processing of cross-border payments? What improvements would the requirement bring to the end user experience?**

The requirement seems very complex and taking into account that we want to go to an instant experience, is it really required?
On top of that it will be difficult to implement guidelines that will be respected by all actors. Also how do you measure the fact the time is correct?

Swift gpi data has already shown great information for the community and implementing that on other flows would help a lot.

15. **How do you assess the difficulty of adopting usage of the acceptance date time data element as a requirement for cross-border payments? Would the implementation effort and impact on the transparency needs of end users differ by message type?**

HIGH for a limited value

Requirement #8 – To ensure full transparency on amounts, currency conversions and charges of cross-border payments (Section 2.5.8)

16. **What are the implications of requiring all those involved in cross-border payments to provide complete information on amount, conversions and charges?**

Yes the ISO20022 standards already provide this capability.

17. **Are there any technical, legal or other hurdles that could impede the inclusion of complete information on amount, conversions and charges in cross-border payments that they process?**

1) Client fees could depend on different criteria like traffic so not available at the time of initiation
2) Competition, this could result in a negative effect of rising price as Banks will know the price of the others.

Requirement #9 – To indicate that a cross-border payment is consistent with the CPMI service level agreement guidance (building block 3) (Section 2.5.9)

18. **Would the introduction of a CPMI service level code in ISO 20022 to track adherence to the CPMI guidance and harmonisation requirements facilitate improvements to cross-border payments processing?**

BNPP supports the use of existing codes that are available in the ISO code list. If the industry introduces new codes, this will create new implementation costs and will bring no added value.
BNPP would also like to challenge that if CPMI is becoming the new norm, do we really need a code?

19. **How would the availability of a CPMI service level code in ISO 20022 messages impact the business models/strategies of financial institutions providing cross-border payment services?**

To be deep dive but can be significant if it requires specific processing, reporting, …

20. **How do you assess the difficulty of adopting a CPMI service level code?**

It all depends on rules and actions if not respected.

Requirement #10 – To recommend the use of unique account numbers (or proxies) to the extent possible (Section 2.5.10)

21. **Do you agree that the use of account identifiers (or account proxies), to the extent possible, would have a positive impact on the speed and cost of cross-border payments? Please explain.**

Yes it would but the challenge would be on how to validate that account is valid, exists and belongs to the customer. Confirmation of payee / pre-validation is a subject that is not developed in the CPMI recommendation even if we believe it would bring a lot of value.

Requirement #11 – To uniquely identify all financial institutions (FIs) involved in cross-border payments in an internationally recognised and standardised way (Section 2.5.11)

22. **Do you agree that uniquely identifying all financial institutions involved in cross-border payments in an internationally recognised and standardised way would enhance cross-border payments? Please explain.**

Yes BNPP agrees. Thinking about a common FI identifier would help to speed cross-borders payments and reduce workload in back offices.
Also from a Financial Security Perspective, the common use of BIC codes will also improve the sanctions detections / geographic sanctions (via the ISO country code embedded in the BIC Code) instead of local identifier (often hard to understand).

23. **Do you agree with the proposed solution of requiring the use of the BIC to identify all financial institutions? Why or why not?**

Yes BIC 11 should be pushed as the unique identifier for FI.
Also from a Financial Security Perspective, the common use of BIC codes will also improve the sanctions detections / geographic sanctions (via the ISO country code embedded in the BIC Code) instead of local identifier (often hard to understand). LEI could only be used as a complement to the BIC.

Attention point: Bank of England seems pushing for the LEI instead of BIC and we believe it is important to have alignment to avoid translation/mapping.

24. What would you assess to be the level of effort required by your jurisdiction: (a) to only use the BIC to identify financial institutions in ISO 20022 messages; and (b) for all financial institutions that currently do not have a BIC to register for one?

For BNPP this seems to be limited but we acknowledged that for some countries (like the US) it would be significant. At the same BNPP believes that these countries are not using other IDs like a LEI that is worldwide accepted.

Requirement #12 – To identify all entities involved in a cross-border payment in a standardised and structured way (Section 2.5.12)

25. Do you agree that requiring participants to identify all entities involved in a cross-border payment in a standardised and structured way would enhance the processing efficiency of cross-border payments? Please explain.

Yes BNPP agrees to comply with G20 guidelines and guarantee transparency in the payment chain. This proposal to identify structured and minimum data should be implemented for Ultimate's parties (Ultimate Creditor and Ultimate Debtor) and Debtor/Creditor (not for the PSP in the chain as we said in question 22 and 23 that the use of BIC Code should be the preferred option).

However, BNPP recognizes that in some jurisdictions the information needed is hard to capture at source, and that for some participants, even is the data is available, being able to capture it will require significant investment.

BNPP therefore supports the use of "semi-structured" name and address, where name, town and country are mandatory, but the other details of the address can be captured in an unstructured field.

26. Do you agree with the proposed use of structured identifiers such as the LEI, if they exist, to complement the recommended minimum data requirements to identify the legal entities involved in cross-border payments? Should they be required instead?

Yes LEI can complement the name and address or BIC.
But the community needs to be very careful on the point of LEI replacing the name and address as

- LEI can cause issue for example to identify the right country

- fat-finger errors lead to inability to identify the entity concerned while this is not the case for fat-finger errors in name and address information
- the fact that not all entities dispose of an LEI today could lead to behaviour where the LEI of an associated entity is provided

Requirement #13 – To identify all persons involved in a cross-border payment in a standardised and structured way (Section 2.5.13)

27. **Do you agree that requiring participants to identify all persons involved in a cross-border payment in a standardised and structured way would enhance the processing efficiency of cross-border payments? Please explain.**

Yes BNPP agrees.
Standardization (e.g. common use of ISO country code in country dedicated tag) would allow to implement efficient rules by reducing false positive and by allowing the implementation of network validated rules - validation of the presence and the veracity of the information (e.g. validation of postal code, address, account number, etc.).

Requirement #14 – To provide a common minimum level of postal address information structured to the extent possible (Section 2.5.14)

28. **Do you agree that a requirement not to use unstructured postal address information and to use only structured postal address information can help enhance the processing efficiency of cross-border payments? Please explain.**

Yes but it seems unrealistic. BNPP recommends at minimum the usage of structured fields for Key elements (Town Name, Country, postal code when applicable) and keep the option of unstructured data for remaining elements.
BNPP would also recommend consistency checks between key elements like City and Country.

29. **Do you agree with the minimum required postal address information consisting of the Country and Town Name fields? Should any additional fields be required?**

Yes + Postal code when applicable in combination with unstructured fields

Requirement #15 – To cater for the transport of customer remittance information across the end-to-end cross-border payment chain by enabling the inclusion of a minimum size of structured or unstructured remittance information with the payment, or to reference such information when sent separately (Section 2.5.15)

30. **Do you believe that setting minimum end-to-end expectations with respect to the carrying of remittance information can improve the processing efficiency of cross-border payments?**

BNPP agrees that if this information was captured in a structured and standardised way at the remittance level, and then carried along the chain in an immutable manner this would bring significant benefits.

However, the industry is currently not able to do this, and it would be a significant change.

31. To what extent would the ability to include references to separately sent remittance-related information (e.g. through inclusion of hyperlinks or other references) be helpful to process a cross-border payment? Are there obstacles (e.g. legal, regulatory, supervisory limits) to including reference to separately sent remittance information in your jurisdiction/community?

Hyperlink or other means outside the instruction could dramatically reduce the STP rate and would require Sanctions and Screening tools to collect the information via the hyperlink before being capable of releasing the transaction.
Having additional information could be interesting, nevertheless, we must be careful because we cannot filter information not filled in the message in our ex-ante filtering tool. Additional information that must be present in the message cannot be replaced by hyperlink(s) due to current filtering process.

Implementation (Section 3)

32. Is the timing envisaged for the requirements in section 2.5 to take effect in line with industry expectations? What would be the challenges in meeting the envisaged timeframe?

The CPMI proposal is that the changes should become effective in November 2025. While the Swift community has aligned and set a date for adoption messages and CBPR+ by November 2025 – current plans show that some major markets, including the USA, will have only just adopted ISO 20022, and so requesting changes before they go-live will be difficult.

CPMI harmonisation requirements will depend, crucially, on their widespread uptake, so BNPP recommends that the timing for the CPMI recommendations should come later, and that these recommendations should encompass the whole transaction chain, including the operators.

The time needed for the industry to adopt the CPMI recommendations will depend on the outcome of this consultation. BNPP believes that once the final rulebook and the SLA are finalised, the industry will need a minimum of 24 months to implement the recommendations.

33. Do the requirements in section 2.5 provide clarity on how harmonised implementation of ISO 20022 can contribute to achieving the G20 targets?

Partially, there are still a lot of other elements that can have an impact on execution of the payments. Analysis with each MI/Clearing system will be required to achieve that.