<u>Guiding principles (Section 2.2)</u>

Question 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?

Answer: Yes, agree.

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

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

Answer: Yes it can be addressed. However, it will not force financial institutions to do so.

Question 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.

Answer: Financial Institutions not using the appropriate ISO 20022 messages have to learn about their value and correct use. In addition to the recommendation given by Requirement #1, trainings should take place to educate the FIs about the use of messages.

Question 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?

Answer: It depends if conversion takes place or the payments system is capable of ISO 20022 messages. In case of conversion, many banks will do hard as not every message gives place for 1:1 mapping into their MT-equivalent message. Here the effort might be middle to large, depending on the complexity of the banks IT infrastructure.

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

Question 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?

Answer: Yes, the use of the codes from the code set would increase the STP rate. Thus, costs would be lower. The effort implementation and update (add, delete, change) would be much smaller if all codes were “known”. But if proprietary and free-text-fields are used, a bank can certainly not process everything what other banks send.

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

Answer: The challenges are certainly in the differentiation of the different XML-elements. For example, the service level codes must clearly differentiate from purpose level codes, category codes, instruction for creditor agent codes, etc.

So far, we haven’t faced an issue relating from too little codes available.

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

Question 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.

Answer: It would certainly give a unique identifier that can be used for routing, reportings or other functionalities covered in the payments value chain. Therefore, yes it would facilitate, among other things, the compliance procedures.

Normally we derive this information from BICs involved in the payment chain.

Question 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?

Answer: The use of an already existing field, especially code type, in ISO 20022 messages seems to be the most effective way to flag such a payment. The introduction of a dedicated new field is not recommendable.

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

Answer: A manageable effort and cost.

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

Question 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?

Answer: We do agree on a restricted character set. However, looking at the additional characters we clearly state a common use of characters that have a certain function in XML message. For example

- the & sign → &
- the < sign → <
- the > sign → >

Only if this is achieved too, a common character set can achieve its full value.

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

Question 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.

Answer: a common use would enhance transparency

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

Question 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.

Answer: It will have a positive effect. However, we have had cases in which identified identical UETRs for different messages sent from different banks. Thus, the UETR is not really unique, as it may be the case where different banks generate the same UETR by chance.

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

Answer: It depends if you already use and/or generate it or not. For banks not participating in SWIFT gpi the effort will certainly be higher.

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

Question 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?

Answer: Yes, it would increase transparency. However, we can imagine it would also increase questions or investigations related to why the debtor was debited at that date/time exactly. Financial institutions do not know the operating hours of other banks, especially when working in different time zones and/or different bank holidays.

Question 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?

Answer: We have a debit time timestamp in our data model. Thus the implementation effort would be manageable. In terms of payments returns (pacs004) the implementation effort could differ as it sometimes needs more time due to manual intervention in the process. This effort can be be higher or take longer (e.g. at the end of the month). Thus, some Debtors might be unhappy when they see when they were really debited.

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

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

Answer: As long as MT/MX conversions (or in/from other formats) take place in the payment chain, this information cannot be passed 100% without truncation.

Question 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?

Answer: we fully support this requirement and already implemented it in TARGET2 and SWIFT CBPR+. It may be the case where DEBT charges (OUR-charges), from one bank for another bank, do not want to be seen by another bank, as this might be condifential business information.

Thus, there must be global rules for passing on information in "ChargesInformation" according to the Charge Bearer codes DEBT, CRED, SHAR and SLEV.

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)

Question 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?

Answer; we don't think so. The flag/code could be there even though the sending Bank does not comply to the rules. Therefore the error rate might increase.

Question 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?

Answer: As we already use gpi service levels and know when a payment is a cross-border-payment, a new field containing information that we already have, does not impact our business model or strategy.

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

Answer: If understood correctly, we would have to implement different checks to ensure if a message that we are about to send, complies with the CPMI guidance. As this guidance may change over the time, the checks have to be adjusted accordingly.

As these checks are not yet implemented and a XML-message must be checked before it is send, the adoption of implementing this service level code is rather high

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

Question 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.

Answer: yes, agree. Account identifiers such as IBAN increase the STP rate tremendously

<u>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)</u>

Question 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.

Answer: Yes, agree. BICs do increase the STP rate as there is a global directory (e.g. SWIFT BIC Directory) against which a bank can validate the existence and also the country of a bank.

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

Answer: Yes, we agree.

Question 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?

Answer:
a) our jurisdiction (Germany) is fully compatible with the use of BICs. So no to low effort.
b) Banks currently not having a BIC should undergo the process and register. Medium effort required.

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

Question 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.

Answer: Yes it would be much easier if all Agents/entitites would use the same type of identification (e.g. BIC or LEI or Clearing System Code with Name&Address

Question 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?

Answer: no, we think that BIC only is enough. There is currently no directory from which we can deviate the LEI from a BIC. Especially when there are still financial institutions with no BIC, the required use of the LEI in addition to BIC should be avoided

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

Question 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.

Answer: Yes it would be much easier if all participantes (Ultimates, Debtor, Creditor, etc.) would use the same type of identification with structured adress elements. Also the STP rate would increase and false negatives decreased

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

Question 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.

Answer: yes, agree

Question 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?

Answer: We propose to add street name, building number and post code from German perspective. Other countries might use different address 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)

Question 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?

Answer: Yes, if all ISO 20022 dialogues have the same minimum requirements to the remittance information XML-elements, this would improve the process. Right now, we have to check if we can forward all the information or if we have to truncate, in case there is no place in the outgoing pacs008 remittance information.

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

Answer: We have no opinion yet. At the moment we prefer to stay with the current solution: all information in a payment stays in the payment.

With regards to Request-to-Pay Payment Schemes, we currently do not see that in cross-border payments except for SEPA jurisdiction.

Implementation (Section 3)

Question 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?

Answer: It depends in which SWIFT or TARGET release the changes will take effect. We require at least 9 to 12 months from publication of the Guidelines until Go-Live.

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

Answer: yes