CPMI Market Consultation

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?

The French community welcomes this opportunity to share our detailed view on the proposals outlined in the consultation paper.

We support the high-level principles outlined in the CPMI proposal and believes that their adoption will enable greater harmonisation in the use of ISO 20022 for cross-border payments.

As the start date of the migration from MT to MX has already begun, the overall complexity of the endeavour becomes clearer and additional time may be needed to ensure that the basic capabilities are in place to support the introduction of the core messages. The various start dates may also mean that some communities could need additional time to retire the legacy messages fully, knowing that November 2025 should remain the target.

Requirement #1 – To use the appropriate message for a particular business function

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

The French community fully agrees with this statement. Inconsistent use of messages causes interoperability issues and is an impediment to faster and more transparent payments.

The introduction of new messages that have been co-designed by the industry (e.g. for dedicated returns), will enable the industry to achieve significant efficiency enhancements if implemented correctly and consistently.

In addition, MIs should carefully follow CBPR+ rules and validations to avoid inconsistency, e.g. T2 and CBPR+ standards are not fully aligned – this has led to a number of scenarios where a transaction is valid on T2 but not for CBPR+, leading to rejections and friction in the flow between the 2 networks. This is not achieving full interoperability which is one of the expected benefits of ISO as schemes across the globe move to adopt.

And we agree with the list of messages that are in scope.

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.

For global message standards to achieve their full potential, there is a need for message usage guidelines that specify how they should be implemented as well documented rule books. Additionally, use case descriptions will help the communities better understand the end-to-end flow and the impact if messages are not consistently implemented. CPMI can contribute to these efforts by specifying which standard message should be used for each business flow in a clear and unambiguous manner. CPMI could achieve even greater harmonisation and reduce the cost of implementation for market participants if they could, with the industry, specify the version of the message standards should be used by Market Infrastructures.

We acknowledge that the existing consultation contributes to this effort and believes that to achieve further harmonisation in cross border payments there is a need for on-going forum, which brings together all parties involved, to continue the dialogue. There is also a need for client education and awareness so that they can see the benefits of adoption of Global Standards.

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?
The level of effort to adopt the appropriate message is different for each party, it will depend on how much has already been invested in adopting ISO 20022, changes that need to be made to internal systems, testing and customer readiness.

Overall, the level of effort is high and full benefits will only be achieved when all participants in the cross-border space are using the ISO 20022 standard in a consistent manner. CPMI has a critically important role to play here and should seek to establish adoption roadmap for ISO 20022 readiness for all MIs and with consistency with existing rules outside MIs (e.g., CBPR+) which could be shared with industry participants so that they have clarity on plans and can start to prepare as well.

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

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?

The French community supports the use of external code sets because they increase the speed and reduce the costs of standards maintenance only when the use of the code is efficient (at this stage a Natural Personal Identifier -NPI- is a non-used existing code).

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?

The presence of a code in an external code set does not mean that the business process, that it supports, has been correctly implemented, nor that the banks that use it in messaging have automated the changes to their back-office systems. This could be overcome by highlighting how the codes fit into specific use cases. We believe that should communities identify gaps in codes, they must request additional codes to be added and not mis-use existing ones. In addition, a dedicated attention would be necessary to address the issue of the maintenance of the various external code lists.

Requirement #3 – To indicate that a payment is a cross-border payment

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.

Global definition and common understanding of cross-border payment messages is key before any attempt to implement a flag. The French community 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; potential flag should be then not consistent among the cross-border environment,
- The flag would need to be added only in the interbank space because payment originators are not always aware of how the payment will be settled.

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?

At this stage, the implementation of a potential flag would be very expensive (cf. question 9) and then the question of the appropriate place for this flag is not relevant. In addition, in the current guidelines 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 if really necessary.

Question 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.

The French community believes that the overall cost of implementation of the flag, 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

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?

The French community supports the use of the same restricted character set for cross-border payments because it is the current default convention, and any change now would hinder the industry's ambition of achieving instant and frictionless cross border payments. However, we also acknowledge that longer term this convention could be revisited so that a roadmap for the future can be established.

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

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.

The French community agrees that standardised use of date/time in messages is necessary to increase transparency around the time it takes for a cross-border payment to be processed and supports the proposal to use the UTC standard with the same format because this is aligned with existing ISO 20022 recommendations.

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

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.

The French community supports the consistent use of the UETR in cross-border payments. Use of this standard is already required on the Swift network; consistent use cross other networks and providers would have a positive impact.

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

Implementation of the UETR has started. The level of effort across the industry is high, but the Swift community is already seeing the benefits of its adoption and we believe that as the rest of the industry adopts the UETR, further benefits will be realised.

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

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?

Above all, the issue is mainly on the creditor side than on the debtor side. The French community theoretically, agrees that to be able to measure the time it takes to complete a cross-border payment, the time of debit (to be clearly defined) should be captured, and this information should be carried in an immutable way end to end.

However, there are many ways that this could be achieved and since this is already solved on the Swift network (when the ordering party includes the UETR in its order) the changes of the existing process will incur new costs for the Swift community, with no added benefit. Other networks could offer the same service.

Alternatives could be to rely on tracking through the UETR and then using reporting solutions.

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?

This data field is not used today, and The French community believes that it would be a big implementation effort for the banks. The cost benefit is not clear, and we also believe that in terms of priorities, there are more pressing needs set out in this paper that should be addressed first.

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

Question 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 ISO 20022 standard already provides tags for this.

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?

The French community believes that there would be more hurdles if the service should be given before the initiation of the payment (all the details of the whole transaction could be unknown) or during its processing (knowing, tracking on Swift network is already working).

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

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?

At this stage, it is difficult to assess the impact of this change because the rules are not finalised. The CPMI first needs to establish what the rules would be, then we could potentially reply and determine if these already align with the existing SLAs.

And if the "CPMI service level agreement guidance" is envisaged as the new expected normal, it seems not necessary to flag, a priori, the cross-border payments.

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?

This "service level code" will be added by the Ordering Bank and will be seen by the next bank in the process as a boolean self-attestation implying extra-checks to see if the transaction is really "CPMI compliant" or why it is not. These tasks will reduce the STP rate and slow down the transaction, the opposite goal of the G20 objectives!

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

Should the industry introduce new codes, this will create new implementation costs and brings no added value.

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

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.

This is supported by The French community: the use of account identifiers (or account proxies) will help user experience however it would be very expensive to implement. In addition, we have to avoid the implementation of a unique centralized data base containing account identifiers and proxies. Alternatively, decentralized and shared data bases should be envisaged in the future (hub and spoke model, blockchain, …).

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

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.

The French community agrees that all financial institutions that participate in cross border payments should be uniquely identified by in an internationally recognised and standardised way to certainly improve efficiency and transparency of international payments.

Question 23. Do you agree with the proposed solution of requiring the use of the BIC to identify all financial institutions?

The French community supports the use of the Business Identifier Code (BIC). At this stage, LEI for FIs could be only seen as a useful additional information if necessary but with potential conflict if the associated details from the BIC and the LEI are not strictly consistent between them.

Last but not least, we have to avoid local initiatives promoting the LEI for FIs which will create potential and additional frictions between MIs.

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?

The level of effort to only support the BIC in some jurisdiction should be high.
However, registering for a BIC is easy. The process to apply for a BIC is a simple open process that is well managed by the BIC registration authority and ISO.

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

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.

The French community believes that the use of a fully structured data should be the goal.
However, 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 the structured information will require significant investment.
We therefore support, for instance, the use of "semi-structured" name and address, where name, town and country are mandatory in a structured way, but the other details of the address could be captured in an unstructured field.

Question 26: Do you agree with the proposed use of structured identifiers such has the LEI, if they exist, to complement the recommended minimum data requirements to identify the legal entities involved in cross-border payments? Are there alternative approaches that you would suggest?

The French community supports the use for FIs of the BIC, potentially complemented by the LEI, and the use for corporates of the LEI, in addition with the current mandatory information, where existing, to identify parties in the transaction. However, while it is possible today to derive a LEI from a BIC and vice-versa, industry investment is needed so that it is possible to map LEI to other identifiers, e.g., clearing system and merchant IDs as well. In addition, we must be careful about a mandatory request to use the LEI due to its price.

In addition, we have to take into consideration the extra cost implies by the external lookups for accessing to the registered data linked to the LEI. At this stage, the existing FATF Rec. 16 does not envisage the identification of a party uniquely by the LEI.

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

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.

The interbank space currently demands clear identification and address information (cf. FATF Rec.16). BIC for FIs, LEI – when existing – for Corporates and Natural Person Identifier (NPI) should be envisaged as a target, knowing some alternatives (Digital Identification, …) should be also take into consideration in the future.

Achieving the goal to provide always a full structured postal address (ISO 20022 form) use in payment chain seems to be a too huge effort and cost for corporates. So, rules for structured postal address should be designed in the right way.

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

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.

The French community agrees that specifying a common minimum required level of structured postal address information that intermediaries must pass on across the end-to-end payment chain would enhance payment processing. In parallel, we should remind that the full structured postal address is an unachievable target.

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?

Yes, we agree with this minimum requirement, in addition with the post code where existing. Also, for additional elements the 'Address Line' should be envisaged.

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

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?

The French community 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.

Question 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?

It is up to each bank to screen payments based on their obligations and risk profiles. The compliance and legal implications of this proposal would need to carefully be assessed, especially for the usage of hyperlinks (due to security and compliance issues). In addition, the impact of the STP rate would be impacted by such hyperlinks.

<u>Alignment of market practice guidelines effective 2025</u>

Question 32. Is the timing envisaged for the requirements to take effect in line with industry expectations?

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, 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 we recommend 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. The French community believes that once the final rulebook and the SLA are finalised, the industry will need a minimum of 24 months to implement the recommendations.

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

There are issues that we believe need to be resolved and are not covered in the paper.
We need industry alignment on the approach to versioning – (i.e., which ISO 20022 version(s) should be used and when/how the industry will align to use latest versions?)

More transparency on the MI plans to adopt ISO 20022, and an agreement on who should collect and share this data.
A better communication towards small Banks and Corporates on the business benefits of adopting ISO 20022 – if rich data is not captured at the very start of the process, then the benefits of adoption of ISO 20222 richer data will not materialise for the rest of the community.