CPMI Market Consultation – PMPG response

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 Payments Market Practice group (PMPG welcomes this opportunity to share our view on the proposals outlined in the consultation paper. We support the high-level principles outlined in the CPMI proposal and believe that their adoption will enable greater harmonisation in the use of ISO 20022 for cross border payments.

The PMPG already provides a global forum that seeks to drive better market practices and promote the correct use of Standards in the cross border payments space. However, since PMPG members are all Swift customers, and the PMPG is a Swift advisory group, we also acknowledge the need for a broader and more inclusive discussion, which is not only network agnostic but includes all participants involved in cross border payments which goes beyond correspondent banking.

As communities approached the start date of the migration the overall complexity of the endeavour became more obvious, and it was recognized that additional time was needed to ensure that the basic capabilities are in place to support the introduction of the core messages. As evidenced by the various delays of the coexistence start date this might indicate communities might need more time to retire the legacy messages fully and an end date of November 2025 might not be feasible. It should be noted that not all messages required to take on the functionality of the in-scope MT messages have been implemented yet on the SWIFT FINplus network. In addition, any changes required due to the CPMI recommendations might increase the timeline for the migration beyond Nov 2025. On the other side systems that implement ISO 20022 later might have a better chance to meet the CPMI requirements.

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

The PMPG 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, status reports), will enable the industry to achieve significant efficiency enhancements if implemented correctly and consistently.

The PMPG agrees with the list of messages that are in scope and welcomes the fact that the scope defined in the papers aligns with what has already been defined through the PMPG market practice guidelines.

However, not all MIs will be able to support all messages by 2025 and need a longer time frame to support all recommended messages. As pointed out in our response to requirement #1 not all messages have been fully defined yet such as the new Exception & Investigations messages.

It is also important to point out that the requirements should emphasize that the correct message types should be used for the end-to-end business flows and the underlying parties. For example, a pacs.009 should not be used if any of the parties involved are a non-FIs, the appropriate message type will be a pacs.008.

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

For global message standards to achieve their full potential, there is a need for message usage guidelines that specify how they should be implemented and a well-documented rule book. Additionally, use case examples and descriptions will help the communities to understand the end-to-end flow and the impact caused by messages not consistently implemented. One area to focus on will be the correct use of positive pacs.002 in cases where an operational status update is provided today by free format messages.

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 specify the versions of the message standards should be used by Market Infrastructures.

The PMPG acknowledges 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. PMPG is happy to participate in this ongoing discussion. Additionally, there is a need for education and awareness how the adoption of Global Standards benefits the payments community.

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 messages is different for each community and bank. 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. In some markets the effort will be high while in other banks and MIs are already well on the road to full adoption.

From a global perspective the implementation 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 which could be shared with industry participants so that they have clarity on plans and can start to prepare as well.

PMPG considers it to be vital that all payment market infrastructures implement the latest version of the core message and data model and follow the contextual rules for cross border payments. Given that some market infrastructures have implemented an ISO model that is not fully compatible with the CPMI guidelines more time will be needed beyond 2025.

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 PMPG fully supports the use of external code sets, as published on the ISO 20022.org site, because they increase the speed and reduce the costs of standards maintenance. In some circumstances proprietary code words will remain relevant to support bilateral arrangements that are not captured in the standard codes.

The industry needs to review how we coordinate the implementation of new codes in the ecosystem and what the appropriate response is if codes are not supported by the instructed agent. Efforts should be undertaken to educate the market how to use the standard codeword list properly. This aligns with the suggestion to provide end to end use **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 defined in an external ISO 20022 code set does not mean that the business process that it supports has been implemented correctly, 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. If communities identify gap in codes, they should request additional codes and avoid mis-using the existing ones if they do not fit a specific use case.

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.

The PMPG does not believe that adding a requirement to flag all cross-border payments will enhance the efficiency of these payments. However, if consistent reporting is needed for end-users this should be a data driven approach to utilize the available attributes of the payment to report a payment as belonging to a certain category like cross border, domestic or international. It will be important to be aware with conflicting terminology in each community. The CPMI can assist in determining the attributes that should be used to make this determination and request that these elements need to be present in the payment

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?

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 such a code is required, the Category Purpose code 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 we might have to add multiplicity to allow additional instances of this element not to crowed out other sue cases of the Category Purpose code (e.g. a cross border salary payment).

If this change is needed an appropriate change request, including a business case, should be submitted to ISO.

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

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

The implementation effort of adding a new 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 to interpret the rules that CPMI is defining.

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 PMPG supports the use of restricted character sets as it is the default convention currently used, and any change now would hinder the industry's ambition of achieving instant and frictionless cross border payments.

However, the PMPG also acknowledges that there are regions were multi-byte characters are used and need to be supported to ensure a more inclusive payments environment. Longer term this convention should therefore be revisited so that a roadmap for the future can be established.

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 PMPG agrees that the 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 time zone as it this is aligned with existing CBPR+ ISO 20022 recommendations.

The time format will need to be aligned across participants and Market Infrastructures.

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 PMPG supports the consistent use of the UETR in cross-border payments. Use of this standard is already required on the Swift network; consistent use across other non-SWIFT 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 the PMPG believes that as the rest of the industry adopts the UETR, further benefits will be realised.

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?

PMPG does not see value in creating this new time stamp and transporting it to the creditor.

However, the PMPG agrees that to be able to measure the time it takes to complete a cross border payment end to end , the time of debit from the debtor's account should be captured, and this information must be carried in an immutable way end to end.
If the end-user is a retail customer this would need to be captured at the time the retail customer is debited.

Note: The time of debit might still be misleading as the payment could sit in a warehousing or credit risk queue before being executed.

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 PMPG believes that it would be a big implementation effort for the banks. The cost and benefit is not clear. The PMPG also believes that in terms of priorities, there are more pressing needs set out in this paper that should be addressed first.

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 for this. In some markets their might local regulatory concerns to provide this information but this not a topic from a data standardization perspective. Upfront disclosure will be difficult, and is not requested as part of this requirement, but adding this information during the live cycle of the payment should be feasible.

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?

No – the PMPG does not believe that there are any impediments to include complete information on amount, conversions and charges in cross-border payments. The ISO 20022 standard enables this, and CBPR+ has agreed that this data should be carried for cross-border payment.

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?

The PMPG supports the use of existing codes that are available in the ISO code list. For example, the definition of the existing gpi codes can be made more inclusive and network agnostic. If the industry introduces new codes, this will create new implementation costs and brings no added value.

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?

At this stage, it is difficult to assess the impact of this change because the rules are not finalised. A draft rule book has not been shared yet with the industry.

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

At this stage, it is difficult to assess because the CPMI service level agreement has not been finalised. . A draft rule book has not been shared yet with the industry.

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.

Yes, this is supported by the PMPG and is already the current market practice.

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.

Yes, the PMPG agrees that all financial institutions that participate in cross border payments should be uniquely identified. Depending on the local market a branch level BIC-11 might be required.

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

Yes, the PMPG supports the use of the Bank Identifier Code (BIC). Getting the global market to use the BIC to identify all financial institutions would certainly improve efficiency and transparency of international payments. However, some domestic payment system uses local clearing codes that are impacted, and local mapping might be needed. If local clearing codes have branch level details the creation of branch level BIC 11s will be needed and can add to the cost of implementation.

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 will be high (e.g., the US where ABA is used in Fedwire) and not needed for domestic payments. A mapping from BIC to local clearing codes will help with interoperability.

Initial registration for a BIC is well documented easy but ongoing maintenance is required.

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 PMPG agrees that all entities involved in cross-border payments in a standardised and structured way would enhance the processing efficiency of cross-border payments. Correct use of the creditor, debtor, ultimate debtor and ultimate creditor elements will be important. Use of structed postal address is preferred but the PMPG recognised that in some jurisdictions the information needed is hard to capture at source, and that for some participants, even if the data is available, being able to capture it, will require significant investment.

The PMPG 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.

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 PMPG supports the use of the BIC and the LEI to identify parties in the transaction but not agents. As per the answer in Q 23 the PMPG views the BIC as the primary identifier for agents.

However, while it is possible today to derive the LEI from a BIC and vis-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. The LEI to BIC mapping is not unique.

However, the PMPG does not recommend replacing structured names and address with the LEI in the immediate future as the adoption of the LEI is still low and as this would require the implementation of additional external lookups **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.

Yes – the PMPG agrees that use of the LEI to identify end points (debtor, creditor, ultimate parties) that are legal entities in the payments chain is desirable but for natural persons a global ID standard does not exist yet and would be difficult to implement.

The Interbank space will require name and address information, and this could be complimented by the LEI.

However, the PMPG does not recommend replacing structured names and address with the LEI in the immediate future as the adoption of the LEI is still low and as this would require the implementation of additional external lookups which will increase cost.

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.

Yes. We agree 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.

Based on market feedback and our own analysis, the PMPG recommends that Town and Country should be structured, but other fields, e.g. building name or Street name, could be provided in an unstructured field.

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, the PMPG agrees with this minimum requirement.

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 PMPG 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 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 (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?

Today it is up to each bank to screen payments based on their obligations and risk profiles. The compliance implications and information security considerations when using hyperlinks would need to be carefully assessed.

If this proposal is implemented, there will be a need for a “central” trusted third party that checks compliance. This could be a challenge to establish in the global cross-border space.

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, including the USA, will only have just adopted ISO 20022 and requesting changes will be difficult CPMI harmonisation requirements will depend, crucially, on their widespread uptake, so the PMPG 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. The PMPG believes that once the final rulebook and the SLA are finalised, the industry will need a minimum of 24 months to implement the recommendations. The entire implementation will need to be coordinated across the industry to harmonize implementation.

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

The table of page 7 is a very good summary. However, this is just one component of the G20 targets, and so the various pillars will need to be assessed. In addition, there are issues that the PMPG believes need to be resolved that are not covered in the paper, these include: (a) The need for industry alignment on the approach to versioning – which ISO 20022 version(s) should be used and when/how the industry adopts latest version (b) More transparency on MI plans to adopt ISO 20022 and an agreement on who should collect and share this information