

Guiding principles (Section 2.2)

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?

We agree with the platform and network agnostic approach but would like to suggest that terminals be included in this equation to ensure seamless end-to-end support of ISO20022 harmonized messages. The harmonized ISO message format should be the best, but also the easiest to use and implement format for international cross-border payments, instant and non-instant. We further believe that CBDC transactions should also be included in CMPI considerations to have a coherent set of rules that are independent of the means of payment. In addition, we understand that there are already several technological approaches to clearing and settlement (i.e., pacs.XXX messages). From our perspective, it is important to limit the assumption that these are only centralized CBDC payment environments.

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

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

Appropriate use of messages according to their defined purpose should be the focus, and market-specific customizations should be avoided in favor of global and international use of the message standard. Devices and end-user applications should also be enabled to work globally in the most efficient and seamless way, supported by standardized message formatting.

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

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.

The proposed solution aims to mitigate the risk of message inconsistencies by defining a core message set. However, the risk of deviations from the norm by different markets or participants stays a concern. To address this, the suggestion is to introduce a certification process for institutions, organizations, and developers of solutions and products that support the standardized message format. Additionally, participants should conduct a later review to ensure adequate use of the message format. It is worth noting that the proposed solution restricts the use of other messages, which helps to mitigate the risk of inconsistent message use. For completion, there could be a risk that a URL is inserted into an unstructured remittance field of the message with all the details. Thus, the information is accessible but not clearly displayed in the ISO message.

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

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?

Introducing necessary changes to the message format will require considerable effort for both the messages and the procedural support of the message and population of its content. However, this effort can be minimized. The CPMI core message set poses no surprises except for the addition of new messages camt.110 and camt.111. The effort needed to implement these new messages in Worldline is estimated to be at a medium level.

However, the crucial point is not the ability to process such messages, but the certainty that the data extracted from the original KYC data is updated and correct. The goal is to limit added costs due to follow-up investigations if the financial institution cannot use the funds because, for example, the payee details do not match.

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

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

Implementing outsourced code as microservices in a cloud environment can ease faster, cheaper, and more transparent cross-border payments. However, the effort needed for implementation could be significant, especially for legacy infrastructure still in use. In the case of Worldline, the implementation effort is expected to be low, as ISO codes are already exclusively used in most instances, and the usage of proprietary codes is limited. It is crucial to note that codes used in the inter- Payment Service Providers (PSP) communication must be ISO codes and not proprietary codes, but PSPs can agree to use proprietary codes with their CSM/processor for rejects back to the PSP, and customers can also use proprietary codes with their PSP for rejects back to the customer.

However, it might be useful to consider the codes already imposed by some systems, which may differ from the ISO guidelines. Alignment or a strong position of the CMPI could help this alignment.

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

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?

No, if codes are missing from an ISO 20022 code list, it takes about three to four months to request and get them approved from the ISO Organization and add them; this is manageable and not a major limitation or challenge.

Perhaps ISO can respond quickly, but the market is used to having its references updated annually. This may take some time.

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

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.

To enable supervisory reviews and fraud management for cross-border payments, an identifier should be introduced. A payment origin indicator would also help central banks for currency and trade flow analysis. A flag would provide transparency for cross-border payments, ensuring harmonized and efficient processing in line with CPMI guidelines. However, this would require a common definition of cross-border payments, which presents a challenge. For example, does a payment between France and Germany count as a cross-border payment even though both countries belong to the SEPA area? While a flag would supply more transparency for reports and could be used as a minimum selection criteria for sanction checking purposes, its effectiveness for sanction screening would be limited by different jurisdictions' varying approaches.

This applies to the current approaches in international payments. However, such identification of a cross-border payment could also complicate future commerce if, for example, it is based on the Metaverse or the Internet of Things, where it is inherently difficult to define the country. In this case, it would be easiest to use the ISO code to identify the country of the recipient and the country of the sender.

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

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

Yes, we agree in general.

But as mentioned related to Question 7, this applies to the current approaches in international payments.

However, such identification of a cross-border payment could also complicate future commerce if, for example, it is based on the Metaverse or the Internet of Things, where it is inherently difficult to define the country. In this case, it would be easiest to use the ISO code to identify the country of the recipient and the country of the sender.

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

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

The introduction of the code is less of a problem, but the support and meaningful use of the code in the processes is a moderately difficult challenge.

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

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 use of the restricted CBPR+ character set is agreed upon, but there is a suggestion to include working towards supporting the Unicode character set with UTF-8 encoding in the future. This would allow for Latin diacritics and non-Latin languages/scripts, such as Greek, Cyrillic, Arabic, and Chinese, to be supported.

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

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 requirement of a timestamp for transactions and the use of UTC as the reference time is agreed upon. Additionally, there is a proposal to include both UTC and local time with UTC-offset to improve client/customer experience and clarity, which is also agreed upon.

In Europe, for example, the ERPB is working on transparency to make the information clearly visible to end users:

For whom?

Where?

And when?

A transaction is performed. Timestamping is critical, especially for new practices in usage-based commerce. The exact timing of a payment in real time is thus critical.

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

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 implementation of the UETR is considered necessary to allow for automated tracking and dispute resolution, and the respondent agrees with this proposal. This could, for example, be based on the existing requirements in the European SEPA scheme.

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

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

The statement suggests that implementing support for UETR is not a major challenge, but rather developing the necessary services to fully utilize the benefits of the use of UETR it is the bigger issue for the market. Based on the experience with the European SEPA scheme, the effort needed to develop these services is described as "middle large".

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?

The focus on end-user experience is crucial for the success of standardized message formats for payments. Specifically, in the case of instant payments, the fast and smooth processing is key to drive the acceptance of this global payment method. However, the format used should be transparent to the user. It is critical to address the challenges of helping individual players meet the standards of the global instant payment community. The ability to clearly name the causes of potential delays in instant payment transactions is essential to ensure user satisfaction. However, increasing transparency may not be effective as beneficiaries can only claim on delays for the final crediting of the money and may not be able to see which step has caused the delay in their payment.

The information on debit time is essential, as explained before, but also as an indicator of efficiency between PSPs. It could be a reason for the decision in the choice of PSPs. Today, payments are executed at once all over the world. So, any delay can bring disadvantages. Therefore, time measurement in seconds rather than days will become the new normal benchmark, as is already the case in some regions and communities.

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

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?

The implementation of transparency means described in requirement #7 is essential, irrespective of the message type. However, it is crucial to note that every step of the process within a market participant's operations should aim to complete those steps as quickly as possible instead of meeting a specific processing time threshold.

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?

We agree that providing standardized messages with critical data elements is essential for the acceptance of instant payments as a cross-border payment method. We suggest that the processes for generating these data elements must be enhanced to include the necessary transparency, including a reconciliation of conversion rates and applied charges before the initiation of the transaction, and the ability for payee and payer to give their consent. However, for SWIFT gpi clients, this information is already supplied and therefore the effort to implement this may be kept to a minimum.

In addition, at the EU level, for example, it is mandatory to display the ECB foreign exchange rate to the payer when a currency conversion takes place. So, the information must be available when the customer gives consent to a cross-currency transaction at a terminal. According to Dot-Frank, this is just as much a requirement. Here it is important to clarify that there is a difference between the margin for the conversion (e.g., USD/EUR) and the fee for processing a cross-border transaction (United States/France).

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

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?

We suggest that the coordination of supplying price information in transactions should involve legal areas such as antitrust authorities. However, it should also be highlighted that payment service providers cannot add this information without bilateral agreement with the initiating PSP.

Here, the reference to the method in the MT message could be reused, which shows which unit is being charged (SHA, BEN, OUR)

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 harmonization requirements facilitate improvements to cross-border payments processing?

The implementation of a CPMI service level code would be helpful and would likely improve the speed and the Straight-Trough-Processing (STP) rates in cross-border payment processing. Additionally, it should be considered to support the retrieval of service levels of the contracting parties to offer even more legal certainty in transactions. However, it is not entirely clear whether the service level code alone would effectively ease improvements in cross-border payment processing.

Furthermore, if such a code is introduced, an audit by an independent third party would be necessary to verify compliance.

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 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?

The implementation of CPMI service levels would be beneficial for PSP s with less experience in cross-border transactions, increasing confidence in the counterparty PSP and potentially leading to direct participation in cross-border payments. This could result in special/preferred payment treatment with guaranteed service levels and potentially different pricing towards customers. However, it is uncertain whether a CPMI service level code alone would effectively ease improvements in cross-border payment processing.

Furthermore, this code could be seen as a seal of approval for excellence.

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

The implementation of a CPMI service level code would not be a significant challenge, as accepting and filling it in outgoing payments can be done with limited effort. However, processing payments according to CPMI service levels may require considerable effort and resources to implement. The challenge for the market will be to develop and support services that make the best use of the CPMI service level code to improve cross-border payment processing.

Such a code could be compared to the label PCIDSS: it guarantees security. What is still to be answered is what is to be "proved". In payments, the level of service is either best possible or in the cut-off time.

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

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.

The use of account identifiers can have a positive impact on supporting new services related to cross-border payments, but the extent of this impact on the speed and cost of cross-border payments is not clear. However, making the use of unique account identifiers mandatory will help reduce the number of rejects, which can reduce message traffic and avoid network congestion. It is advisable to implement a check on the validity of the unique account number to prevent rejects, and a global IBAN name-check would be even better for AML/fraud reduction, though this could be considered for implementation in a later stage. The statement "to the extent possible" leaves room for ambiguity, and it is recommended that countries joining the global payments scheme should make the use of unique account identifiers mandatory.

Today, 64 countries already have the ISO standard for the use of IBAN. To make sense of a Global IBAN, the rest of the world should be convinced to also use this ISO standard to identify an account by the time it is introduced in 2025.

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

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

The use of a unique and standardized identification system for financial institutions has proven beneficial in the legacy world, such as with SWIFT BIC. Countries joining a global payments scheme should have to have a unique and standardized way of identifying financial institutions, with the local central bank managing standardization efforts for countries without this in place. All parties in the payment chain using the same unique FI identifications will help all payments, including cross-border payments.

The use of the BIC is very convenient. About 66,000 BICs have already been issued to financial institutions. BICs were created for the purpose of authorizing banks to settle transactions with each other. However, various communities have already started to revise their Settlement Finality Directive (SFD) to allow non-banks to access, for example, CSMs. And today, CSM can be accessed via an API, for which the W3C protocols are defined. The identification of a non-bank that takes part in the payment traffic via APIs without BIC, for example, is certainly an aspect that is still to be considered in the future.

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

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?

The CPMI's recommendation to reconsider the instance supplying the BIC should be supported. It is assumed that financial institutions globally already have access to a BIC to identify themselves. The standardization effort should be for the rest of FIs to limit the cost of adaptation. This recommendation aligns with the reasons already mentioned by the CPMI.

The identification of a non-bank that takes part in the payment traffic via APIs without BIC, for example, is certainly an aspect that is still to be considered in the future.

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

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?

Using the BIC as an identifier requires no extra effort, as it is a common way of working that uses a global list to look up and validate BICs. Incorporating FIs that do not have a BIC into the global list will require a limited effort for the processing chain. Worldline estimates the effort for this to be small.

However, it is important to note that today there is no single list of financial institutions (including banks and non-banks such as acquirers, insurance companies, etc.).

Requirement #12 – To identify all entities involved in a cross-border payment in a standardized 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 standardized and structured way would enhance the processing efficiency of cross-border payments? Please explain.

The implementation of standardized and structured data will help increase STP rates and further industrialize payment processing. It is the responsibility of the PSP to supply participant information, which should follow GDPR requirements and local regulations.

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

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?

The use of structured identifiers, such as LEIs, should be encouraged where available for wholesale transactions, but transactions should not be solely dependent on them. This approach can help in the detection and prevention of financial crimes and ultimately lead to improved STP rates.

Consolidations, mergers and other capital market related changes may affect the LEI. Therefore, it is important that this directory is changed and available in real time.

Requirement #13 – To identify all persons involved in a cross-border payment in a standardized 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 standardized and structured way would enhance the processing efficiency of cross-border payments? Please explain.

The use of structured approaches in payment processing supports fast and transparent processing and meets regulatory and compliance requirements. This will help in the detection and prevention of financial crimes and improve STP rates. It is important to have structured name and address fields that allow for STP screening for sanctions, fraud, and AML. This should not be an optional requirement for jurisdictions joining a global payments scheme.

What needs to be noted on this point is that these are not necessarily requirements for a global payment system, but rather common practices based on the good will of the participants who will use ISO 20022 for cross-border payments. Today, the payer's bank handles checking that the beneficiary is not banned. But the payee's bank does not need to know the payer's data. What is still to be discussed is how payments from the IOT or metaverse, for example, are to be managed in this context.

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.

The use of structured approaches supports fast and transparent processing of payments, while also meeting regulatory and compliance requirements for payment processing and know your customer processes. The benefits of structured approaches include better options for screening, particularly around financial crime. Therefore, it is important for jurisdictions joining a global payments scheme to support this requirement, which cannot be optional.

Future environments, such as the Metaverse and the IOT, will be hosted primarily in the cloud. The use of structured postal address information needs certainly still be compatible with the future of digital payments.

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

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?

Agreed, having structured address fields such as mandatory town name and country aligns with existing standards like CBPR+ and SEPA, and including more elements specific to each country can further improve the efficiency and accuracy of payment processing. For example, in the Netherlands, including post code, building number, and post box in that order may be beneficial, while in Germany, there may be other relevant address elements to consider. Overall, using structured approaches can help payment processing and compliance requirements.

Future environments, such as the Metaverse and the IOT, will be hosted primarily in the cloud. The use of structured information needs certainly still be compatible with the future of digital payments.

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?

We acknowledge the benefits of structured approaches in payment processing, including faster and more transparent transactions, as well as meeting regulatory and compliance requirements. However, this also implies that there may be limited improvement in STP rates due to current conditions.

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 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?

The use of structured approaches in payment processing ensures compliance and transparency while also enabling fast processing. The ISO 20022 message should hold the minimum required transaction data, without the need to reference external sources for further information. Remittance information should also be included in the payment itself, rather than sent separately, as this eases the automated reconciliation process and avoids performance issues or longer processing times. However, the use of a reference to separately sent remittance information may be helpful in some specific cases. The rejection of a change request for a reference to separately sent remittance information for example by the EPC was due to legal, liability, cybersecurity, and cost issues, but it is unclear to what extent these apply to the various jurisdictions and communities.

Due to the elevated risk of cyber-attacks, proper precautions must be taken. If the payment message holds too much information, there is an un-assessable risk that it could lead to data breaches. More data can thus create more incentives for data breaches.

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?

The availability of final documentation of the agreed standard description, specification, and implementation guidelines poses a challenge in meeting the proposed timeframe. The acceptance of these changes will largely depend on whether they benefit market participants globally, as their perception of the changes as a burden may lead to a drop in acceptance rates. Due to the potential effort needed at the end of the coexistence phase, a later introduction of the survey outcome might be beneficial.

Implementation (Section 3)

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

The requirements in section 2.5 of the document supply some clarity about the CPMI requirements. However, it would be beneficial to also address the reasons why the G20 started reforming the global payments market, which would help all financial institutions and their customers who struggle with accessing adequate cross-border payment products, as well as the associated risks. Additionally, section 2.1 of the document lacks information about the flow of cross-border payments in central bank money, which includes the preferred clearing house of a bank in country A connecting to another clearing house in country B to reach the receiving bank in country B. This information is important for the optimization of cross-border multicurrency flows through the CPMI initiative. Although Worldline is fully aligned with the G20 targets, it is unclear how every single market participant will convert to meet the requirements. Further details are needed.

There are currently some significant projects underway that will affect payments. Instant payments will change the rhythm of the payments industry. Another reformation is the introduction of CBDCs. A potentially exponential RTGS volume if the current organization is kept, and in parallel, considerations to move to DLT for wholesale transactions.

Worldline can propose a deep analysis in this new context.