CPMI Market Consultation – CBPR+ US Observer Group

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?

In some circumstances proprietary code words will remain relevant to support bilateral arrangements that are not captured in the standard codes.

One topic that should be looked at what the appropriate response is if a code is being used that cannot be supported by the instructed agent. Should the agent reject the instruction via pacs.002 Reject or inform the instructing agent that the requested service cannot be supported, and that the transaction will be processed under an alternative arrangement (pacs.002 Accepted with Change).

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

Maybe more education is required on how to register a BIC and what the cost and maintenance is. An additional recommendation could be to fill up 8 character BICs to 11 characters.

In the US the first agent needs to be able to map the BIC to the ABA unless the US system switches to the BIC (unlikely). This is an additional effort to maintain the directory and it will be best if the maintenance is done centrally (e.g., SWIFT Ref or a BIC to ABA mapping hosted by the Fed)

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-

In the short term it might bring more confusion if LEI is used as a secondary identifier for Banks/Agents. If they are mentioned source data should be aligned, if address data is different multiple addresses need to be screened. The SWIFT Ref directory has already structured addresses for BICs. This is not the case for GLEIF.

Maybe CBPR+ should discuss a rule to not allow LEI when BIC is present.

Implementation will require global coordination and regulators will need to enforce the use

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.

If the name and address as well as the LEI are present the bank has to compare name and address from the LEI database and compare it to name and address provided in the payment order. Which address will prevail? If the name and address in the payment do not match the name and address in the GLEIF database what should a bank do?

Could SWIFT do validation and reject if no match?

Preference is use LEI only, if available, and agents can look up name and address as today for the BIC.

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?

We think that the industry needs to look at the dedicated remittance advice message. The debtor agent can split the advice from the payment and send it directly to the creditor agent