ISO 20022 harmonisation requirements for enhancing cross-border payments
Survey – responses from the members of PaCoS

The following report is a compilation of the replies which members of the Payments Committee Switzerland (PaCoS), together with the Liechtensteinischer Bankenverband (Liechtenstein Bankers' Association), provided in response to the consultative survey which the Bank for International Settlements' Committee on Payments and Market Infrastructures (CPMI) submitted to the various national payment and market infrastructure committees earlier this year as part of the G20's target of harmonising cross-border payments under India's presidency of the G20.

PaCoS is the Swiss body which makes proposals for the further development of standards and guidelines for that country's payment industry. Liechtensteinischer Bankenverband (Liechtenstein Bankers' Association) is the principality's bankers' association. The survey consists of 33 questions in connection with market infrastructures' level of preparedness or willingness to adopt the suggestions made by the CPMI against the background of the various local regulatory environments and competitive landscapes.

The report was compiled by the Standards unit of SIX Interbank Clearing (SIC Ltd) on behalf of PaCoS and Liechtenstein Bankers' Association. SIC Ltd operates Swiss Interbank Clearing, SIC, which is the electronic central Swiss payment system operated on behalf of the Swiss National Bank. SIC Ltd is also involved in several committees focused on questions of standardisation pertaining to payments both domestically and internationally.

RESPONSES TO THE CPMI'S CONSULTATIVE REPORT

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?*'
All the respondents agreed with the guiding principles and believe that the high-level principles will help to foster even better harmonisation of how ISO is used across the globe for cross-border payments, '*although many things are already possible with SWIFT's gpi today in terms of "speed" and "transparency"*'. However, members in both Switzerland and Liechtenstein strongly believe that the November 2025 target date for implementation is unlikely to be reached, with continuous prioritisation being necessary as progress is made. In addition, while the principle of 'Platform and network neutrality' seems important, special attention needs to be '*paid to a separation of roles between SWIFT as an organisation setting standards globally and SWIFT as a network provider as the introduction refers mostly, if not exclusively, to initiatives conducted by SWIFT (CBPR+, HVPS+, IP+, CGI, etc.)*'.

Question 2: '*Do you agree that the inconsistent use of messages can be adequately addressed through this requirement?*'
All the respondents agreed, even though some reservations were expressed, e.g. regarding a possible impact on camt messages (statements, exceptions & investigations, E&I) and as to whether camt.055 would still be '*useful in a world of instant payments*' and that, therefore, '*it should not be considered on a global basis*'. Another respondent also mentioned the E&I messages, where '*free text messages (MT199) should be prohibited*'.

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.*'
Several respondents mentioned that such risk could be mitigated through clear guidelines and end-to-end use cases or examples. Other suggestions included identifying any weaknesses in the standard with a view to developing it further based on practical needs, adoption of global standards, allowing financial institutions the right to refuse or reject messages or even forcing financial

institutions with '*low STP quality*' to adopt the standard by slapping them with additional charges. Lastly, one respondent believes that a business identifier code (BIC), an external codeset and a structured account number would have a significant qualitative impact.

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?*'
As far as the Swiss market is concerned, all the respondents who referred to the domestic financial institutions declared that they expected adoption of the standard by the local players to require minimal effort on their part – with one respondent even stating that it could be carried out as part of a regular release. As regards adoption on a global scale, the respondents were not as optimistic. One even called for a mandatory introduction date as *'new messages like camt.055, camt.028, etc. are likely to be more complex to implement*'. For another respondent, '*the highest initial effort resides in the implementation of the returns/rejects and E&I messages*' and '*the effort required for E&I is difficult to assess*', as '*the guidelines and message definitions have not been published yet*', and with '*the highest challenge resid*[ing] *in enabling automation of return requests and processing. For customer payments, the effort beside migration from MT to CBPR+ messages is low, i.e. the same as for cash management and reporting*'.

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?*'
Not a single respondent was fully supportive of this requirement. One respondent replied that '*certain code words facilitate automated processing, which results in faster, cheaper and more transparent payment processing*' and stated that there was still potential for optimisation in Switzerland, too. However, this was challenged by another respondent: '*the use of codes can increase transparency, but the transaction becomes neither faster nor cheaper and thus has little priority*'. Another respondent expressed support for the requirement provided that the codes were made optional. For another respondent, codes agreed upon on a bilateral basis should still be allowed and another pointed out that proprietary codes were still being used in Switzerland. Regarding ease of implementation, one respondent declared the requirement to be a low-level effort, another respondent considered it to be a medium-level effort for those countries already using ISO 20022 whereas three respondents considered implementation of the requirement to be a high-level effort.

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 respondents agreed that this was the case for the first part of the question and, as regards the second part, that it would be difficult to overcome the limitations or challenges. One respondent was concerned about the challenge of having to download on a regular basis all the external code lists and warned (together with another respondent) that the data should be kept as small as possible. Another respondent feared the loss of flexibility in terms of using code lists either bilaterally or multilaterally and pointed out that not all codes had the same relevance in terms of end-to-end processing. One respondent highlighted that local or proprietary codes would still be required – e.g. for QR-bills in Switzerland. Another respondent cautioned against '*getting rid of Swiss exceptions and/or proprietary codes* [because it would] *cause to review the core functions of payment processing'*. A third respondent stated that there were already too many code words and, as such, this was the reason why this respondent would like them '*to* [have] *the purpose for which they are to be used clearly declared in different elements (service level, local instrument)*'. For another respondent, '*codes would also have to be inserted in a specific predefined field*', which this respondent believes to be unrealistic. Finally, for one respondent, there could be restrictions deriving from specific legal systems.

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.*'
All the respondents but one rejected the requirement proposed by the CPMI. The reasons invoked included the following: that cross-border payments are difficult to define (e.g. '*sending USD to another bank in Switzerland*'), that there can be more than one market infrastructure (e.g. SEPA, SWIFT) involved, that '*the FCC and AML checks are the same for all payments anyhow*', that it would add a '*layer of complexity*', that '*there are other mechanisms to detect SEPA payments and other mechanisms in place to route the messages correctly*'. There were also doubts raised concerning the flag: as to its usefulness (each cross-border flag having then to be applied differently depending on the country and each payment having to be interpreted end to end anyway) or to whose responsibility it would be to set the flag or to '*forward the code along the processing chain*'.

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?*'
Most respondents disagreed with the above. One because they believe that *Category Purpose* should be used for a business case (e.g. SALA, PENS) as opposed to domestic versus cross-border. Another respondent was opposed to this requirement as implementing it would increase complexity and thus costs, as well as it would lower speed. For another financial institution, it was '*no*' because of the alternatives that already exist, like BIC and IBAN – to which another respondent added *Country of residence*, *Country of creditor agent*, etc. Finally, adding to the above, one respondent concluded their feedback by asking the following: '*the question is how in the end-to-end processing this flag brings an effective benefit*'. For the two respondents who answered '*yes*', for one it was because they questioned the rationale behind having *Category Purpose* extended to 'unbounded' in order to use it for this purpose whilst they also wondered about the exact definition of a cross-border payment (i.e. asking whether in the case of a payment made to a foreign financial institution directly connected to SIC this should be considered cross-border nor not).

Question 9: '*How do you assess the level of cost and effort required for the implementation effort?*'
This question attracted diverging replies, with unfortunately only two respondents mentioning the costs unambiguously. Three respondents claimed that the level of effort required would be low versus four stating that the level of effort would be high. Here are two sample replies belonging to the second category. '*Only to implement the category code would be rather easy, but to create multiple chained processes would be very complicated and expensive. In addition, there would be significant consequences if the category is set wrongly.*' And '*the implementation itself is not very complex. It is more difficult to get and verify the information from the customer at the time of electronic submission of the payment order. Without any benefits, implementation costs are difficult to justify. How could the benefits be quantified? In our view, we would not recommend implementation based on our previous answers and would therefore set the priority as low.*'

Question 10: '*Do you agree with the restricted character set for cross-border payments as described above?* [see page 11 of the CPMI's consultation report] *If not, which alternative character sets or additional characters should be included?*'
Although five respondents agreed with this restricted character set for cross-border payments, the remaining three respondents voiced their concern that this would be too restricted a character set. For instance, one respondent's answer was that the character set '*needs to be more than the above to facilitate easier name matching (i.e. French, Portuguese characters or double digit characters of Asian languages, etc.). Otherwise, the user experience for the end customers would be negatively*

impacted.' Another respondent replied as follows: *'I do not agree and cannot understand why the character set for payments in ISO 20022 should be reduced to a level of 30 years ago. This then leads to the fact that Walter Lüönd has the greatest difficulties to expand his holiday account in Florida.*'

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.*'
All the respondents agreed except two. The first of the two who disagreed replied as follows: '*We don't see any need to align the time as there have never been any customer complaints or issues reported. Today, the timestamp is not used on a daily basis – only for incidents, etc.*' The reply of the second respondent who disagreed was: '*Not really useful. Who will benefit from what time information if the CH exit has 09:15, and 10 minutes later in THA-Bangkok 14:25 will be credited? Who also specifies hours and minutes for the booking / currency day information?*'

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.*'
In preamble, we would note that, as part of the Swiss market practice for interbank messages, the UETR was declared a mandatory element already a few years ago. As such, all the respondents agreed. However, some respondents did so whilst expressing some reservations. One respondent wrote: '*I agree in principle, but I wonder whether it really must be mandatory at the customer-bank interface (especially pain.001) or whether it should be restricted to the interbank level, as has actually already been established*'. Another replied that '*it should be clarified who can guarantee that it is and remains unique? Generally, we support the idea that existing standards should be used, i.e. the UETR from SWIFT gpi.*' Another respondent stated that they agreed '*but only if the payment is sent as an individual payment (not in a bulk)*'. The strongest reservation was as follows: '*The UETR has no influence per se on the transparency, speed and costs of a cross-border payment. Only in the case of clarification'.*

Question 13: '*How do you assess the effort required to implement this requirement?*'
Most respondents claimed that this requirement was already supported (e.g. SWIFT, where it is mandatory for payments); some respondents wrote that it would be either low or 'reasonable'. A minority of respondents would expect the effort to be high: '*It is not a low level of effort*'. And one of them qualified their answer as follows: '*the implementation effort is high, but increased usage of UETR is already paying off in those areas where UETR has been fully adopted and is mandatory*'. Lastly, one respondent mentioned corporates, where the requirement '*causes some effort at the customer-bank interface. This raises the question of effort versus benefit*'.

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?*'
Several respondents replied that they did not see any benefit to including this requirement (mostly from the perspective of the financial institutions). One respondent mentioned the legal implications of such an obligation: '*the inclusion of the timestamp when the debtor has been debited raises legal concerns (i.e. account coverage etc.)*' and proposed that '*SWIFT gpi be made mandatory instead*'. One respondent rejected this requirement on the grounds that '*the debiting time of the debtor takes place after the payment "transfer".*' Another respondent sees the definition of debited time as a challenge, yet they believe that '*to improve UX, the guideline should oblige financial institutions to provide this information to the end user, as it is the case with remittance information, for example*'. Two other respondents made a similar point and mentioned increased transparency for the end customer, but with one claiming that '*this would result in considerable additional effort for the financial institutions*'.

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 replies were not unanimous: some respondents declared the adoption difficulty to be low, others considered it to be high (with two respondents believing that it would necessitate a change in the processing architecture). One respondent stated that they could not see any customer need not already covered by SWIFT gpi. One of the respondents who believes that implementation would be relatively easy said that they would be favourable to the *Acceptance Date Time* data element being made visible for customer payments and maybe also for returns. Another respondent, against the background of instant payments becoming the 'new normal' over time, queried the benefit of such an obligation, even if they saw some benefit to end customers in the case of pacs.008, not so much so in the case of pacs.004 and none in the case of pacs.009. Finally, for another respondent, 'Acceptance Date Time *must be defined differently or it cannot be the time of the debit of the payer*'.

Question 16: '*What are the implications of requiring all those involved in cross-border payments to provide complete information on amount, conversions and charges?*'
Overall, the responses were all a little patchy. For instance, one respondent believes that in future this will not be so much of an issue as payment rails become more direct (and as there are fewer payment methods). Another respondent stated that '*today only charges gathered by deducts from fee options SHAR, CRED are shown in payments and provided to the gpi tracker* [… and that] *to show DEBT fees also on the payment would be a significant change and could differ depending on the service agreement with the bank*', even if they saw no benefit for the creditor to show DEBT charges. The respondent who had highlighted legal considerations in some of their previous replies declared that '*major legal (e.g. the Swiss competition authority) concerns as correspondent banks should not have access to this information – only sending and receiving FI (as today in SWIFT gpi)*'. Two respondents claimed that transparency provisions were already in place.

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 replies to Question 17 were even patchier than they were for the preceding question. Here are the two longest replies: '*Pricing run takes place at the end of a period and prices are not known at the time of payment execution. Additionally, prices can differ between basic and premium services and accordingly prices are a bilateral service agreement between client and bank and are therefore of no interest outside the bank*' and '*Yes, there are legal hurdles. However, it would be great if SHARE/BEN/OUR (credit/ share/ debt) charge options would be standardised globally across all countries (i.e. currently, they are not used in the US market).*'

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 replies were nearly all negative, some even a little blunt. For one respondent, there is no need for a specific CPMI SLA as service levels are agreed upon by participating agents; another because a CPMI service level code in ISO 20022 to track adherence to the CPMI guidance would add an extra layer of validation and thus increase costs. Another stated that there was no customer demand for this. Another respondent feared that service level codes might be combined in the future, thereby potentially leading to more confusion, despite this respondent pointing that, presently, also included were services from SWIFT gpi. For another respondent, '*2.5.9 speaks of both an "explicit flag" and a service level code or an externalised code list. Such a code may be helpful, but it only works if the actors responsible for the complete data structures (debtor agent) can be obliged to do so*'.

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?*'
No consensus emerged from the replies to this question. For one respondent, the question really boils down to what kind of expectations are placed on market infrastructures. Another respondent sees it as an additional layer of complexity to the existing platform service level agreements (e.g. for SWIFT, SEPA, T2) and believes that additional CPMI service level agreements do not make any sense. This view was shared by another respondent: '*We do not believe that there are advantages for a business model or for a business strategy if CPMI requirements are met. The already existing requirements of, say, the SWIFT market guidelines are sufficient*'. One respondent fears that it will lead to higher prices. On the other hand, one respondent claimed that it would not have any impact; another answered that all the details would have to be known before one would be able to gauge the impact, say, in the case of non-compliance. Finally, a respondent declared that *'a tag would in any case not prevent the bank to perform any existing controls or enable an alternative processing of messages. If the message is well formatted, with correct elements, it will be processed STP today also, without any changes or adoption*'.

Question 20: '*How do you assess the difficulty of adopting a CPMI service level code?*'
Again no consensus emerged: for some respondents the difficulty is high; for others it is medium (depending on the validation rules which need to be implemented for one respondent and on any continuous adjustments for another respondent: '*as it would in fact be handled like an additional payment channel*'); for another respondent, '*introducing the code would not be technically very difficult. It stands and falls with the specifications of the scheme*'. Lastly, one respondent wrote that using some code in a message was not difficult *per se* and that what was more important was what this entailed in terms of expectations and obligations for the financial institutions (in particular, the forwarding networks and infrastructures.)

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.*'
All the respondents agreed with the above. Three mentioned the IBAN in particular – for example: '*an IBAN reduces recording errors due to the check digit validation and increases the quality of the payment and thus the STP rate'* – with two hoping that this account identifier would become a global standard. One respondent added that '*structured account identifiers together with pre-validation services (like account verification from SWFIT pre-validation) would be a good combination*'. One respondent expressed the following reservation: '*proxy usage requires a central/global proxy lookup and an update mechanism that might be complex*.'

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.*'
All the respondents agreed, the most forceful answer was '*of course (there is nothing to explain)*'. For one respondent '*this presupposes that banks which only participate in local clearing would also have to be equipped with a BIC*' whereas another believes that '*It must at least be ensured that no new hurdles are put in the way of an institution in cross-border traffic simply because of the fact that it does not have a BIC*'. Another qualified his agreement with '*free-text options for financial institutions should be banned at a certain point in the future*'. Finally, for the respondent who believes that there should be no discrimination against smaller financial institutions that lack a BIC: '*There is no point in combining several different identifiers (also under different governance) in a complementary way. On the contrary: this can lead to diverging information. If anything, several internationally established identifiers should be supported independently and equally.*'

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?*'
All the respondents agreed, even if one respondent questioned whether there was really any need for using a BIC to identify all financial institutions and whether there would be any real added value to this. Another respondent replied '*Yes (already happening today). This means that every bank directly or indirectly involved in cross-border payments would be obliged to obtain a BIC.*' For another respondent, '*a unique identification of all financial institutions is needed for automatisation*'.

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?*'
As to using only a BIC to identify financial institutions in ISO 20022 messages, for most respondents the implementation effort would be low (even if a minority of the respondents did not answer this question directly). Regarding the effort required for mandatory BIC registration for financial institutions without a BIC, roughly half of the respondents stated low to non-existent, one said that it would be a medium effort, two said they could not provide a reply and one respondent declared that this was contingent '*on the market. In the US, for instance, there are thousands of banks that do not have a BIC, but only a FED ABA number'*. For one respondent, there is no need for the BIC in Switzerland as '*we have our own identifiers, which are also perfectly established domestically and work without any problems*'. However, the same respondent acknowledged that doing without a BIC for the processing of cross-border payments '*will probably be difficult*'. Lastly, the same respondent pointed that there might be an issue with making mandatory an identifier code of SWIFT as '*it would be somewhat contradictory to the guiding principle "Platform and network neutral" mentioned under 2.2*'.

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.*'
Nearly all the respondents agreed. A typical reply for this group was: '*Yes, identifying all parties in a structured way would definitely decrease processing frictions, which would result in higher speed and lower costs*'. As for the few who disagreed, one wrote: '*In general, we do not agree with this proposal, except for the elements "creditor, debtor, ultimate debtor and ultimate creditor". Here we fully support the proposal. The fully structured* Postal Address *as defined in ISO20022 cannot always be provided since many companies store the address line as one combined element. As proposed by the PMPG,* the CPBR+ should be extended to allow simultaneous usage of structured elements *(minimum of* name*,* town *and* country*) and an unstructured address line for information relating to "the last mile" of an address (*street*,* building*,* floor*,* room*/*apartment *etc.)*.' The other '*no*' reply was: '*No, neither postal information nor additional entity requirements may stand in the way of unique identification.*' Another respondent answered as follows: '*I agree in principle with the statement. As I understand it, this is primarily about the minimum requirement that the* name *AND* address *(regardless of address sub-elements) should be set as the minimum requirement. As a non-EU/EEA country, the Swiss payment community knows this very well from SEPA.*' This same respondent expressed the following reservations: '*a) Can this be enforced globally, especially the address part? And is this really a problem that requires CPMI guidance? Remember that forcing more content can also lead to more false hits. b) Structured data elements alone do not achieve any benefit; they must also be applied correctly and in a manner which is consistent worldwide. Is this a realistic scenario over the medium term? The PMPG change request in particular shows that there is a concern that potentially inappropriate content or pseudo-content will be delivered if use is forced upon financial institutions.*'

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?*'

Most agreed with the proposed use of the LEI, some only if it was optional. For the few who disagreed, one was because the respondent stated that '*it cannot be controlled'* (despite acknowledging that '*regulatory reporting requirements should be structured (i.e. tax file number in Russia or AE)*'. Another because such an identifier would '*add an extra level of complexity as well as create a challenge from a regulatory perspective*' and as that respondent wondered whether the LEI would prevail over the *Name* and what would happen, say, in the case where both a *Name* and a LEI would exist but would be linked to two different entities. One respondent wondered what should be done, from the perspective of a financial institution, if the information under *Name* / Postal Address did not match the reference data of the LEI. This same respondent added that they would welcome it if *Name* / Postal could not be combined with an identifier and, as such, a binary decision ("either/or") needed to be taken. For another respondent: '*Problems arise at best when there is a contradiction between the name and the LEI. A mandatory specification is difficult to enforce as the LEI does not exist in every case and, therefore, the mandatory specification cannot be technically verified – the field must be optional.*

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.*'

Most respondents agreed, largely because '*structured address information is needed for more automatisation in processing payments.*' Some remarked that '*additional information such as passport or national ID could also generate contradictions (registration errors in the ID). It would have to be clearly regulated here which information should be given a higher weighting and how it should be handled in the event of a contradiction*'. One respondent pointed out the distinction in the CPMI's consultative report between 'entities' (2.5.12 Requirement #12) and 'persons' (2.5.13 Requirement #13) and wrote that '*in the ISO 20022 standard, this is understandable in theory via either the sub-elements* "Private Identification" versus "Organisation Identification", *but, in practice, today, I do not have the impression that this clear distinction is established in the payload of a payment message or that it is relevant at all.*' One respondent claimed that for this particular identification requirement to work, a digital ID would be needed in every country and this respondent even wondered what would happen to those beneficiaries who do not have an IBAN or even a bank account. Interestingly, one respondent rightly remarked that such an identifier could be useful in the case of surnames which are extremely common, such as, say, Wang, Li, Zhang, Devi, Singh, Nguyen, Khan or da Silva. Finally, two respondents pointed out that this question overlapped two previous questions. For one respondent, the overlap was with Questions 12 and 13; for the other, it was with Questions 13 and 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.*'

All the respondents answered affirmatively given that structured and standardised data do improve processing quality. However, there were some reservations expressed, for example that it had to be in line with CBPR+ and PMPG or that there was a risk of data commingling. Finally, for one respondent, the PMPG's proposal to use 'semi-structured' elements means that unstructured information would still be allowed in addition to the minimal requirement '*TwnNm*/*Ctry'*, which is why this respondent would see it as unrealistic to totally exclude the unstructured parts of an address and therefore harbours doubts over the strict enforcement of 'fully structured' when it comes to the efforts expended versus the benefits achieved.

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?*'
All the respondents replied '*yes*' to the first part of the question. Regarding the possibility of additional fields, two respondents claimed that the fields *Country* and *Town* were enough, another respondent stated that '*additional requirements could lead to the use of pseudo terms such as "village street"*'. Another respondent suggested to '*follow the PMPG recommendation for address line as optional and unstructured*'. Finally, one respondent wrote: '*it seems to me to be effectively the lowest common denominator, anything else being probably unrealistic'*.

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?*'
Most respondents agreed, but there was an unequivocal '*no*' and two answers should probably be considered negative replies too. As part of the last category, one respondent wrote: '*According to the definition, the remittance information is end-to-end field characters and should not harm the interbank STP process (only copy and paste)*'. For the other respondent in the same category, it '*happens already today in payments in Switzerland*' and '*even if not the case*' their expectation would be '*not for efficiency gains, but for UX improvement*'. The respondent who answered '*no*' unequivocally replied as follows: '*No, we do not believe that this proposal can fundamentally improve the actual processing of cross-border payments. Additional information may even lead to further question marks in processing, e.g. process screening hits* [sic]*'*. One respondent who replied '*yes*' did so with the following reservation: '*Yes, but this may or may not be mandatory. Not in every case is a purpose of use required. Today, however, the Remittance Information is often misused to declare the payment background. However, this value would have to be declared and transmitted as a purpose code*'. Another respondent who answered in the affirmative wrote: *'Yes, for compliance reasons in particular*'. One respondent highlighted the rather huge difference in the number of characters allowed for each type of information: a maximum of 140 characters for unstructured information and 9,000 characters for structured information with CBPR+. Contrasting the former ('*a fairly well-established practice congruent with both with SEPA and the long-established Swiss practice*') with the latter (9,000-character limit for structured information), this respondent wrote: '*From an IT perspective, it is very cumbersome if you first need to peel all the business content out of the XML packaging, then string everything together to find out whether it exceeds 9,000 characters*.' Regarding the latter, this same respondent wrote '*I seriously question the added value. What kind of cases are there where so much information is needed? And the effective benefit of multiple occurrences is not immediately apparent to me. It seems to me that the case behind this is to settle several claims in one payment, but then to break down the details at the level of remittance information. This may be a need, but I wonder where the limits of what an end-to-end payment message really has to offer are.*'

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?*'
All but two respondents either expressed a negative point of view or voiced unfavourable concerns in relation to the above questions. One respondent wrote '*Using external remittance-related information could lead to unwanted dependencies on local, legal or regulatory frameworks*'. The assessment of another respondent was even more categorical: '*Due to legal restrictions and* cyber security concerns, it would not be possible to display this type of information in eBanking'. Another simply wrote '*We do not believe that this would help*' and another '*It would need to be clarified in greater depth*'. Another replied both affirmatively and negatively: 'For processing, *none*; for

receiving payments, "*yes*" (similar to Question 30)'. Finally, the same respondent wondered about the possibility that the references might '*violate regulatory requirements if such information is transported separately from the message or the payment flow*'. '*If not*', this respondent believes that it '*would certainly be a good thing'*. As regards hyperlinks, the same respondent was concerned about the security aspect and mentioned the QR code in this respect, even if, ultimately, this issue falls within the remit of the security specialists of each financial institution.

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?*'
Half the respondents dismissed the timeframe proposed by the CPMI as unrealistic, two deemed that it would be feasible and two provided inconclusive statements. Given that the cross-border payment community should have migrated to ISO 20022 by November 2025 and that there is the issue of the structured/semi-structured addresses, plus the market launch of instant payments, for one respondent '*to add further requirements within the same timeframe is not feasible without jeopardising the delivery of the other projects and incurring the risk of impairing both the quality and stability of the system. What is more, all proposed ideas would need to be implemented in the local market infrastructures as well as in SWIFT*'. For another respondent, who replied along the same lines, '*further harmonisation of content, including the corresponding CPMI specifications, will only have a realistic chance of implementation after the MT migration in November 2025.* […] *This means one year later, i.e. in November 2026, at the earliest*'. The concern of another respondent was simply that '*getting rid of Swiss exceptions and/or proprietary codes will cause to review the core functions of payment processing*'. As for the two affirmative replies, one was '*Yes. The standards should be published as soon as possible, as banks need enough time for implementation*'. The other was: '*This should be realistic for the Swiss financial centre'*. The two replies which were inconclusive had to do with the requirements: '*It depends on which requirements become mandatory*' and '*To what extent does the CPMI have the "right to issue instructions"? If harmonisation is to be achieved by November 2025 (with SWIFT), the SWIFT timeline must be adhered to with respect to the SWIFT release of November 2025*'.

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?'*
Most respondents answered '*Yes*'. However, some degree of reservation was expressed by two of the respondents who replied affirmatively. The first wondered about implementation in the various jurisdictions and singled out the role the central banks would play in this respect according to him. The other wrote: '*Yes, for transparency and speed; concerning the costs, some of these requirements could have a negative effect on the processing/control costs supported by clients*'. '*All of these questions and proposals should be discussed in CBPR+ working group*'. The other response was as follows: '*various "statements" as well as the questions are not clear enough (how and where/what should work, who is responsible for what, how/what should be transported by whom)*'.

In addition, one respondent mentioned that the topics of harmonising the requirements and implementation of regulatory reporting were missing and that they should also be part of a CPMI harmonisation effort. Today, not only can all obligations not be fulfilled with ISO 20022 message elements, but there is no common handling as regards validation, even for the same destination. This lack of standardisation causes friction for both financial institutions and end-customers.

The present report was submitted to the CPMI and to the Swiss National Bank on 31st May 2023.