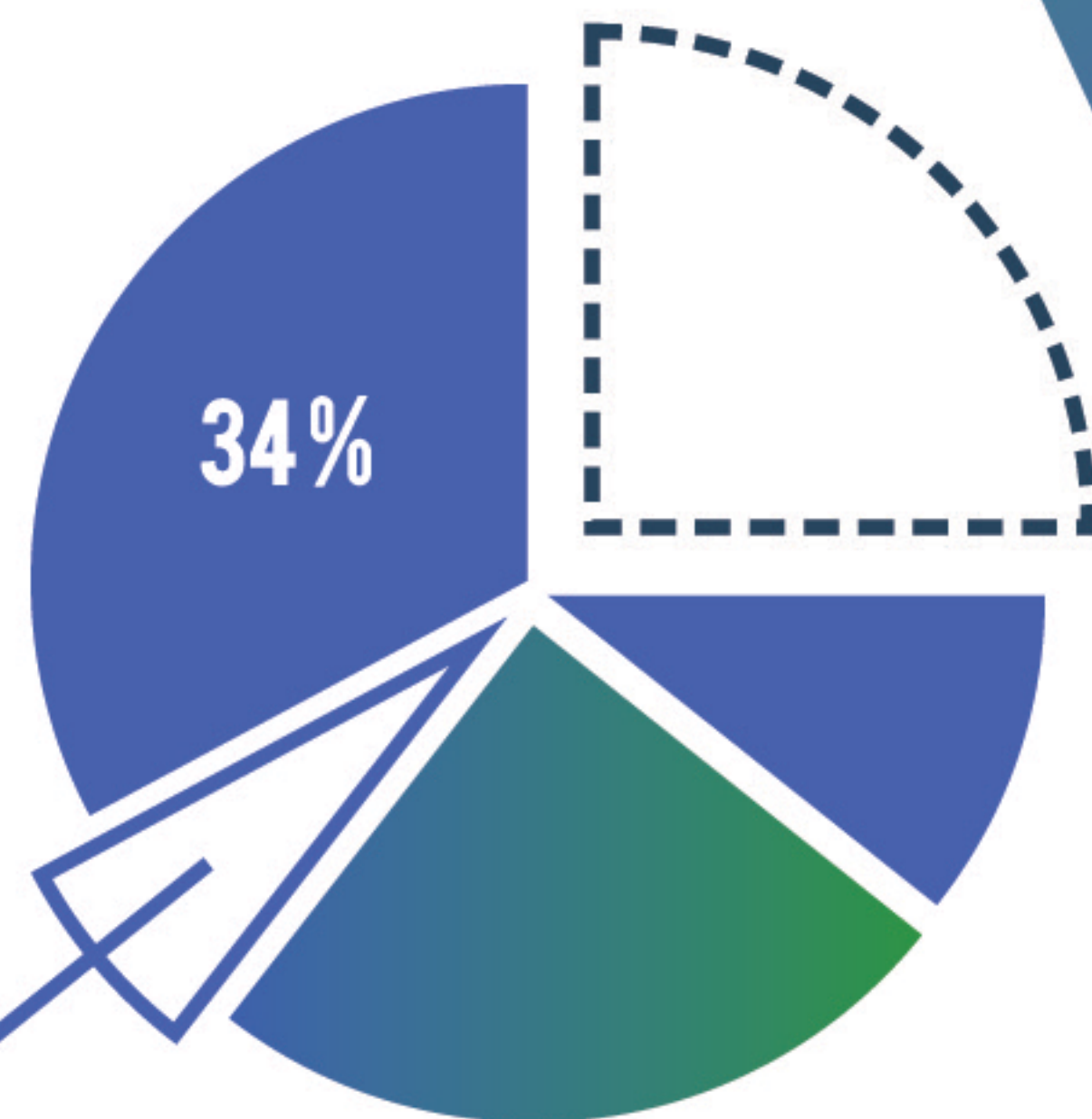


Demystifying ISO 20022 Migration

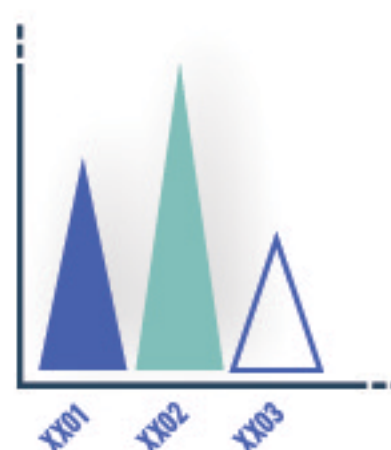
Expert Answers to the Top 20 FAQs

The new ISO 20022 messaging standard promises to bring a frictionless cross-border payments experience to the financial industry. However, its implementation presents significant challenges for financial institutions due to its complexity, resource demands, and the need for meticulous planning and coordination.

In our masterclass series on ISO 20022 migration, many participants shared their challenges and queries about the messaging standard and how to ensure a smooth, efficient, and compliant transition. Below, our experts answer the top 20 most frequently asked questions to help you navigate this critical migration process effectively.



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1. How can ISO 20022 migration enhance interoperability and facilitate seamless communication between banks?

ISO 20022 migration enables standardized messaging, offers seamless collaborations between banks, facilitates industry engagements, and reduces errors.

2. How does ISO 20022 migration improve the efficiency and automation of payment and messaging processes?

ISO 20022 migration enhances efficiency by standardizing data formats, enabling richer data, automating processes, and supporting real-time payment processing across global financial networks.

3. We are in the planning stage of the ISO 20022 Migration Journey. What are some of your recommendations for a successful migration? Also, how should we choose the right technology partner to ensure a seamless migration?

Ensure thorough planning, engage stakeholders early, conduct extensive testing, and prioritize cybersecurity. Choose a implementation & testing partner with ISO 20022 expertise, proven track record, and aligned with your business goals.

4. Rich data can be tricky as it's subject to customer willingness, customer privacy and regulatory alerts. With regards to MT to MX transformation, how to identify the delta for each message? e.g: MT 200 to pacs.009, MT 103 to pacs.008

Use mapping tools to analyze MT and MX message structures, identify required data fields, adhere to regulatory guidelines, and ensure customer consent for data sharing during transformation processes.

5. How to establish a migration approach that facilitates the integration of ISO 20022-compliant payment systems with the ancillary systems involved in the payment process such as ERP and TMS?

Engage stakeholders early, conduct impact assessments, ensure API compatibility, employ robust integration frameworks, and prioritize data mapping and testing to seamlessly integrate ISO 20022-compliant payment systems with ERP and TMS.

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- 6.** How can banks navigate cross-border compliance and regulatory requirements effectively during migration, as ISO 20022 is a global standard?

Banks should engage with local regulators, standardize processes, and utilize compliance software to meet cross-border regulatory requirements during migration.

- 7.** What testing and validation methodologies banks should follow to minimize disruption during ISO 20022 migration?

Banks should use end-to-end testing, frequent regressions, and extensive testing strategies to minimize disruption during ISO 20022 migration and also ensure the system is compliant with the new regulatory requirements.

- 8.** With cybersecurity threats evolving rapidly, how can banks ensure the security and privacy of data exchanged during ISO 20022 migration?

Banks should use encryption, multi-factor authentication, regular audits, and continuous monitoring to secure data during ISO 20022 migration.

- 9.** How does ISO 20022 support richer data exchange compared to MT messaging standards, and what opportunities does this present for banks in terms of data analytics, customer insights, and personalized services?

ISO 20022 allows for more detailed and structured data, enabling banks to analyze customer behavior, offer hyper personalized analytics, and enhance banking /financial systems based on the data insights.

- 10.** How ISO 20022 help banks streamline their internal processes, reduce errors, and improve overall risk management?

ISO 20022 streamlines processes by standardizing data formats, reducing manual intervention, enhancing automation, and enabling better risk identification and mitigation through improved data quality and analytics.

11. Why is SWIFT migrating from MT to MX in its latest ISO 20022 standard?

SWIFT's migration from MT to MX ISO 20022 aims to enhance payment messaging with standardized, data-rich, and flexible format, improving interoperability, and supporting advanced financial messaging standards for better efficiency and global alignment.

12. ISO 20022 adoption enables banks to future-proof their systems and infrastructure. How does this future readiness position banks for long-term growth and competitiveness in the financial industry?

ISO 20022 adoption equips banks with flexible, scalable systems capable of integrating new technologies and meeting evolving regulatory requirements, fostering innovation, efficiency, and competitive advantage in the financial sector.

13. How can ISO 20022 migration foster innovation and collaboration within the banking ecosystem, particularly in areas such as open banking, real-time payments, and cross-border transactions?

ISO 20022 standardization promotes innovation by enabling seamless data exchange, facilitating real-time payments, and enhancing interoperability among banks, fintechs, and payment providers, driving advancements in open banking and cross-border transactions.

14. How new-age Fintechs can benefit from the new product opportunities from ISO 20022?

New-age fintechs can leverage ISO 20022 for enhanced data analytics, seamless integration with banks, and creation of innovative payment solutions, fostering growth and competitive edge in the market.

15. While ISO migration is an ongoing journey, some source systems still use MT messaging standards. How can we ensure Interoperability between MX-MX, MT-MX, and MX-MT for uninterrupted operations?

Implement robust transformation and mapping capabilities, use secure software for message translation, conduct thorough testing, and maintain clear communication between systems and stakeholders to ensure seamless interoperability.

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- 16.** The richness of ISO data creates much larger data volumes in addition to mapping complexities. How can we create a robust project management structure to process higher data volumes and interoperability with updated network infrastructure?

ISO 20022 adoption equips banks with flexible, scalable systems capable of integrating new technologies and meeting evolving regulatory requirements, fostering innovation, efficiency, and competitive advantage in the financial sector.

- 17.** How long does a bank generally take to implement a payment hub from scratch?

Implementing a payment hub from scratch depends on a lot of factors, including how legacy your cores are, system complexity and scalability, and the cash flow to support the migration. It's typically a multi-year programme, subject to the robustness of the internal systems & processes.

- 18.** While transitioning from the erstwhile system to ISO 20022's new XML-based messages, how to eliminate the risk of data truncation?

Ensure XML schema validation, accommodate sufficient field length in databases, implement data quality checks, and conduct thorough testing to prevent data truncation risks during the transition to ISO 20022.

- 19.** How can banks effectively address the challenges related to legacy system integration during ISO 20022 migration?

Banks can address legacy system integration challenges during ISO 20022 migration by implementing robust migration plan and executing efficient testing strategies. This also enables banks to enrich data quality and standardize regulatory compliance across geographies.

- 20.** How should banks ensure data integrity and consistency throughout the migration process for optimum data quality?

Banks should implement enriched data, robust validation, conduct thorough testing, and use encryption to ensure data integrity and consistency.

About Yethi:

Yethi Consulting Pvt Ltd is the leading provider of payment solutions, quality assurance, and testing automation services tailored for the global banking and financial services sector.

Yethi offers end-to-end solutions and expertise to guarantee your bank's successful, on-time, and seamless ISO 20022 migration. Our comprehensive services, including consulting, implementation, validation, and performance benchmarking, help you reduce complexity and costs, improve transparency, speed up transactions, and significantly enhance customer experience.

Connect with us to know how we can deliver a successful ISO 20022 migration for your bank.

