



## **Record of the first ISO20022 Data Working Group**

31<sup>st</sup> October 2017

Dave Stockwell (BACS)	Andy Hodgson (Lloyds)	Andrew Kaye (Transpact)
Dean Fiveash (Barclays)	Mike O'Connell (Northern Trust)	William Dodsworth (Wolfsberg Group)
Katherine Pakenham (CHAPSCO)	James Whittle (NPSO)	Helen Bygrave (Bank of England)
Dmitri Simakov (Citi)	Phillip Davies (ONS)	Luke Charters-Reid (Bank of England)
Howard Middleton (CLS)	Nick Davey (PSR)	Rebecca Hall (Bank of England)
Toby Young (Ebury)	Tim Lewis (RBS)	John Jackson (Chair, Bank of England)
David Gradwell (FPS)	Paul Waller (Santander)	Gwyn Jones (Bank of England)
Alex Loyden (JP Morgan)	Isabelle Bouille (SWIFT)	Neil Pearston (Bank of England)

### **Context for and objectives of the Data Working Group**

- The RTGS Renewal Programme has established three working groups to provide input and advice to the Bank of England (the Bank) as it designs and transitions to the new RTGS service.
- The ISO 20022 Data Working Group has been established to provide ideas regarding enhancements to current payments data in alignment with the new ISO20022 message.
- The second working group will focus on interoperability. It will be tasked with realising the enhancements identified by the Data Working Group for the ISO 20022 schema in line with interoperating and harmonisation objectives.
- A transition working group has also been established to input to the Bank's strategy for phasing delivery of the new RTGS service – including migration to ISO20022.
- The Bank is currently engaged in a number of international Working Groups that seek to ensure harmonisation, such as the SWIFT HVPS+ and CPMI groups, and will draw from the outputs of these groups, such as the HVPS+ schema.
- It was acknowledged that the Data Working Group should focus on creative input on improvements to the data contained in a payments message and of the schema in general. Where necessary it will make recommendations on the structure of the proposed data enhancements.
- It was affirmed that this group is an advisory body. The Bank will ensure that the decision-making processes are as open and as transparent as possible. Similarly, any information that the Bank distributes to group members should be circulated as widely as possible to generate ideas from the wider community.
- Forthcoming meetings will be focused on a particular aspect of the existing messages where enhanced data is sought, with the forthcoming meeting focusing on data enhancements relating to the identity of parties to the message.
- The Bank emphasised the importance of active participant input to the group's discussions. To this end, it was agreed that attendees prepare items for discussion in future meetings (see actions at the end of this document).



## **ISO 2022 context and vision**

- The group recognised that although SWIFT MT messages still adequately fulfilled their core purpose of routing payments, there is now a rare opportunity to update the messaging standard and achieve a number of benefits associated with adopting ISO 2022. Reflecting feedback from market participants, the Bank is ambitious about what the adoption of ISO 2022 can achieve, and wants to work with the industry to ensure the right expertise is leveraged to realise this opportunity. This is especially the case since there was agreement that a tipping point has now been reached in terms of global adoption of the new standard.
- The objectives for implementing ISO 2022 for the UK HVPS were raised. These are: better data for an information driven economy, assisting macroeconomic surveillance and AML/compliance checks; enhanced interoperability, ensuring a more resilient payment system and greater efficiency in payments processing; facilitating competition by reducing technical barriers; and an enhanced end-user experience. These will be realised in conjunction with industry input via a series of working groups and consultation.
- The issues of domestic interoperability and international harmonisation were raised. It was noted that the UK retail schemes are committed to moving to ISO 2022 in their future infrastructure. It was also noted that there is presently a Payments Market Practice Group (PMP) study in collaboration with SWIFT on how to migrate cross border correspondent banking onto ISO 2022.
- It was suggested that the Bank should be engaged with the work that the Open Banking Implementation Entity is undertaking on APIs and ISO 2022. However, it was recognised that the Bank need not get drawn into issues of syntax underpinning ISO 2022 at this stage. Given the Bank will be utilising a SWIFT network it is currently restricted in its choice of syntax.
- The need to plan for migration was discussed. The Bank is developing the overall timeline for introducing RTGS, including migration to ISO 2022. This will be informed by industry input via the Transition Working Group.

## **Terms of Reference**

- Attendees agreed the Terms of Reference, subject to two changes: 1) the term 'schema' should be used rather than 'recommended set of data fields' because there will need to be discussions about the structure of the fields as well as the types of fields used; and 2) there should be an explicit mention of AML/ compliance objectives in the Terms of Reference. These have been updated accordingly.

## **Discussion: Is the focus on data enhancements related to who/what correct?**

- The group discussed the idea that the majority of data enhancements required to meet the objectives for ISO implementation could be captured under the headings of : 'who is transacting?' and 'why?' The group decided to reword these heading to 'identity' and 'purpose', acknowledging that these two categories of data can be complementary (i.e. detailed identity data can give strong indications on purpose).
- Attendees suggested there should also be a discussion on metadata, as some of the 'identity' data held by banks need not necessarily go in the message itself; fraud detection tools could be built



around accessing the data from other sources linked to but separate from the payment message itself; and track and trace tools could all fall into this category.

- It was suggested that the group consider structured/unstructured remittance information given the significant of these fields to end-users. In some international implementations of ISO 20022 these fields are extremely important. It was agreed that there is a need for clearly structured remittance information as presently much of the data is difficult to use/compare.

### **Data for Macroeconomic Analysis**

- The ONS presented on how better payments data could enable improved macroeconomic analysis.
- Reasons include: the opportunity for near real-time statistics; a reduced cost and burden to business for data collection; the existence of better counterparty information; better regional data; and a greater awareness of the distribution of risk of certain assets.
- It was acknowledged that some users have a poor track-record in completing reference data that would be useful for macroeconomic analysis. This is not necessarily the case with regulatory data where there is a requirement to keep data up to date.

---

### **Actions:**

- Members should contact the Bank to organise when they will present, and on what topic
- Members should also consider topics for discussion in future meetings
- The Bank will publish a record of the meeting
- The Bank will schedule a meeting with the Open Banking Implementation Entity in due course.