



**BANK OF ENGLAND**

# News release

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## **ISO 2022 Consultation Paper: A Global Standard to Modernise UK Payments**

The Bank of England has today, in conjunction with the New Payments System Operator (NPSO) and the Payment System Regulator (PSR), launched a 6-week consultation on the adoption of a common global 'language' or messaging standard, known as 'ISO 2022', for payments in the UK. The standard will be adopted across CHAPS, Faster Payments and Bacs, the UK's three main interbank payments systems, which together process over 8 billion payments per year, with a total value of over £90 trillion.

In particular, the Bank has worked closely with the NPSO, the group responsible for the operation of Faster Payments and Bacs, to design a 'Common UK Credit Message (CCM)' – a standard message to be used across all three systems. The message has also been designed to be compatible with the overseas payment systems that are adopting the ISO 2022 global standard. This change is being enabled by the planned delivery of two major UK payment infrastructures, a renewed Real Time Gross Settlement (RTGS) for CHAPS payments, and the New Payments Architecture (NPA) for Bacs and Faster Payments.

Andrew Hauser, Executive Director at the Bank of England said: "The coordinated adoption of a single standard across UK payment systems should bring many benefits for payment providers, and for the businesses and households they serve. Risk will be reduced by allowing payments to be rerouted more effectively between systems, and by standardising and improving data supporting detection of fraud and financial crime. Payments will flow more easily across international borders."

Implementing ISO 2022 will enrich the data carried in payments messages, improve compatibility across technology platforms and create opportunities for collaboration and innovation. Realising these benefits to the full, and preparing our payments systems for the future, will require material changes, for both payment providers and users of the system.

The consultation also covers the details of how this message will be implemented within CHAPS, including, what additional data will become mandatory. The Bank is not expecting to migrate CHAPS payments to ISO 2022 until 2021 at the earliest. Victoria Cleland, the new Executive Director for Banking, Payments and Financial Resilience will be leading this change as part of the wider RTGS Renewal programme.

Those interested in responding to the Bank's consultation can register by visiting the [Bank's website](#)

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## Notes to Editors

### 1. *What is ISO 20022?*

Any payment system requires a messaging standard, i.e. a common set of rules for exchanging relevant payment information in order to enable efficient communication with participants and related infrastructures.

Messaging standards cover such things as:

- How senders and receivers identify each other;
- How key properties of a payment message, such as currency, amount and value date, are represented; and
- What additional information can be included alongside settlement data, and in what format, to enable onward transport and processing of the payment.

First published in 2004 by the International Organization for Standardization (ISO), ISO 20022 is a globally-agreed and managed method for creating financial messaging standards which has the following key features:

- *Open Standard*: Specifications are freely available, development is open and the standard can continually evolve to meet users' needs.
- *Network Agnostic*: The syntax (language) can be read by a wide number of computer operating systems.
- *Increased data carrying capacity and improved structure*: Allowing better identification of the originators and end beneficiaries of payment instructions and better understanding of the purpose of a payment; and to prevent data truncation when sending messages.

### 2. *What is CHAPS?*

CHAPS is one of the largest high-value payment systems in the world, providing efficient, settlement risk-free and irrevocable payments. On 20 December 2017, CHAPS processed a record £468.35bn of payments in a single day. There are over 25 direct participants, and over five thousand financial institutions that make CHAPS payments through one of the direct participants.

Responsibility for the CHAPS system [transferred to the Bank of England](#) in November 2017.