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# News release

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## **Consultation Response: A Global Standard to Modernise UK Payments, ISO 20022**

Over the summer, the Bank of England, in conjunction with Pay.UK<sup>1</sup> and the Payment Systems Regulator (PSR), consulted on the adoption of a common global messaging standard, known as 'ISO 20022', for payments in the UK. Today, the response to this consultation has been published. This summarises responses received, sets out how the industry input has fed into our approach, and outlines our plans for the next phase of this important initiative.

The coordinated adoption of a single standard across UK payment systems should bring significant and long term benefits for payment providers, and for the businesses and households they serve. The move to this new standard will be introduced as part of a renewed Real Time Gross Settlement (RTGS) service for CHAPS payments, and the delivery of a New Payments Architecture (NPA) for retail payments.

There were over 70 responses to the consultation from a diverse range of stakeholders, ranging from established banks, to fintechs, and corporates, as well as a number of trade associations representing the payments industry.

The responses were largely supportive of the proposals in the consultation paper. In particular, there was broad consensus to introduce the Common Credit Message (CCM), which aims to harmonise messaging across the UK's main interbank payment systems. There was wide support for how the CCM will be introduced for CHAPS payments, including when additional data such as the use of Legal Entity Identifiers (LEI) for transactions between financial institutions, will become mandatory. Certain changes have been made to the proposals, to reflect industry feedback since the consultation was launched, and these will be reflected as we move to implementation.

Both the Bank and Pay.UK recognise the importance of continuing to work together to deliver the best outcome for users of payment systems. It is also essential to continue to work with the industry. We have issued a call for representatives of the payments industry to join a new Standards Advisory Panel to ensure that the industry has a voice in the strategic implementation of ISO 20022.

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<sup>1</sup> Formerly known as the New Payment System Operator, or NPSO

Victoria Cleland, Bank of England, Executive Director, Banking, Payments and Financial Resilience said, “We were delighted with the breadth of responses from the payments industry, which has helped us to refine and enhance our approach for adopting ISO 20022. We look forward to working with the industry to deliver a more innovative, harmonised, and resilient messaging standard for the UK.”

Paul Horlock, Chief Executive of Pay.UK, said, “It is reassuring that there were so many positive responses to the consultation. Adoption of this global messaging standard can deliver huge benefits to the UK and we look forward to continued close co-operation amongst the industry to help us deliver this project successfully.”

## Notes to Editors

### 1. ISO 20022, explanatory detail

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.

More information regarding the ISO 20022, including a link to the consultation document can be found here: <https://www.bankofengland.co.uk/payment-and-settlement/rtgs-renewal-programme/consultation-on-a-new-messaging-standard-for-uk-payments-iso20022>

## **2. CHAPS, further information**

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 30 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.

## **3. Standards Advisory Panel (SAP): call for interest**

The Bank and Pay.UK are creating a new Panel to advise on Payment Standards for the UK. Those interested in becoming a member should submit an application by Monday 10 December, 2018. Further information can be found here:

<https://www.bankofengland.co.uk/news/2018/november/standards-advisory-panel-call-for-interest>