



Record of meeting of the 4th Data Working Group

24 January 2018

Barclays	Lloyds	Ebury
Nationwide	Transpact	NPSO
SWIFT	RBS	Santander
PSR	J.P. Morgan	FPS
Wolfsberg	CLS	BACS
	Bank of England	

Introduction

- The Bank summarised progress to date across the two Working Groups.
 - The Interoperability Working Group has made significant progress on issues such as character sets, the possible use of the business application header, and setting goals for interoperability. It has also committed significant resource to improving routing rules across each scheme.
 - The Data Working Group has also made progress in areas such as the use of LEIs, ultimate beneficiary and ultimate originator identification, structured name and address, and purpose codes.

Remittance Information

- The Bank presented its proposal on remittance information for discussion, as detailed in the fourth reading pack. This involved the need to have more structured remittance subfields, as defined in the HVPS+ schema, including: remittance advice, remittance location, remittance method and fields to enable links to external data repositories.
- The requirements for the remittance section of the message should be driven by end-user needs.
 - One such use case identified and discussed by the group was reconciliation of funds by corporate users.
- There are concerns around data truncation if other implementations of ISO 20022 have larger character limits. In particular, attendees raised concerns around compatibility with 9000 free text characters in Fedwire.
- The general premise of the proposal was agreed by the group – there is a need for structured elements to remittance information in the message alongside unstructured. The specific composition of these elements in the final implementation will need to consider how best to satisfy potential use cases and any wider interoperability concerns.
- Specifically regarding interoperability, it was discussed that there would need to be clear guidance for how to handle the data if transmitting information from ISO 20022 to a legacy format.
- **Act: the Bank will present a more detailed proposition at the next meeting.**



Humanitarian Payments

- The Working Group considered the challenges of transmitting humanitarian payments to high risk jurisdictions as a use case for enabling enhanced remittance information.
- The processing of these payments to high risk jurisdictions could be improved through the use of more structured remittance information fields and clear guidance – for example by including licence information in clearly demarked fields. **Act: the Bank will continue to liaise with key stakeholders outside of the working groups to establish how best it can facilitate this opportunity.**
- It was recognised that the mechanism for improving processing of humanitarian payments is similar to the process for other rules based scenarios – e.g. invoices, trade finance, multiple payments in a chain etc.
- Attendees acknowledged that in order to realise the benefits associated with this change, there would have to be a behavioural shift by participants, and accompanying guidance/rules for users to follow.

Purpose codes

- The Bank proposed that the UK implementation of ISO 20022 should follow HVPS+ guidelines with respect to purpose codes. This would involve the introduction of two sets of codes: category purpose (used by financial institutions to signal specific processing/handling requirements for a payment), and payment purpose (a longer list of codes primarily used by end-users of payment systems). At this stage the Bank is minded to introduce these on an optional basis; this follows discussion at the previous Data Working Group.
- Attendees agreed with the broad outline of the proposal, especially in relation to the need to ensure that the codes are fit for the UK context.
- It was felt that the ISO 20022 lists could be rationalised and made more applicable for the UK context. **Act: Bank to raise this issue with relevant HVPS+ group. [Post meeting note: the Bank has engaged the HVPS+ group and will be helping in a review of both the category purpose and payment purpose codes.]**
- The Bank asked whether any attendees would like to form a subgroup to help to understand which purpose codes could work in the UK context. **Act: the Bank to set up a meeting and invite attendees.**
- The group highlighted the need to develop a value proposition for end users. For instance, end users would be incentivised to enter a purpose code on their payments if this helped to mitigate authorised push payment scams (APP scams).
 - If conveyancing fraud was attempted, and the target indicated in their outgoing payment that the payment was for housing, the receiving bank could mark this as suspicious if the account to which it was directed had not previously received similar payments.
- Some attendees noted the value of being able to use purpose codes to identify housing completion payments so that these can be prioritised for settlement given they are time critical from a customer perspective . It was felt that insofar as is possible, this functionality should be introduced to the ISO 20002 purpose code lists.

Personal identifiers



- Following the discussion at the previous Working Group, the Bank proposed that personal identifiers would be optional to complete, and would be associated with a defined meta-data tag which users would select – e.g. Passport number, driver’s licence number etc.. This follows the HVPS+ approach.
- It was recognised that there would be a relatively limited number of instances where a personal identifier would be used. For example, it could act as a secondary identifier to ensure that straight-through processing occurs where an individual shares a name with a person on a sanctions list.
 - Due to this and similar use cases, it was noted that the ability to enter both a name and, for example, a passport number is important in the message. However this is not currently supported in the HVPS+ guidelines, which support an either/or use of name and other identifier.
Act: the Bank to raise this with relevant HVPS+ group.
- Attendees asked the Bank whether it was considering GDPR implications of expanding the data carried in payment messages flowing through RTGS. It confirmed that this was being assessed by legal colleagues.

AOB and next meeting

- The Bank is beginning wider cost benefit analysis of the impact of the migration to ISO 20022. Attendees were asked to provide information to the Bank on the proportion of payments that require manual intervention.
- The Bank asked whether attendees had any further suggestions about different user groups to engage with in advance of the consultation document.
- The next meeting will be a shorter meeting to look solely at the purpose codes lists.