



Collaboration between Pay.UK and the Bank of England on ISO 20022 payment messages

Payments are critical to the UK economy. Every year, over 8 billion payments messages are exchanged across CHAPS, Faster Payments and Bacs, the UK's three main interbank payment systems.

Since 2017, Pay.UK and the Bank of England ('the Bank') have been working together on our plans to adopt the ISO 20022 global messaging standard. Working collaboratively helps us to better achieve our common objectives of supporting easier access to and wider interoperability between our payments systems, which will ultimately foster greater resilience, efficiency, innovation and competition in sterling payments.

The introduction of ISO 20022 across both CHAPS and the New Payments Architecture (NPA – targeted to provide the next generation of UK retail payment systems) presents a unique opportunity to make UK payment systems work better for everyone through improved payments and data flows (see Note 1). This statement sets out what we have achieved so far and our priorities for the coming year.

In 2018, the Bank, Pay.UK and the Payment Systems Regulator jointly [consulted on the introduction of ISO 20022](#), and in particular proposed to establish the Common Credit Message (CCM). As outlined in our [consultation response document](#), this was well received by industry and since then, we have been working together on detailed delivery of ISO 20022 (see Note 2).

In 2019, we have:

1. Set up and delivered the [Standards Advisory Panel](#), a shared industry group with an independent chair, providing strategic advice on how standards, and in particular ISO 20022, can be best implemented across our payments systems. The group has a particular focus on ensuring that the benefits from adopting a common standard can be realised industry-wide.
2. Undertaken detailed design work on the implementations of the CCM for the NPA and CHAPS, and on alignment of other payment and administration messages. The purpose of this is to align the messages and core fields used in each system to enable easier rerouting, whilst accommodating additional data fields for scheme-specific features and future innovation.
3. Liaised closely with SWIFT and Payment System Operators (PSOs). This is to ensure that the UK's CCM is compatible with the emerging global standards for the use of ISO 20022 messaging by other retail PSOs, in cross-border payments and in overseas high value payment systems.
4. Started work to develop a clearer and more detailed joint view of the benefits that can be realised throughout the economy with the introduction of ISO 20022. In particular understanding what conditions are necessary to allow these benefits to be fully realised, and what our role as PSOs should be in helping foster these conditions.

We are committed to continued collaboration, both over 2020 and into the future. We expect that during 2020 we will work together to deliver:



1. A shared approach to introducing common data enhancements in the CCM, such as Purpose Codes and Legal Entity Identifiers.
2. High quality documentation, consistent between the two operators, for both participants and end-users. These will help enable a smooth implementation of the new standard and allow the benefits of ISO 20022 adoption to be realised more quickly and easily. By working closely with industry, the documentation will deliver thematic guidance for use of the new standards, setting out how information needed in specific use cases should be carried.
3. Continued close collaboration on transition plans to help ensure that the overall impact on participants is managed and optimised in this busy period of change. We are keen to do what we can to ensure that participants have sufficient resource to focus on the scale of change needed to introduce ISO 20022 across both domestic and international payment systems. We will therefore work together and liaise with international payment systems to understand how we can help minimise the burden, for example considering the development of a possible common approach to change freezes during the transition period.
4. A view on a shared and coordinated change management process for the CCM and other ISO 20022 messages, enabling Pay.UK and the Bank to jointly assess which future changes would best benefit our payments systems. We will consider both how we come to agreement on the content changes for the messages, and the timings of such changes.

The close and sustained relationship between Pay.UK and the Bank of England is a world leading example of collaboration between retail and high-value PSOs and we will continue to work together to seize the opportunity ISO 20022 presents. Importantly, we will continue to work closely with the industry to maximise the benefits that can be realised from this once in a generation change in data standards.

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Note 1: The co-ordinated adoption of a single standard across UK payment systems should bring many benefits for payments 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. Entry costs will fall, supporting competition and facilitating the development of new services for users. Richer data, including the purpose of a payment and parties involved, will help streamline compliance and reconciliation processes, and facilitate innovative data services to users. And, in aggregate form, the enhanced data will help to build up a better real time picture of economic activity and financial flows across the United Kingdom, supporting policy makers, including the Bank, in taking more informed decisions.

Note 2: The CCM ensures that where the same information is being carried that it is carried in the same format. Further, where additional data is required in one system or the other (given the different purposes and functionalities of the CHAPS and NPA systems) those requirements and any additional data does not conflict with the other system's requirements.