

ISO 20022 READINESS HANDBOOK FINANCIAL INSTITUTIONS

**BNP PARIBAS
CORRESPONDENT BANKING**
BIC: BNPAFRPPXXX - FEBRUARY 2023



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The bank
for a changing
world

TABLE OF CONTENTS

This brochure is aimed at Financial Institutions clients of BNP Paribas Correspondent Banking, who wish to learn more about the ISO 20022 initiative.

ISO 20022 is undoubtedly one of the biggest changes that the payment industry has faced since the internet boom.

This document will allow Financial Institutions to obtain a global overview on the Euro Clearing Systems transition to ISO 20022, SWIFT CBPR+ guidelines and BNP Paribas' strategy.

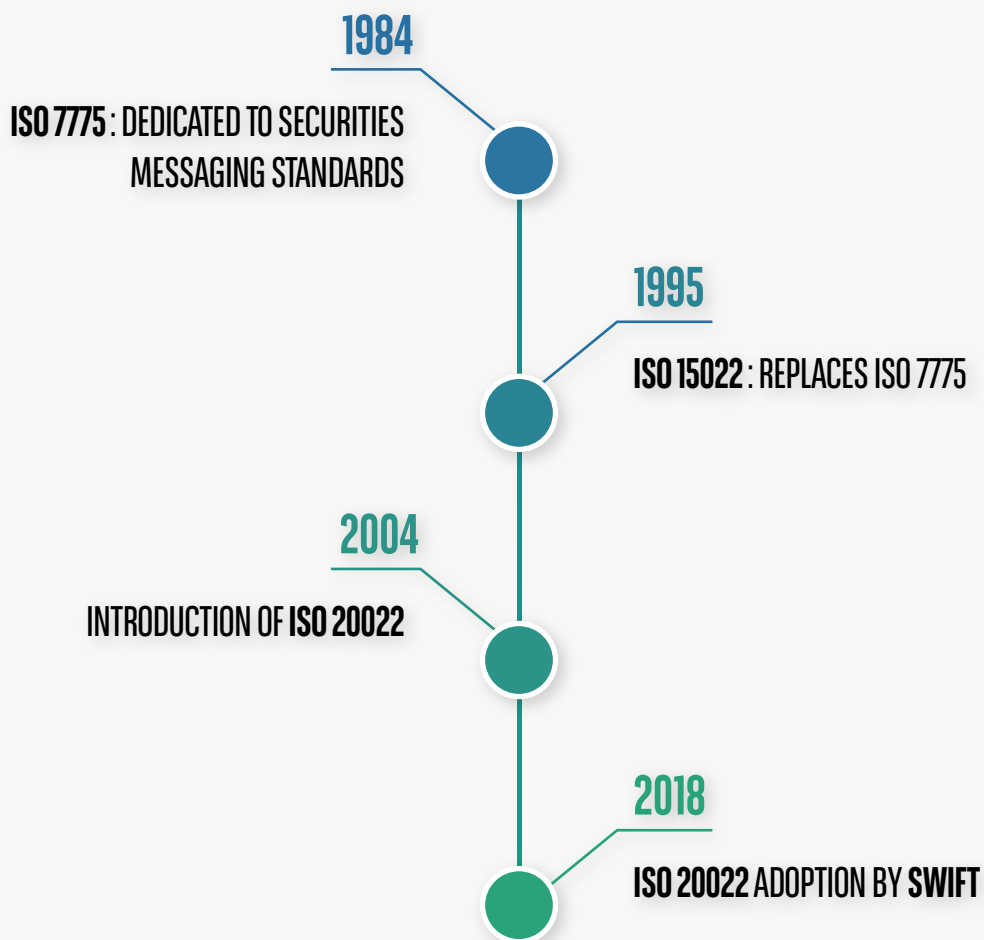
I. History of ISO 20022	3
II. ISO 20022 benefits	4
III. ISO 20022 – Euro Market Infrastructure & CBPR+ roadmap	5
IV. ISO 20022 – BNP Paribas Correspondent Banking roadmap	7
I. Payment Messages	
II. Reporting Messages	
V. Contact	9

HISTORY OF ISO STANDARDS

ISO 20022 is one of the many standards developed by the International Organization for Standardization (ISO).

Created after the Second World War in 1947, ISO's primary objective was to **introduce international standards in the manufacturing and business industries**.

Thanks to the success of ISO, and the trend of worldwide globalisation, more and more ISO standards were adopted, including standards on payments messaging in the financial industry.



ISO 20022 introduces a new messaging format, changing how the information that makes up a payment can be structured.

It opens new ways of monitoring and tracking payments along the payment chain.

ISO 20022 BENEFITS

The recent adoption of ISO 20022 by major financial industry stakeholders such as **Central Banks, Financial Institutions, Market Infrastructures and Society for Worldwide Interbank Financial Telecommunication (SWIFT)**, is accelerated by the increasing importance of transparency for payments and money transfers



Increased efficiency & Straight Through Processing (STP) rates due to a more standardised format and structure



Cost reduction, with the simplification of processes such as investigations, data analytics and reporting



Improved digital compliance thanks to richer and more structured information that simplifies fraud prevention



Enhanced customer satisfaction thanks to an upgraded service

ISO 20022

EURO MARKET INFRASTRUCTURE & CBPR+ ROADMAP

SWIFT Cross Border Payment Initiative Plus (CBPR+)

This initiative aims to evolve current MT formats for cross-border payments to ISO 20022 MX formats. To do so, SWIFT put tools and documentation at the disposal of Financial Institutions (FI) such as: guidelines for migration, messages specifications and training to accompany Financial Institutions in their transition to ISO 20022.

SWIFT also developed Transaction Manager, and SWIFT Inflow translator, to prevent incompatibility between MX ready and non-MX ready FIs and to ensure that data will not be truncated throughout the payment process.

However, SWIFT chose to implement a co-existence period, between MT messages and MX messages in their systems. This strategy has several benefits for Financial Institutions:

- Allow more time to ensure FIs are MX ready;
- Lower the risks, compared to a big-bang approach;
- Facilitate testing.

CBPR+ applies only to flows from one Financial Institution to another.

Market Infrastructures (MIs)

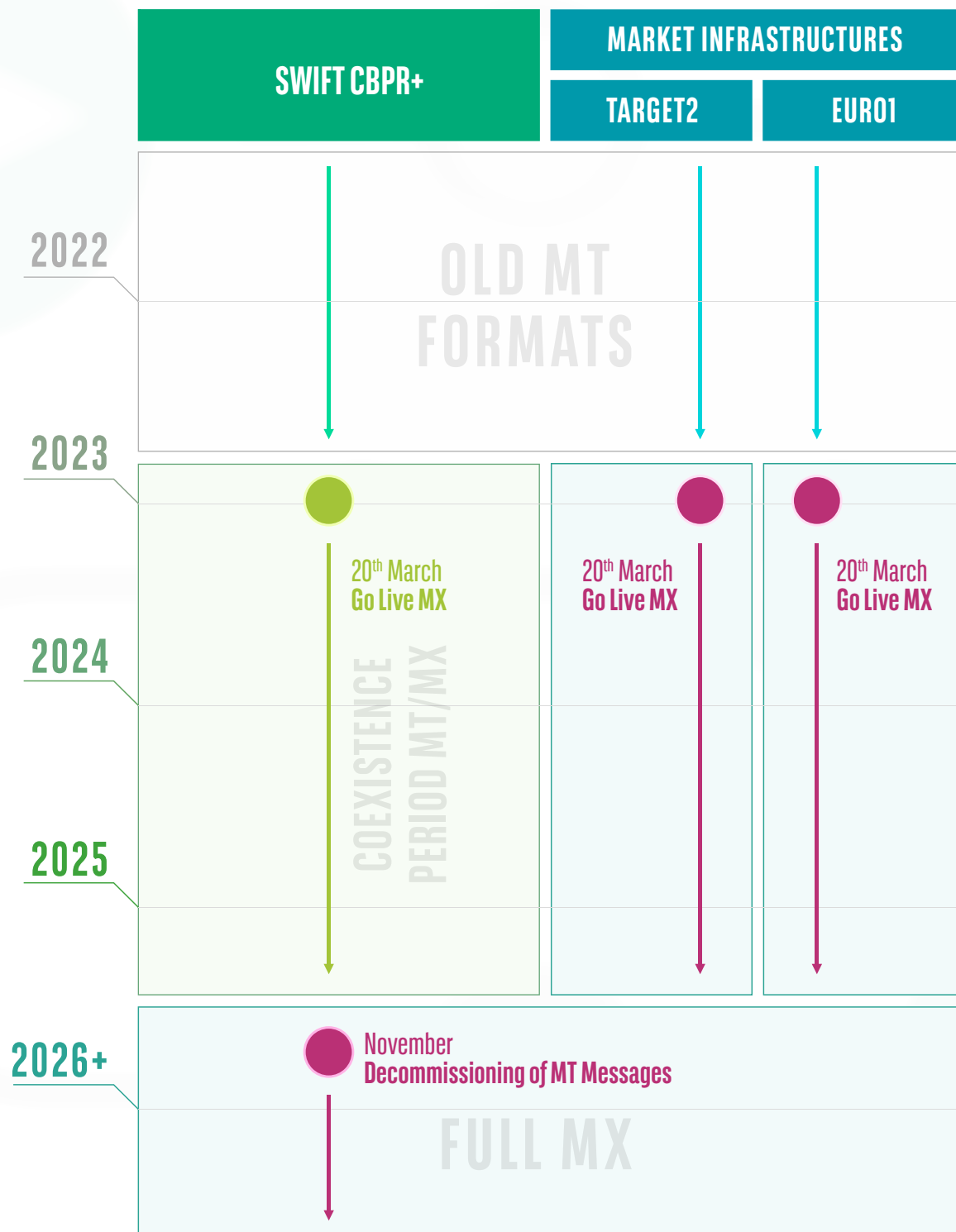
The transition to ISO 20022 standards for Markets Infrastructures in Euro, is led by the European Central Bank (ECB) and Central Banks locally.

The two main clearing systems in Euro are **TARGET2** and **EBA Clearing**.

In contrast to CBPR+ guidelines, MIs will migrate to ISO 20022 MX formats in a big-bang approach. This means that all systems will completely migrate to MX formats and not allow any old MT formats from the go-live date.

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EURO MARKET INFRASTRUCTURE & CBPR+ ROADMAP



ISO 20022

BNP PARIBAS CORRESPONDENT BANKING ROADMAP

SWIFT CBPR+

• Payment messages

- Our main focus during the coexistence period, is to avoid any data truncation during the payment flow. To do so, BNP Paribas Correspondent Banking will send either MT or MX messages based on client instructions (no conversion MT to MX, or MX to MT)
- The table below provides a full overview of our roadmap for payment messages.

SWIFT MT	ISO 20022 EQUIVALENT	INCOMING (from BNP Paribas' standpoint)		OUTGOING (from BNP Paribas' standpoint)	
		MT	MX	MT	MX
PAYMENT MESSAGES					
MT 103	Pacs.008	Until November 2025	Starting 20 March 2023	Until November 2025	Starting 20 March 2023
MT 103 / MT 202 (w/ Tags 53 & 54)	Pacs.009 ADV				
MT 202 / 202 COV	Pacs.009 COR/COV				
MT 103 RETURN	Pacs.004				Before November 2025
MT 202 RETURN	Pacs.004				



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BNP PARIBAS CORRESPONDENT BANKING ROADMAP

SWIFT CBPR+

• Reporting and investigation messages

- With the transition to MX formats, reporting messages will require Relationship Management Authorisation (RMA) from 20 March 2023.
- BNP Paribas Correspondent Banking plans to propose the issuing of reporting and investigation messages at a later stage during the coexistence period.
 - **This is dependent on the settlement of a RMA key between BNP Paribas Correspondent Banking and our counterparty.**
- From 20 March 2023, BNP Paribas Correspondent Banking will continue issuing reporting and investigation messages under MT format.

SWIFT MT	ISO 20022 EQUIVALENT	INCOMING <small>(from BNP Paribas' standpoint)</small>		OUTGOING <small>(from BNP Paribas' standpoint)</small>	
		MT	MX	MT	MX
REPORTING MESSAGES					
MT 900	Camt.054	Until November 2025	Starting 20 March 2023	Until November 2025	Before November 2025
MT 910	Camt.054				
MT 940	Camt.053				
MT 950	Camt.053				
MT 942	Camt.052		Before November 2025		
INVESTIGATION MESSAGES					
MT 192	Camt.056	Until November 2025	Starting 20 March 2023	Until November 2025	Before November 2025
MT 292	Camt.056				
MT 196	Camt.029				
MT 296	Camt.029				

IF YOU NEED ANY FURTHER INFORMATION REGARDING THE ISO 20022 INITIATIVE WITHIN BNP PARIBAS CORRESPONDENT BANKING, FEEL FREE TO CONTACT OUR TEAM BY EMAIL:

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