

Four ways Lloyds Bank is managing the migration to ISO 20022

And what Financial Institutions need to do next



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What has happened so far?

The banking community began the long-awaited migration from Swift MT payment message types to ISO 20022 (CBPR+) in March 2023.

Since 2023/24 we have also seen significant traction in Payment Market Infrastructures (PMIs) moving to ISO 20022 standards. For Lloyds Bank, that meant the successful migration to ISO 20022 of Target2 in March 2023 and CHAPS in June 2023. Other PMIs that are already migrated include CHIPS for USD, Payments Canada for CAD, RITS for AUD, ESAS for NZD, REGIS for RON, RENTAS for MYR, and CHATS for HKD. Fedwire for USD is amongst the scheduled migrations in 2025.

As well as payment infrastructures, the banking community is also increasing its uptake. Currently over 20% of cross-border flow is being initiated as ISO 20022. All banks needed to be able to receive ISO 20022 at the migration starting point in March 2023. The purpose of the coexistence period until the end of November 2025 is to facilitate the banking communities transition to ISO 20022 and have a notice period for the cessation of legacy MT formats.

So what's coming down the road, and how will Lloyds Bank be managing the transition?

The road ahead

The Swift Board has reiterated its support for a successful community move to the standard by November 2025. There is renewed focus on payment instructions which will continue their path to be solely issued as MX rather than MT come November 2025.

On the balance and transaction reporting side, the community is encouraged to continue its migration activity. To provide extra support for this, MT balance and transaction reporting message types will not be withdrawn immediately from November. Instead, a short period of deprecation will be allowed. During this time, message types will no longer be maintained by Swift, but they can still be sent and received.

Exceptions and Investigations are more nuanced, with some MT types having a decommission date in 2026 and some permitting a short deprecation period.

In the UK, the Bank of England has revised its timeframes for the introduction of Legal Entity Identifiers (LEIs) and specific purpose of payments codes related to property payments. That revised date is now May 2025 for CHAPS payments.

Lloyds will be continuing with our onboarding plans to enable our clients to include this information before the end of 2024. This will allow them time to become familiar with the new requirements ahead of the mandatory date.

In November 2025, Swift will introduce the hybrid address option into the CBPR+ standards. This requires a minimum of town/city and country to be populated in their specific pacs 008 fields. From November 2026, unstructured addresses will no longer be supported, instead only hybrid or fully structured addresses being supported from then on.

Please note that all migration dates are subject to change by industry bodies.



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Spotlight on how Lloyds is managing the migration

1 Developing Lloyds Bank Gem[®] to be ISO 20022-native

Lloyds Bank Gem[®] is our corporate and institutional enhanced cash management and payments platform, and incorporates our International Payments Platform. Lloyds Bank Gem was built to be both ISO 20022-native and API-enabled.

We can receive MT and MX for the co-existence period. We now send our outbound flow for GBP and EUR to Target2 and CHAPS as ISO 20022 as part of our PMI migrations in 2023. We have now begun the migration of our cross-border transaction flow to our ISO 20022-native payments platform, which will be phased over the co-existence period. We expect to have ~40% of flow sent natively as MX by the end of this year and increase this throughout 2025, with a view to initiating 100% of payments traffic natively as MX by November 2025.

2 Engaging in ISO 20022 working groups

We have been represented in each stage of the infrastructural journey here in the UK and have representation on several working groups, such as the Bank of England's testing working group, as we prepared for the CHAPS migration.

Additionally, we chair the UK's Swift User Group which channels its experiences into the Swift Payments Market Practice Group (PMPG). The PMPG is a global forum to drive better market practices and standards usage which will continue to support the evolving ISO 20022 standards requirements and interpretation.

3 Maximising the value when migration is embedded

We are also increasingly looking towards the benefit realisation that we can achieve once the migration is embedded. We already identified several operational enhancements and straight through processing on the back end of the Target2 and CHAPS migrations. Some of the areas we are focusing our attention on include:

- The financial crime benefits of structured data within the payments messages we are already seeing inbound as pacs 008.
- How efficiently we are processing ISO 20022 payments with a keen eye on how much we can process straight through, but also what areas of friction we can eliminate to optimise operational benefits.
- Trade use cases – as trade and payments are so intrinsically linked, identifying the benefits we can share with our clients in terms of the enriched data that can be transferred in a payment, such as invoice, purchase order and regulation data that can streamline open account flow.

4 Supporting the industry throughout the migration

What can we as an industry do to support the migration? As a leading UK bank, we will be ready to support you throughout the transition period and will be ready when you are, for both payments initiation and receipt, as well as balance, and transaction reporting. Communication and engagement with each other as we gain momentum in the co-existence period - we all have a role to play.

The key activities we have planned for the co-existence period as we get closer to the migration date are:

- **Guidance and communication** throughout the migration.
- **Engagement with partner banks** on any translation or formatting challenges we identify throughout the co-existence period.
- **Recommend Swift MyStandards** to all our clients and partners as a means of access to the CBPR+ Standards and to test and validate them.
- **We will continue working closely with Swift** to stay abreast of new developments and share experiences.
- **Preparation of customer guides and FAQs** for the transition, which will be tailored to Banks, Indirect Participants and Commercial clients.

What do I need to do?



Think about your own migration journey and impact of translation from MT to MX and MX to MT



Experiment with the CBPR+ Translation Portal and check your outbound flow with the Test Sparring Partner



Think of your own infrastructure and all the elements impacted, from your client payments initiation journey to your reconciliations processes



Think of how and when you want to receive new CAMT reporting standards – we will all need to be flexible to work within the transition period to support each other



Look to your own direct clearing access schedule



Engage with partner banks to understand their migration schedule and share your own



Test your ability to build and validate CBPR+ on Swift MyStandards



Speak to your usual Lloyds Bank contact to discuss your ISO20022 migration journey



Go online:
lloydsbank.com/business/resource-centre/insight/iso20022



Speak to your
Relationship Manager

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

Important information

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