

Payments

ISO 20022 migration

What it means for Financial Institutions

Financial Institutions across the globe have been preparing for some time for the initial ISO 20022 migration to begin this year. The impact of the Covid-19 pandemic has spread far and wide in the financial services in several ways, not least the revised migration timeframes.

Acting on feedback from the community, the migration from MT 1, 2 and 9 series to their ISO 20022 equivalents now starts from March 2023, with a co-existence period lasting until November 2025.

This pushed out the original migration start date but does not change the end date of co-existence. As originally planned, the impacted MT messages used will be decommissioned by SWIFT in November 2025.

This is not just a standards journey

There is a wealth of benefit from the industry moving to the new suite of standards, such as the richer, structured data that supports automation, interoperability and easier integration, as well as the new features such as extended remittance information.

The move to ISO 20022 gives us a real opportunity to make the world of international payments even more interconnected as it extends from high to low value schemes across the globe.

What are the other important timeframes of note?

The payments landscape in the UK is in a period of unprecedented change, with two significant programmes impacting

all clearings. The Bank of England's renewal scheme for CHAPS, the UK's Real Time Gross Settlement system (RTGS), impacts both the infrastructure of the scheme and its migration to ISO 20022. The CHAPS scheme's migration is planned for June 2023.

Our retail schemes are also going through significant enhancements in terms of infrastructure and messaging standards under the New Payments Architecture (NPA) programme.

At the core, NPA will be a single clearing and settlement infrastructure, incorporating ISO 20022 messaging standards, defined in close cooperation with the payments industry.

Organisationally, the three retail domestic schemes: Bacs (including Direct Debit), Faster Payments, and the Image Clearing System (the digital way to process cheques) have all been incorporated under one entity – Pay.UK (www.wearepay.uk).

Also, of significant impact will be the 'big-bang' migration of Target2, the Eurozone's RTGS scheme, in March 2023.

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



LLOYDS BANK

How is Lloyds Bank preparing for ISO 20022 migration?

Lloyds Bank Gem[®], which is ISO 20022- and API-enabled, is both our corporate and institutional enhanced cash management and payments platform and our International Payments Platform.

We have also 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 prepare for the CHAPS migration.

Additionally, we have been a part of the SWIFT Payments Market Practice Group, which aims to address the evolving ISO 20022 standards requirements of high value payments systems providers.

We fully support the SWIFT Transaction Management platform and were ready to send and receive MX in November 2022. We shall begin migrating Lloyds Bank Plc outbound flow from the revised March 2023 date for both Target2 and CBPR+, and shall migrate CHAPS flow with the timeframe in June 2023. For all payments, we will initially be using a translator. We will be able to receive MT or MX until the end of the co-existence period to support you on your individual migration journey.

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.

We all have a role to play. The key activities we have planned as we get closer to the migration date are:

- Guidance and communication throughout 2022 – particularly for the phased UK model and what that may mean
- Recommend SWIFT MyStandards to

all our clients and partners as a means of access to the CBPR+ Standards and also 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 and Indirect Participants

What do I need to do?

- Think about your own migration journey
- Think of your own infrastructure and all the elements impacted, from your client payments initiation journey to your reconciliations processes
- Look to your own direct clearing access schedule
- Test your ability to build and validate CBPR+ on SWIFT MyStandards, experiment with the CBPR+ Translation Portal and check your outbound flow with the Test Sparring Partner
- 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
- Engage with partner banks to understand their migration schedule and share your own
- Remember you are not alone; there are a host of resources available

Resources

ISO 20022 Repository – containing Data Dictionary and Business Process catalogue
www.iso20022.org/financial-repository

SWIFT ISO Services
www.swift.com/standards/iso-20022/iso-20022-programme/iso-20022-financial-institutions

Please speak to your usual Lloyds Bank contact to discuss your ISO20022 migration journey.

Existing vs. new message formats

Existing FIN MTs	ISO 20022 equivalent	Usage guidelines MyStandards
MT 101 relay	pain.001.001.09 (Interbank)	Published
MT 102	pac.008.001.08	Published
MT 102 STP		
MT 103 REMIT	pac.008.001.08	Published
MT 103	pac.008.001.08	Published
MT 102 /RETN/	pac.004.001.09	Published
MT 103 STP	pac.008.001.08	Published
MT 192	camt.056.001.08	Published
MT 196 (Response)	camt.029.001.09 (ONLY as a response to camt.056)	Published
MT 200	pac.009.001.08	Published
MT 201	pac.009.001.08	Published
MT 202	pac.009.001.08	Published
MT 202 (with reimbursement Agents – Fields 53 and 54)	pac.009.001.08 – ADV	Published
MT 202 COV	pac.009.001.08 COV	Published
MT 202 /RETN/	pac.004.001.09	Published
MT 203	pac.009.001.08	Published
MT 204	pac.009.001.03	Published
MT 205	pac.009.001.08	Published
MT 205 COV	pac.009.001.09 COV	Published
MT 205 /RETN/	pac.004.001.09	Published
MT 210	camt.057.001.06	Published
MT 292	camt.056.002.08	Published
MT 296	camt.029.001.09 (ONLY as a response to camt.056)	Published
MT 900	camt.054.001.08	Published
MT 910		Published
MT 920	camt.060.001.08	Published
MT 940	camt.053.001.08	Published
MT 941	camt.052.001.08	Published
MT 942		Published
MT 950	camt.053.001.08	Published



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