

ISO 2022 FOR CORPORATES NEWSLETTER

Cash Management

Welcome to the first edition of the ISO 2022 newsletter produced by BNP Paribas Cash Management. The objective is to inform our corporate clients on the adoption of ISO 2022 in corporate payments.

Through this new publication, we will give regular updates on the MT to ISO 2022 XML (also called MT to MX) migration status of interbank cross-border payments and cash reporting, and most importantly, communicate the impacts and potential opportunities the migration represents for you.

➤ What is the ISO 2022 migration and adoption program?

Although cross-border and high value payments have seen some significant improvements in terms of processing and traceability in the last years, the communication between Financial Market Infrastructures (FMIs), Financial Institutions (FIs), machines, and ecosystems is not as efficient as it could be due to the usage of different financial messaging standards across countries.

To overcome the communication difficulty, the financial industry, together with SWIFT, has decided to migrate from the traditional MT standard to ISO 2022 XML for all interbank cross-border and high value payments and associated cash reporting.

The migration to the ISO 2022 standard message format, which will run from November 2022 to November 2025, paves the way to interoperability. It is fully supported by all financial players on the international scene, including Central Banks who, at the same time, are updating their operating model and their settlement windows.

The ISO 2022 message standard offers a rich data dictionary, the ability to carry more data, more granularity for each party in the payment chain and additional elements to identify intermediary parties.

The rich, structured and granular data is the key to increase automation, facilitate compliance and anti-money laundering screening, accelerate crediting of funds and ease reconciliation.

The ISO 2022 migration primarily concerns the interbank space: you can continue to instruct payments and get the bank reporting the way you are doing today.

➤ ISO2022 migration & adoption timeline with potential client impacts

Although there is no obligation to adopt ISO 2022 at the initial stage, you will be requested along the migration period to provide additional information in your payment instructions so that BNP Paribas can comply with the new mandatory requirements in the interbank space.

The requested extra information will be broadcasted by means of our message specifications, whichever format you use.

FOR CROSS BORDER AND HIGH VALUE/RTGS PAYMENTS (Real Time Gross Settlement, i.e. Target 2):

- **In 2022**, the ISO 2022 XML migration has no impact on corporates.
- **As of November 2025**, complete and structured address of the beneficiary will be **mandatory**. We recommend you to start preparing your internal systems as soon as possible to meet this requirement.



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➤ Getting ready for the migration

HOW IS BNP PARIBAS CASH MANAGEMENT HANDLING ISO 20022?

The key MT Category 1, 2 and 9 messages will be retired from the interbank space after November 2025. Like many other banks, BNP Paribas is working on a comprehensive program to adapt the various systems and teams to the ISO 20022 message version released in 2019.

The next step is to convey the extra information that will make payments more frictionless and the reconciliation more automated.

We intend to work closely with you, our corporate clients, to help you capitalize on the increased data richness and quality to bolster your treasury and cash management processes, such as making more accurate forecasting and faster treasury decisions, hereby increasing efficiency overall.

HOW SHOULD CORPORATES APPROACH THE MIGRATION TO ISO 20022?

The adoption of ISO 20022 in the interbank space does not change the way you communicate with your banks for now. If you exchange MT for payment initiation (MT 101) and reporting (MT 940) or any other MT type format, you can continue doing so.

However, an early adoption strategy will make your treasury more future-proof.

When the financial industry (market infrastructures, financial institutions and their vendors) will all have moved to full ISO 20022, the only way for you to reap the benefits of richer data is to also switch to the de facto standard.

To ensure the information you provide in the payment instructions pass to the interbank space unchanged after November 2025, you should start studying the details of ISO 20022 standards and the implications on your internal systems.

Ask your ERP/TMS vendors what their plan is to make sure that they are able to send and receive the ISO 20022 format and the extra level of information. Equally, are there any specifics that you would like to be taken into account?

Then choose the right ISO 20022 migration timeline for your needs.

At the end of your research phase, you may decide that a 'big bang' is preferable i.e. implement the necessary changes in your enterprise resource planning (ERP) system to use ISO 20022 for both initiating payments and receiving data-rich reporting.

The alternative is to make only the necessary infrastructure changes to receive data-rich CAMT (equivalent of MT94x messages) reporting and at a later stage, to begin sending payment instructions using PAIN.001.

CAMT = Cash Management **PAIN** = Payment Initiation

Whichever direction you take, we will work closely with you throughout the transformation period to make sure that your systems and people are ready for the changes.

BNP Paribas, your trusted partner for all your foreign payments and collections.

More info:
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