



## Cross-border payments

# Important topics after the ISO migration

Now that TARGET2 and SWIFT have been migrated to ISO 2022, is there time to rest? Not at all: the schemes and standards that have been introduced enable procedures that were previously difficult to implement. The regulation is also changing. Due to lead times, financial institutions should start looking at potential new processes now. Only then can the smooth implementation of them succeed.

## Cross-border payments become instant-capable

After the stabilisation of the new SWIFT and TARGET2 processes, it is also conceivable in principle to offer cross-border payments as instant payments in the future. Ideas, concepts and even some prototypes already exist. The IXB initiative by EBA CLEARING, SWIFT and The Clearing House stands out here. gpi Instant and a Nexus solution are also in progress. Although the lack of cross-border regulations is currently holding back the implementation, two scenarios are conceivable in principle:

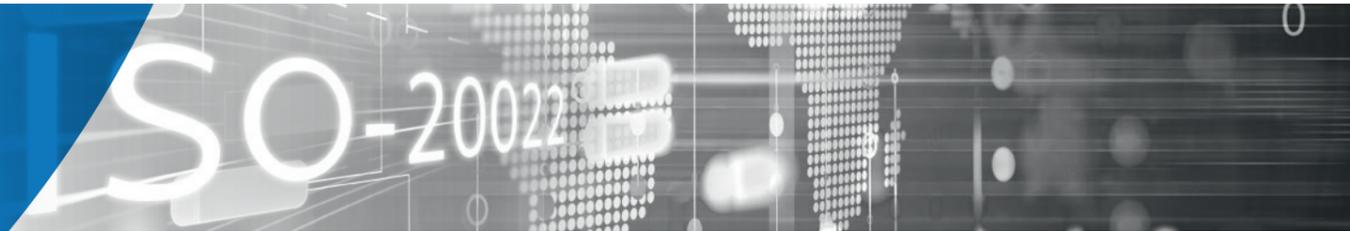
- A market-driven solution by different participants is emerging. They implement own rules, based on national laws. An example of this would be a kind of „instant community“.
- The legislator defines a corresponding solution.

One-leg-out payments, or SEPA OLO for short, are increasingly gaining relevance. For these, either the sender or the

recipient is a participant in the European Economic Area (EEA). The background to this is the intended linking of international and national instant payments solutions in order to guarantee real-time processing. However, the legal basis for this is still lacking.

## Legal framework

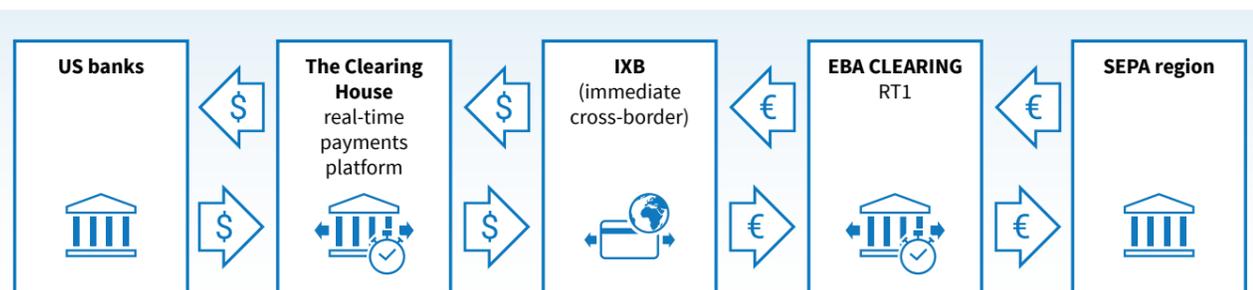
Regulation creates common ground for innovation. It can be both its driver and a guarantee for security and the smooth implementation of the new formats and processes. In the context of cross-border payments, it provides legal certainty. When developing new processes, regulatory requirements must also be reconsidered. Financial institutions that early on consider the new market ideas can play an active part in this. Particularly worthy of mention in this context is PSD3.



## Cross-border payments

# Good preparation facilitates change management

### Instant payments in international context



Source: PPI AG

In order to make instant payments possible across payments areas, EBA CLEARING and The Clearing House have founded the joint platform IXB, which converts dollar payments into euro, clears them for the euro area and vice versa.

### How do you best prepare your institution for the new challenges?

Following the stabilisation phase after the ISO migration, potential new topics must be placed and prioritised within the financial institution. It is to be expected that there will be increased demand for more flexible and faster solutions in the payments sector.

The implementation of the ISO formats should first be followed by an inventory that not only includes the systems needed for further adjustments, but also involves the employees and the internal know-how for implementation. The migration to ISO 20022 has revealed strengths and weaknesses. The work on the new topics must be based on what has been learned in the last two years. What went well? Where is the potential? Each institution should take time to answer these questions before moving on to the next issue.

The challenges are on the one hand the timely implementation and on the other hand the development of profitable business models. Which solution will prevail on the market? Which cooperations are necessary or useful? What is the best way to provide the new offers for customers?

What legal issues need to be clarified for a successful implementation? These questions show that the framework conditions have not yet been defined and many points are still open. However, this also leaves room for active design work and participation in the solutions.

As with the migration of TARGET2 and SWIFT, trainings and workshops are particularly important in this context. In this way, the participants build a common understanding of the processes and lay the foundation for a positively designed change management.

The requirements continue to be complex and answering the questions takes time. We look forward to walking this path with you and shaping the future together with you!

### We are happy to support you in the implementation of your time schedule:

We at PPI will help you to identify the need to adapt your systems, formats and interfaces. We will work with you to clarify the time frame in which the implementation of changes should take place.

We also support you in determining the financial and time expenditure. In addition, we will be more than happy to help you look for suppliers.

Together, we will draw up a time schedule which is tailored to your institution and ensures that payments in your institution continue to run smoothly.

### Our offer

We offer you the following services:

- Workshops and trainings
- Consultation, preliminary studies and comparison of the requirements of TARGET2 and SWIFT (ISO migration)
- Preliminary study, feasibility study cross-border/ISO instant
- Feasibility studies
- Project management
- Requirements management (systems/formats/interfaces/processes)
- System integration
- Migration
- Test management
- Innovation workshop

### Our experience

PPI has an international team of over 50 consultants with experience in all areas of payments, for example:

- Mobile and e-payments
- Clearing and interbank business
- SWIFT and SWIFT gpi
- Implementation of regulatory requirements
- Strategic orientation in payments and card business
- Anti-money laundering
- Risk management
- Innovation management

### Your benefits

- A time schedule tailored to your company for implementing the ISO 20022 standard and the expansion for cross-border instant payments
- Information on the affected systems and the expected time and effort required
- Guaranteed stability of the liquidity system
- Ensured smooth run of all operational areas
- If applicable, higher STP rate thanks to elimination of the free-text formats
- Improved integration into the back-office systems and thus easier options for adaptation

**For questions and further information:**



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