

Day Two: October 4, 2018



FedPayments Improvement  
**COMMUNITY**  
FORUM

Collaborate. Engage. Transform.



# ISO 20022 is Here: Are you Ready?

# Speaker Bios



## Gina Russo

Assistant Vice President | Federal Reserve Bank of New York

Gina Russo is an Assistant Vice President in the Wholesale Product Office at the Federal Reserve Bank of New York. The Wholesale Product Office is responsible for strategic planning, product development, and oversight of the Federal Reserve System's Fedwire® Funds Service, Fedwire Securities Service, and National Settlement Service. Gina has over twenty years of experience in wholesale payments, and in support of the Federal Reserve's strategies for improving the U.S. payment system, she is currently leading the effort to adopt the ISO 20022 payment messages for the Fedwire Funds Service. Gina holds a B.S. in Information Systems from King's College and an M.B.A. from Johns Hopkins University.



## John Morris

Retail Payments Product Specialist, AAP | Federal Reserve Bank of Atlanta

John Morris is a Retail Payments Product Specialist at the Federal Reserve Bank of Atlanta, where he works in Strategic Business Relations and manages business arrangements and foreign counterparty relationships for the FedGlobal ACH Service. In this role, John coordinates activities associated with new and existing international interconnectivity solutions, engages in key international payments initiatives, participates as a member of the NACHA Payments Innovation Alliance, NACHA SIX Group, and supports U.S. ISO 20022 Low-value efforts. To his credit, John is an AAP and holds bachelor's degrees in Business Management and in Marketing. He also has 34 years of banking industry experience serving in essential roles associated with customer support, electronic access, international payments, operations, product development, project management, relationship management, and retail banking.



## Patti Ritter

Senior Payments Consultant | Federal Reserve Bank of Minneapolis

Patti Ritter is a Senior Payments Consultant in the Payments, Standards and Outreach Group at the Federal Reserve Bank of Minneapolis, specializing in business to business payment efficiency topics and projects. Patti supports a variety of initiatives of the Business Payments Coalition, a volunteer industry group working for greater adoption of electronic payments, remittance data and invoices. Patti has diverse work experience in banking, cash management and payments. Before joining the Federal Reserve, she worked in corporate treasury for 15 years, where she was responsible for supporting and optimizing the customer payment infrastructure. Patti is a Certified Public Accountant and Certified Treasury Professional, and has a BSBA and Masters of Accounting degree from the University of Arizona.

# ISO® 20022 Connection to Strategies for Improving the U.S Payment System

The ISO 20022 initiative addresses one of the strategies in the Strategies for Improving the U.S. Payments System.

## **Strategy #4: Achieve Greater End-to-End Efficiency for Domestic and Cross-Border Payments**

Develop an implementation strategy for the application of the ISO 20022 standard to U.S. payment transactions



# ISO 2022 Enterprise Perspective

## Fedwire® Funds Service

- Given the strategic benefits of adopting a common global format for high-value payments, the Fed announced in October 2017 that it would replace its proprietary message format for the Fedwire Funds Service with the ISO 2022 message format.
- The Fed has been collaborating with Fedwire Funds Service participants, The Clearing House, SWIFT, and other high-value market infrastructures to define format specifications for high-value interbank transactions.
- In July 2018, the Board of Governors requested public comment on the implementation approach and timeline.
- The ISO 2022 project will include 3 implementation phases beginning in November 2020 through the end of 2023.
- See Fedwire ISO 2022 webpage for FAQs and project updates. <https://www.frbservices.org/resources/financial-services/wires/iso-2022-implementation-center.html>

## FedACH® Services

- The Fed continues to collaborate with EPN and NACHA to raise awareness about the ISO 2022 standard and educate the industry about tools to help corporates and financial institutions integrate the NACHA and ISO 2022 message formats.
- Potential triggers (e.g., integration tools found to be insufficient, technology improvements, regulatory mandates) could influence decisions around “if, when and how” to convert from the current ACH format to ISO 2022.

# Strategic reasons to adopt ISO 20022 messages for the U.S. High-Value Payment Systems

Provides opportunities to improve existing processes (e.g., compliance screening, reduce the need for market practices) and/or add new services (e.g., reporting services)

Modernizes the U.S. high-value payment systems to prevent them from falling behind the rest of the world and being perceived as “outdated”.

Provides richer data (e.g., longer names, structured address components, common format for structured remittance information)

Promotes domestic and cross-border interoperability, which could reduce the degree of mapping required throughout the payment chain to support different proprietary message formats.

# ISO 2022 ACH Integration Tools

The U.S. ACH ISO 2022 strategy is focused on **continued integration** in the ACH network.

## XML –ACH Remittance Program Deployment 2013

Allows businesses to securely transmit ISO 2022 payment remittance information for B2B transactions in a standard XML format.

## ISO 2022-to-ACH Mapping Guide Deployed 2015

A downloadable tool that enables financial institutions to support businesses that leverage ISO 2022.

*Integration entails the translation and integration of the payment data elements.*

## ISO 2022 Validator Tool Deployed 2017

A complement to the mapping guide, tests conformity of ISO 2022 payment instructions for U.S. ACH file formats.

# Corporate Awareness of ISO 20022

**Corporates use corporate-to-bank and bank-to-corporate messages for payment initiation and cash reporting**

**Corporates will look to banks and service providers to enable them**

**As more payments migrate to the ISO 20022 standard, educate corporates about what's happening and new options FIs can offer**

## **Corporate benefits of adopting ISO 20022**

- Common format for multiple banks and payment types
  - Enables least cost payment routing
  - Reduces IT investment and maintenance costs
- Standard, simpler business processes across multiple business units and geographies
- More data available for reconciliation
- Improve compliance, particularly for internal controls and evolving international requirements and regulations (e.g. SEPA)
- Future-proof payment operations



# Breakout Group Discussions



# Breakout Group Questions

1. What are the key challenges you anticipate for the ISO 2022 project in the wire environment? In the ACH environment? For Corporates?
2. What else could the Fed do to help banks/vendors/service providers prepare for the ISO 2022 implementation?
3. If you do cross-border payments, have you had discussions about using ISO 2022 for global payments?
4. Are you aware of other payment types, such as Real Time Payments, that use ISO 2022?