As more financial institutions are adopting the new messaging standard, learn how your business can prepare for the ISO 20022 migration, and find answers to some of the most common questions.
Payments messaging – the medium by which transactions take place around the world – is changing.

The rollout of ISO 20022, a universal digital language that has been designed to meet the needs of modern banking, has been taking place for several years – but there are still many financial institutions and payment systems that are yet to adopt this shared code.

2023 is a milestone year for the rollout. ISO 20022 will become the standard for cross-border payments and cash reporting starting in March. After this date, the previous ‘MT’ messaging standard will be supported for backward compatibility purposes only – making it important that your business is ready to begin integrating the ISO 20022 standard in the coming months. J.P. Morgan is equipped with end-to-end processes, an ISO 20022 client resource center, and solutions to aid institutions in staying ahead of the upcoming changes.

Ahead of the first March 2023 deadline, here are a few steps to help your business prepare for the migration to ISO 20022.
What does ISO 20022 mean for your institution?

To prepare, J.P. Morgan is advising clients who are yet to implement the new standard to ask important questions of their business to ensure it can accommodate these changes.

By 2025, ISO 20022 will be the common language of the global financial industry. We recommend onboarding the standard sooner to take advantage of benefits, structured data to understand your payments and your clients, and to have sufficient time to plan, test and launch their ISO 20022 processes to be ready for the changes in March.

Carefully evaluating the impact across each part of your institution can help reveal potential issues before they occur. It will also clarify how much needs to change. Some may use systems that can easily handle the migration, other businesses may find they need to upgrade, adapt or even change the systems they run on.

Some important questions to ask at the outset are:

- How can my organization take advantage of the new data?
- How will ISO 20022 impact my institution, the services we provide, and also the services we receive from others?
STEP ONE

What does your business need to plan for?

Interrogating your processes, with the help of trusted partners if necessary, will provide a roadmap for what to do next.

- Plan thoroughly to update systems and processes, procedures and testing, and create a backup plan to save time during the later implementation and testing phases.

- If you are a financial institution, is your organization ready to send/receive MX messages starting in March? As a corporation, do you have a plan to implement the new language?

- A ‘big bang’ approach could see you launch ISO 20022 in one go, while a gradual strategy would integrate the new format in stages into your business. Your company’s individual needs and priorities will influence which approach is best.

- SWIFT is also urging businesses to test the receipt of multi-format messages ahead of this deadline to ensure both existing MT messages and the new ISO 20022 messages can be received and processed.

- Ensure your Institution constantly reviews the global industry guidance provided by the SWIFT Payments Market Practice Group.
STEP TWO

ISO 20022 and SWIFT – What are the key points and deadlines?

• From March 2023, financial institutions must at least be ready to receive ISO 20022 payment messages for cross-border payments and reporting (CBPR+). Until November 2025, previous MT messages can be used in parallel to ensure it can process ISO 20022 messages by March 2023 is mandatory.

ISO 20022: Getting ready for launch

1 To start
   The Rollout of ISO 20022, the future of universal digital language for payments

2 Go live and start of co-existence period (March 2023)
   Financial institutions must begin using ISO 20022 for cross-border payments and reporting (CBPR+) – both ISO 20022 and former MT messaging will co-exist

3 Co-existence period ends (November 2025)
   Full migration to ISO 20022 – Cross-border payments and MT messages will retire and the co-existence period ends
STEP THREE

How can you manage execution effectively during the co-existence period?

During the three-year time period between March 2023 and November 2025, there is a stage where both ISO 20022 and former MT messaging will coexist.

- At this time, when thousands of entities will each be rolling out their individual implementation plans, it’s important to update and inform stakeholders of the changes.

- Whether this shift is run as a major program or simply requires a change to current settings, it’s crucial that all system developments are carried out with both internal and external stakeholder impacts in mind.
STEP FOUR

Going live – time to capitalize on the benefits ISO 20022 has to offer

A core benefit of ISO 20022 is enhanced access to better-quality transaction data. As the industry adopts the new standard and takes advantage of the available benefits, J.P. Morgan will offer support to clients by managing both the old and new format. We also encourage clients to continue reviewing market guidance published by SWIFT.

- This should translate to faster transactions, with fewer delays for customers, and less need for human intervention to correct inaccurate information. Importantly, it also offers the chance for institutions to assess this richer data and to make improvements for their processes as a result.

- Now is a good time to ask how better transaction data could later benefit your business and to research artificial intelligence (AI) solutions that can help you to parse this data and use the insights to create operational efficiencies and new business opportunities.
STEP FIVE

Collaborate, communicate and test for a successful switchover

As all parts of the financial industry will be affected by this change, strong communication and collaboration will be necessary.

- We advise talking with your providers and clients to ensure your business is aware of its partners’ migration plans.

To learn more about ISO 20022 and how we can provide onboarding and support, contact your local J.P. Morgan representative.
Visit our client resource center for more information:

View the SWIFT ISO 20022 Information sheet for migration details:

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