MEET THE NEW PAYMENTS MVPs

NOVEMBER 2017. ISO 20022 IS SET TO CHANGE THE RULES OF THE PAYMENTS GAME IN NORTH AMERICA. IS YOUR BANK READY TO TAKE THE FIELD?
ISO 20022 is poised to rewrite the rules of the payments game domestically and abroad.

It offers the long-sought promise of a common global messaging protocol that makes real-time payments possible and harmonizes proprietary, domestic, and cross-border messaging. Though implementation dates have not yet been finalized, banking infrastructures on both sides of the 49th parallel have clearly signaled that ISO 20022 offers downfield opportunities for every bank.

This shift will require updates to banks’ core messaging language and systems, which will change the game plan for every team, big or small. This makes ISO 20022 in North America nothing less than a once-in-a-generation opportunity to win new clients—or lose old ones.

The most innovative banks will see that ISO 20022 can create new opportunities to develop client-centric solutions that go beyond simple compliance, operational efficiencies, standardization and interoperability. The new standards provide a rich stream of data to make process automation, analytics, AI, and other next-generation tools come to life for banks and help drive the “Digital Agenda.”

Here’s how the new payments MVPs can lead their teams to victory in this competition to develop long-term business cases and timely solutions that will unlock the value of ISO 20022.

**PAYMENTS STRATEGISTS AND PRODUCT MANAGERS: “THE QUARTERBACKS”**

Payments strategists and product managers play a pivotal role in this transformation. As their organizations’ “quarterbacks” they define strategy while teaming with Technology and Sales to design capabilities that respond to client needs and industry requirements.

Products teams need to be in the huddle with industry working groups to debate and define industry trends, market initiatives, market practices and help shape the standards of tomorrow. These forums are key to understanding the rules of the game that will shape the bank’s ISO 20022 playbook.

If your bank operates in markets where the regulation is already in force, such as Europe or Australia, or you deal with banks that do, you may have in-house expertise to call on. That’s helpful, because many of your largest corporate and bank customers now expect the robust capabilities that ISO 20022 can offer, like advanced analytics or transaction status dashboards.

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**ISO 20022 BENEFITS**

**Automation:** system, process and product

**Improved STP:** end to end

**Rich structured and unstructured information**

**Interoperability:** cross-system and geography

**Enhanced compliance practices**

If your bank doesn’t operate in markets where ISO 20022 is already in effect, consider building your business case with input from vendors and industry advisors to help understand the standards and how the changes will impact your product and technology capabilities and planning.
Putting together a cross-functional team is a smart move. If your bank formulates a quick go-to-market strategy, it can take an early lead with ISO 20022-enabled products beyond basic format support.

Consulting with parties who have launched ISO 20022 solutions in their regions or participate in the Common Global Implementation-Market Practice can offer valuable insights on how best to adopt the new standards. Experience in other jurisdictions can also highlight existing technical solutions that can be quickly ported to North America.

The challenge technologists face is balancing priorities with a fixed budget, legacy systems, and pressure from Product and Sales to move quickly. New technologies offer capabilities that should be considered not only under the guise of ISO 20022 but as a base criterion for a new platform design. Much of technology investment can also be swept into the “compliance” bucket, particularly where there is regulatory mandate for adoption. In this respect, ISO 20022 could serve as the catalyst for much needed investment into the bank’s core clearing and settlement platforms.

The technologist is at the center of the ISO 20022 game, initiating the development of the solution, and designing the platform with a configuration mindset. This creates a foundation that enables scale and supports growth across payment types, client requirements and both batch and real-time processing.

Technologists need to balance agility and creativity while considering future requirements inclusive of market practice, client access channels, payment processing, settlement, compliance, security and information flows. A beginning step is to assess which systems will be impacted and the team’s ability to initiate, process and store ISO 20022 messages and associated data. Many organizations are building with ISO 20022 as the core foundational component and data model to support a broad range of legacy, proprietary and industry formats. The use of XML also allows organizations to plan with a canonical model at the core of the architecture a common format for inbound and outbound that lowers the total cost of ownership in development and testing.

Teams managing treasury relationships with large corporations are in a tricky position when it comes to ISO 20022: they’re either behind and scrambling to “equalize,” especially against banks and FinTech players, or they’re ahead and trying to convert on solid field position.

The relationship manager is critical for engaging clients for their input; from market consultation to piloting and ultimately to commercial roll-out. They will look far and wide for support from Products teams to assess the field and articulate the value proposition of ISO 20022 with current and prospective clients.

As you’re finalizing your plays, ISO 20022 is creating new opportunities for savvy teams to build new products and drive market share. Key to this is timely participation in market initiatives including TCH RTP, Payments Canada modernization and updates to US wires. While making measured plays that count won’t be easy, banks that adopt ISO 20022 will be able to capitalize on the new rules of the game early and win in the fast-paced, ever-changing payments arena.