PLAY TO WIN IN PAYMENTS

DECEMBER 2017.
THE GAME IS ON IN NORTH AMERICA.
ARE YOU READY TO MAKE BIG PLAYS WITH ISO 20022?
ISO 20022 is a global messaging standard and business process model that creates a common “language” for financial organizations and systems. It has major implications for how securities, trade, cards, and foreign exchange all operate. It will also enable real-time payments.

Some financial services players are already familiar with ISO 20022, either because they operate in Europe, where the standards are already in force, or because they see the new rules as an opportunity instead of an obstacle. These players will seek to be early adopters, and convert their first-mover advantage into greater share.

That said, many players remain skeptical of ISO 20022—some doubt the upside, and many others are concerned about their organization’s ability to operationalize the benefits.

While understandable, these concerns are often the result of taking a short-term lens to a long-term opportunity, and thus tend to underestimate the game-changing potential of ISO 20022 for payments. To bring this to life, here are what leading authorities from across North America have to say about ISO 20022’s upside.

**THE CLEARING HOUSE**

**ISO 20022 is a standard for the digital age**

In mid-November The Clearing House (TCH) launched the first new payments infrastructure in the United States in over 40 years: RTP®, a real-time payments system built on ISO 20022. “ISO 20022 is the first message standard or format for payments that was developed in the digital age,” says Steve Ledford, TCH’s senior vice president for product and strategy. “It adheres to an XML structure, which means you can take the data elements and use them in other digital web-based services much more easily than if you took a traditional payment format and parsed it out that way. ISO 20022 should be more readily useable. Each of the elements has its own meaning; its own semantics. We think it’s easier that way.”

Six early adopter banks are already using RTP after working closely with TCH during development. Implementing the system, which Ledford says can take as little as a few months, has the side-effect of catalyzing investment in the ISO standard. This helps the early adopters both get ahead of the regulatory curve and begin experimenting with ISO 20022 as a platform for innovation.

“Just about everybody building a new payment system is doing so based on ISO 20022,” says Ledford, “because it covers every imaginable need.”

**PAYMENTS CANADA**

**“Savings could be as high as $4.5 billion over five years”**

Payments Canada is leading industry efforts to adopt ISO 20022 in Canada. The organization, which aims to launch its real-time payments rail in concert with industry in 2019, emphasizes the new digital capabilities ISO 20022 will
bring to the payments industry, creating opportunities for players of every size.

“It creates more competitive space,” Jan Pilbauer, Executive Director, Modernization and CIO of Payments Canada. “It’s about being able to provide better value to the customer. Everybody needs to think of it that way. Whether you’re a traditional institution or a fintech, this gives you more opportunity to diversify your product offering.”

Recent Payments Canada research found that current payments processing practices in Canada are rife with structural inefficiencies, particularly for business-to-business payments. These barriers can delay payment processing and collection and even impact cash flow.

“ISO 20022 is expected to have significant economic benefits for Canada – Payments Canada research indicates cost savings could be as high as $4.5 billion over five years,” Pilbauer wrote in a recent trade article. “That number does not even begin to quantify the additional benefits that would come from enhanced integration, compliance, interoperability and fraud detection, to name a few.”

While ISO 20022's impact on efficiency will undoubtedly be pronounced, Payments Canada also anticipates that the new, data-rich messaging standard will create new business opportunities that are impossible to anticipate.

“Access to more data always creates the opportunity for greater analysis,” Pilbauer wrote. “It will be interesting to see how Canadian businesses could use this intelligence to better understand their customers, vendors and partners and shape their business practices.”

**ACCENTURE**

“This is an excellent opportunity for payments players of any size to pull share away from the competition”

As a global firm, Accenture has implemented ISO 20022 in many aspects of its international business. We’re also working closely with organizations like Payments Canada as ISO 20022 comes to North America. This mix of experience gives us a unique perspective on what the changes will mean for the industry.

“Especially in the B2B space, ISO holds out the holy grail of solving the problem of data around transactions,” says Conrad Sheehan, Accenture’s North American practice lead for core payments.

ISO 20022 is the first digital-native standard in financial services. The rich data it provides will create opportunities to improve operations that are difficult to imagine.

“This is an excellent opportunity for payments players of any size to pull share away from the competition, differentiate product offerings, and drive efficiency,” says Sheehan.

ISO 20022 all-stars will bring home major wins for any financial services organization. Yet reaching that goal isn’t easy. Accenture’s adoption of the new standards, necessitated by our global operations, provides us with first-hand insight into the challenges and rewards of leading the charge. We’d love to share our lessons learned with your team.
ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world's largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 425,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

ABOUT ACCENTURE PAYMENTS

Accenture Payments helps banks, payments providers and other players transform their payments systems and operations to grow and win in the digital economy. We offer the unmatched capabilities, scale and experience of Accenture to address the end-to-end needs of payments stakeholders—from the boardroom and C-suite to the back-office. Our specific services support every phase of the payments value chain, and can help improve provider costs and value outcomes. Our more than 4,800 payments advisors and payments systems integration specialists bring together strategy, business function consulting, digital technology and delivery execution know-how to help keep our clients on the leading edge of payments. To learn more, visit www.accenture.com/payments.