

# Payments Standards Support

Volante is entirely focused on enabling clients to navigate and manage payment standards whether their requirements are ISO 20022 based, MT, MX, domestic and or regional variants.

As ISO 20022 continues to replace legacy formats around the globe and becomes the de facto basis for clearing and settlement infrastructures, global banks and financial institutions are facing unprecedented challenges to support the proliferation of new XML based message formats.



## Volante Technology - at a glance

- » Volante Technology can be deployed within front, middle and back office and across the following domains:
- » Payments
- » Cards
- » Trade Services
- » Corporate
- » Securities
- » Treasury
- » Compliance
- » Derivatives

Figure 1 gives a snapshot of the wide range of electronic payment and clearing formats that have arisen over time, all of which are in use today.

Noted in red text are national payment infrastructures adopting ISO 20022 to replace legacy standards.

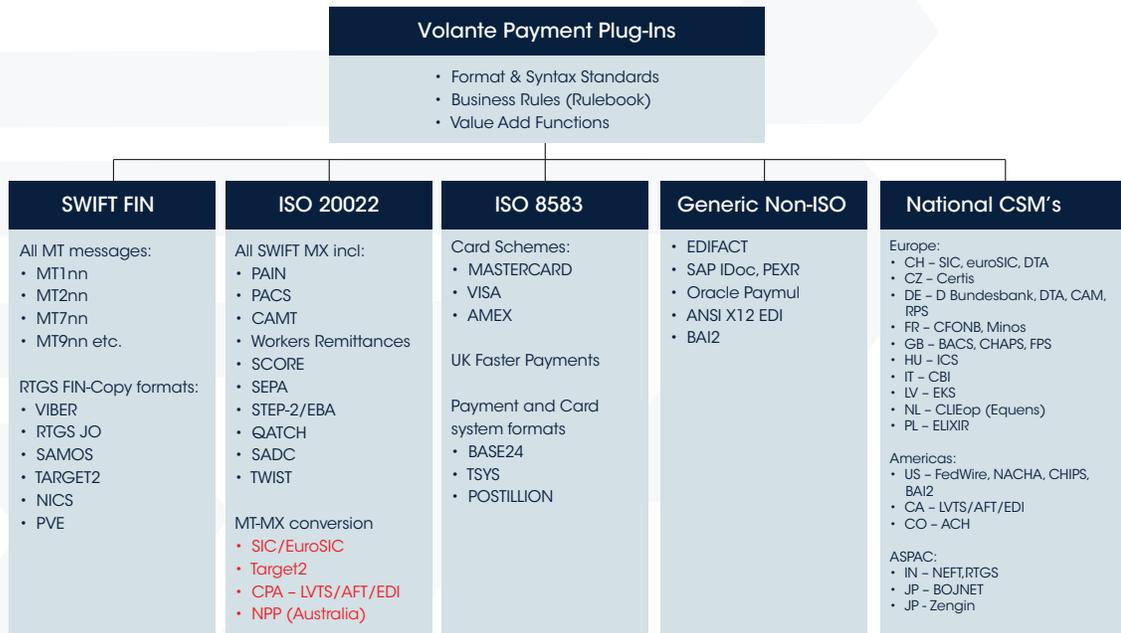
## Historic challenges in payments

Electronic funds transfer is the lifeblood of the banking sector. Clearly defined standards for high and low value interbank payments typically sent over secured networks, allows the transfer of funds to be made securely and with fewer errors. The standards that support the transfer of funds have developed not only for domestic clearing but also for international money transfers.

Domestically, individual countries have adopted varying standards for wire transfer and ACH payments. Though based on standard formats such as ANSI X12, EDIFACT, fixed width, ISO 8583 etc, significant variations often exist between countries in the application of precise rules for a particular format being used.

With the development of the SWIFT network in the 1970s and the creation of the FIN standard for payments, MT100 (Customer Credit Transfer) and MT202 for interbank payments, international payments could be made with a consistent set of rules defining payment details such as beneficiary, intermediary details, and associated standard settlement instructions.

Information requirements naturally evolve over time and thus have too the associated standards for payments. For example, the MT100 has evolved to the MT103 and MT103+, and as technology advances the move to more extensible languages such as XML (ISO 20022 registered) means a further set of payments standards must be supported by financial institutions.



## Evolution of standards and the move to ISO 20022

ISO 20022 is now becoming the lingua franca for financial messaging not only in the payments domain but also in business areas covering corporate actions, securities post trade settlement, and foreign exchange to name just three. Bodies such as SWIFT, CLS, and IFX Forum are leading the way for registration of ISO 20022 XML based messages.

The increasing use of ISO 20022 is viewed positively as it has a clearly defined set of rules that are applied to a message type. However, in the area of payments the rapid evolution of the standards has meant that often multiple versions and variants are now being used.

For example, the now established FtoFICustomer Credit Transfer pacs.008 message has four published versions all in use on various payment infrastructures around the globe. ISO 20022.org published its latest version pacs.008.001.04 in May 2014 but SEPA is using pacs.008.001.02, SADC Payments Project pacs.008.001.03, and the International Payments Framework Association (IPFA) has adopted pacs.008.001.01 as its preferred choice.

Though widely accepted as a constructive move by the financial services industry, the adoption of ISO 20022 formats continues to present significant challenges to banks and financial institutions, Maintaining support for the variations that exist for one type of message and for individual corporate customers can be time consuming and complex.

## New Challenges

The march towards global adoption of ISO 20022 formats for payments, clearing and settlement, and initiation continues apace. Major countries and regional bodies are pushing to migrate legacy formats to new XML based standards typically ISO 20022.

For example, Canada's Payment Strategy "Vision 2020" is a strategic plan to modernize the existing clearing and settlement technology and adopt ISO 20022 formats as part of the overhaul of payments processing. Under the direction of the Canadian Payments Association, the infrastructures supporting high, low value and retail payments will move to global ISO 20022 based standards. Consultation is underway with stakeholders to agree and publish the exact versions to be adopted.

## Range of Clients

Volante works with a wide range of customers:

- » Corporates
- » Corporate treasury departments
- » Buy and sell side organisations
- » Stock exchanges
- » Custodians
- » Clearing houses
- » Financial industry utilities
- » Payment utilities

## Benefits associated with Volante Technology:

- » Enables rapid client on-boarding
- » Supports extensive financial messaging standards
- » Offers faster time to market
- » Insulates from standards evolution
- » Transforms, enriches, validates data
- » Comprehensive testing functionality
- » Global payments enabler

In Europe, the payments industry has recently completed the first phase of the SEPA project harmonising Credit Transfers and Direct Debits to ISO 20022 formats. The next challenge will be the migration in 2017 by TARGET2 and EURO1 high value clearing systems from SWIFT FIN to ISO 20022 based SWIFT MX formats. Similarly, the Indian Central Bank has migrated its RTGS system to support ISO 20022.

Other infrastructures moving towards ISO 20022-based formats include established payments infrastructures such as Switzerland migrating the SIC and EuroSIC systems as well as developing nations such as those within SADC (Southern African Development Community) implementing a regional payments and clearing infrastructure analogous to SEPA.

In the UK, the recently implemented Faster Payments service using ISO 8583 formats is now looking at the possibility of adopting ISO 20022 in the near future, a format already in use in other immediate payments systems, for example Singapore G3.

## How Volante can help

For over thirteen years' Volante has delivered technology enabling banks, financial Institutions and corporate treasuries to migrate to and support ever-changing new formats for payments. Our technology helps both banks and their technology vendors keep up-to-date with the new standards being published around the globe.

Volante Technology provides support for a comprehensive range of payment messaging formats (see Figure 1) and enables both validation, transformation and enrichment to and from in-house or proprietary formats.

Volante payments support is applicable to any size of organization – serving as either an out-of-the-box solution or deployed within a customizable framework (e.g. in an ESB or SOA environment running alongside or embedded within a payments application). Volante is committed to ensuring that published changes to any standard are delivered extremely quickly to allow banks and FIs extended testing time of new or updated standards.

**“Volante gives us agility to stay abreast of constantly changing financial message formats”**