

# ISO 20022 for banks and their corporate customers

How to enable optimal compliance  
while establishing market differentiation



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## **Introduction: Turning ISO 20022 projects into a profit center, not a cost center**

Approaches to ISO 20022 migrations vary throughout countries and organizations. Some financial institutions attempt to quickly get through the implementation phase, check the compliance box and move onto other strategic projects. Others look to unlock a true competitive advantage with the newfound access to the rich data that ISO provides.

While both strategies achieve the short-term goal of a successful migration, one strategy ensures long-term success where the other falls short. Before an ISO 20022 project begins, banks must understand how to use the standard as an enabler and overcome migration intricacies if they want to differentiate from their competitors.





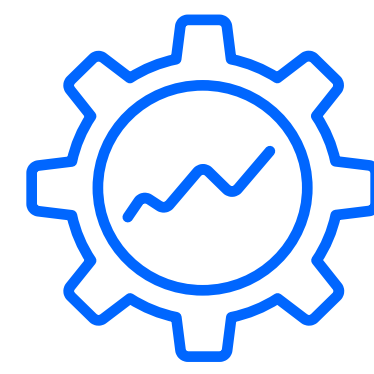
## The benefits of ISO 20022

Migrating to the ISO 20022 standard promises a variety of benefits for banks trying to excel in a rapidly changing, fiercely competitive market.



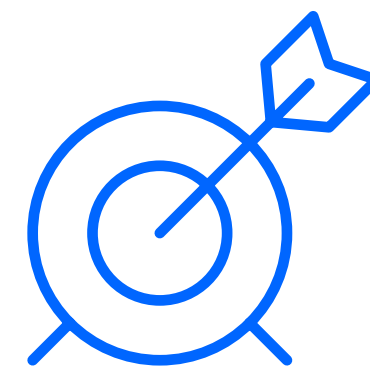
### **Standardization**

Previously, the market was a cacophony of different messaging standards. ISO 20022 simplifies everything with one standard.



### **Efficiency and savings**

Structured data allows more efficient integration with workflows and solutions as well as easier parsing for searches and payment tracking. With increased efficiency comes potential cost savings.



### **Interoperability**

This new standard is designed to work with both existing legacy technologies as well as emerging ones, allowing banks to continue to derive value from existing investments and workflows while preparing for future innovations.



### **Improved customer satisfaction**

By allowing remittance details to travel with payments, ISO 20022 allows customers to easily automate account reconciliation.



### **Productivity**

Enriched data and remittance information improves auto reconciliations and posting rates for accounts payable and accounts receivables teams. This boosts internal productivity while creating opportunities for improvements in payment processing.



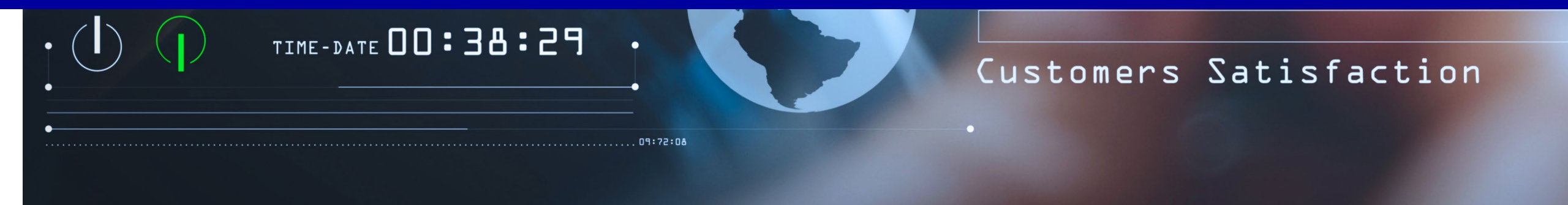
## Pressure to modernize

In the absence of a global financial messaging standard, banks and their corporate customers were using whatever message type worked best with their processes and systems. As message types proliferated, communication became more difficult and the need for a widely adopted financial messaging standard became apparent.

To minimize high-volume data translation challenges, the International Organization for Standardization introduced ISO 20022 as the financial messaging standard in 2004. This new messaging standard aimed to regulate payment messaging while providing unparalleled data quality and visibility. More than 70 countries are benefitting from being early adopters, with successful ISO 20022 migrations improving data quality and driving efficiencies.



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## The need for standardization

Financial institutions strive to standardize processes across multiple business units and geographies. Unfortunately, the lack of interoperability between legacy and new payment infrastructure has led to data standardization challenges.

ISO 20022 introduces new rich data that is incredibly granular. Organizations should have a complete understanding of its benefits and challenges before starting an ISO 20022 project. Ensuring proper data utilization enables more interoperability between banks and their corporate customers and opens the door for innovation through integration of old and new systems.

### Trends in ISO 20022 Data

#### Data Volume

Bank systems and databases need to process ISO 20022's larger data volumes.

#### Granular Data

Increased transparency and improved customer experience through ISO 20022's increased remittance information.

#### Data Truncation

Translating MX to MT risks data being lost in translation or lost to missing fields.

#### Data Formatting

Infrastructures must be redefined to manage additional information carried by ISO 20022 data.

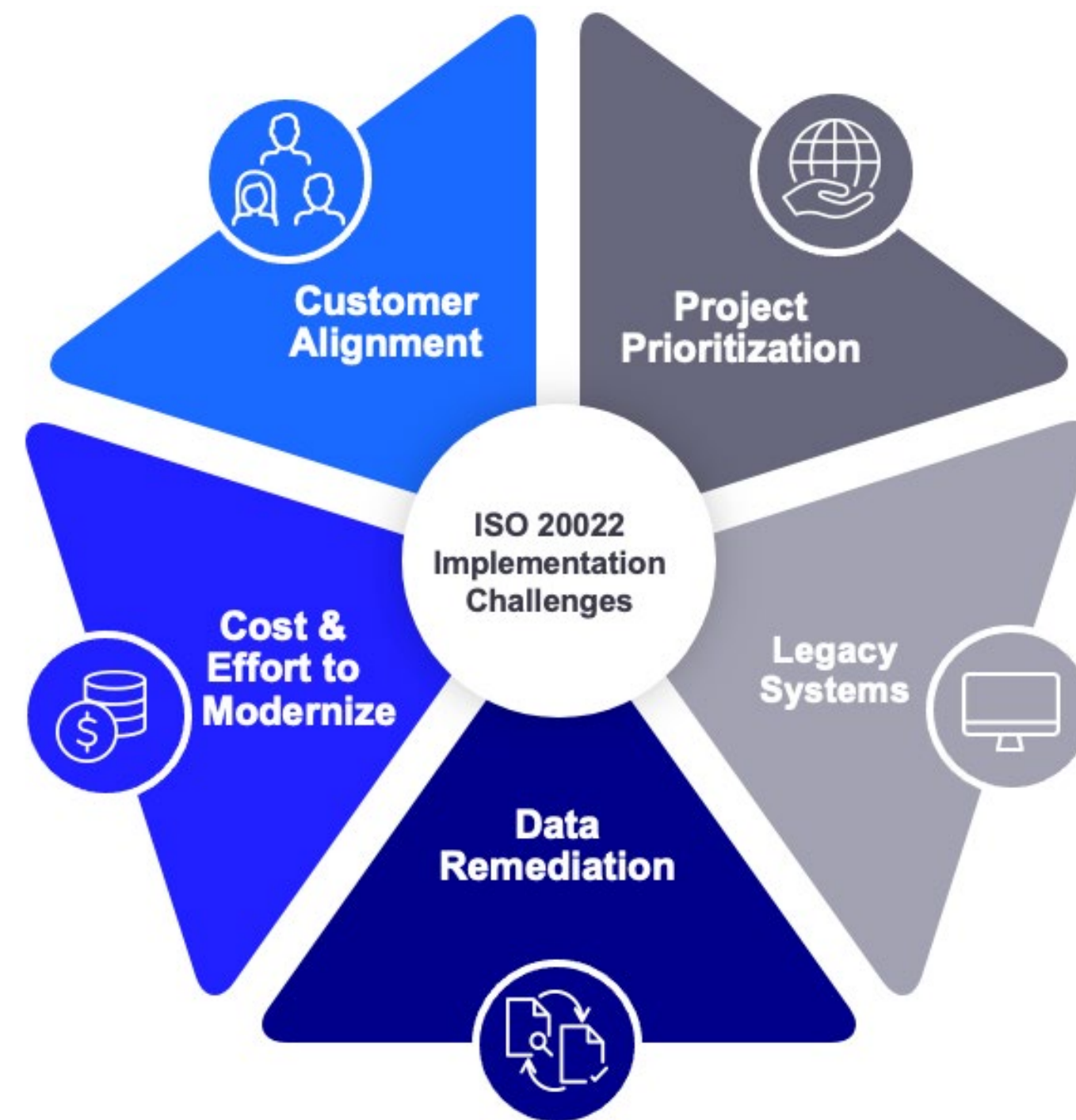
#### Harnessing Data

Enhanced data enables new areas of innovation such as integrated payables and receivables.





## ISO 2002 challenges



Migrating to an entirely new messaging standard offers tremendous benefits but is not a project to be taken lightly. Here are the challenges banks are likely to face during the transition:

### Project prioritization

Managing an ISO 2002 implementation simultaneously with numerous other internal projects can be problematic. Both human capital and financial resources are allocated to projects months, if not years, in advance, so finding the right resources and the budget for ISO 2002 is critical.

### Legacy infrastructure

Banks struggling with multiple siloed systems experience difficulties moving towards one centralized payment system. Working with inflexible, monolithic systems makes an already complex implementation effort even more troublesome.

### Data remediation

ISO 2002 is not just another payment type. Banks using legacy technology will require data transformation and enrichment, especially for PAIN (payments initiation) messages. Ensuring there is no loss of data as the payment travels through various hand-offs is key.

### Cost and effort to modernize

ISO 2002 impacts the entire payment value chain within a bank and the cost to overhaul or modernize the current payment system is significant. Most internal teams have not committed to keeping a full-time ISO implementation expert

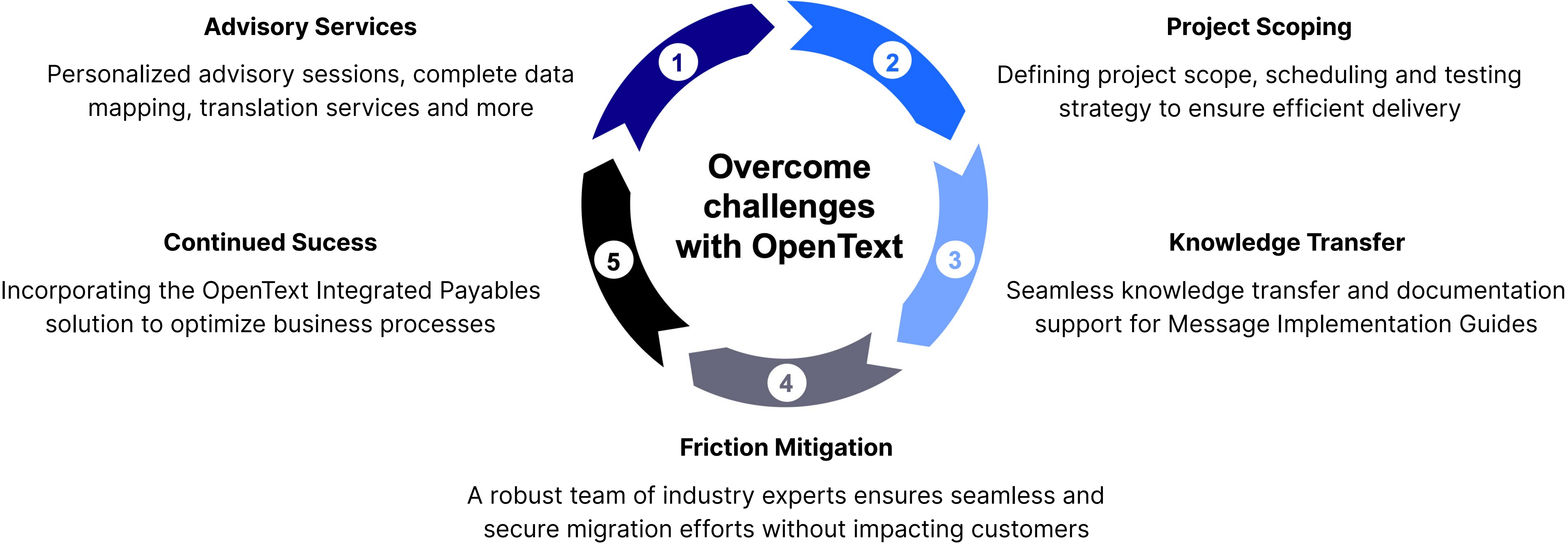
on staff and must decide if they will hire specialized talent or look to a third party for assistance.

### Customer alignment

Transaction processing is a two-way street; banks are processing corporate payments sent by their customers, meaning they must adopt ISO 2002 as well. Corporations will look to their bank for guidance on the transition to ensure the full benefits are recognized across the entire value chain.

# ISO 20022 data transformation solution

OpenText’s ISO 20022 Data Transformation services enable financial institutions to complete required implementation efforts quickly and effectively without disruption to their ongoing business.





## Risk and compliance

With a global payment messaging standard, banks can ensure compliance with frequently changing and ambiguous standards. Highly structured ISO 20022 data provides visibility into payment origination and departure to help minimize ambiguity around payment status.

With the OpenText STP Financial Hub, payment visibility can be further enhanced with a highly configurable, cloud-based portal that allows the bank and its corporate customers to identify issues in real-time, analyze data and generate custom reports. Banks can dig into payment data and feed it to other applications, streamlining the payments process while reducing operational risk.





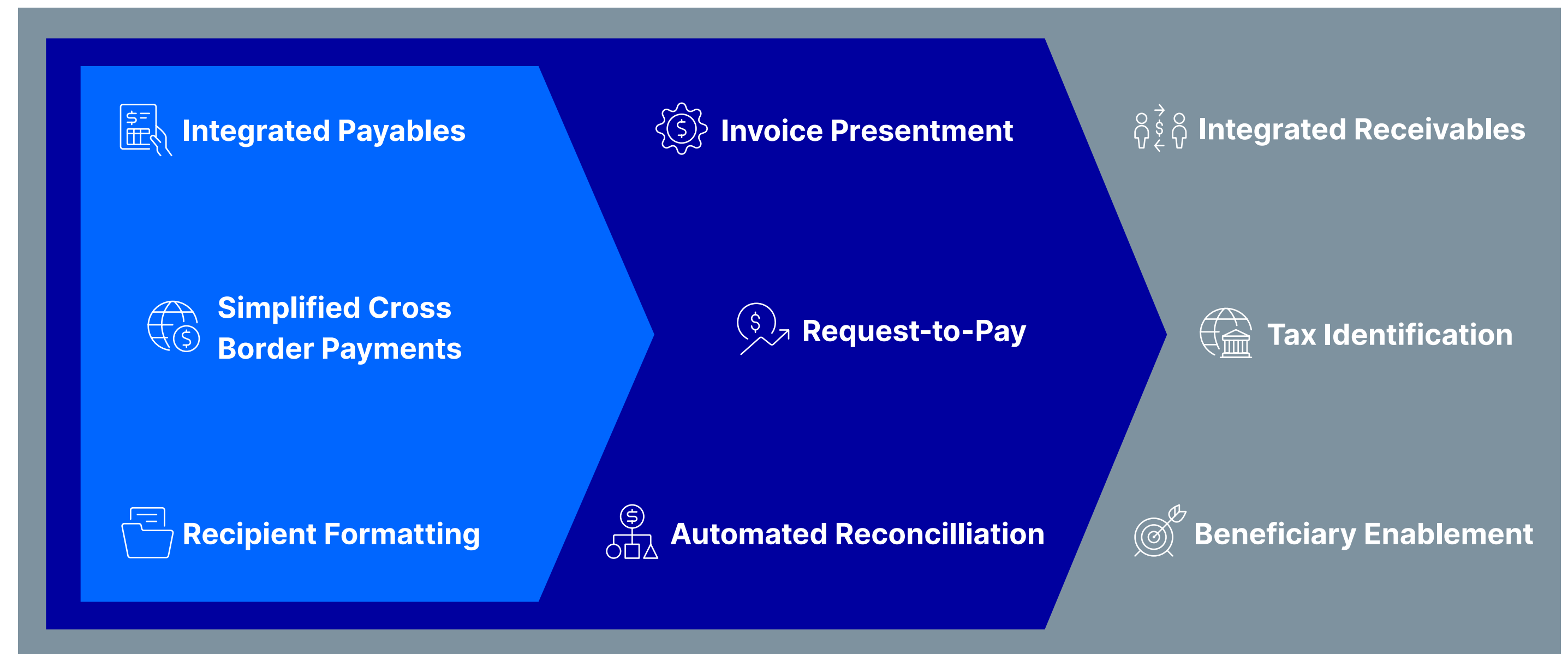
## How ISO 2002 solutions add value

Outside of regulatory and compliance advantages, ISO 2002 solutions introduce numerous value-added benefits that can prepare organizations to exploit competitive advantages in the future. OpenText ISO 2002 Data Transformation services create opportunities for enabling additional use cases.

Some examples include:

- Introducing a standard messaging format creates efficiencies for operational teams, improves completion of day-to-day activities and lowers costs associated with reconciliations.
- Removing some manual tasks gives internal risk and compliance teams more time to invest in fraud mitigation efforts.
- Streamlining the reconciliation process and enhancing payment visibility provides corporate customers with an improved user experience.
- Accessing rich ISO 2002 data drives innovations and integrations, such as integrated payables and integrated receivables.

### ISO 2002 Enabling Additional Use Cases



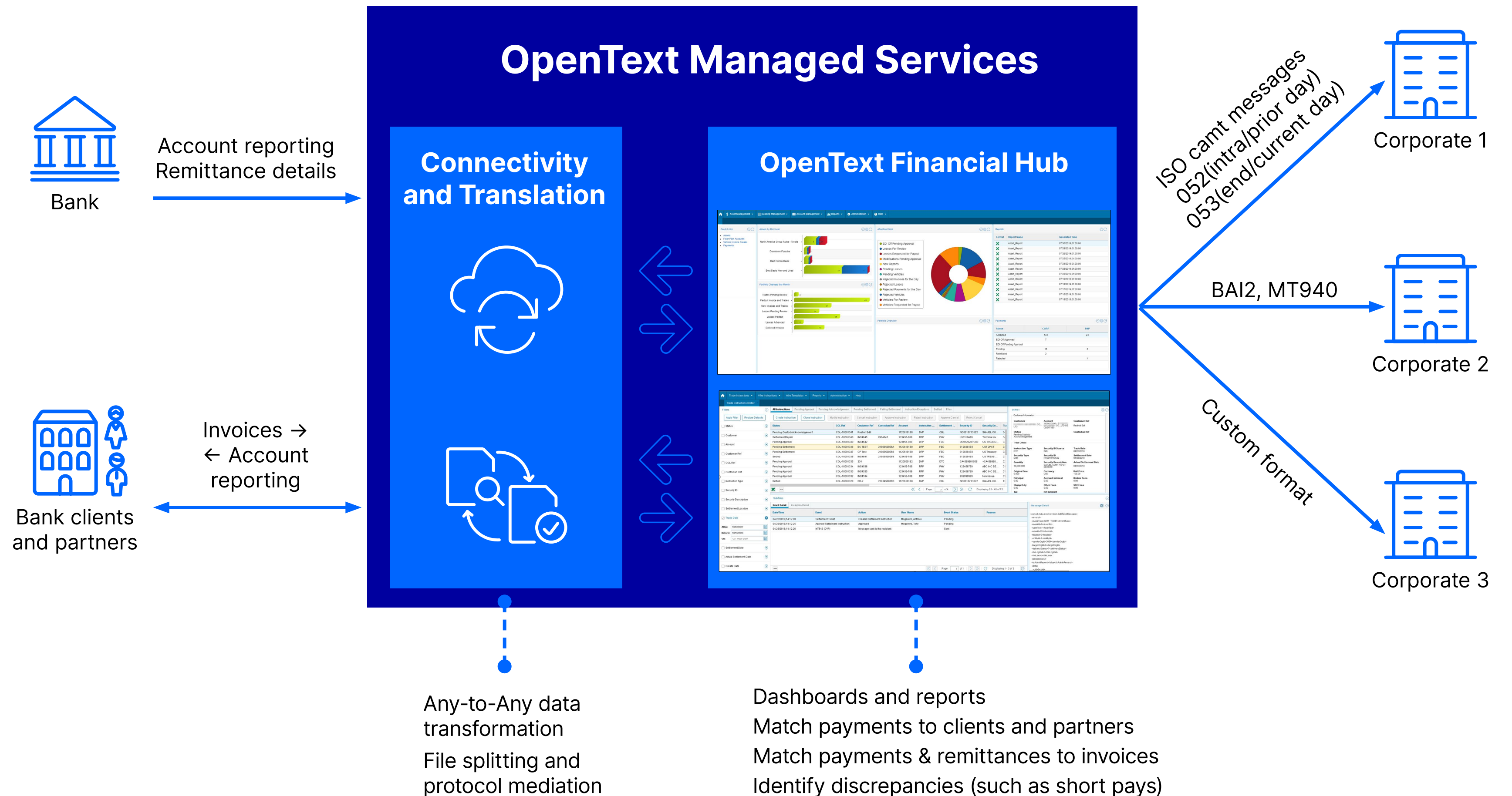
While most organizations are hyper focused on completing an ISO 2002 migration, a successful post migration plan will allow organizations to leverage all the benefits.



## Passing the benefits to your corporate clients

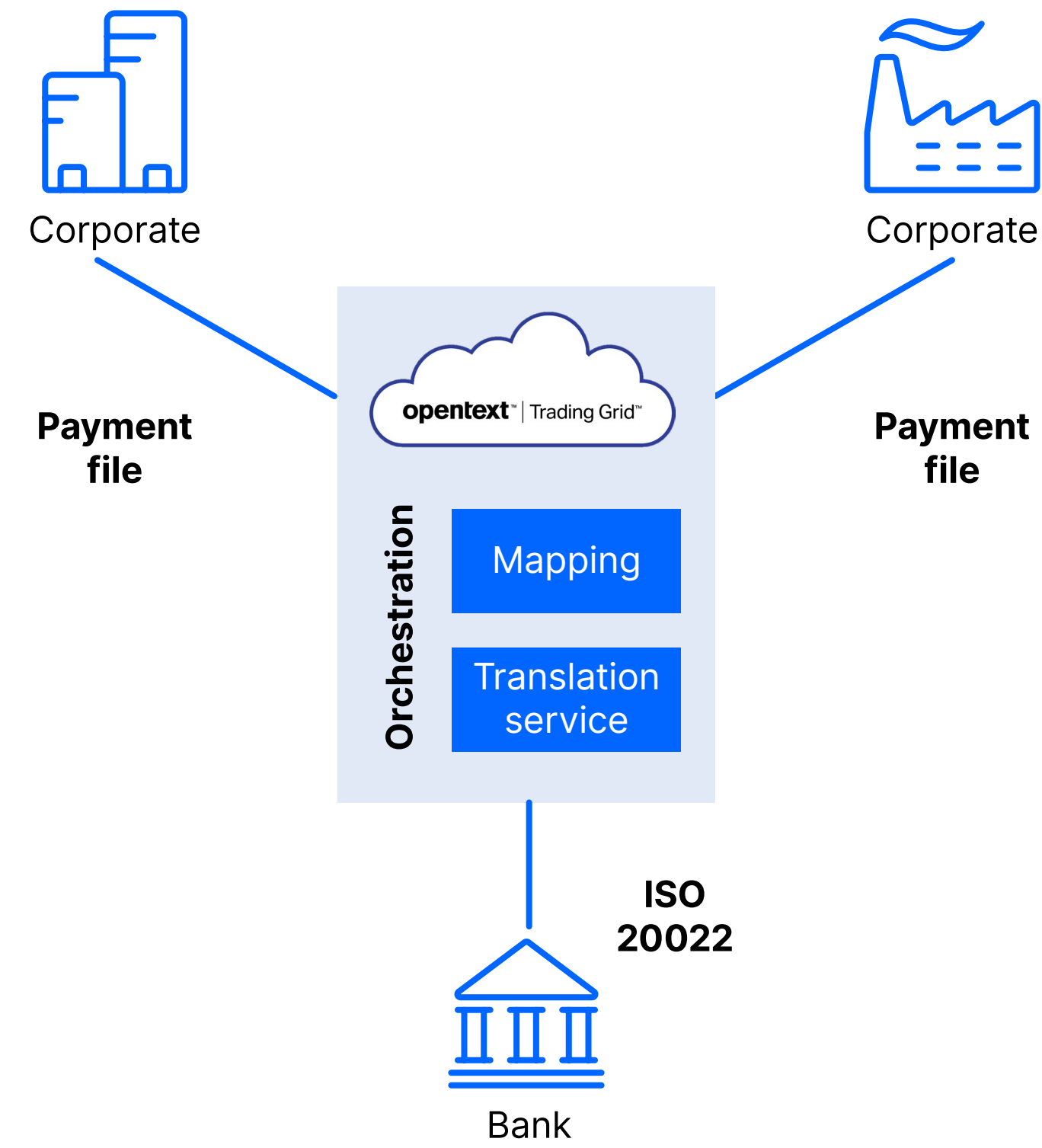
Overwhelmed by increasing operational costs and exposure to risk, corporate treasury departments are looking to their banks to provide innovative ways to streamline payment and reconciliation tasks.

OpenText™ Integrated Payments and Reconciliation solutions enable banks to provide their corporate clients a streamlined payment process with increased payment visibility and reduced risk. Investing in a comprehensive integrated payables and receivables solution allows delivering payment and remittance information in the same file. Banks can also schedule and track payment dates, ensuring corporate customers capitalize on early payment discount terms.





## Use case: ISO 20022 consultation for banks and their corporate customers



### Challenge

- Increasing demand from various types of multinational corporate customers for ISO 20022 support
- Limited infrastructure, sales or support capability for ISO 20022

### Solution

- OpenText translation services (Wire, ACH, Check, Virtual Cards, Prior and Intra-day reporting)
- Customer-facing Message Implementation Guides
- Training for bank resources (Sales, Implementation, Operations, and Customer support)

### Benefit

- New payments/reporting business wins by meeting customer and industry ISO demands
- Enabled ISO launch for the bank and their customers
- Knowledgeable sales and support resources to address specific customer ISO/XML requirements



## Why OpenText?

With more than 30 years of proven success in the financial services industry, OpenText has facilitated large banks to provide innovative solutions to their corporate customers while modernizing internal processes. OpenText™ Business Network translates more than 2.5M inbound/outbound global transactions a month for more than 35,000 clients, including 14 of the top 15 North American banks' transactions. OpenText industry experts work to ensure financial institutions have the resources they need to provide unsurpassed value across the entire value chain.

OpenText's ISO 20022 Data Transformation services enable financial institutions to complete required implementation efforts quickly and effectively without disruption to their ongoing business. OpenText streamlines data transformation efforts for banks and financial institutions while helping them build a long-term competitive advantage.

### Business Network ISO 20022 Implementation Services

Subject matter experts	Technical support	Project support
Functional support, working closely with banks' internal delivery teams	Mapping and translation experts	Understanding and aligning implementation
Planning and message testing assistance	Optimizing for best performance and efficiency	Defining project scope, scheduling, and testing strategy
Sharing solution expertise with business and project teams	Post-implementation integrations to other processes for maximum value	Knowledge transfer and documentation support for Message Implementation Guides



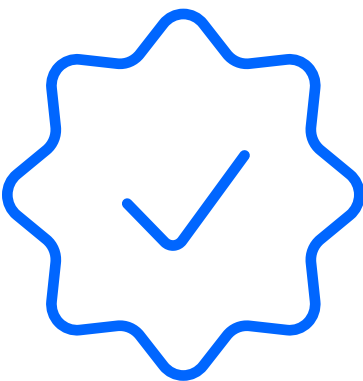
# Start your ISO 20022 journey with help from OpenText



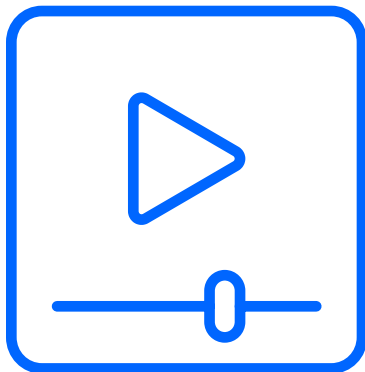
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