

## ISO 2022 MIGRATION FOR THE AUSTRALIAN PAYMENTS SYSTEM – RESPONSES AND OPTIONS PAPER – RESPONSE TEMPLATE

Name/Organisation: Commonwealth Bank

Organisation Category: RITS Member & FSS Participant

### *About these consultation questions:*

The focus of these questions primarily relate to direct participants in Australian payments systems and will not apply to all that wish to respond to this public consultation. Notwithstanding this focus, the RBA and APC are open to receiving responses from all organisations (regardless of whether a response was submitted to the first Issues Paper in April 2019) and invite general comments in the last question.

### 2.2 Proposed project scope

1. Does your organisation agree with the proposed project scope, as set out in Section 2.2?

- Yes  
 No

If no, please explain your view.

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While CBA supports the proposed project scope, we consider that there is still value in exploring options to leverage the NPP rails to support an ISO 2022 compliant RTGS overlay as an alternative. The distributed platform design of the NPP means it is inherently protected from the risk of single point of failure.

Consolidation and simplification of the Australian payments clearing ecosystem is a foundational requirement for enhancing system resilience and incentivising ongoing investment in innovation. If the HVCS continues to run as a separate clearing system it will need to be aligned with how the domestic economy operates, as well as align with other jurisdictions.

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2. Does your organisation support the introduction of an HVCS suite of investigation, dispute resolution, and reconciliation messages?

- Yes  
 No

Should use of these messages be mandatory?

- Yes  
 No

Please explain your view.

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The HVCS standards are generally aligned with NPP. Standardised messages will support operational efficiencies and potentially improve customer experience. They should align with messages used in the HVPS+ or CBPR+ standards.

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### 3.1 Summary of responses – Enhanced content

3. Does your organisation have any views regarding the use of structured data in payments messaging?

- Yes  
 No

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CBA supports the use of structured data in payments messaging. Structured data supports straight through processing. The data structure should be aligned to CBPR+ wherever possible.

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### 3.2 Proposed message design enhancements

4. Does your organisation support the proposed message design enhancements, as set out in Section 3.2?

- Yes  
 No

Please explain your view.

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The proposed message design will facilitate interoperability and efficiencies with cross border payments. There needs to be migration/phasing in of these fields over time to align with SWIFT ISO 20022 migration timeframes.

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### 4.1 Summary of responses – Migration strategy, timing and coexistence

5. Of the options canvassed in Box C, which domestic coexistence option(s) does your organisation support? Tick all that are applicable.

- Option 1 – Coexistence of separate SWIFT MT and ISO 20022 CUGs  
 Option 2 – Coexistence of SWIFT MT and ISO 20022 CUGs and mandatory to receive ISO 20022  
 Option 3 – Mandatory capability to send and receive ISO 20022

Please explain your view.

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CBA prefers Option 2 however Option 1 may be a fall back alternative as the project progresses ie. The industry should start with Option 1 which allows some financial institutions to move faster and then migrate toward Option 2 (by an agreed date for receiving/sending ISO 20022).

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6. For organisations that use the RBA's AIF service, does your organisation have any initial views on the proposed high-level approach for the use of the RBA's AIF service during the coexistence phase?

- Yes  
 No

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CBA receives a large number of these messages everyday (between 2,000 to 3,200). It is our understanding that SWIFT is not looking at including this message type as part of the ISO changes. There may be potential for issues in processing and reconciliation if these messages migrate to

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ISO20022. CBA agrees with the approach, but would like to see co-ordination across the Industry on what ISO messages will be used to replace the MT198 messages.

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## 4.2 Proposed migration approach

7. Does your organisation agree with the proposed migration approach (like-for-like with optional enhanced content, followed by mandatory enhanced content)?

Yes

No

Please explain your view.

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The proposed migration approach will cater for banks that want to do all their ISO migration work simultaneously but also caters for those who want to utilise the co-existence period. Key lessons from the NPP experience indicates that sufficient time should be allocated to account for the planning, design, build and test phases. Migration approach will be influenced by the developments in major payment counterpart countries such as Europe and USA as this will determine how quickly these markets adopt fully enhanced ISO20022 for cross border payments. Australia should adopt a common approach to implementing fully enhanced ISO 20022 messages in the international context, including complementary target implementation dates.

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8. Does your organisation support the proposed timeline for the migration project?

Yes

No

Please explain your view.

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More industry planning is necessary to understand what is required before setting strict timeframes. The timeline will be determined by how quickly the global community adopts fully enhanced ISO for cross border payments.

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## 5.2 Proposed governance structure

9. Does your organisation broadly support the proposed governance structure?

Yes

No

Please explain your view.

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As the international and domestic programs are intertwined it will be important to have representatives on the Steering Committee that are able to provide insights on both international and domestic migration.

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## General feedback

Does your organisation have any general comments on an Australian ISO 20022 payments migration?

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The RBA needs to be cognisant of the current and unprecedented demands on the Australian payments industry including major projects, and the need to enhance and modernise operations to keep pace with new technological advances. All of these changes touch the payment system and need to be carefully sequenced to minimise operational risk. Availability of the relevant resources is also likely to be an issue.

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