

ISO 20022 MIGRATION FOR THE AUSTRALIAN PAYMENTS SYSTEM – RESPONSES AND OPTIONS PAPER – RESPONSE TEMPLATE

Name/Organisation: AusPayNet

Organisation Category: Industry Body

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.

Broadly the emerging scope seems appropriate, however it should be guided more by participants' preferences than by others.

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.

Participants' preferences should guide this decision, however given the emerging complexities associated with a like-for-like approach and the possibility therefore of imposing greater "up-front" requirements on participants, it might be useful to examine whether additional messaging could become a later phase.

3.1 Summary of responses – Enhanced content

3. Does your organisation have any views regarding the use of structured data in payments messaging?
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- Yes
 No

We agree with the rationale put forward in the paper supporting use of structured data, in particular alignment with CBPR+ Guidelines which will help with message harmonisation

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.

The rationale put forward is sound and participant preferences seem clear.

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.

Given SWIFT is already mandating capability to receive cross border MX from Nov 2021, there does appear to be merit in aligning an equivalent domestic capability. Therefore, our suggestion is to mandate that all participants have capability to receive MX messages from Nov 2021. Also mandate that all intermediaries on-forward (domestically) in MX format any messages received in that format from Nov 2021. This is already a November 2021 SWIFT requirement for payments on-forwarded cross border.

FIs could set their own timeline for creating and sending MX.

FIs that want to decommission MT systems can translate inbound MT to MX. Or if outbound MT was translated to MX then an MT CUG would not need to be retained.

Intermediaries should already be working to the Nov 2021 deadline to on-send cross border MX.

On this basis, either option 2 or 3 would seem preferable to option 1.

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

N/A

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.

Recent correspondence from PMPG urging elimination of like-for-like phases and current re-thinking on approach in other jurisdictions suggest there is merit in re-assessing the previously emerging preference for a like-for-like phase (albeit only a 55% majority).

Implementing ISO 20022 with extended content on “day 1” removes truncation issues.

FIs’ ability to deal with this information downstream can be managed individually and would not require whole of industry to move in sync.

Ultimately participants will need to assess their ability to achieve readiness in line with industry schedules and that will need to drive the industry approach. As mentioned earlier, it might be useful to examine whether any other aspects of migration (e.g. additional messages mentioned at question 2) could be moved to a later phase to relieve the pressure on “day 1” functional requirements for readiness.

It seems logical to consider this in line with a mandated ability for all to receive full ISO 20022 format and for intermediaries to on-send it when received (as per the comments on question 5 in section 4.1).

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

- Yes
 No

Please explain your view.

Subject to participants’ views on feasibility.

5.2 Proposed governance structure

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

- Yes
 No

Please explain your view.

AusPayNet is well placed, as administrator of the HVCS, the Australian PDS and CUG, and having successfully delivered many complex, industry-wide projects, to lead the industry programme.

Also helpful in this regard is AusPayNet’s membership – which includes NPPA, SWIFT, ASX and the RBA – as well as the fact that it supports the APC.

Drawing from our experience on the NPP programme, we support the need for a senior steering committee to guide the project. If given the co-ordination role, AusPayNet would liaise with the PSB and APC to ensure that such a group, with appropriate seniority and coverage, had oversight of the ISO 20022 migration. We would also look to emulate the NPP project’s success in fostering

stakeholder commitment to a shared vision, its focus on broad benefits, and its use of dedicated, independent teams.

General feedback

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

AusPayNet's submission is not a representation of collective views of our members / industry participants, but our response as an industry body.

The AusPayNet Board fully supports AusPayNet playing a lead role in the industry ISO 20022 migration programme.

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