The ISO 20022 Standard as an Exemplar of Interoperability

A sector led initiative to establish interoperability in payments
Interoperability

- Interoperability does not require everybody to do things the same way...
  ...but it *does* require that we *understand* what everybody does
  - What we commonly do
  - What we need to do in-common
  - What are the limits of that commonality

- Standards reflect this understanding...
  ... Adoption generates interoperability
Getting to Interoperability

Arriving at understanding…

This is **not** how it happens!

**Ingredients to make a scorpion:**
- Brick
- Basil leaves
- Sunshine

It’s that simple!

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**Recipe for Mice** by Dr. Jan Baptista von Helment

- Dirty Shirt + Wheat + **21 Days** = Mice
Corporate to Bank Payment Standards

The same banks involved in different standardization initiatives (IFX, TWIST, OAGi, SWIFT)

Need to converge

Creation of the IST Harmonisation Group to define a common “core payment XML kernel”

April 2003
Objectives of the IST Harmonisation Team

- Adopt a business model
- Resolve content differences between messages
- Standardize the representation of the content
- Establish a method of interoperability to have extended or related message packaging
- Recommend a common core payment that can be accepted into each of the XML standards bodies
IST Timeline

- **2003**
  - **August**: Pilot version of schemas and basic documentation available

- **2004**
  - **April**: Global Business Validation Group to validate content
  - **July**: Handbook and schemas first version available

- **Feedback from RosettaNet pilot project and review by IST Harmonisation Team**

- **2003 October**
UNIFI – The five parts of ISO 20022

| Part 1: | *International Standard:* Overall methodology and format specifications for inputs to and outputs from the ISO 20022 Repository |
| Part 2: | *International Standard:* Roles and responsibilities of the registration bodies |
| Part 4: | *Technical Specification:* ISO 20022 XML design rules |
|         | *Technical Specification:* ISO 20022 reverse engineering |

Copies can be obtained from [www.iso.org](http://www.iso.org)
Elapsed time = 2 years

pain.001.001.01

- The first ISO 20022 messages were published in 2005 and the first of those was Customer to Bank Payment Initiation
- SEPA adopted v.03 in 2009

This is not how it happens!
Interoperability

Interoperability requires that we understand what everybody else does...

And this includes your technology partners

- FIS Global
- TCS
- Oracle
- CSC
- Microsoft
- Fiserv
- ACI
- Jack Henry Assoc.
- ...

- SAP
- IBM
- Infosys
- Cognizant
- Misys
- Temenos
- Xero
- Ripple
- ...

Slide 9
Global Dynamics

- Your vendors and service providers right now are dealing with these requirements from their global customers
  - PSD2
  - Standardizing Banking APIs
  - Block Chain Technology
  - W3C Payments
  - Mobile payment schemes
  - ...
- Each of these will significantly impact on interoperability
- If you aren’t participating, you are not influencing their product/service strategies

How much influence did you have on ISO 20022?