

actions already taken and set out the next phases of work for implementation of ISO 20022 messaging standards.

3. The Bank explained the drivers for moving to ISO 20022 as identified in the ISO 20022 Consultation document, and as largely validated in responses. Members recognised the positive responses, and raised the importance of ensuring that these proposed benefits were delivered. This included ways to speed up payments, as well as other methods outside of (though facilitated by) ISO 20022, such as synchronisation in the renewed RTGS system. The Panel also discussed where the current standards are most limiting, including the difficulties in reconciling unformatted payment messages, and undertaking sanctions screening efficiently. The adoption of the cross-scheme CCM, to replace the current disparate standards, also offered an opportunity for firms to simplify and streamline processes. The Panel suggested the Bank and Pay.UK think further about how these benefits will be tracked and measured.
4. The Panel also discussed some of the key challenges identified by respondents. Members challenged the Bank and Pay.UK to ensure that they have fully thought through the potential pitfalls and consequences – intended or unintended – of migrating to ISO 20022. It was important that industry had fully recognised and understood these issues, and had plans in place to manage them. Members provided examples such as ensuring the impact of increased volumes of transactional data had been fully accommodated across all relevant upstream and downstream systems and networks. And ensuring that end users were readily able to access the data contained in the payment instruction. The Bank and Pay.UK will continue to be alert to the consequences of their decisions, and would raise issues to the Panel for deliberation where necessary.

Item 2: Role of the Panel and Terms of Reference

5. The Panel discussed its potential role and scope. As well as ISO 20022, it would also provide strategic direction on the design and implementation of other standards relating to payments.
6. The Terms of Reference were agreed with some minor edits and are being published alongside these minutes. In particular, PSR and FCA noted their attendance as observers, and GBS noted that they were representing the interests of the government purely from the perspective of a large user of payments.

Item 3: Forward Agenda

7. The Bank proposed a draft forward agenda of the topics likely to be discussed at the Panel and their probable timings. For this year the Panel would focus on providing strategic advice on the implementation of ISO 20022. This would include feeding into and helping develop a communications plan; a best practice guide (by a working group, with SAP input); and by defining the roles for all stakeholders in ensuring successful end-to-end implementation. The Panel will also have input on purpose codes this year.
8. The Bank and Pay.UK explained that in the longer term, the Panel will think about enhancements and use of the new data; transition and maintenance of the messages; and other standards in payments.

9. The Panel questioned whether some of the work streams marked as longer term, such as on API design and standards, needed to be brought forward. The Bank and Pay.UK clarified that many of these work streams, including on APIs, were already being progressed; but the Bank and Pay.UK would consider engaging SAP for input and advice at an earlier stage in progress of the work.

Item 4: The implementation of ISO 20022 in the UK

10. The Bank and Pay.UK outlined how the waterfall of ISO 20022 payment standards – including how the UK's implementation fitted into the global landscape:
 - a. At the global level are the broad message definitions, as catalogued in the ISO 20022 repository.
 - b. From these, market practice is developed, both internationally, such as HVPS+ guidance, and domestically, such as the UK CCM. These are not binding.
 - c. Specific payment systems then design their own implementations, in line with the relevant market practice(s). So for the UK, the Bank will set rules for the implementation in CHAPS, and Pay.UK for the NPA. These will be set in line with the UK CCM, and aligned wherever possible, but with some small differences to reflect the different requirements / stakeholders in each system.
 - d. Below this, the Bank and Pay.UK are keen to see development of best practice guidance for end users – effectively agreed conventions on how certain types of payments are made e.g. common and consistent input and presentation of information in reference fields.
11. In light of this, the Panel questioned how the change process was coordinated across this chain. In particular how often and to what extent the UK implementations should follow changes to the wider ISO messages or to international market practice? The Bank and Pay.UK noted that they are beginning work on these issues, considering the trade-off in costs and benefits for UK industry around frequency of change / proximity to latest global standards. They will bring back a proposal to the Panel for discussion in due course.
12. The Panel also questioned how to avoid divergence in messages as a result of individual jurisdictions controlling their own changes. Pay.UK noted that this problem is the case in the present day in retail systems and that implementing ISO 20022 is likely to improve this in any circumstance. The Bank and Pay.UK further stressed that international harmonisation remains a priority. But this would have to be balanced with ensuring the implementation works for all users.
13. The Panel noted that it would be important to consider, communicate with and engage the full range of UK end-users throughout the transition to ISO 20022, including individuals and SMEs. The Bank and Pay.UK are factoring this into their transition planning, though noted that there is a key role for payment service providers in helping to deliver communications to their customers.
14. Change timings were discussed. The Bank and Pay.UK acknowledged the current busy change schedule in the payments landscape, and the need to allow adequate lead times for migration. At the same time it was critical to ensure that all stakeholders were being honest and transparent about project progress, so that the transition programme did not unexpectedly extend for the entire industry.

Item 5: Working Groups

15. The Bank detailed its initial ideas for the working groups that will undertake some technical work on ISO 20022 implementation. The Panel agreed a CHAPS message specification group should be set up as soon as possible, in order to publish final like-for-like messages by the end of 2019. *Update since the meeting – this has been arranged for w/b 1st April 2019 – for further information please contact RTGSEngagement@bankofengland.co.uk.*
16. The Bank and Pay.UK will bring proposals for the other working group(s) to the next meeting. Members suggested it would be important that providers of payments software to banks and end-users were involved in these working groups. That said, the Bank and Pay.UK should consider how best to structure these groups – and the output from them to the broader industry – in order to ensure that information was readily available to participants and non-participants alike.

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17. A member raised the possibility of surveying their customers on their understanding of and preparations for ISO 20022 to provide wider input to the group, and whether there would be benefit in other Panel members doing the same. They noted that any such request would take time to get through their own internal governance. The Bank and Pay.UK welcomed the idea, although noted that more thinking needed to be done on the best combination of mechanisms to disseminate information to and channel feedback from across industry. It might be that a survey would originate from and be in the name the Bank or Pay.UK, and would be wider than for just Panel members, but Panel members could be asked to help disseminate.