



RTGS Integrated Regional
Electronic Settlement System



2021 SADC-RTGS User Group Conference – Day 2 ISO Recap and Reflections

Evolving payments in SADC and shaping the future



SADC PSS – Perspective

- **Strategic Driver:** Industry Initiative to modernise financial industry message standards
- **Objective of programme:** To coordinate and track successful progression of SADC countries to migrate to ISO 20022 payments messaging standards in alignment to the 2025 SWIFT deadline.
- **Principles:**
 - Alignment of timelines - to accomplish successful, timely migration for region.
 - Community Project - execution for the region.
- **Steering Committee:**
 - Alignment of timelines - to accomplish successful, timely migration for region.
 - Community Project - execution for the region.
 - Steering Committee to drive the Programme consists of: Central Bank country representatives, SADC Bankers Association, SADC-RTGS Operator.
 - Coordination by the SADC Payment System Subcommittee Project Manager



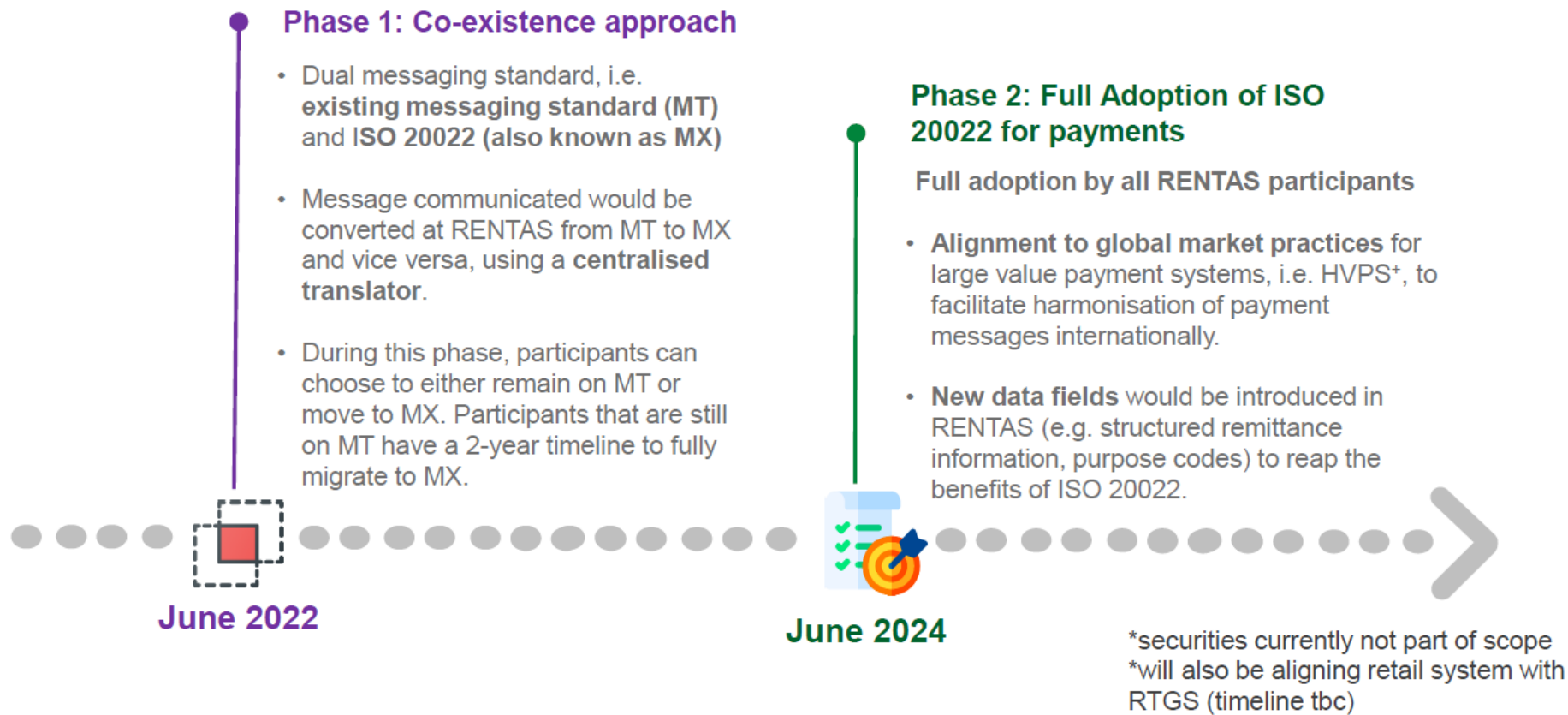
SWIFT Update – ISO20022 Adoption Plan

- The SWIFT Board and community endorsed an updated ISO 20022 adoption plan for cross-border payments in June 2020
- The coexistence period for ISO 20022 based APIs and messaging, and interoperability with SWIFT MT will begin November 2022, until then MT remains the norm as it is today
- With the progress we have made so far you can:
 - Find CBPR+ messaging specs published on MyStandards
 - Test against those specs using the MyStandards Readiness Portal and Translation Portal
 - Test ISO 20022 messaging using the FINplus service for CBPR+ messages as of 23 Nov 2020
- Coexistence will end November 2025



Bank of Malaysia – ISO Migration Approach

Two-Phased Approach for ISO 2022 Migration for RENTAS



Bank of Canada – ISO Migration Approach

1. Structure

1. Bank of Canada
 - Provide liquidity management, overnight loans etc.
2. Payments Canada
 - Operate the payments systems and management thereof

2. Approach

- a. Co-existence with the MX and MT Closed User Group (CUG)
- b. No cross pollination between MX and MT CUG
- c. Current and future is Partial Copy
- d. Operator will not translate but process both MX and MT
- e. Each participant to be able to accommodate for both MT and MX, with their own translation services
- f. Market Infrastructure (MI) can not use Transaction Management Platform (TMP)
- g. Expected to remain hybrid for approximately 2-3 years
- h. There is no strong migration plan or direction for migration
- i. All domestic participants will be ready by November 2022
- j. Disadvantage: duplicate costs to run both CUGs
- k. Advantage: Competitive, stay in the market and adhere to international standards



South Africa – ISO Migration

- **Strategic Driver:** Modernisation of Payments (MoPHVC) as well as the Renewal of the RTGS
- Started early –
- Community driven project led by the SARB SAMOS Operator
- Big Bang Approach
- Central Infrastructure – implementation of a translator
- Adopted the HVPS+ aligned to CBPR+
- Implementation in September 2022



South Africa – ISO Migration Insights

- Managing large groups of participants is challenging
- Participation is key for success
- Appropriate and timely feedback on discussions and especially decisions that need to be taken
- Multiple documents out for circulation – version control
- Resource constraints due to number of projects running at the same time
- Standards finalised after we had concluded formats causing rework



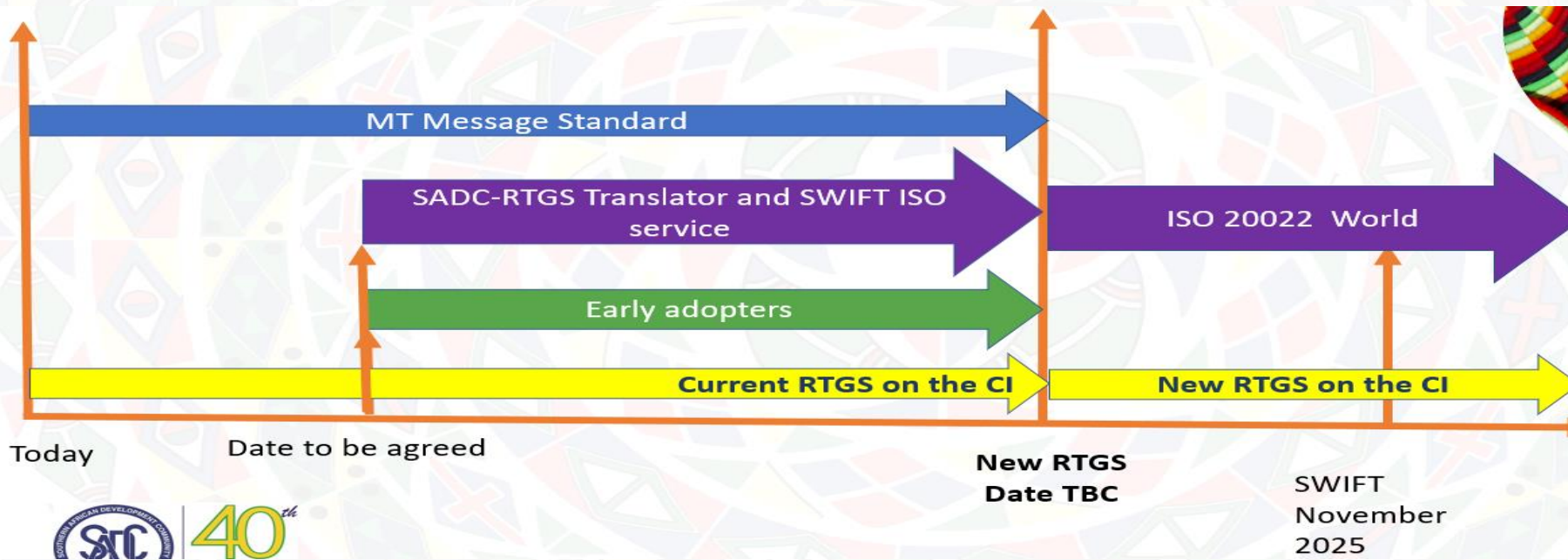
South Africa – ISO Migration Insights

- Time goes by quicker that you think
- You have to roll with the punches and deal with Road-Blocks
- Multi-year projects definitely also have time pressures
- ISO is not only changing the message standard
- Ensure alignment and priority is received early in the project



SADC-RTGS – Approach – Option 1

- **Co-existence (Option 1)**
 - To provide support to both early and slow adopters
 - Implementation of a message translator to enable settlement as RTGS remains on MT message standard
 - MT message standard support will cease when landing the new RTGS



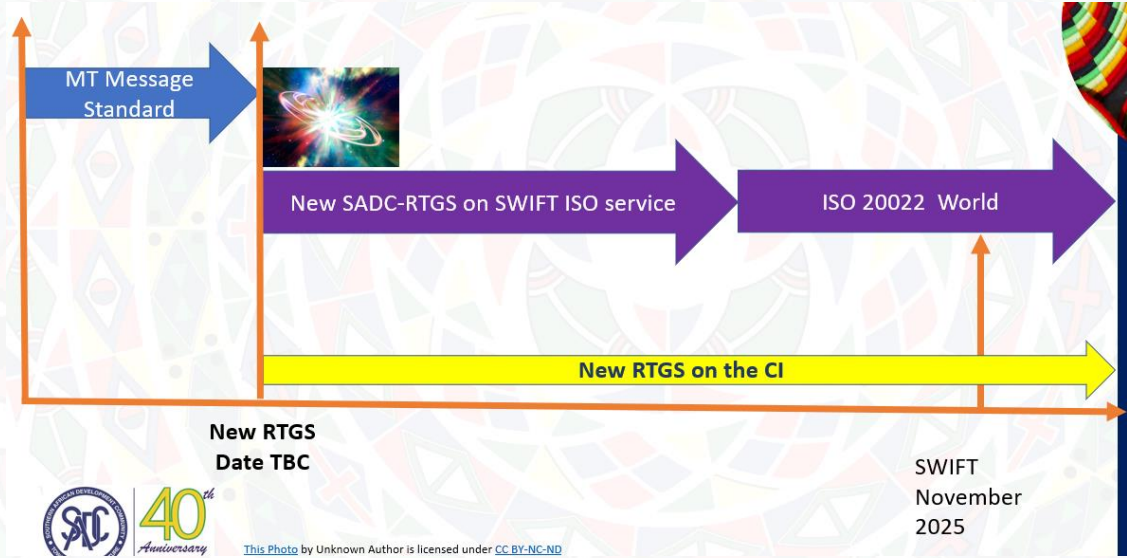
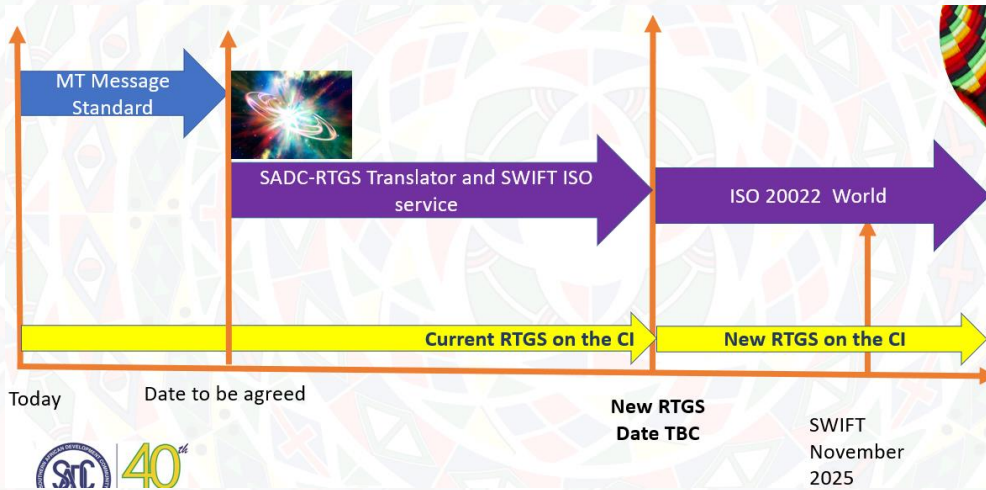
SADC-RTGS – Approach – Option 2 Big Bang

- **Big Bang (Option 2)**

- Cut off date to be agreed with the market and stakeholders.
- MT message standard service cutoff to be agreed with the market
- Implementation before the landing of the new RTGS
 - To be implemented on the old Central Infrastructure
 - Translator required on the Central Infrastructure to facilitate settlement
 - Participate translators
- Implementation after or with the landing of the new RTGS
 - Old Central Infrastructure decommissioned
 - Translator not required on the Central Infrastructure
 - No early adopters



SADC-RTGS – Approach – Option 2 Big Bang – Timeline implications and next steps



This Photo by Unknown Author is licensed under [CC BY-NC-ND](https://creativecommons.org/licenses/by-nc-nd/4.0/)



SADC-RTGS Operator Next steps

- Consider the inputs received from the various engagements
- Consult our principals and stakeholders for guidance on the best outcome approach
- Refine the approach and timelines
- Move the program to execution mode



ECB Perspective - How

How are we migrating to ISO 20022?

ECB-UNRESTRICTED
FINAL

- Move from Y-copy service to V-shape model to become network service provider agnostic
- **T2 Logo** ongoing migration approach with whole community of 1000+ European banks:
 - Complete switch from legacy FIN message types (e.g. MT202) to ISO 20022 XML messages like pacs.009
- Migration of payment messages in fully-fledged fashion and no like-4-like mapping with FIN MT messages as requested by market:
 - Allows for exchange of rich payment data from project go-live
 - Based on HVPS+ message usage guidelines
- Go-live coincides with start of CBPR+ ISO 20022/FIN co-existence phase



SADC BA Perspective –

- Support Big Bang approach
- Big Bang date to be determined “Once all participants can send/receive ISO20022 messages”
- Translation on the participant side for payment messages (current Y-Copy messages)
- Translator at the SADC-RTGS Operator side – Non-Y-Copy messages
- SADCBA will setup expert teams to define ISO messages
- SADC PSMB to setup working group
- Communication plan to be shared when finalised. (When??)



Panel Perspective –

- “If you want to walk fast, walk alone, if you want to walk far, walk in a group”
Aminah
- Time x n..
- Resource limitations and prioritization
- Regular engagements. Monthly not enough. Weekly, if not practical, Bi-weekly at most.
- Business case – opportunities, motivation, benefits etc.
- Structures to execute.
- Plan – Urgent and Priority





...End..