

## **INTERNATIONAL STANDARDISATION OF FINANCIAL MESSAGES – ISO20022 adoption and migration**

The Society for Worldwide Interbank Financial Telecommunication (Swift) has announced a new global standard for financial messaging for all commercial and treasury payments and balance and transaction reporting, known as ISO20022.

The adoption of ISO20022 is planned for local remittances in certain countries and regions and will take effect between March 2023 and November 2025.

SMBC Group will provide its customers with specifications for the new format as part of its ISO20022 migration strategy. The schedule and new format are being determined by the approach taken by payment scheme operators and regulators in each relevant region and country.

This document provides information on the background and the changes we plan to make in the March 2024 timeframe.

**Note: Due to an industry level reschedule, the changes originally announced as November 2023 have been postponed to March 2024.**

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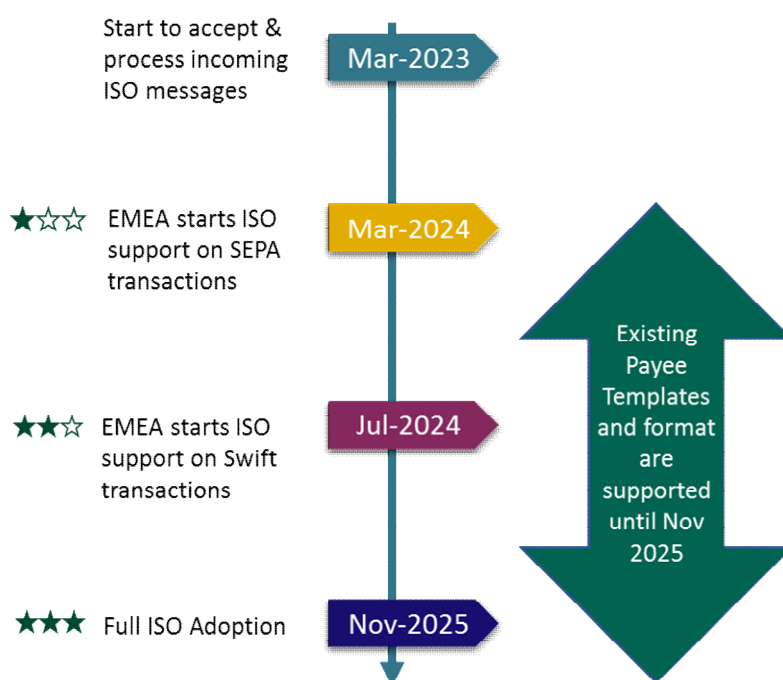
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## NEW FORMAT

The new format will comply with ISO20022 as designated by the International Organisation for Standardisation. Its adoption is being promoted globally and will include more enriched transaction information than the current format. There are an increased number of data fields, and it is necessary to provide more details of sender and beneficiary addresses such as building name, street name, town name, state, and country name. The introduction of new data components will provide more transparency and strengthen operational efficiency. For example, in funds transfer remittances the new format will allow for enhanced transaction information, such as invoice details, to be added which will assist in faster and smoother reconciliation.

## Migration schedule

All financial institutions will be adopting the new format from March 2023. The old format will be abolished completely and will not be accessible in November 2025. We are preparing our systems to interface with the new format, and we will announce changes to the way domestic and foreign remittances need to be submitted.



## Preparation

We recommend that our customers start preparing for ISO20022.

- Determine whether your internal payments processing systems such as ERP or accounting software, including those managed or provided by third-party service providers, offer ISO20022 solutions and when will they be available.
- Prepare for providing structured address information of beneficiaries
- Review your complete chain of banking relationships to verify whether they are able to process ISO20022 transactions – switch to the newest payment initiation (ISO20022 XML “pain.”) version and cash management (ISO20022 XML “camt.”) version message format if necessary
- Consider the possibility of payment originators sending you ISO20022 XML payments and what additional information they may include in their payment messages

## E-MONEYGER® CHANGES

### SUMMARY – NOVEMBER 2022 ~ MARCH 2024

Services	Screen Layout Change	Additional Fields			
		Bank Transaction Codes	Structured Address – Beneficiary / Debtor	Legal Entity Identifier (LEI)	Ultimate Debtor / Ultimate Creditor
Bank Statement	N/A	✓	N/A	N/A	N/A
Debit & Credit Advice	✓	N/A	N/A	✓	✓
Wire Transfer – SEPA Funds Type	✓	N/A	✓	✓	✓
Wire Transfer – SEPA Payee Template	✓	N/A	✓	✓	✓
SEPA Bulk	✓	N/A	✓	✓	✓
SEPA Direct Debit - Creditor	✓	N/A	✓	✓	✓

## Account Information Reporting

### Bank statement – general

In November 2022, we added the new export feature of “XML (camt.053) Daily”, by which you can download your account statements in the new camt.053.001.08 version format from E-Moneyger®.

In March 2024, we plan to add a new set of Bank Transaction Codes to the E-Moneyger® Bank Statements. These codes define the type of each debit and credit transactions posted to your accounts and can be exported in the ISO20022 camt.053 format, and the Excel format.

#### **Domain / Family / Sub-Family Codes:**

The Bank Transaction Code proposes a harmonised, global alternative for the different domestic bank transaction code sets that exist.

The structure of the Bank Transaction Code component includes the following 3 levels:

#### **Domain:**

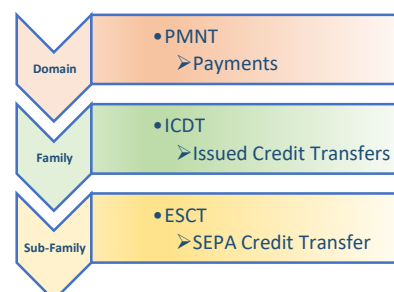
Highest definition level to identify the sub-ledger. The domain defines the business area of the underlying transaction (e.g. payments, loans, foreign exchange, etc.).

#### **Family:**

Medium definition level: e.g. type of payments: credit transfer, direct debit, etc..

#### **Sub-family:**

Lowest definition level: e.g. type of credit transfers: standing orders, SEPA transfers, etc..



### Domain codes:

Code	Description
<b>ACMT</b>	Account Management (cash movements related to activities between the financial institution servicing the account and the customer/owner of the account)
<b>CAMT</b>	Cash Management (cash concentration, zero-balancing, or pooling activities)
<b>CMDT</b>	Commodities (all operations that are related to a commodity which might be an extraction (mining), an agricultural product (soybeans, grains, coffee, etc.), a non-precious metal, wood, or any other physical substance that investors buy or sell, usually as commodity futures contracts)
<b>DERV</b>	Derivatives (derivatives related transactions, i.e. a financial instrument derived from a cash market commodity, or futures contract, etc.)
<b>FORX</b>	Foreign Exchange (all operations that are related to the foreign exchange market)
<b>LDAS</b>	Loans, Deposits & Syndications (all operations that are related to loans, deposits, and syndications management)
<b>PMET</b>	Precious Metal (all operations that are related to a classification of metals that are considered to be rare and/or have a high economic value)
<b>PMNT</b>	Payments (all payment activities that relate to transfer of funds between parties)
<b>SECU</b>	Securities (cash movements related to transactions on equities, fixed income, and other securities industry related financial instruments)
<b>TRAD</b>	Trade Services (all the Trade Services operations that need to be reported in the statements)
<b>XTND</b>	Extended Domain (used whenever a specific domain has not yet been identified)

### Bank statement - debit and credit advice

The layout of the current debit and credit advice screen also changed in November 2022. This is to reflect some of the new fields in preparation for the full ISO20022 format when migration completes in the next few years. You may notice some blank fields that will gradually populate with data as the migration progresses. Those changes were included in the export option “Advices to PDF”.

The Debit and Credit Advice pages in other account reporting services such as the Historical Report have also been updated in the same manner.

### Multi-bank statements

SMBC can now receive and display your account statements sent by other banks in the ISO20022 camt.053/052 format in our E-Moneyger® online banking platform. The existing MT940/942 format is still accepted. If the 3<sup>rd</sup>-party bank starts to send camt.053 messages, you may notice a difference in the way the statement columns display.

Statements based on the traditional MT940 message:

Transaction Details						
Posting Date	Value Date	Description	Debit	Credit	Balance	Reference

Statements based on the new camt.053 message:

Transaction Details							
Posting Date	Value Date	Description	Debit	Credit	Code	End to End ID	Balance
							Reference

The “Reference” column of a camt.053 based statement may also display each piece of the information more clearly, when these elements are available in the statement:

```

Message ID: EVCR03
A/C Serv. Ref.: SMBCEFF-001
Payment ID: PaymentInfoID5206
Inst. ID: USD00005206
UETR: 3437605c-864a-43a6-a0b3-d9f2af74bb9b
Trans. ID: TX52006USD
Debtor: DEBTOR LIMITED
Debtor Agent: SMBCEFF
Creditor: CREDITOR LIMITED
Creditor Agent: SCBLUS33
Other References: INVOICE PAYMENT 0100223

```

The original Swift messages sent by other banks can now be exported from the Multi-bank Statements page with the option “Original Message(s)”.

Original Message(s)

## Outward Remittances – Wire /SEPA Transfers

### Impact on outward remittance

The new ISO20022 standards require a structured payee address and details of payment entry fields. In addition, there are other new fields that may become mandatory depending on the payment types or market infrastructure. For example, in the UK, the Bank of England plans to mandate the entry of legal entity identifier (LEI) and purpose of payment in certain types of CHAPS transactions from 2024.

### Outward SEPA Remittances and inward SEPA Direct Debit Collections

In March 2024, we plan to change the layout of the E-Moneyger® SEPA Single Credit, Bulk, and SEPA Direct Debit transfer pages. The key change is the addition of the expanded structured beneficiary address fields to SEPA credit and bulk transfers, and structured debtor address fields to the SEPA Direct Debit pages, where the entries will still be optional. While the Structured Address entry is optional, as part of the SEPA Rulebook change, at least 1 line of Address will become mandatory for the current non-Structured format. SMBC Group in EMEA plans to implement the structured addresses to all other payment types from July 2024 onwards.

### Wire Transfer – SEPA – Additional Fields

#### Structured Address

A new optional “Structured Beneficiary Address” section will be added to the existing Wire Transfer pages when the selected Funds Type is “SEPA Credit Transfer”. You can choose to enter the traditional 2 Address Lines + Country Code or choose to enter the new Structured Address fields. In SEPA, if the Structured Address is used, the Town Name and Country Code become mandatory. If you choose to use the current 2 Address Lines, you will not be allowed to enter the Structured Address fields.

The new Structured Address section contains the following new fields.

Field Name	Length
Department Name	70
Sub Department	70
Street Name	70
Building No.	16
Building Name	35
Floor	70
Post Box	16
Room	70
Post Code	16
Town Name (mandatory)	35
Town Location Name	35
District Name	35
State / Region / County	35
Country (mandatory)	2

Please note, the support of Structured “By Order Of” Address is planned for 2024.

### Legal Entity Identifier - LEI

Another additional field is the Beneficiary “Legal Entity Identifier (LEI)”.

The ISO 17442 standard defines the Legal Entity Identifier (LEI). It is a unique 20-character alphanumeric code assigned to all entities that are counterparties to financial transactions. The code itself is neutral, with no embedded intelligence or country codes that could create unnecessary complexity for users.

Due to the advantages of the LEI as an unambiguous identifier for legal entities, LEI can be used in the Sanctions screening space (with even more potential improvements once the regulators come on board and add the LEI into the sanctions screening lists) reducing fraud for Corporate Treasurers, account to account owner validation, and improvements across the industry for Know your Customer (KYC) processes. Countries are moving to adopt LEI as a mandatory requirement in their ISO 20022 messages. For example, the Bank of England encourages all CHAPS Direct Participant Banks to start using LEIs as early as possible, and the use of LEI will be made mandatory in certain types of transactions sometime in 2024.

Therefore, market participants will need to be prepared for this even if there are countries that don’t mandate the LEI.

### Ultimate Debtor and Ultimate Creditor

On the payment initiation side, up to three customer roles can be defined:

- the initiating party, that is the party sending the message,
- the debtor, that is the debit account owner, and
- the ultimate debtor, that is the party that owes the cash to the creditor as a result of receipt of goods or services.

These three roles can be played by one same actor, or they can be played by different actors. The new ISO20022 Customer Credit Transfer Initiation message allows inclusion of the three different roles on the initiation side.

Similarly, on the receiving side, up to two customer roles can exist: the creditor, that is the credit account owner, and the ultimate creditor - the party that is the ultimate beneficiary of the cash transfer. These two roles can be played by the same actor, or they can be played by different actors. The new ISO20022 Customer Credit Transfer Initiation message allows inclusion of the two different roles on the receiving side.

In March 2024, we plan to add the Ultimate Debtor and Ultimate Creditor details to the E-Moneyger® SEPA transfer pages.

#### Wire Payee Templates for SEPA Funds Types

In March 2024, we also plan to add the structured beneficiary address fields to the Payee Templates. It is recommended that you start to review your existing Templates and consider the migration from the current beneficiary address entries to the new format. We will be sending out further communication to our customers regarding the effective ways to migrate your Payee Templates in due course.

#### Wire Transfer - SEPA Transaction Data Upload – XML

In March 2024, we plan to start supporting the XML file upload in both SEPA single and bulk Remittances, where your import file contains the new structured beneficiary address information. The existing formats will continue to be supported. The new XML file version that E-Moneyger® will accept is “pain.001.001.09”. When the file meets the ISO “pain.001.001.09” schema rules, E-Moneyger® will accept the entire file however it will only extract and process the information that can be manually entered into the application. Even if the file contains various extended information, if there is no corresponding E-Moneyger® field available, such information will be ignored.

The support for XML file upload in the current versions. e.g. “pain.001.001.03”, will remain.

#### Wire Transfer - SEPA Transaction Data Upload – CSV

In March 2024, we plan to add the new Structured Beneficiary Address, LEI, and the Ultimate Debtor/Creditor fields to the Wire Transfer Import Mapping page, where you can map any new address data that you may wish to add to your import files.

#### SEPA Bulk Transfer - Additional Fields

##### **Structured Address, LEI, and Ultimate Debtor & Creditor**

In March 2024, the same Structured Beneficiary Address, LEI, and Ultimate Debtor/Creditor fields described above will be applied to SEPA Bulk Transfer pages too, and the file upload enhancements described above will also apply.



## SEPA Direct Debit Collections – Additional Fields

In March 2024, we will start to display the new Structured Address fields on SEPA Direct Debit pages. The new Structured Address section contains the following new fields.

Field Name	Length
Department Name	70
Sub Department	70
Street Name	70
Building No.	16
Building Name	35
Floor	70
Post Box	16
Room	70
Post Code	16
Town Name (mandatory)	35
Town Location Name	35
District Name	35
State / Region / County	35
Country (mandatory)	2

Currently, when manually setting up a “SEPA Direct Debit – Creditor Mandate”, you already provide the “Debtor Address Line 1”, “Post Code”, “City”, and “Country”. These will be transferred to the “Street Name”, “Post Code”, “Town Name”, and “Country” respectively. You can move certain parts of the “Street Name” if any of the components are more suitable to be displayed in the other address fields, for example if you have a Floor number in the “Street Name” field you can move this to the “Floor” field.

As for imported Collections with Mandates, these are not editable within E-Moneyger and may not contain the Debtor Address information today other than “Country”. We will “map” the Country Name to the Address Line when processing the transactions, but please start to review your ERP systems and prepare to produce Structured Address for your Debtors. After Nov 2025, as a minimum, you will need to provide the following information in your SEPA Direct Debit Collection files:

- Debtor Street Name
- Debtor Post Code
- Debtor Town Name
- Debtor Country

Please note, the support of Structured Creditor Address is planned for 2024.

## LEI

In March 2024 we also plan to add the Debtor Legal Entity Identifier (LEI) field to SEPA Direct Debit. Please refer to the notes on LEI described under “**Wire Transfer – SEPA – LEI**”.

### Ultimate Debtor and Ultimate Creditor

The current SEPA Direct Debit Creditor Mandate pages already contain Debtor Reference Party and Creditor Reference Party fields. In March 2024, these fields will be renamed to “Ultimate Debtor” and “Ultimate Creditor” respectively. Structured Ultimate Debtor Address fields and Structured Ultimate Creditor Address fields will also be added.



### SEPA Direct Debit Collections – Data Upload

In March 2024, we plan to start supporting the XML file upload in SEPA Direct Debit Collections, where your import file contains the new structured debtor address information. The existing formats will continue to be supported. The new XML file version that E-Moneyger® will accept is “pain.008.001.08”.

When the file meets the ISO “pain.008.001.08” schema rules, E-Moneyger® will accept the entire file however it will only extract and process the information that can be manually entered into the application. Even if the file contains various extended information, if there is no corresponding E-Moneyger® field available, such information will be ignored.

The support for XML file upload in the current versions. e.g. “pain.008.001.02”, will remain.