



SOUTH AFRICAN RESERVE BANK

FAQ

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ISO 20022 FAQ

A key milestone in the ongoing work to modernise South Africa's national payment system (NPS), has been the adoption of the International Organization for Standardization (ISO) financial messaging standard ISO 20022.

What is ISO 20022?

ISO 20022 is a universal message exchange standard for payments across the globe, allowing for richer, better-quality data in payment processing and settlements. The adoption of the ISO 20022 standard will improve compliance and transparency, increase efficiency and interoperability, enhance customer experience and speed up payment systems harmonisation.

Who is behind it?

The ISO 20022 migration is being led by the Society for Worldwide Interbank Financial Telecommunication (SWIFT) – a messaging network used by more than 11 000 member banks and other financial institutions to send and receive payment instructions daily on behalf of themselves and their clients. SWIFT has set 2025 as the deadline by which all users in its network must have transitioned to this messaging standard.

How will this change happen and how will it work?

The current messaging standard – known as Swift Message Type (SWIFT MT) is a legacy, proprietary message format that was conceived in the 1970s when messages were optimised to be small, carrying minimal datasets for ease of processing by the mainframe computers of the time.

With the modernisation of the global payments landscape SWIFT is driving a worldwide move to the ISO 20022 Extensible Markup Language (ISO 20022 XML).

Until the 2025 cut-off period, both the SWIFT MT and ISO 20022 standards will co-exist with SWIFT, allowing for a shared service to translate between the two standards and ensure interoperability for its user community.

Why is the migration important?

ISO 20022 will provide a single, end-to-end open standard for international, domestic, high-value, low-value and instant payments, and creates a common language and model for payments data.

It is expected that all high-value payment systems of all major reserve currencies will have moved from the legacy SWIFT MT standard to ISO 20022 before the end of 2025. This will include payment instructions and reporting messages exchanged bilaterally between financial institutions.

The adoption of ISO 20022 is an important milestone in the modernisation of South Africa's payment system and takes the industry further towards meeting the goals set out in the National Payment System Framework and Strategy or NPS Vision 2025.

NPS Vision 2025 seeks to create an NPS that promotes, among other goals, competition and innovation, financial inclusion, regional integration, transparency and accountability, interoperability, cost effectiveness and financial stability and security.

When will it happen in SA?

Globally, the adoption of ISO 20022 will take place over a four-year period, having started in November 2021 and ending in December 2025. During this period, both SWIFT MT and ISO 20022 standards will co-exist, and SWIFT will provide a shared service to translate between ISO 20022 and MT standards, enabling interoperability for its user community.

South Africa's real-time gross settlement system (RTGS), the South African Multiple Option Settlement (SAMOS) system, is owned and operated by the South African Reserve Bank (SARB). The SARB as well as participant banks in SAMOS and other financial market infrastructures (FMIs) successfully completed the adoption on the weekend of **17–19 September 2022**.

South Africa is one of the first countries on the continent to successfully implement the adoption for its domestic RTGS. Participants in the regional Southern African Development Community's RTGS (SADC-RTGS), which is also operated by the SARB, are also in the process of migrating to the ISO 20022 standard. This migration is expected to be completed by the end of October 2023.

In its adoption of the new standard the SARB has deployed a translation service to enable SAMOS to process payments in the ISO 20022 format. The use of the translation service will ensure that the settlement system continues to process instructions from the industry that has already migrated.

This approach will ensure that the SARB is able to mature its ISO 20022 message structures and adopt the changes in the RTGS as part of the Renewal Programme scheduled to be completed in 2025.

What does it mean for South Africans?

The move to the ISO 20022 format is critical to reforming different pillars of our payment system, including the electronic funds transfer (EFT) debit system, the EFT credit system as well as SAMOS.

The EFT debit system has already embedded the ISO 20022 format with the introduction of the DebiCheck service that enables consumers to authenticate early debit orders attached to their accounts.

The migration will also pave the way for faster payments through the introduction of the Rapid Payments Programme (RPP), which is expected to be launched in 2023. The RPP, to be launched under the brand Payshap, is an industry-led initiative under the leadership of BankservAfrica and the Payments Association of South Africa (PASA). When rolled out, the RPP will offer a cost-effective instant payment service across banks, a proxy service to embed user banking details, a request to pay service as well as support for several known retail payment use cases.