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ISO 20022: What you need to know for a seamless transition

In November 2025, ISO 20022 will be the payments messaging standard, representing the majority of high-value payments.

The integration for ISO 20022 has far reaching implications for financial institutions such as enhanced transparency, greater operational efficiency, and decreased costs. Although ISO 20022 is on course to be a positive catalyst of change for financial institutions, its implementation requires critical foresight and planning.

In this article, we will aim to explain ISO 20022, its benefits for treasury professionals, and migration best practices when integrating it into your systems.

What is ISO 20022?

ISO 20022 is an international financial messaging standard that enables banks to easily communicate with each other, facilitates automation, improves reporting, optimizes treasury operations, and provides treasurers with the insights they need to consider more strategic decision making. We'll go into its benefits in-depth below:

- **Benefits of transitioning to ISO 20022 for treasury professionals Rich data**
  ISO 20022 provides treasurers with not only specific data points but can help identify patterns and trends, ultimately helping to create various analytical databases. Analyzing all food and beverage transactions from a certain time period, e.g. at a coffee shop to decrease wasted spend, offers the ability to examine and draw conclusions on spending habits and helps centralize payments, leading to better liquidity management.

- **Precision in tracking and managing financial transactions**
  ISO 20022 enables end-to-end payment tracking and managing financial transactions by including comprehensive payment information and invoices. By integrating ISO 20022, you can track the payment process and understand if the funds are still with your bank or whether they've already been processed and are with your beneficiary.

- **Streamlined reconciliation and reporting**
  SO 20022 improves reconciliation and reporting through standard messaging across various financial institutions that help to streamline comprehensive cash flow reporting. This provides the ability to make more informed decisions based on data. The integrated format gives treasurers options on how they want to interpret data. Treasury teams now can analyze a beneficiary's payment addresses to draw conclusions on payment locations and understand regulatory and legal issues in a specific region.

- **Global messaging standard**
  As stated above, ISO 20022 is helping establish a global messaging standard. With ISO 20022 being widely adopted, corporate treasurers will be able to communicate with other banks more reliably.

Potential challenges of adopting ISO 20022

- **Integration challenges with legacy systems**
  A potential issue with adopting ISO 20022 is the challenge that comes with integrating the feature with legacy systems. In order to ensure a seamless transition to ISO 20022, it is important that the organization's legacy technology team creates short term solutions while continuing to build out a long-term formula.

- **Data security**
  Due to the significant amount of data ISO 20022 can provide, organizations need to consider security concerns to ensure

there are no data breaches and consider other security concerns. It is critical to review cybersecurity measures and create detailed anti-fraud practices.

- **Compliance challenges**
  Organizations need to factor compliance challenges in to ensure ISO 20022 is compatible with their organization's compliance standards. It is essential to discuss all steps of your integration plan with your organization's compliance team.

Migration best practices

- **Create an implementation plan**
  Creating an implementation plan is critical to ensure your team understands the areas in which ISO 20022 will impact your business and ensure any third-party systems and vendors your organization is working with are aware of the changes that are occurring.

- **Train your team**
  Training your team on the skills they will need to thrive with these new standards will help prevent issues associated with adopting ISO 20022. Providing critical team workshops, offering technical and non-technical training, conducting knowledge shares with different experts at the organization, and independently staying up to date allows you to combat potential integration issues.

- **Test your system**
  Before making ISO 20022 your primary standard for banking communication, it is essential that you test your system to ensure there are no significant issues sending payments.

Conclusion

ISO 20022 can be an effective payment messaging standard that will help banks more efficiently communicate with each other, ultimately increasing proficiency in treasury management. The format integration can also lead to improved reporting and better visibility into transactions. Although there might be obstacles while integrating ISO 20022, understanding the potential benefits can help it be viewed as an opportunity rather than simply a requirement.