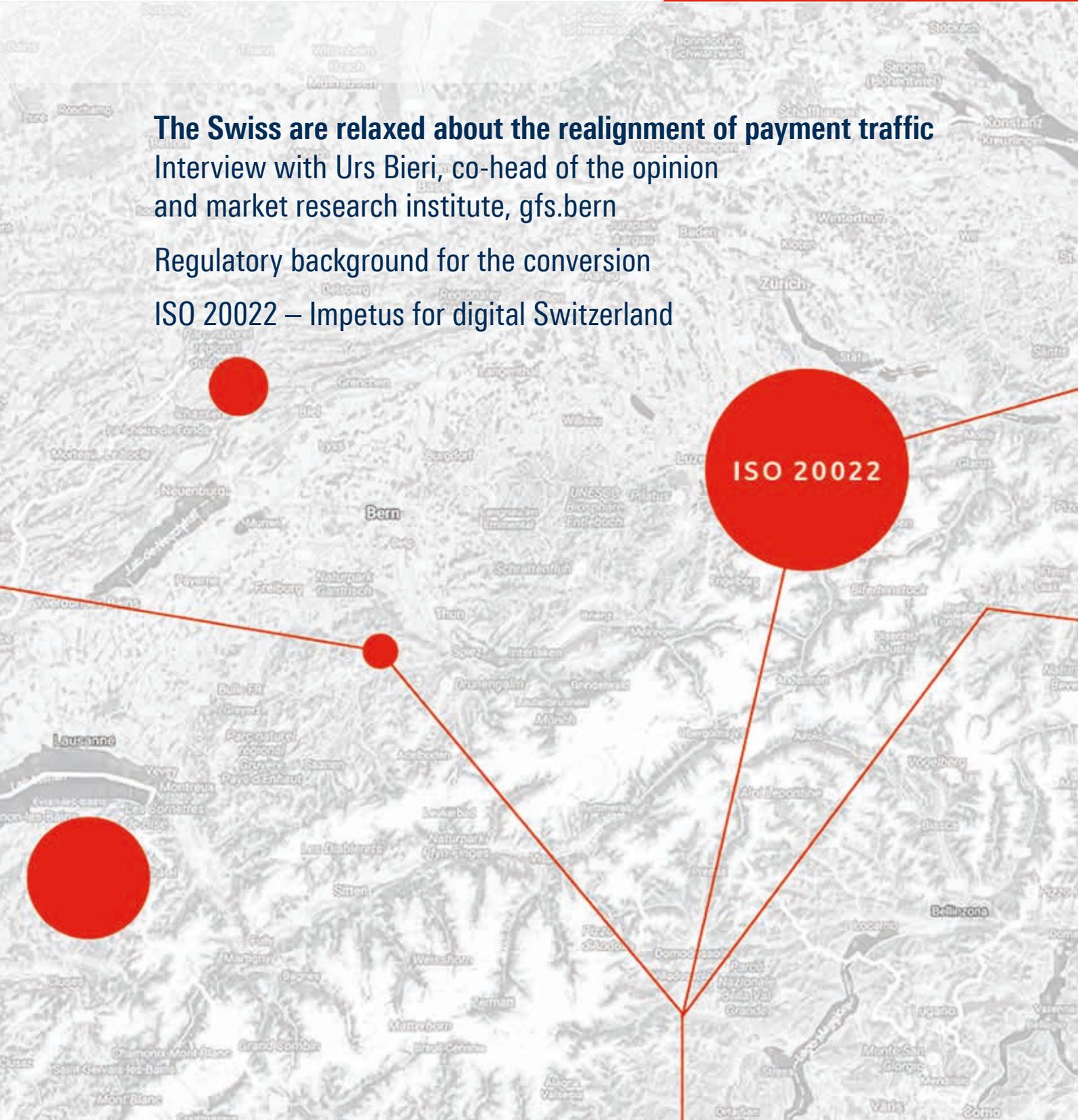


The Swiss are relaxed about the realignment of payment traffic

Interview with Urs Bieri, co-head of the opinion and market research institute, gfs.bern

Regulatory background for the conversion

ISO 20022 – Impetus for digital Switzerland



ISO 20022

Interview

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The Swiss are relaxed about the realignment of payment traffic

Swiss financial institutions, their IT partners and all other parties that are driving the migration to the ISO 20022 standard are going about it systematically and with expertise. That is the conclusion by Urs Bieri, co-head of the opinion and market research institute, gfs.bern, after evaluating a public survey. He further concluded that satisfaction is very high with the existing solutions, particularly when it comes to domestic payments. He discusses his findings in detail in the following interview.

Compliance

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Regulatory background for the conversion of payment traffic

The migration of the Swiss payment slips to the ISO 20022 standard is compliant with regulatory requirements. The requirements resulting from FINMA's revised Anti-Money Laundering Ordinance can be met through the changeover to the QR code replacing the current payment slips. Moreover, ISO 20022 simplifies adherence to the Anti-Money Laundering Act.

Business & Partners

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Migration to ISO 20022: Test platforms' usage increases

The end date for the migration to ISO 20022 is approaching. The test platforms provided by SIX and the banks offer a valuable tool for the switchover to the new standard, and usage of them is growing accordingly.

Standardization

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EBICS and ISO 20022: More than just the sum of their parts

The two open standards, EBICS (Electronic Banking Internet Communication Standard) and ISO 20022 payments are the perfect pair for the electronic data exchange in payment traffic between customer and bank. Both are modern standards that perfectly describe their respective areas of application and together seamlessly cover the complete requirements for an efficient and secure interface.

Highlights

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ISO 20022 – Impetus for digital Switzerland

A highly accessible payments infrastructure is the basis for economic coexistence and the backbone of the Swiss economy. The migration of payment traffic to ISO 20022 is therefore also a milestone project for the Swiss economy and society. With the "Activating Digital Switzerland" information campaign, starting in the next weeks, PaymentStandards.CH will begin informing the greater public about the essential innovations.



Nicole Walker

Dear reader,

Smoothly functioning payment traffic is paramount for the development of an economy. Daily payment streams are the blood flowing through the veins of the economy. While, in this regard, Switzerland is already very well established today, development does not rest. The demands on infrastructure increase with each innovation, with every further development of existing services.

The Swiss financial center is aware of this and is making great efforts to not only remain apace of future developments, but to actively shape them. The modernization of the clearing infrastructure with SIC⁴ and the harmonization of Switzerland's payment traffic are two examples of how the financial center seeks to continue offering users the best possible starting position.

A further milestone in the harmonization was achieved at the beginning of this month. PostFinance has decided to process all interbank payments in Switzerland through the SIC system. This migration will occur in stages over several years, and will ultimately mean 70% growth in transaction volume for SIC. This means, on the one hand, that the operating costs for our joint venture will be able to be distributed across more transactions. While on the other hand, the elimination of multiple channels will mean a simplification of the payments landscape, which will significantly simplify further developments in the future.

Every change is associated with costs. This transition will also require planning work, system adaptations and project costs. The concentration on a central infrastructure will ultimately pay off for all participants. There-

fore, I am convinced that with this decision we have properly set the course for the future of payment traffic in Switzerland and given harmonization a boost. With this effort, we are creating the prerequisites to continue providing the Swiss economy with a reliable, high-performance and cost-efficient infrastructure.

Nicole Walker

Head of Product Management Payment Solutions,
PostFinance Ltd

The Swiss are relaxed about the realignment of payment traffic



Swiss financial institutions, their IT partners and all other parties that are driving the migration to the ISO 20022 standard are going about it systematically and with expertise. That is the conclusion by Urs Bieri, co-head of the opinion and market research institute, gfs.bern, after evaluating a public survey. He further concluded that satisfaction is very high with the existing solutions, particularly when it comes to domestic payments. He discusses his findings in detail in the following interview.

CLEARIT: Mr. Bieri, when was the last time that gfs conducted a survey on the topic of payment traffic?

Urs Bieri: Research on the topic of payment willingness occurs relatively frequently – the flipside of the coin. I assume that the companies involved in payment traffic have studies in their fields of activity. But as far as I know, there are none specifically pertaining to payments transactions.

Can you reveal to us what findings were reached with the survey?

There were four points that became especially apparent to us through this study: The first pertains to the high level of satisfaction. The industry apparently provides a very good service when it comes to payment traffic, one that is recognized and appreciated. The satisfaction applies to both domestic and foreign payments, although perhaps not to the same degree.

There do not seem to be any major fears regarding innovations. At the same time, however, there are no pressing problems that would demand such innovations. Nevertheless, the basic trust that is experienced on a daily basis also indicates trust in those in charge and, correspondingly, that there is confidence that they will be capable of implementing necessary further developments in payments transactions.

“Experience shows that satisfaction rises when something is used daily – as long as it works.”

So, users are predominantly satisfied with domestic payments. Why do things look somewhat different when it comes to foreign ones?

Experience shows that satisfaction rises when something is used daily – as long as it works. Domestic payments are more present and thus have a greater bearing on opinion, while foreign payments are made less frequently. However, there are individual elements that are less satisfactory. Foreign payment traffic is seen as slightly more complicated and also more expensive, which leads to a slightly more critical evaluation. However, I would also like to mention that they are not contrary evaluations, but are both basically satisfactory.

The overwhelming majority of those surveyed see advantages for Switzerland with standardization. What are the basic expectations regarding the infrastructure project?

The expectations do not go into details. People have not yet dealt with the infrastructure project in depth. The main expectation in such a situation is actually always the same, and has nothing to do with standardization: never change a winning team. This also definitely applies here: There are processes and systems in place that are sufficient for daily use. Therefore, there is basically little interest in changes.

Although there is also no resistance to standardization, new processes and systems, the requirement is that the situation at least remains equally satisfactory or – what would be ideal, of course – even improves.

In the area of domestic payments, due to the existing high level of satisfaction, expectations are naturally

lower, so that hopes for improvement mainly pertain to foreign payments. Acceleration and the reduction of error rates are requirements that are also applicable for domestic payments transactions. Standardization will surely make inroads here.

“A deficit arises when a risk is either not recognized or a consequence is inaccurately estimated, neither of which is likely in this case.”

No consistent picture can be drawn regarding the level of information among users. What stands out is that visible information deficits exist particularly among smaller companies with 20 to 99 employees. Does this information discrepancy bear risks for the project?

It can be said with certainty that SMEs are less pre-occupied with the topic. However, what also bears mentioning is the fact that smaller companies may be less impacted than major corporations, and in all likelihood, they will incur less effort and lower costs. The time they require for the migration will therefore be less than for large companies with enormous payment volumes. Accordingly, the term ‘deficit’ is not necessarily applicable. A deficit arises when a risk is either not recognized or a consequence is inaccurately estimated, neither of which is likely in this case. The level of information is correspondingly modest, but perhaps for a good reason. Of course, it cannot be ruled out that there are small companies with a payment-intensive business model, which are making the error of not yet dealing with this issue. In such a case, the term ‘deficit’ may be entirely apt.

Where are the differences between the various survey groups when it comes to project expectations? And where are the parallels?

The parallels are what are more interesting here: There are relatively few differences between the various groups in terms of their fundamental expectations. The most important expectations transcend groups and simplifications. Representatives of the legislative who we surveyed would like to see an unburdening of the economy. Also mentioned were the contribution to digitalization in order to be prepared for the future and finally, across all groups, the desire for no added costs was clearly expressed. This shows where the potential limits of standardization may lie – they must not be more expensive than the current process.

What other challenges were you able to recognize?

The challenges can primarily be found in association with the positive expectations. If payment traffic is not

made easier – or should become more difficult – then criticism and resistance are sure to follow. This is not the case at the present time because those surveyed are not assuming that something could go wrong. The migration costs, however, are an issue that comes across throughout the entire study. There is not much leeway here.

It is worth noting here that it goes without saying that the costs are relative. Large companies with many complex processes know what their migration costs will be. The estimated costs are not causing any major concern, which means they have not become a hindrance to the standardization. Among smaller companies it is presently difficult to determine what costs effectively would be incurred or would be bearable.

“The companies most impacted with high payment transaction volumes indicate higher levels of satisfaction.”

The project is leading to bottlenecks in the IT infrastructures among companies and the public sector. How well prepared are the authorities in particular?

There are no apparent differences between companies and the public sector to be noted. They have an idea of what they will be confronted with in terms of time and finances, but have made slightly less progress in the change process as have large companies. In terms of project phases, the public sector is in the start/initial phase. Project teams are being formed and they are beginning to deal with this issue more intensively. The due dates are similar here. The fastest seek to have everything implemented by mid-2017.

The public sector generally receives information about the standardization from their house banks, which are already in the process of actively informing. This information is also appreciated and viewed as useful, although the consensus is that considerably more would be welcome. Management does not see any need for additional points of contact. Larger companies primarily receive support for the migration from their software partners. This relationship seems to function well, even slightly better among the public sector than in private industry.

What is interesting is that the companies most impacted with high payment transaction volumes indicate higher levels of satisfaction.

A more uneven picture emerges when it comes to the anticipated duration of the migration and the resources

that need to be applied. Are there companies that are behind? And what does this mean for the project in total?

The state of being behind can be measured in various ways. On the one hand, in terms of time – around 20 percent of the companies surveyed could not currently name a date on which they intend to complete the project. This may represent a problem for the project as a whole, but need not necessarily be one. More pertinent for measuring the degree to which a company may be behind is the resistance it shows towards the project. In this case, we are talking about 1/7th of the companies which are meeting such internal resistance. While we do not know how strong and what type of resistance is involved, fundamentally, resistance is often associated with delays. However, it is worth noting here that this project involves change processes that have an impact on people, and that the figure of 14 percent of companies in which a certain degree of resistance is noticeable is entirely within the normal range for change processes.

To bolster these companies, banks must stick to their ongoing information work and respond to operative questions where they arise. Banks are already doing this on various levels and to me this seems to be the most suitable path to take. The financial institutions will never be able to address some of this resistance; it involves tried and tested processes which the 'normal' company employee does not necessarily want to change. It is ultimately up to the superiors in the company to address such problems with a well-established internal communication program regarding the standardization plans.

“This survey was one of the more interesting, although not the most surprising.”

You have conducted and supervised many surveys in the course of your career. Is there anything that surprises you in this study? Something that you did not expect in this form and with this degree of clarity?

On average, I have conducted between 50 and 80 surveys annually for 20 years. This survey was one of the more interesting, although not the most surprising. It was primarily interesting because, when it comes to payment traffic, it is possible to reform something that functions well. In my view, this is because the institutions that are taking the lead are recognized as competent. The fear that an uncertain, unknown path is being embarked upon is correspondingly low. This would be practically impossible in Swiss politics; if something works well there, then you want to hold onto it.



Urs Bieri

The survey results did not surprise me – and I mean this in a positive sense. This is certainly attributable to the project itself, which seems to be well prepared and which is perceived as a sensible one.

Interview:

Gabriel Juri, SIX Interbank Clearing and
André Gsponer, ConUm

Representative survey about ISO 20022

PaymentStandards.CH, an initiative of the Swiss financial center, hired the research institute, gfs.bern, to conduct surveys about the standardization and harmonization (ISO 20022) in Swiss payment traffic among 530 users. The term 'user' refers to people who either made payments in their professional function or who are in charge of payments transactions. Considered in addition to public administration and private-law companies, were also associations, foundations and non-profit organizations that process high volumes of

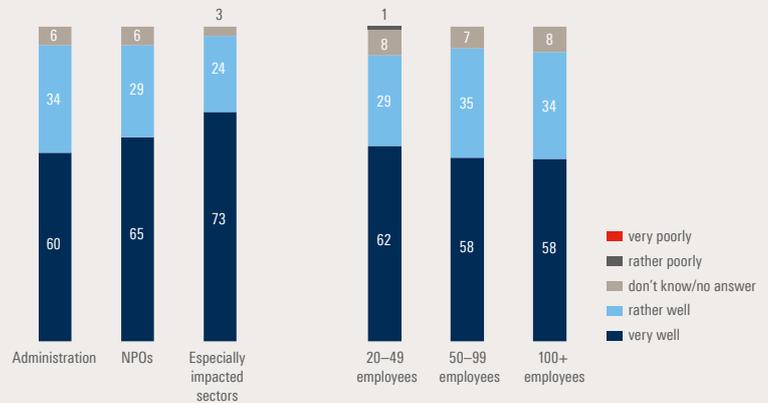
bills for members or donors. Also surveyed were companies in the fields of energy, health insurance and telecommunications, under the heading of "especially impacted companies". The survey was conducted between July and August 2016.

Also included among the users were around 120 legislators and representatives of top associations, as well as executives and representatives of cantonal business and industry associations.

Evaluation of domestic payments

"All in all, in your opinion, do domestic payments function very well, rather well, rather poorly or very poorly?"

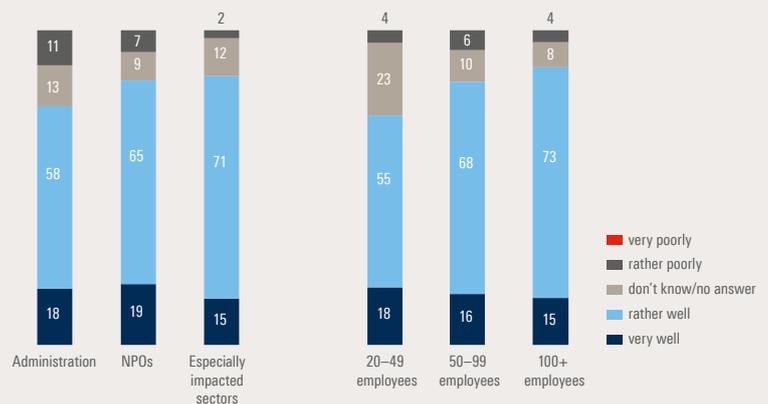
(in % of users who make domestic payments or are in charge of them, n=506)



Evaluation of foreign payments

"All in all, in your opinion, do domestic payments function very well, rather well, rather poorly or very poorly?"

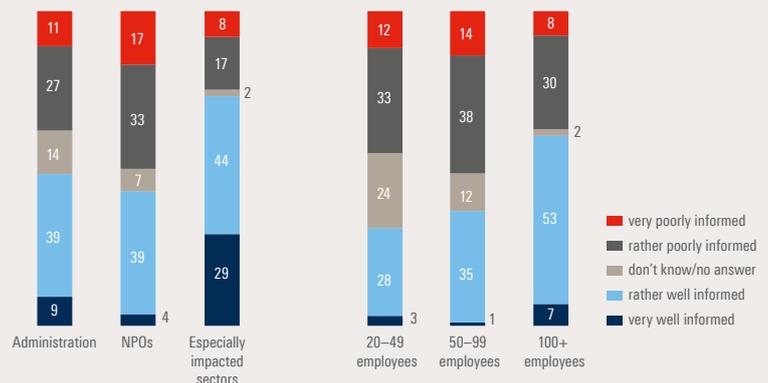
(in % of users who make domestic payments or are in charge of them, n=451)



Awareness of the infrastructure project

"How well informed do you feel about the Swiss payment traffic infrastructure project?"

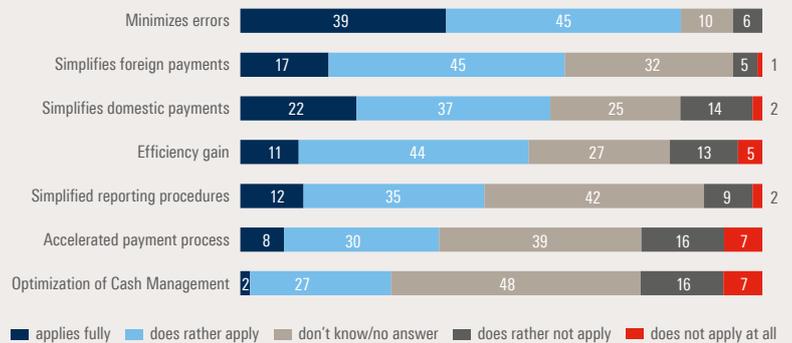
(in % of users, n=530)



User expectations in administrations

"Please indicate the degree to which these statements apply to your organization."

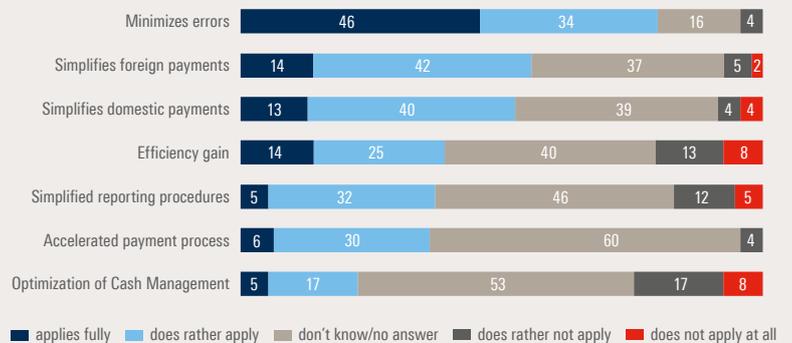
(in % of administrations, n=107)



User expectations in SMEs

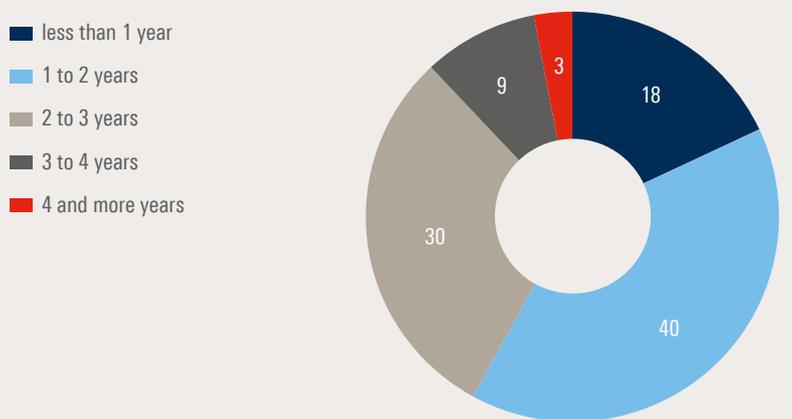
"Please indicate the degree to which these statements apply to your organization."

(in % of companies with 20–49 employees, n=93)



Project duration

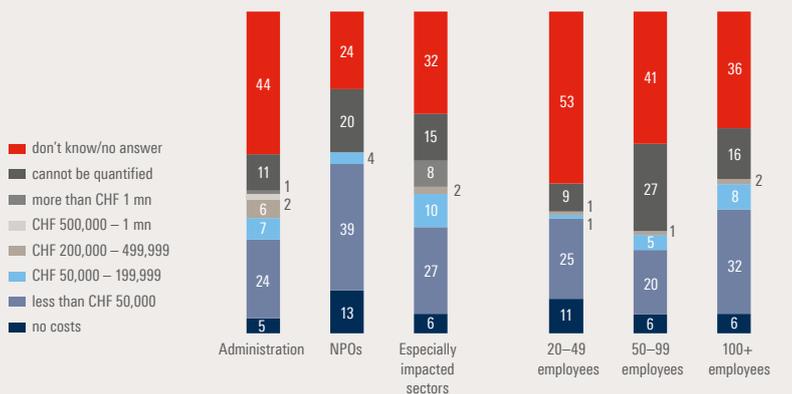
(in % of users who have started a project for the software migration and who can name a start and completion date, n=90)



Estimated costs for the migration

"How high do you estimate the costs of the software migration of your processes to ISO 20022?"

(in % of users, n=530)



Regulatory background for the conversion of payment traffic

The migration of the Swiss payment slips to the ISO 20022 standard is compliant with regulatory requirements. The requirements resulting from FINMA's revised Anti-Money Laundering Ordinance can be met through the changeover to the QR code replacing the current payment slips. Moreover, ISO 20022 simplifies adherence to the Anti-Money Laundering Act.

FINMA, the Swiss Financial Market Supervisory Authority, placed its revised Anti-Money Laundering Ordinance (AMLO-FINMA) into force on 1 January 2016. The complete revision takes account of both the changes to the Anti-Money Laundering Act adopted in 2013 as well as the adapted international standards. In particular, the recommendations of the Financial Action Task Force (FATF) regarding money laundering and the financing of terrorism were incorporated in the law. AMLO-FINMA in turn specified these changes in its requirements while also taking into account findings from supervisory practice and recent market developments.

Central to the AMLO-FINMA is the enhanced transparency regarding instructing party information in payment traffic. This means that for payment instructions each financial institution must fundamentally forward the name, account number and address of the debtor as well the name and account number of the creditor to the creditor's financial institution. The term "debtor" always refers to the holder of the account from which an amount will be deducted, regardless of whether another person is listed as the debtor. This applies both for electronic and paper-based payments. For payment instructions within Switzerland and Liechtenstein for the payment of goods and services (such as is the case with the BISR), deviations can be made only to the extent to which this is no longer technically possible. With the switchover to ISO 20022, there are no longer any technical barriers so that for paper-based payments the complete information about the debtor and creditor are to be delivered along with it.

The creditor's financial institution is to determine how it is to proceed when it receives a payment instruction containing incomplete information about the debtor or the creditor. The financial institution judges whether such payment instructions are to be executed, rejected or returned according to a prevention of money laundering, risk-oriented procedure.

Since the additionally needed information (see the chart) must be routed throughout the entire processing chain, this conversion not only affects financial institutions and their customers, but also software providers with solutions that offer payment slip functionalities. The pertinent timely and consistent migration to ISO 20022 is therefore mandatory for all participants.

Stephan Deboni and Peter Ruoss
UBS Switzerland

The inpayment slip with data code is being revised

As announced in the press release of 19 October 2016, the Board of Directors of SIX Interbank Clearing Ltd has decided to revise the inpayment slip with data code planned for mid-2018. To take account of the progressing digitalization, market needs and upcoming regulatory requirements, the data content of the planned QR code is being expanded. Further information about this topic can be found at www.PaymentStandards.CH

| | | Information that is routed by banks | | | |
|-------------|--|-------------------------------------|------------------|------------------------------|-------------------|
| | | Existing scheme | | Scheme with ISO 20022 | |
| | | ISR | IS | ISR with data code | IS with data code |
| Debit side | Name of the ultimate debtor | No | No | Yes | Yes |
| | Debtor's account number ² | No | Yes ¹ | Yes | Yes |
| | Debtor's name ² | No | Yes ¹ | Yes | Yes |
| | Debtor's address or identification ² | No | Yes ¹ | Yes | Yes |
| Credit side | Name of the creditor | No | Yes ¹ | Yes | Yes |
| | The creditor's account number | No, only technical reference | Yes | Yes | Yes |
| | Open items on the department level regarding the ultimate creditor | No, only technical reference | No, message only | No, only technical reference | No, message only |

¹ Data is not available if it involves a cash pay-in at the post office counter.

² If technically possible, instructing party data must be sent for cross-border payments (incl. those to and from Liechtenstein).

Migration to ISO 20022: Test platforms' usage increases

The end date for the migration to ISO 20022 is approaching. The test platforms provided by SIX and the banks offer a valuable tool for the switch-over to the new standard, and usage of them is growing accordingly.

The countdown is ticking for the migration to the new ISO 20022 standard. That is why software partners and bank customers with their own software solutions are working in high gear to adapt their products. The test platforms offered by various banks and SIX are a valuable tool in the process. The technical possibilities and various functionalities were detailed in CLEARIT No. 68.

Simplifying the test platforms and accelerating testing

Regardless of how long a platform has been online, all are being frequently used presently. That is hardly surprising, since they significantly simplify and accelerate the testing of applications. Increasing numbers of users also conduct automated regression tests. This enables the fast, inexpensive testing of exclusive functionalities in end-to-end mode and thus boosts efficiency.

Constant intensification of usage

Since all platforms are now fully available and the migration end date is approaching, a steady increase in usage has been recorded, especially recently. On peak days, up to 400 test transactions are "processed" on some platforms, and more than 2,000 files have been uploaded by individual users. While the majority of these files contain less than 100 transactions, sometimes load tests with up to 100,000 transactions per file are conducted.

Test cases increase for direct debits and ISR/IS

While pain.001 messages previously comprised the majority of test cases, tests for other products have recently predominantly increased. Direct debits and ISR/IS are currently growing from 20 to 70 percent monthly and it is to be assumed that usage of these test scenarios will further increase. Moreover, many users appreciate the possibility of conducting comprehensive and realistic testing.

Completing the migration on time and with the best quality

So that all services offered by the respective financial institutions can be realistically tested, the platform providers are currently working on the last missing functionalities. Hence, they are making an essential contribution toward completing the harmonization of payment traffic on time with the best quality.

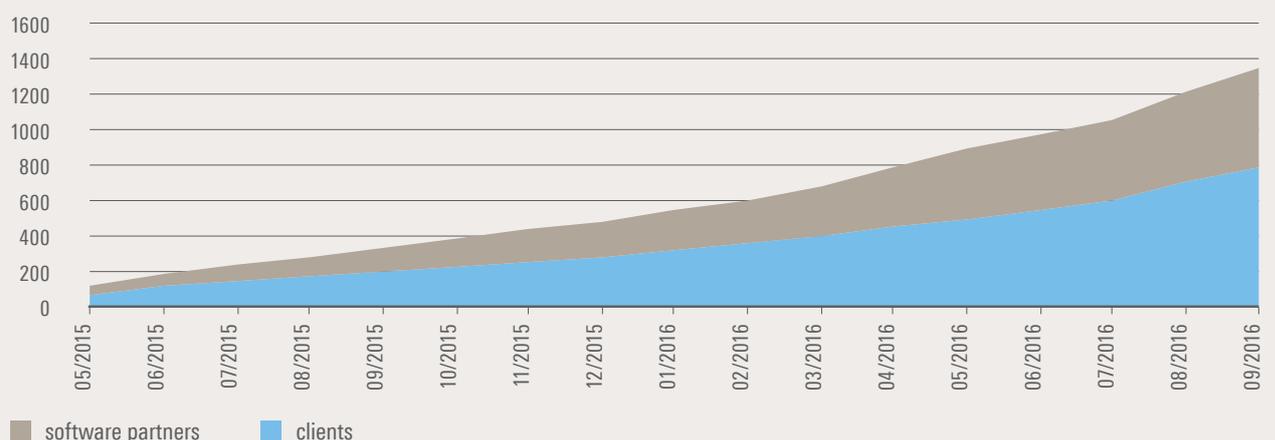
Samuel Ackermann

PostFinance

Links to the platforms

| | |
|-------------|---|
| CS | https://credit-suisse.com/iso20022test |
| PostFinance | https://isotest.postfinance.ch |
| Raiffeisen | http://raiffeisen.ch/testbank |
| SIX | https://validation.iso-payments.ch |
| UBS | http://ubs-paymentstandards.ch |
| ZKB | https://testplattform.zkb.ch |

Growth of users by the example of PostFinance



“The test platforms simplify the work”

The countdown is running. Starting in 2018, the output data must be delivered in the ISO 20022 standard. Rainer Hofmeister, technical consultant at SAP (Schweiz) AG, speaks about the challenges and helpful support during the migration.

CLEARIT: Mr. Hofmeister, are your products ISO 20022-ready?

Rainer Hofmeister: Yes, they are. At least, all the functions that the financial institutions are currently using.

When did you first hear about ISO 20022?

I first heard about the ISO 20022 standard in 2008. In 2011 it involved offering SEPA payments in this standard. The “harmonization of Swiss payment traffic” project now seeks to make all payment processes in Switzerland to be ISO 20022/XML-conforming.

What were the greatest challenges?

The first payment message in the ISO 20022 standard appeared in 2011. Two years later, the Swiss banking community and SIX issued binding descriptions for all financial institutions determining how these data structures are to appear. There have been a series of minor changes since then. This means that we have had to constantly adapt the payment messages. In addition, there are differences that must be taken into account among the financial institutions, such as with direct debit procedures. While these should be eliminated in the course of the harmonization, there will always be differences in terms of content. And for the following reason: The various financial institutions offer individual services that must be depicted in the data structure.

Did you receive support during the migration?

With Payment Medium Workbench (PMW)* we have an extremely helpful tool for the configuration and creation of payment messages at our disposal. The payment files created meet both the formal specifications from SIX as well as the content rules of the respective bank, and can be adapted by customers if needed. The test platforms from SIX and the financial institutions are also indispensable tools.

To what degree do the test platforms influence your work?

We used to have to send each individual payment type to the bank by e-mail. It, in turn, then reviewed the file and several days later we received the decision whether it functioned as it was supposed to or not. With the validation platforms that now exist, we can upload such files quickly and easily. The payment type is checked both formally and in terms of content within seconds

and I receive a detailed error message if something is still not right. In most cases it involves errors in the master data. These can then be immediately corrected and the payment type can be tested again. The test platforms simplify the work for us and our customers.

What has been your experience with the various platforms?

We have had a very good experience. SIX, PostFinance, UBS, CS, Raiffeisen and the Cantonal Banks all currently offer a test platform. They all have different features in their platforms. As mentioned, SIX only conducts a formal test. From the financial institutions you can also hold a return back electronically – if, for example, it involves a wrong name. You can actually test everything with the best practice test cases.

This means that you have made use of the best practice test cases and user handbooks?

Yes, actually very extensively. Everything is precisely described and highly transparent. The best practice test cases are enormously helpful because you can simulate entire procedures with them. For example, I can also test an incoming payment.

Are there functionalities that seem to be missing?

In the beginning, the camt files were missing, but since the banks have their own validation platforms, this is no longer the case. Everything is available now. Nevertheless, the test platforms must continue to develop and be upgraded to meet the offers still to come.

What advice do you have for companies that are not yet ISO 20022-ready?

That they get started with the migration as soon as possible. Starting in 2018, the output data must be delivered in the ISO 20022 standard. And there will be further migrations down the road. The best thing to do is to contact your financial institution soon, because it must be able to process the ISO 20022 standard, as well as your software producer, who must be able to prepare the data according to the implementation guidelines stipulated by SIX and the financial institutions.

Interview:

Samuel Ackermann, PostFinance

* Editorial note: The Payment Medium Workbench (PMW) is a tool for the configuration and creation of payment messages that a company would like to send to his house banks.

EBICS and ISO 20022: More than just the sum of their parts

The two open standards, EBICS (Electronic Banking Internet Communication Standard) and ISO 20022 payments are the perfect pair for the electronic data exchange in payment traffic between customer and bank. Both are modern standards that perfectly describe their respective areas of application and together seamlessly cover the complete requirements for an efficient and secure interface.

Both EBICS and ISO 20022 are up-and-coming global standards in payment traffic which arose in the wake of the great change in IT technology – communication via the Internet and data description with XML – shortly before the turn of the century, and are also based on this new technology. Both standards have proven themselves in practice for years. They not only

meet the current requirements, but also are geared towards the future, such as the upcoming use of Distributed Electronic Signatures (VEU) by EBICS and the use of structured address information by ISO 20022. Both EBICS and ISO 20022 are replacing proprietary processes from the last century which differed from country to country, and often from financial institution to financial institution, with an open, standardized approach. One of the main reasons for the success of the EBICS and ISO 20022 team is that the two standards perfectly complement one another, without overlapping in terms of functionality and responsibilities.

The following chart illustrates which standard covers the respective requirements.

| Requirements | | Covered by | |
|----------------------|---|------------|-----------|
| | | EBICS | ISO 20022 |
| Information exchange | Alignment of domestic and foreign credit transfer schemes | | Yes |
| | Consistent account number format IBAN | | Yes |
| | Harmonized procedures, standards & formats | | Yes |
| | Standardized accounting-related messages (day-end) | | Yes |
| | Standardized cash management messages (intraday) | | Yes |
| | Standardized direct debit instructions | | Yes |
| | Standardized transaction status reports (which of the transactions have been executed) | | Yes |
| | Standardized payment instructions | | Yes |
| | Standardized payment instruction status reports (which of the instructions have been accepted) | | Yes |
| | Support for structured addresses for the parties involved | | Yes |
| | Support for different country-specific recommendations | | Yes |
| | XML-based data sharing | | Yes |
| Interaction | Non-location-dependent approval of orders | Yes | |
| | Approval of orders with electronic signature | Yes | |
| | Built-in compression of user data (ZIP) | Yes | |
| | Standardized initialization process | Yes | |
| | Standardized message status (whether the message was accepted) | Yes | |
| | Checking whether the service being used has been contractually agreed | Yes | |
| | Multi-banking functionality. Access to any number of financial institutions using the same keys | Yes | |
| | Standardized communication | Yes | |
| Security | Highest security standards e.g. encryption at transport level and end-to-end | Yes | |
| | Authentication and authorization solution using hardware tokens | Yes | |
| | Authentication and authorization solution using personal certificates | Yes | |
| | Solution for corporate customers using "Corporate Seals" | Yes | |
| | Distributed Electronic Signature (VEU) | Yes | |
| Order processing | Automated processing thanks to consistent references | | Yes |
| | Higher straight-through-processing rate (STP rate) | Yes | Yes |
| | Technical (schema) checking for compliance with specialist banking Implementation Guidelines | | Yes |
| | Support for individual and collective entries | | Yes |
| | Support for multiple orders in one file | | Yes |
| | Support for salary payments | | Yes |

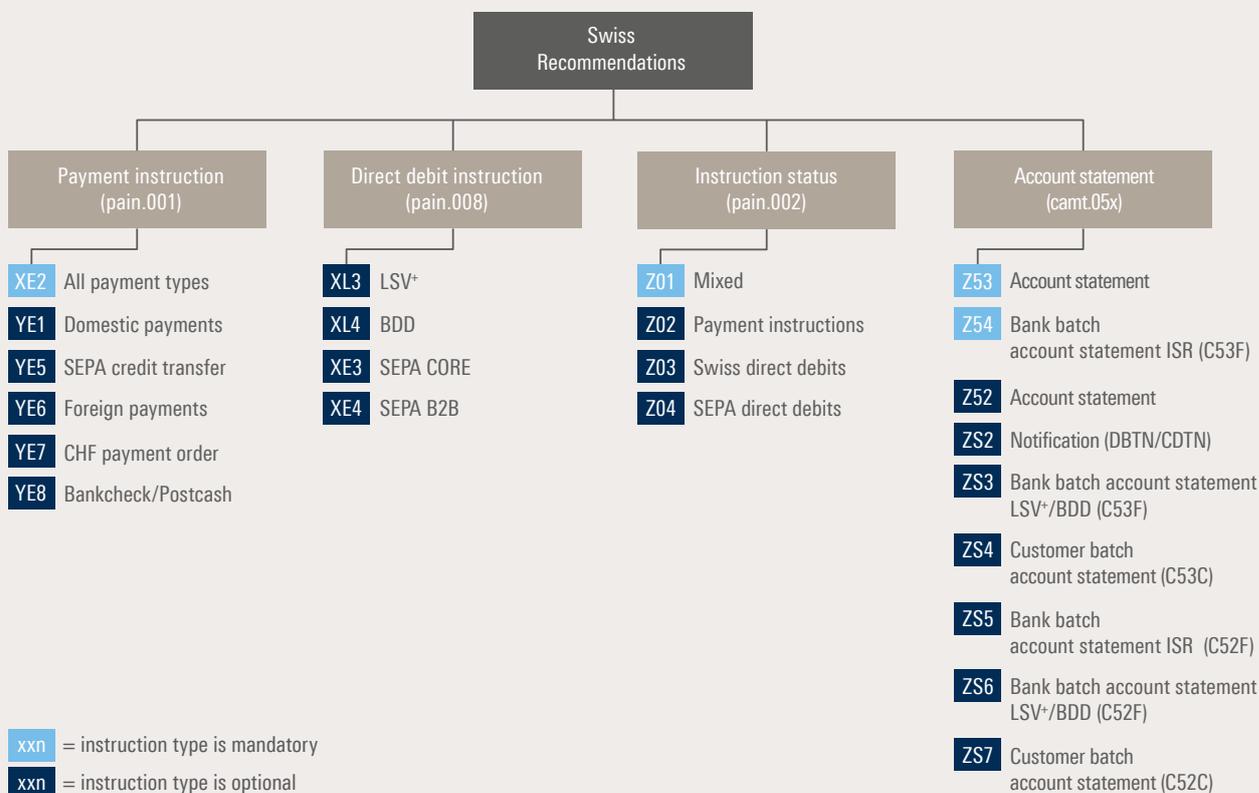
The interplay in Switzerland

The Payments Committee Switzerland (PaCoS) EBICS working group identified the necessary business cases according to the Swiss Recommendations for exchanging ISO 20022 messages between customer and bank and assigned dedicated EBICS order types to them, which will be published before the end of this year in the pending version of the "Swiss Market Practice Guidelines EBICS". These business cases reflect the fundamental payment traffic options in Switzerland and will therefore also have a long-lasting impact.

Financial institutions that offer EBICS certainly offer "XE2", "Z01", "Z53" and "Z54" instruction types (see figure below). All other instruction types are optional, but will grow increasingly important in the future. Financial institutions are not obligated to offer their customers the optional instruction types (business cases). It is to be agreed upon contractually between the customer and bank which instruction types are available to the customer in his customer-bank relationship.

Peter Ruoss
UBS Switzerland

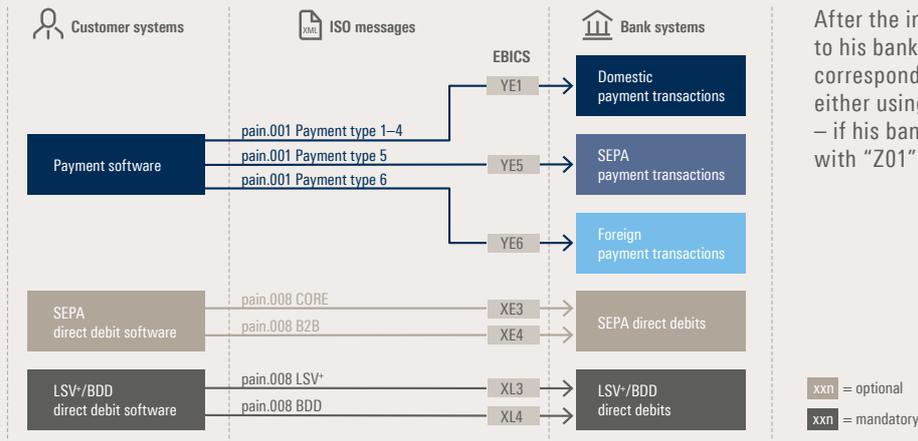
Overview of Swiss ISO 20022 business transactions including Swiss EBICS order types



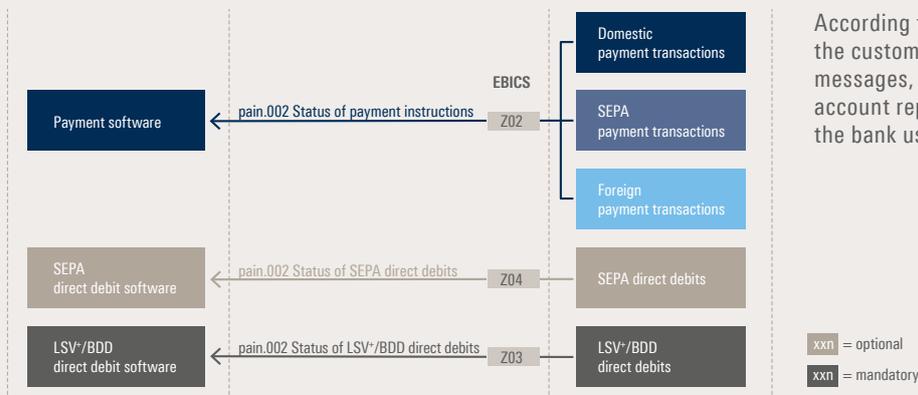
Example

The following example shows the potential interactions between customers and banking systems for exchanging payment and direct debit instructions using EBICS and ISO 20022. The customer can, for example, trans-

mit an ISO 20022 “pain.001” payment instruction to his bank in accordance with the Swiss Recommendations using the EBICS “XE2” (all payment types) instruction type.



After the instructions have been submitted to his bank, the customer can retrieve the corresponding instruction status reports, either using the EBICS “Z02” instruction type – if his bank supports this – or alternatively with “Z01” for all EBICS instructions.



According to the same interaction pattern, the customer can also retrieve other ISO 20022 messages, such as account statements, account reports and credit/debit advices at the bank using the EBICS instruction types.

The ISO 20022 payments standard in Switzerland

On behalf of the Payments Committee Switzerland (PaCoS), the ISO 20022 working group developed the Swiss Recommendations for implementation of the format standard in the area of “preparing and entering payments” (payment initiation) as well as the notification (cash management) based on ISO 20022. The recommendation, which is supported by all Swiss financial institutions, is structured on the basis documentation from ISO and the EPC (European Payments Council) and is condensed in the two rulebooks, the “Swiss Business Rules” and the “Swiss Implementation Guidelines”. More information at iso-payments.ch

EBICS in Switzerland

Represented by SIX Interbank Clearing Ltd, Switzerland is an official member of the EBICS community and is thus actively co-designing the development and future of the open standard. The Swiss financial industry has published recommendations for the implementation of EBICS. They are listed in the “Swiss Market Practice Guidelines EBICS” rulebook. More information at ebics.ch

ISO 20022 – Impetus for digital Switzerland

A highly accessible payments infrastructure is the basis for economic coexistence and the backbone of the Swiss economy. The migration of payment traffic to ISO 20022 is therefore also a milestone project for the Swiss economy and society. With the “Activating Digital Switzerland” information campaign, starting in the next weeks, PaymentStandards.CH will begin informing the greater public about the essential innovations.

The Board of Directors of SIX Interbank Clearing Ltd approved an information campaign this past summer, through which the comprehension and acceptance of this momentous infrastructure project shall be promoted. The measures are especially aimed at opinion leaders in politics, among industry and business associations, consumer advocacy representatives and the general public. The campaign shows what is changing in payment traffic as a whole for companies and individuals, and provides information about the reasons for the migration, the benefits it brings as well as the challenges for the Swiss financial and economic center.

Benefitting the economy

An economic study was commissioned to determine the importance of payment traffic in general, and specifically the harmonization thereof. In the study, the one-time migration costs were compared to the targeted savings in processing and capital costs, and transposed to the extent possible to economic figures. The study aimed in particular to clarify to target groups with little expertise that the harmonization involved an infrastructure project of national importance and therefore differs from ordinary system migrations. The results are flowing into various communication measures and supplement the talking points that are being developed for the campaign.

Digital economy and society

With ISO 20022 payments and the new QR code, the payment processes will be further digitalized in essential areas both for companies and individuals. Payment traffic that is automated end to end supports Switzerland on its way towards a digital economy and society, and thereby provides significant impetus for the entire country. That is precisely the point of this information campaign. The newly designed campaign logo points both optically and in terms of content to the digital impetus. The icon will be placed as a visual pulse and binding element on all communication means that are targeted towards the above-mentioned target groups. The campaign logo supplements the existing PaymentStandards.CH logo which will continue to be used on the familiar website and also in communication measures targeted towards users.

Showing the connections

On the www.activatingdigitalswitzerland.ch microsite visitors will also find the results of the economic study, information about the benefits connected with adherence to the Anti-Money Laundering Act and the FINMA Anti-Money Laundering Ordinance, about ISO 20022-readiness among particularly impacted sectors (see also the interview on page 4), as well as background information about the financial center’s initiative and the advantages an international standard offers for regionally and internationally active companies. The contribution PaymentStandards.CH makes as a whole is also shown. Visitors are guided through the top twelve topics containing the essential information. There they can also find links to more extensive information about the PaymentStandards.CH website and also external sites. The microsite makes visual reference to Switzerland and can be used consistently on all end devices.

Conveying perspectives

The microsite also features a blog. In journalistically prepared articles and interviews the infrastructure project is illuminated from various perspectives. Financial institutions and personalities from other sectors and associations all have their say. The blog contributions are published along with other contents on Facebook, Twitter, XING and LinkedIn. The news section compiles all the latest information from various information sources. Visitors who are interested can subscribe to an e-newsletter that will be sent roughly every three months to the above-mentioned target groups, which summarizes the information and blogs of the past weeks.

Media work

The information resources will be distributed through various media channels, including online media, print and audiovisual formats. Financial institutions and industry associations will be requested to contribute their own material and will be invited to publish their standpoints on topics in the microsite’s blog and news section. The communication measures will be introduced here in the coming months.

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PaymentStandards.CH
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