

## TCM **SMARAGD**

### SMARAGD TCM and ISO 20022-Support

The standard ISO 20022 has been the basis for modern payment transfer systems for a while. Examples of this are SEPA and Instant Payments. Starting in 2021/2022 further important payment transfer systems like SWIFT and Target2 will be changed to ISO 20022. This also affects all SMARAGD products that deal directly with payments. Currently targens is in the process of making their SMARAGD Compliance Suite ISO 20022 ready. This development is ongoing and will be supplied to the targens customers in August 2020 as a new interface in the SMARAGD portfolio.

#### ISO 20022 as the new standard

The ISO (International Organization for Standardization) defines standards that are valid worldwide. The standard ISO 20022 defines message types that are addressed to the financial world. ISO 20022 offers a catalogue of around 500 standardized message types that organizations can choose from if necessary and that covers all important segments of a financial institute. As a technical basis the XML format was chosen.

An essential component of ISO 20022 are payment transfer messages, e.g. credit transfers. The introduction of SEPA and Instant Payments as well as Targess2Securities T2S in the bonds environment are examples of that. ISO 20022 is the current basis for all future developments in which information is exchanged in the financial sector.

#### Future topics

In 2021 and 2022 further important central payment transfer platforms will switch to the new standard ISO 20022. During a big bang in the fall of 2021, the Target2 payments will be carried out in the ISO 20022 standard. A year later SWIFT as the most important player in international money transfer will make the settlement of transactions possible with the SWIFT CBPR+ (Cross-Border Payments and Reporting Plus) with the new standard.

#### Challenges for SMARAGD TCM

The ISO 2022 standard also poses challenges for SMARAGD TCM. A solution is needed that firstly knows and supports the high number of around 500 messages types. Secondly, the ISO 20022 standard features the possibility that the information of payments can be depicted in more detail, compared to the current SWIFT FIN standard.

From the viewpoint of a SMARAGD TCM user these single elements have to be united again in a specialist context. If you take a look at the development of the ISO 20022 standard on a timeline, you soon realize that SMARAGD TCM has to be able to support a variety of types and versions of the relevant message types. The ISO 20022 standard will continuously be further developed.

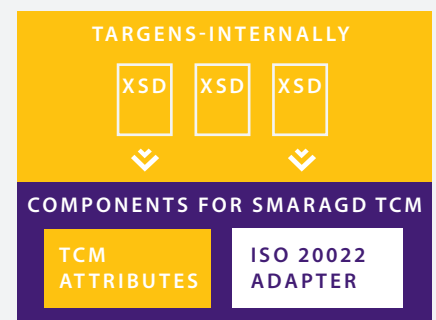


Figure: Technical implementation with targens

#### TECHNICAL IMPLEMENTATION

The implementation in SMARAGD TCM features a simple method, based on a standard adapter. Due to the variety of requirements, targens struck a new path. The ISO 20022 adapter is no longer developed classically, but mostly generated based on the ISO 20022 standard.

This is possible because the ISO 20022 message types are machine readable due to the help of XSD files (XML scheme definition) and thus clearly described. The advantages of this procedure for the customer are clear: targens can quickly respond to changes and, if necessary, implement new ISO 20022 message types in a short time. Upcoming updates, e.g. the annual SWIFT changes can be carried out efficiently.

From the customers' perspective the well-known procedures remain: During the implementation of an ISO 20022 interface, the respective adapter is delivered with the corresponding SMARAGD TCM attributes.

## Specialist implementation

In the specialist arrangement targens uses information that is deposited in the XSD description. Inside it the numerous attributes of an ISO 20022 message are already condensed to sensible groups (Business Groups) under one headline.

Two examples:

- » „Party Identification“ describes a participant with name, address, contact data etc.
- » „Financial Institution Identification“ describes a financial institute with BIC, name etc.

The information that is essential for the embargo check can usually be assigned to a business group. The information for the relevant participants are grouped based on this and presented within SMARAGD TCM in blocks.

PARTY IDENTIFICATION
Debtor, Creditor, Invoicer, usw.
FINANCIAL INSTRUCTION
Instructed Agent, Instructing Agent, Debtor Agent, usw.
ACCOUNT INFORMATION
Debtor Account, Creditor Account, usw.
FURTHER BUSINESS GROUPS
... , ... , ... , usw.



SEQUENCE	BLOCK	ATTRIBUTE	VALUE
1	2	NAME BLOCK:	DEBTOR
2	2	PARTY NAME:	JOHN BLOMBERG
3	2	PARTY POSTAL ADDRESS TOWN:	NEW YORK
4	2	PARTY POSTAL ADDRESS:	CHURCH ROAD 22
5	3	NAME BLOCK:	DEBTOR ACCOUNT
6	3	ACCOUNT IBAN:	XX63666653784829363
6	3	ACCOUNT IBAN COUNTRY:	XX
7	4	NAME BLOCK:	CREDITOR
8	4	PARTY NAME:	MIKE DOOLEY
9	4	PARTY POSTAL ADDRESS TOWN:	ZURICH
10	4	PARTY POSTAL ADDRESS:	HELLOSTIEGE 1
11	5	NAME BLOCK:	CREDITOR ACCOUNT
12	5	ACCOUNT IBAN:	CH6748366537844293
12	5	ACCOUNT IBAN COUNTRY:	CH
13	6	NAME BLOCK:	FINANCIAL INSTITUTION – INSTRUCTING AGENT
14	6	INSTITUTION BIC:	TIURYYABCXX
14	6	INSTITUTION NAME:	TIURING BANK
14	6	INSTITUTION BIC COUNTRY:	YY

Figure: Specialist implementation with targens

With this procedure targens uses the structure of the ISO 20022 standard in an optimal way. Firstly, the similar information, e.g. name or BIC will always be identified shown as identical. Secondly, the context of the name or of the BIC is always transparent with the help of block names.

## IMPLEMENTATION PROJECT

Currently the ISO 20022 standard adapter supports the following payment transfer topics:

- » SEPA
- » Instant Payment
- » Target 2 Consolidation
- » SWIFT CBPR+

Further topics, even specified by countries, can be amended if necessary. The individual implementation is carried out during an implementation project together with the customers, based on a SMARAGD TCM installation from version 4.0 on. During the process we will check on which topics are relevant for the customer and in what way the delivery of the ISO 20022 messages to SMARAGD TCM is carried out. Based on the results a customer-specified realization and business configuration – as usual with targens – can be carried out.

## SOLUTIONS PACKAGE

The offer by targens for optimal work with the new ISO 20022 standards include a migration and extension project. It is also possible for the consultants to give advice in regard to the creation of the ruleset. Furthermore, customers will receive the license for the ISO 20022 adapter, according to specialized topics as well as system maintenance.

targens»

As an expert consultancy for banking, compliance and digital innovation, targens is the leading provider of consulting and software solutions.

## SMARAGD

1,600 companies from all sectors in more than 50 countries rely on the compliance competence when it comes to counseling and implementation projects in conjunction with the market leading Software SMARAGD.

Your contact  
SMARAGD TCM

Rolf Bettermann  
Product Manager  
Rolf.Bettermann@targens.de