Secretariat of the Committee on Payments and Market Infrastructures
Bank for International Settlements
CH-4002 Basel, Switzerland

Japanese Bankers Association

JBA comments on the CPMI consultative report: "*ISO 20022 harmonisation requirements for enhancing cross-border payments*"

Dear CPMI members:

We, the Japanese Bankers Association (JBA), appreciate the opportunity to provide comments on "ISO 20022 harmonisation requirements for enhancing cross-border payments", dated March 1, 2023.

We hope that our comments will contribute to further discussions.

Comments on the CPMI consultative report: "ISO 20022 harmonisation requirements for enhancing cross-border payments"

Questions / Relevant parts	Comments
Question 1. (2.2 Guiding principles) Do you agree with the guiding principles followed for setting the requirements, including the platform or network agnostic approach, the level of ambition and the future state orientation?	• It is very important to ensure end-to-end harmonisation and interoperability. Current usage guidelines are partially different and inconsistent between CBPR+ and HVPS+-based MIs. • However, while the specification of ISO20022 messages need to be fixed urgently for system development and customer onboarding toward November 2025, it would be unfeasible to apply these additional requirements in November 2025 at the same time considering the burden of financial institutions and corporations. Accordingly, we would like to request reconsideration of the timeline and scope. (e.g., incorporate select set of additional requirements in SWIFT standard release in 2027.) • The proposed CPMI requirement is too detailed. Even if the requirement is not binding, as the consultative report describes "the ultimate adoption of any standard depends on decisions by individual user communities (section 3.3)", there is no choice but for relevant parties to refer to those requirements for harmonisation. This may result in losing the chance of a flexible discussion based on practical feedback in the maintenance process of each community. There would also be an impact on the maintenance process and schedule.
Question 2. (Requirement #1) Do you agree that the inconsistent use of messages can be adequately addressed through this requirement?	• We agree to a certain extent but as each community has a different timeline, inconsistent use of messages cannot be completely eliminated. • The pacs.004 case (section 2.5.1) is a good example. Taking the approach to clarify information in pacs.004 to ensure interoperability between pacs.004 and pacs.008/009 seems to be more conducive to achieving the goals of the G20.
Question 3. (Requirement #1) How could the risk of inconsistent use of messages or deviation from the business functions defined by ISO 20022 be mitigated? Would the proposed solution contribute to mitigating such risks and lead to improved efficiency of cross-border payments processing? Please explain.	• Unless the adoption of this requirement is ensured at each country, it will not lead to the reduction of risk. The adoption of a consistent format and rules including timelines in each country will lead to efficient processing. • It should be clarified that each community has a choice to use messages in the core set. For example, a community using SWIFT broadly would not need camt messages in its local market infrastructure.
Question 4. (Requirement #1) How do you assess the level of effort that will be required to adopt the appropriate message as defined by the ISO 20022 standard?	The level is high. Especially keeping harmonisation between markets requires great effort through the message maintenance process.
Question 5. (Requirement #2) Would requiring the use of ISO 20022 externalised codes facilitate faster, cheaper and more transparent cross-border payments? How do you assess the implementation effort?	• Harmonisation of regulation or market practice should be ensured first. For example, if we try to cover the requirement for payment purpose all over the world with the ISO external code set, the code set would be too complicated to use. • We believe that the use of externalized codes will promote STP in cross-border transactions. However, there will be an implementation load of capturing and identifying the externalized codes in inter-system linkages within banks (mainly back-end systems). • Considering the implementation load for inter-system linkages within banks, the externalized code settings should not be overly fragmented, and the setting granularity should be considered. • The external codes list needs to be regularly maintained by ERP/TMS venders or financial institutions and careful consideration will be required for making it compulsory. • Also, regarding mandatory use of payment purpose codes, since the Foreign Exchange and Foreign Trade Act in Japan requires detailed description of the payment purpose and verification of the consistency with that purpose, rules including the handling of the balance of payments codes would need to be reviewed. Therefore, careful consideration of this matter is necessary, taking into account actual practices in each country.
Question 6. (Requirement #2) Are there any limitations/challenges resulting from increased reliance on ISO 20022 codes? How difficult would it be to overcome these limitations/challenges?	• Harmonisation of regulation or market practice should be ensured first. For example, if we try to cover the requirement for payment purpose all over the world with the ISO external code set, the code set would be too complicated to use. • It will take significant time to harmonise regulations and market practices. Even after that, narrative (proprietary) will be required for rare cases. • We request to review the comprehensiveness of externalized codes so as to avoid using "Other" frequently and thereby reducing the STP efficiency.

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	· It is necessary to consider a cycle of addition/modification/deletion of codes and how to reflect all the changes into systems. For example, to synchronize implementation timing with SWIFT MX Standards Release cycle and to take the changes into MX validation library of SWIFT-related systems.
Question 7. (Requirement #3) Do you agree that identifying a payment as a cross-border payment should be required to enhance the processing efficiency of cross-border payments? Would such a flag facilitate compliance procedures including financial crime screening? Please explain.	· We disagree. · In terms of contributing to the facilitation of compliance procedures, it is not possible to rely solely on additional external codes as an identifier. If no external code is entered but the payment crosses the border according to the remittance information, it will be subject to review. Therefore, it cannot necessarily be said that such external codes can facilitate compliance procedures. · The definition of "Cross-border transaction" should be confirmed when the identifier is used in different jurisdictions. If the definition differs, it is not clear whether the receiving bank of the payment message can adjust to the settings set by the bank sending the payment message.
Question 8. (Requirement #3) Do you agree that the use of an ISO 20022 external code (eg a Category Purpose) would be the most effective way to flag a payment as cross-border? Are there alternative approaches you would suggest?	· We disagree. · If an identifier such as a postal address can be validated based on other information in the messages, there is no need to introduce new identifiers at a cost. We could identify a cross border transaction based on the information in the current messages. · Even if there is no additional code set, we think it is fine if the necessary parties analyze it. There could also be a way to ensure that the country code is set up thoroughly.
Question 9. (Requirement #3) How do you assess the level of cost and effort required for the implementation effort?	Since implementing Requirement 3 requires effort by both the customer-side system and financial institutions, this should not be implemented.
Question 10. (Requirement #4) Do you agree with the restricted character set for cross-border payments as described above? If not, which alternative character sets or additional characters should be included?	· We agree. · If the telegraphic information contains unacceptable characters, it is likely to be an impediment to the quick processing at the time of transmission in the relay transfer. Therefore, we believe that characters permitted only in local settlements should be eliminated in cross-border transactions. · At present, it is assumed that there are many local settlements and financial institutions that do not assume using all characters, even for the characters made available in ISO 20022. We believe that the reduction of system failures can be achieved by limiting the number of characters in a certain set of rules, and we expect that rules be developed based on reduction rather than expansion.
Question 11. (Requirement #5) Do you agree that requiring times in ISO 20022 messages to be stated either in UTC or in local time with UTC offset will enhance the transparency and efficiency of cross-border payments? If not, please explain.	· Since local time in each country is subject to restrictions such as actual customer transaction hours (business hours), the description of time is not directly linked to the enhancement of efficiency. · It may also cause confusion in customer relations, so if we are going to move from date to date & time messages, we think the realistic time of the transition is after sufficient automated processing has been achieved through the adoption of ISO 20022.
Question 12. (Requirement #6) Do you agree that requiring the use of UETR for all cross-border payments will have a positive impact on the transparency, speed and cost of cross-border payments? If not, please explain.	· The use of UETR, including for local payments, may lead to more efficient and higher speed processing. For instance, the traceability of hold-and-accumulate and fund-return transactions would be improved. However, its effect on cost reduction is expected to be limited (insignificant). · As the usage of UETR mainly focuses on the communication between agents, Payment Initiation messages (pain.001) by corporations should be optional considering the impact of implementation. · If the use of UETR is required for all cross-border payments, it should be required on the premise of the uniqueness of UETRs, and it is necessary to develop measures to deter the use of multiple/recycling UETRs in local settlements in each country. · We recognize that there are multiple similar codes, such as Instruction Identification, End to End Identification, and Transaction Identification. It is necessary to clearly define the mapping between them.
Question 13. (Requirement #6) How do you assess the effort required to implement this requirement?	· It depends on the scope. · It will be necessary to develop policies for local payments in each country.
Question 14. (Requirement #7)	· Adding the information on all reporting to the customer is excessive from the viewpoint of cost-effectiveness. We should care about speed and

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Do you believe that the requirement for inclusion of the time of debit of the debtor will increase transparency on the time it takes to complete the processing of cross-border payments? What improvements would the requirement bring to the end user experience?	cost in this context, but showing the time itself does not improve speed directly, and gpi has already enabled financial institutions to provide such service to the customers who desire such information. ・ The improvement in interbank settlements by the requirement is especially in question. The speed of processing mainly depends on intraday liquidity which banks have already been managing. ・ Financial institutions will have a heavy burden to implement the system, and the priority is to stabilize ISO 20022 processing. ・ In addition, if the inclusion of debit time for debtors is required, the processing of remittances must be held until the debit time is confirmed in areas where the time difference is ahead, which increases the transparency of time while it potentially reduces speed of processing and increases the burden on financial institutions in confirming debit time.
Question 15. (Requirement #7) How do you assess the difficulty of adopting usage of the acceptance date time data element as a requirement for cross-border payments? Would the implementation effort and impact on the transparency needs of end users differ by message type?	・ We consider it to be significantly difficult. Generally speaking, the impact of adding information to be passed on is not small, as it affects the end-to-end system. The impact differs by message type. pacs.008 requires changes in various reporting to customers, while pacs.009 requires changes in base messages (adding Acceptance Date Time). Both will have a large impact. ・ If introduced, it is considered realistic to limit the message types. It would be better to limit to a payment chain that starts from Pain.001.
Question 16. (Requirement #8) What are the implications of requiring all those involved in cross-border payments to provide complete information on amount, conversions and charges?	・ We do not believe that all parties involved in each transaction should be required to disclose all fees for foreign remittances. ・ We believe that the framework of disclosing fees only in areas required by certain segments is consistent with actual business practices. ・ The information that needs to be disclosed will be defined in BB#1. The requirements should ensure their consistency with the definition in BB#1.
Question 17. (Requirement #8) Are there any technical, legal or other hurdles that could impede the inclusion of complete information on amount, conversions and charges in cross-border payments that they process?	・ Preferential treatment may be applied to Debtor Agent fees, and hence it may not necessarily be appropriate to show this information, considering the financial institution's business. ・ There may be cases to consider where the remittance customer does not want to disclose. ・ Rules need to be developed in each country's payment system in order to address the issue, including local payments.
Question 18. (Requirement #9) Would the introduction of a CPMI service level code in ISO 20022 to track adherence to the CPMI guidance and harmonisation requirements facilitate improvements to cross-border payments processing?	・ No. ・ A CPMI service level code itself will not improve cross-border payment processing. ・ We recognize that it is assumed that the rules of a CPMI service level code are followed, regardless of whether the code is implemented. Implementing this into the system may not facilitate processing improvement. ・ Regarding Requirement #9, the rate of SLA adherence should not be monitored and disclosed (or penalties should not be imposed). We request that the banks that have not implemented the flag not be disadvantaged.
Question 19. (Requirement #9) How would the availability of a CPMI service level code in ISO 20022 messages impact the business models/strategies of financial institutions providing cross-border payment services?	The adoption of a CPMI service level code may be a part of the criteria for choosing the route of payment or correspondent banks, but not a decisive factor.
Question 20. (Requirement #9) How do you assess the difficulty of adopting a CPMI service level code?	The CPMI requirement cannot be complied with without efforts from corporate customers (e.g. Structured Postal Address) or regulators (e.g. use of ISO external code set for Purpose or Regulatory Reporting)
Question 21. (Requirement #10) Do you agree that the use of account identifiers (or account proxies), to the extent possible, would have a positive impact on the speed and cost of cross-border payments? Please explain.	・ Generally speaking, it is believed that there would be a positive effect. However, the impact for this implementation in Japan is enormous. When promoting the use of unique account numbers (e.g., IBAN codes), we would like to request that CPMI gather sufficient opinions. ・ In addition, due consideration should be given to a smooth transition on the part of the customer, since this is a substantial change in account numbers. ・ Due to the enormous impact of implementation, it is necessary to make a decision based on the balance between the high degree of contribution to improving remittance and the difficulty of implementation.
Question 22. (Requirement #11)	・ We agree.

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Do you agree that uniquely identifying all financial institutions involved in cross-border payments in an internationally recognised and standardised way would enhance cross-border payments? Please explain.	· Identifying entities in a standardized and structured way helps the STP of all participants.
Question 23. (Requirement #11) Do you agree with the proposed solution of requiring the use of the BIC to identify all financial institutions? Why or why not?	· No. · Unless distributing BIC to all financial institutions is feasible, this should be kept as a "strong recommendation". Ensuring all financial institutions in all communities to have BICs is very challenging.
Question 24. (Requirement #11) What would you assess to be the level of effort required by your jurisdiction: (a) to only use the BIC to identify financial institutions in ISO 20022 messages; and (b) for all financial institutions that currently do not have a BIC to register for one?	a) High · Listing up all cases which require new BIC (including 11 BICs to indicate the branch) and taking alternative measures for them will require significant time and resources. b) Very High · Enforcing all financial institutions to register BIC is difficult. · For financial institutions that do not currently use BICs, the allocation and adjustment of BICs would also take a reasonable amount of load and time. Additionally, how to bear the cost is a major issue. · We consider it to be a challenge to require all small financial institutions, including credit unions, to hold BICs.
Question 25. (Requirement #12) Do you agree that requiring participants to identify all entities involved in a cross-border payment in a standardised and structured way would enhance the processing efficiency of cross-border payments? Please explain.	· We agree to a reasonable extent and from the screening point of view. · Identifying entities in a standardized and structured way helps STP of all participants. · However, we consider that the criteria are different from country to country and are therefore perceived as esoteric by clients. We expect that the minimum necessary criteria, such as countries and cities, will be clarified, and that the requirements will be shared by all countries.
Question 26. (Requirement #12) Do you agree with the proposed use of structured identifiers such as the LEI, if they exist, to complement the recommended minimum data requirements to identify the legal entities involved in cross-border payments? Should they be required instead?	· We agree, to the extent that the structured identifier is used optionally to complement the existing data. · We believe that it is not used universally across the country, and that the cost of customer implementation is higher than the benefit of improving payments, thus the effect would be limited.
Question 27. (Requirement #13) Do you agree that requiring participants to identify all persons involved in a cross-border payment in a standardised and structured way would enhance the processing efficiency of cross-border payments? Please explain.	From a processing point of view, this will help improve efficiency. However, the burden on customers and others is significant. We believe that the priority should be to establish the operations aligned with the CBPR+ ISO20022 guidelines for November 2025.
Question 28. (Requirement #14) Do you agree that a requirement not to use unstructured postal address information and to use only structured postal address information can help enhance the processing efficiency of cross-border payments? Please explain.	· We agree that Country and Town Name are helpful. · However, the other information does not necessarily help enhance efficiency. The Sanction list usually does not contain such information. · It should be prioritized to ensure that the level set of structuring for 2025 will be achieved（as the address structure is different by country/region, some guidelines will be necessary to map actual address to structured address information in ISO20022 messages）. · The requirements should ensure their consistency with Semi-structured postal addresses. · Otherwise, it may run counter to the current target ISO perspective in terms of screening. · For example, excluding Name (including Care Of) from Postal Address can contribute to this issue.
Question 29. (Requirement #14) Do you agree with the minimum required postal address information consisting of the Country and Town Name fields? Should any additional fields be required?	The Country Sub Division, which corresponds to a prefecture in Japan, is considered to be necessary information. Given the address structure in Japan, it may be realistic to make this item mandatory or allow and require the entry of Town Name.

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Question 30. (Requirement #15) Do you believe that setting minimum end-to-end expectations with respect to the carrying of remittance information can improve the processing efficiency of cross-border payments?	· This will contribute to efficiency and expectations should be set. Furthermore, we believe that this could be a basis of explanations to customers. · Unstructured Remittance Information is feasible, but Structured Remittance Information needs discussion, as there seems no consensus about how to use it (currently requires a bi-lateral agreement). There may be cases where it is difficult to show all information (up to 9,000 characters excluding xml tags) to creditors. · The engagement by the public and private sector (some industry groups) is critical to foster and establish the effective market practice of remittance information.
Question 31. (Requirement #15) To what extent would the ability to include references to separately sent remittance-related information (eg through inclusion of hyperlinks or other references) be helpful to process a cross-border payment? Are there obstacles (eg legal, regulatory, supervisory limits) to including reference to separately sent remittance information in your jurisdiction/community?	· Remittance-related information would be helpful for reconciliation but other information (e.g. invoice number) can also be used for that purpose. · It is difficult to remove doubts that the information may contain some information which affects sanction screening. It should be noted that it is impracticable to check information on the hyperlinks automatically and hyperlinks may contain very long characters. · Therefore, it is unlikely that we will use the item at this time.
Question 32. (3.4 Maintenance) Is the timing envisaged for the requirements in section 2.5 to take effect in line with industry expectations? What would be the challenges in meeting the envisaged timeframe?	· The timeline is too ambitious. ISO 20022 Migration is a higher priority and adding new requirements in November 2025 will make it difficult to achieve. We should take a prudent approach to this kind of migration project. · The timing of upgrading from current MX (version.2019) should be discussed carefully (Annex 3 shows the newest version of messages (e.g., pacs.008.001.010)). The version-up means the loss of interoperability between MT-MX, so upgrading the version of MX in 2025 is very risky if the migration plan is delayed. It should be noted that the end of coexistence period does not necessarily mean all participants have built MX native internal workflows completely, and hence legacy versions of MT may remain internally.
Question 33. (3.4 Maintenance) Do the requirements in section 2.5 provide clarity on how harmonised implementation of ISO 20022 can contribute to achieving the G20 targets?	· No. · It should be emphasised more that while harmonised implementation of ISO20022 is a base for the G20 targets, the harmonisation of regulation and practice is also required. · In the run-up to the termination of MT in November 2025, there is already a strain on resources across the industry, including IT vendors. · With regards to future responses to various additional requirements, it is necessary to ensure that sufficient lead time is provided between the publication of the requirements details and the deadline for the response so that the additional load can be absorbed and addressed reliably and efficiently, including additional budget and additional development for the entire industry and customers.
P31 Furthermore, any data element that is optional at global ISO 20022 and has not been restricted as part of the definition of the CPMI minimum required data model, may or may not be provided depending on the payment use case, but if provided all FIs involved in the processing of the payment must be able to receive and pass on the information unchanged along the end-to-end payment chain;	· The sentence "pass on the information unchanged" should include the description that "except point-to-point element (e.g., Instruction Identification) or elements which should be changed through the payment chain (e.g., Previous Instructing Agent, Intermediary Agent). However, these descriptions seem too detailed to reflect in Tables. · There are elements with "N" (Not to be included) which require a careful discussion (e.g. Address Line, Instruction For Next Agent). It is not adequate to decide how to deal with them through this consultation.