Bottomline Truncation Management Solutions

WHAT IS THE PROBLEM THAT NEEDS TO BE SOLVED?

With the mandatory introduction of ISO 20022 for payment messages across markets, many institutions will be dependent on translation services to support legacy applications that can't handle ISO 20022 native data by the set deadline. These institutions will need to rely on translation solutions to convert the new ISO 20022 messages into legacy format and vice versa. In these translations, there is the risk of truncation - where fields are missing, character sets, or field lengths are insufficient.

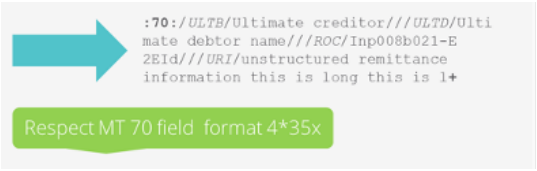
There are various solutions offered to the market. However, at Bottomline we are supporting translation primarily through our Translation and Enrichment Service. In this document we have summarised the challenges, solutions and mitigations we are offering to to address pain-points and support our customers.

THE RISK

For messages that need to be translated from a legacy format to ISO 20022, there is little or no risk that the messages will suffer from truncation. This is because the flexibility and extensive nature of ISO 20022 means that invariably there will be sufficient fields and character sets and field lengths to support any legacy standard – as we have seen so far with SIC, SWIFT, Fedwire, Bacs Std18, ISO 8583 and others. Rather, it is the reverse translation where the risk lies in the conversion of ISO 20022 into a legacy format where all the earlier mentioned challenges are in play.

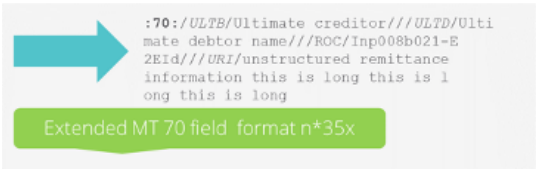
FIELD LENGTH

In many legacy formats the length of a field is less than it is in ISO 20022. Historic translation and the current offering from SWIFT for 'in-flow translation' halt the field at the historic limit and replace the last character available with a '+'. See example:



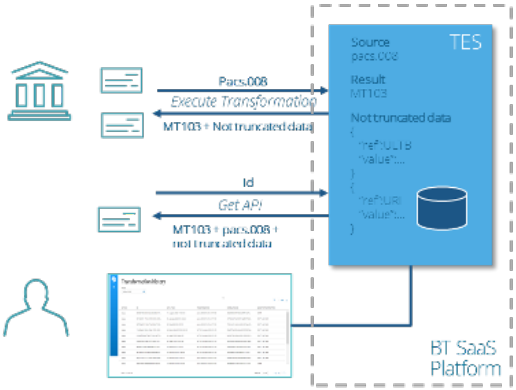
How does Bottomline's Transformation and Enrichment Service combat this issue?

1. Follows the example above and continues to truncate the field with a (+).
2. Extends the field length. To retain the full information passed in the original ISO 20022 message, the limitations of the legacy standard are overruled, and an extended field can carry the full information from the ISO 20022 message.
   a. Applicable for messages that will not then pass back through the network and be subject to validation.
   b. Requires the back-office system to be flexible to support the extended field.



3. Creates a Companion Message: Following industry practice from other areas of financial messaging (e.g., Corporate Actions), a companion message is created to carry the additional information. This is a related message, that transfers the related reference of the associated message.
   a. Requires the ability to handle and process the related, companion message.

4. Leverages API: For those clients that are using Bottomline's Transformation and Enrichment Service, we can provide the Truncated data either alongside the executed transformation or specifically in response to an API call to request the full data.
   a. Requires the ability to make API calls to the Transformation and Enrichment Service.

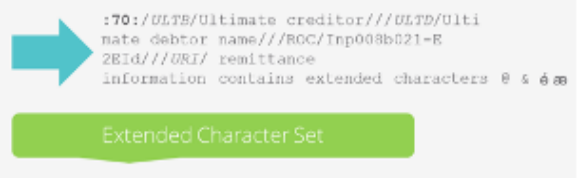


CHARACTER SET

Many legacy standards are limited to a character set that does not support characters that are in common usage now and for languages other than English. ISO 20022 supports a full range of character sets - as shown by the adoption of ISO 20022 in India and China for their domestic payment's infrastructures. Even the most widely adopted ISO 20022 market practice for payments supports the full Latin character set. However, Truncation may cause problems when screening or incorrectly identifying information for onward routing.

How does Bottomline's Transformation and Enrichment Service address character set limitations?

1. Adheres to SWIFT FIN Network Validation and replaces invalid characters with a '.'
2. Allows extended Character sets in the translated FIN message, enabling processing on the full, unaltered data.
    a. Needs to be compliant with any constraints of the payment system.
    b. Can't pass network validation over SWIFT for FIN messages.



CASH MANAGEMENT REPORTING

Due to the larger size of ISO 20022 Reporting messages, there is no need to 'split' statements into a sequence of messages, as is done with legacy reporting messages – such as MT 940/950. This creates challenges when converting a single ISO message into a sequence of linked MT messages. The formatting is complex and in fact is not offered in many translation solutions.

How does Bottomline's Transformation and Enrichment Service improve efficiency for cash positioning and reporting and address character limitations?

1. Creates an 'oversize' legacy format message, to support all the statement lines within the ISO 20022 message.
    a. Needs to be compliant with any constraints of the payment system.
    b. Can't pass network validation over SWIFT for FIN messages.

NEXT STEPS

No ISO 20022 translation solution is a 'solve-all' or future-proofed. Ultimately the best strategy is to progress towards becoming ISO 20022 native across all your applications. However, if that is not possible immediately, then a scaleable model that doesn't impact business continuity is essential. Bottomline offers this flexibility & agility through a tailored approach for each institution's existing road-map, systems and operation processess. Using truncated data carries risk and is not sustainable. Any solution you choose to mitigate this risk must consider the full data. By working with Bottomline and selecting the Transformation and Enrichment Service you can ensure that you are implementing the configuration that best meets your needs.

ABOUT BOTTOMLINE FINANCIAL MESSAGING

Connect, Comply, Compete.

Bottomline's Financial Messaging (FM) solutions are recognised and trusted by 600+ customers in 92 countries, across 6 continents for SaaS-enabled payments, securities, connectivity and messaging. FM connectivity solutions leverage multiple domestic and cross-border payment networks and schemes with a track record of success. This connectivity includes SWIFT, UK Faster Payments, RT1, TIPS, Bacs, Six, EBICS, Visa and others to enable our clients to deliver added value to their customers.

As one of the top SWIFT service bureaus globally, we manage 15% of all international cross-border traffic. Our global experience and expertise for financial messaging and ISO 20022 implementation include message translation, validation, transformation, intelligent routing, orchestration and integration.

In total 10M payments and transactions are processed daily by our secure Managed Services. Overall, our solutions enable financial institutions and corporations to achieve lower costs, speed to market, greater security and improved risk management, while avoiding the costly internal infrastructure and software updates for legacy on-premise solutions.

Visit www.bottomline.com/TES to kick start you ISO 20022 and Transformation & Enrichment Service journey.

Don't Just Take Our Word For It

eastwest

Bottomline delivered a seamless transformation, reusing the current EastWest Bank messaging format and transforming messages back and forth to ISO 20022, without human interaction. The solution bridges the technical gap between the previous SWIFT MT format to enable communication over the new SWIFT InterAct PhilPaSS Plus network.

"As a satisfied customer, we were confident that by partnering with Bottomline on the message transformation project, we would achieve our primary objective of being able to comply with the ISO 20022 messaging standards within the deadlines set by the BSP. Choosing Bottomline to work with on this project was simply a given."

Rodel Garcia, Head of the Fund Transfer Department at EastWest Bank

READ NOW

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Connect with us

Connect, Comply, Compete

Bottomline delivers a single SaaS platform for payments, securities and messaging that helps financial institutions and corporates to achieve lower costs, wider reach, speed-to-market, industry compliance, greater security and improved risk management.

Payment & Cash Aggregator • Financial Messaging & Connectivity Aggregator • Securities Aggregator • Fraud & Financial Crime Management • Data, Insight & Analytics

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