



Beyond Migration:

Unlocking the Power of ISO 20022 in Banking



In July 2025, U.S. financial institutions reached a major milestone in payments. The completion of the Fedwire migration to ISO 20022 marks the beginning of a new era in payment messaging, data quality, and international interoperability. While the migration was a significant operational lift for banks and financial institutions, the real opportunities lie in how they adopt, standardize, and leverage the rich data ISO 20022 provides to boost efficiency, enhance client experience, and drive revenue going forward.

Lessons from Global Peers

The good news is that the U.S. is not entering uncharted territory with ISO 20022. Europe and several other global markets have already made the leap, offering a wealth of real-world lessons for North American banks. Early adopters have demonstrated both the transformative potential of the standard and the risks that come with a poorly coordinated rollout.

One of the clearest lessons from Europe's migration is that industry-wide standardization is not optional. Without it, individual institutions risk creating their own "flavors" of ISO 20022, forcing counterparties to adapt to unique rules and message structures. This leads to exception processing, slower straight-through processing (STP) rates, and higher costs, essentially repeating the same problems that plagued legacy SWIFT MT messaging. As Robin LoGiudice, Strategic Advisor Commercial Banking and Payments at Datos Insights cautions, "the hope is, and the warning bells are, let's not do that again with ISO." Likewise, The Bank for International Settlements' Committee on Payments and Market Infrastructures (CPMI) warns that "the current inconsistency in the implementation and use of this international standard risks undercutting some of its benefits for cross-border payments".¹

Furthermore, banks and financial institutions must take care that issues are not solved in isolation. Instead, payment technology providers must be active in ISO standardization workgroups and industry forums to ensure solutions align with global best practices.

A collaborative approach, where issues are escalated to ISO standards boards or industry-wide workgroups can prevent the fragmentation that results from bank-specific fixes. This is especially important in the U.S., with the massive scale of international payments processed through the U.S dollar market. The Federal Reserve could play a key role here, leading post-migration industry collaboration to align U.S. practices with global norms.

The European Central Bank has emphasized that harmonized ISO 20022 data requirements "will ensure interoperability... and thereby enhance straight-through processing, making cross-border payments cheaper and faster."²

The lesson is clear: ISO 20022 works best when it works the same way for everyone. For U.S. banks, this means that they must treat ISO as a shared industry initiative, not just a siloed IT upgrade. A coordinated, industry-wide approach will help ensure that ISO 20022 delivers on its promise of faster, more transparent, and more efficient international payment flows—while also making it easier to meet changing regulatory compliance requirements and enabling payments innovation at a much faster pace. The alternative is a repeat of the past: fragmented systems, higher costs, and unrealized potential.



More than a Messaging Upgrade

The shift to ISO 20022 represents far more than a messaging format upgrade. **It is the foundation of the G20's roadmap for improving cross-border payments and a critical step toward global standardization in financial data.** By enabling cleaner, richer, and more structured transaction information, it paves the way for higher straight-through processing rates, fewer manual interventions, and better analytics. For banks, embracing ISO 20022 is both a compliance requirement and a strategic choice that can position them as leaders in the new data-driven payments landscape.



Data from a recent Datos Insights survey confirms that businesses are seeing ongoing challenges in cross-border payments, such as **currency conversion difficulties (49%)**, **high transaction fees (44%)**, and **security and fraud concerns (43%)**.

ISO 20022 offers far more than compliance with a new messaging standard; it's a chance for U.S. banks to tackle persistent pain points across both cross-border and domestic payment rails, delivering tangible value to their customers. In other words, it's the perfect opportunity to right many of the wrongs that have stemmed from insufficient, inconsistent, or unstructured payment data, whether those issues occur in international transfers or same-day ACH, FedNow, RTP, and other domestic transactions. By enabling richer, standardized, and more structured messaging, ISO 20022 provides banks with the tools to address these frictions head-on, reducing exceptions, improving transparency around fees, and enabling faster settlement times. And we're just getting started.

Enhanced Reporting and Analytics:

ISO 20022's expanded data fields empower banks to deliver more detailed remittance information and better client insights. Additionally, this data foundation supports advanced technologies like AI and machine learning which could unlock opportunities to provide predictive insights and personalized services that were previously too costly or complex to offer.

Integration and Risk Management Simplification:

By pushing for global standardization, banks can reduce the complexity and cost of format mapping, making it easier to integrate with payment hubs, APIs, and other systems. In risk management, the ability to parse and classify data elements precisely improves security controls and fraud prevention. For many banks utilizing ISO for real-time payments, better data also means fewer false positives which not only reduces operational costs but also strengthens customer trust.

Smarter Payment Routing:

Additionally, this cleaner data also supports smarter payment routing, giving customers more choice over how they pay, when they pay, and at what cost which could drive loyalty and ultimately position the bank as a trusted partner.

The Innovation Divide

Financial institutions that treat ISO 20022 migration as a strategic opportunity, rather than just a regulatory checkbox, are primed to surge ahead. As Deloitte notes, “banks that ignore the ISO 20022 standard... run the risk of producing only incremental, minimally viable releases.” In contrast, early adopters who actively leverage the standard’s rich, structured data are unlocking greater operational efficiency, stronger fraud detection, and enhanced customer experiences.³

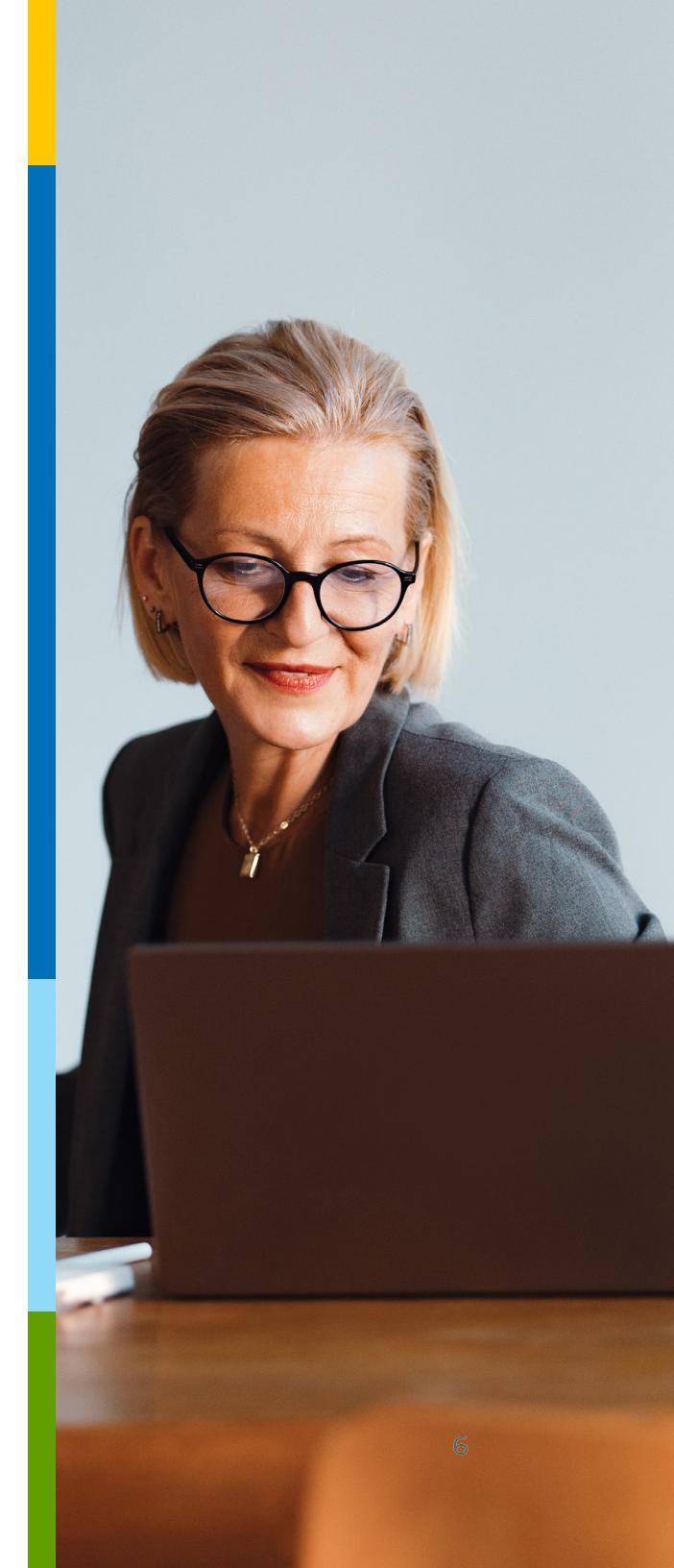


of respondents said they are not expecting any value-added services because of the ISO migration

Banks that partner with a strategic vendor will have a leg-up in this transformation, as savvy vendors will be stepping beyond connector or middleware functions to become innovation catalysts. Roughly 60% of businesses not yet using automated payment tools express interest in these solutions from their banking partners. This means, vendors who provide turnkey, ISO-native platforms and APIs are enabling banks to offer sticky, value-rich services that deepen client relationships and support cross-selling. The untapped revenue potential here is vast.



of banks cite enhanced reporting as their top value-added service opportunity⁴



Revenue Opportunities in a Post Migration Era

Banks that embrace ISO 20022 not only meet a regulatory requirement but also strategically position themselves as leaders in a more transparent, data-driven, and customer-centric payments landscape. Premium services like enriched reporting, ISO acknowledgment files, or advanced analytics can be offered at a premium to business clients eager for greater visibility and control over their payments.



International Expansion

With more structured and standardized data, banks can offer Swift and correspondent banking access to commercial clients who have been waiting for this service, creating cross-border opportunities that were previously too complex or costly to manage. Enhanced bank-to-bank instructions, made possible by ISO's standardized messaging, enable institutions to move money between correspondent banks with fewer exceptions and reduced operational risk. This efficiency translates into new service tiers and premium packages for global clients who prioritize speed, accuracy, and transparency in international payments.



Capturing Market Share From Fintechs

More often, businesses are turning to fintech providers for advanced reporting and data services that their primary banks do not offer. By leveraging ISO 20022's capabilities, banks can bring these services in-house, eliminating the need for customers to establish additional outside relationships. For example, ISO acknowledgment files have quickly become an industry expectation. Clients constantly ask for them, but many legacy bank interfaces simply cannot deliver. Providing these files directly not only meets a clear demand but also helps automate and simplify customers' back-office processing.

Still, the real revenue potential lies in creating a differentiated payments experience that competitors cannot easily match. By treating the migration as a gateway to payments modernization, combining ISO 20022's enriched data fields with vendor-provided turnkey solutions, banks can quickly launch premium services without extensive internal development. This approach allows them to monetize compliance investments while also protecting market share from agile fintech challengers. In a landscape where data is the new currency, those who use ISO 20022 to create customer-focused, value-rich services will not only recoup migration costs but also drive sustained top-line growth.



The Bottom Line



ISO 20022 migration is a once-in-a-generation change in U.S. payments

Its value will be realized not simply by compliance, but by how banks and vendors collaborate to use its data for innovation, efficiency, and client satisfaction.

The institutions that invest in using ISO 20022 data capabilities to inform predictive analytics, enhance risk management, and develop innovative products will set the pace for the industry. In an environment where corporate clients increasingly expect instant, transparent, and insight-rich payment experiences, ISO 20022 can be the foundation for future-ready offerings that drive revenue growth and cement a bank's role as a trusted, forward-thinking partner. Compliance may be the reason that got us here, but in the end it's strategy that will determine who truly wins in the post-migration era.

[Learn more](#)

1. Bank for International Settlements, Committee on Payments and Market Infrastructures. (2023, October 17). Harmonised ISO 20022 data requirements for enhancing cross-border payments: Final report. <https://www.bis.org/cpmi/publ/d218.htm>
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