

**BUSINESS JUSTIFICATION**  
**FOR THE UPDATE OF THE UNIFI (ISO 20022) FINANCIAL REPOSITORY**

**Name of the request:**

Cash Management

**Submitting organisation:**

SWIFT SCRL

Avenue Adèle, 1 – 1310 La Hulpe - Belgium

Standards Department.

**Scope of the registration request:**

The scope of this request is the creation of a new set of messages to cover the the cash management business area, cash reporting transaction management and the exchange of information on the cash side of financial transactions.

The scopes of these messages range from:

- confirmation and cash statement messages to the interactive communication flows between account servicers and account owners, and
- information on items registered or booked to the account, to information regarding features of the account or transaction.

In particular, the messages proposed *include*:

Message name	Message Scope
<b>Advice</b>	<p>The Advice message is sent by the account servicer to an account owner or to a party authorised by the account owner to receive the message.</p> <p>It is used to inform the account owner of one or more debit or credit items that have been registered to the account.</p> <p><i>NB: the advices from a financial institution to a private or corporate customer are covered by a separate business justification – Bank-to-Customer Cash Management – submitted by SWIFT as part of the IST Harmonisation Team and CSTP Bank Group.</i></p>
<b>Statement</b>	<p>The Statement message is sent by the account servicer to an account owner or to a party authorised by the account owner to receive the message.</p> <p>It is used to inform the account owner, or authorised party, of the entries booked to the account, and to provide him with balance information on the account at a given point in time. This message also provides information on the interest rates applied on the account.</p> <p><i>NB: the statement from a financial institution to a private or corporate customer is covered by a separate business justification – Bank-to-Customer Cash Management – submitted by SWIFT as part of the IST</i></p>

	<i>Harmonisation Team and CSTP Bank Group.</i>
<b>Get Account</b>	<p>The Get Account message is sent by a member to the transaction administrator.</p> <p>It is used to request information on the details of one or more accounts held at the transaction administrator, including information on the balances.</p>
<b>Return Account</b>	<p>The Return Account message is sent by the transaction administrator to a member of the system.</p> <p>It is used to provide information on the details of one or more accounts held at the transaction administrator, including information on the balances.</p> <p>The Return Account message can be sent as a response to a related Get Account message (pull mode) or initiated by the transaction administrator (push mode). The push of information can take place either at prearranged times or as a warning or alarm when a problem has occurred</p>
<b>Get Transaction</b>	<p>The Get Transaction message is sent by a member to the transaction administrator.</p> <p>It is used to request information about payment instructions held at the transaction administrator. Payment instructions are either sent by the member, debiting or crediting its account at the transaction administrator or received by the transaction administrator, crediting or debiting the member's account.</p>
<b>Return Transaction</b>	<p>The Return Transaction message is sent by the transaction administrator to a member of the system.</p> <p>It is used to provide information on transactions and booked entries held at the transaction administrator.</p> <p>The Return Transaction message can be sent as a response to a related Get Transaction message (pull mode) or initiated by the transaction administrator (push mode). The push of information can take place either at prearranged times or as a warning or alarm when a problem has occurred.</p>
<b>Modify Transaction</b>	<p>The Modify Transaction message is sent by a member to the transaction administrator.</p> <p>It is used to request one modification in one payment instruction held at the transaction administrator and sent by the member, debiting or crediting its account at the transaction administrator.</p>
<b>Cancel Transaction</b>	<p>The Cancel Transaction message is sent by a member to the transaction administrator.</p> <p>It is used to request the cancellation of one payment instruction held at the transaction administrator and sent by the member.</p>
<b>Get Limit</b>	<p>The Get Limit message is sent by a member to the transaction administrator.</p> <p>It is used to request information on the details of one or more limits set by the member (or on behalf of the member) and managed by the transaction administrator.</p>

<b>Return Limit</b>	<p>The Return Limit message is sent by the transaction administrator to a member of the system.</p> <p>It is used to provide information on the details of one or more limits set by the member (or on behalf of the member) and managed by the transaction administrator.</p> <p>The Return Limit message can be sent as a response to a related Get Limit message (pull mode) or initiated by the transaction administrator (push mode). The push of information can take place either at prearranged times or as a warning or alarm when a problem has occurred.</p>
<b>Modify Limit</b>	<p>The Modify Limit message is sent by a member to the transaction administrator.</p> <p>It is used to request modifications in the details of one particular limit set by the member and managed by the transaction administrator.</p> <p>Each Modify Limit message can alter only one type of limit (risk or management limit, current or default).</p>
<b>Delete Limit</b>	<p>The Delete Limit message is sent by a member to the transaction administrator.</p> <p>It is used to request the deletion of one particular limit set by the member and managed by the transaction administrator.</p> <p>Each Delete Limit message can only delete one type of current limit (risk or liquidity management limit).</p>
<b>Get Member</b>	<p>The Get Member message is sent by a member to the transaction administrator.</p> <p>It is used to request information on static data maintained by the transaction administrator and related to the participants in the system and their membership status vis-à-vis this system.</p>
<b>Return Member</b>	<p>The Return Member message is sent by the transaction administrator to a member of the system.</p> <p>It is used to provide information on static data maintained by the transaction administrator and related to the participants in the system and their membership status vis-à-vis this system.</p> <p>The Return Member message can be sent as a response to a related Get Member message (pull mode) or initiated by the transaction administrator (push mode). The push of information can take place either at prearranged times or as a warning or alarm when a problem has occurred.</p>
<b>Modify Member</b>	<p>The Modify Member message is sent by a member to the transaction administrator.</p> <p>It is used to request modifications to the static data related to the profile of a member that the transaction administrator maintains.</p>
<b>Get Currency Exchange Rate</b>	<p>The Get Currency Exchange Rate message is sent by a member to the transaction administrator.</p> <p>It is used to request information on static data maintained by the transaction administrator and related to currency exchange details as maintained for system operations by the transaction administrator.</p>

<p><b>Return Currency Exchange Rate</b></p>	<p>The Return Currency Exchange Rate message is sent by the transaction administrator to a member of the system.</p> <p>It is used to provide information on static data maintained by the transaction administrator and related to currency exchange details as maintained for system operations by the transaction administrator.</p> <p>The Return Currency Exchange Rate message can be sent as a response to a related Get Currency Exchange Rate message (pull mode) or initiated by the account servicer (push mode). The push of information can take place either at prearranged times or as a warning or alarm when a problem has occurred.</p>
<p><b>Get Business Day Information</b></p>	<p>The Get Business Day Information message is sent by a member to the transaction administrator.</p> <p>It is used to request information on different types of administrative data linked to the system.</p>
<p><b>Return Business Day Information</b></p>	<p>The Return Business Day Information message is sent by the transaction administrator to a member of the system.</p> <p>It is used to provide information on different types of administrative data linked to the system.</p> <p>The Return Business Day Information message can be sent as a response to a related Get Business Day Information message (pull mode), or initiated by the transaction administrator (push mode). The push of information can take place either at prearranged times or as a warning or alarm when a problem has occurred.</p>
<p><b>Get General Business Information</b></p>	<p>The Get General Business Information message is sent by a member to the transaction administrator.</p> <p>It is used to request information on a broadcast-type message previously sent by the transaction administrator to all or some of the members, giving information related to the processing business.</p>
<p><b>Return General Business Information</b></p>	<p>The Return General Business Information message is sent by the transaction administrator to a member of the system.</p> <p>It is used to provide some or all of the members with information related to the processing of the system.</p> <p>The Return General Business Information message can be sent as a response to a related Get General Business Information message (pull mode) or initiated by the transaction administrator (push mode). The push of information can take place either at prearranged times or as a warning or alarm when a problem has occurred.</p>
<p><b>Backup Payment</b></p>	<p>The Backup Payment message is sent by a member to the transaction administrator.</p> <p>It is used to request a liquidity transfer from the member to another participant in the system when the user is in recovery mode.</p>
<p><b>Modify Standing Order</b></p>	<p>The Modify Standing Order message is sent by a member to the transaction administrator.</p> <p>It is used to request a change in the features of a permanent order for the transfer of funds between two accounts belonging to the same member</p>

	and being held at the transaction administrator
<b>Receipt</b>	<p>The Receipt message is normally sent by the transaction administrator to a member of the system.</p> <p>It is sent to acknowledge receipt of a message previously sent. The receipt message is an application receipt acknowledgement and conveys information about the processing of the original message.</p>
<b>Get Reservation</b>	<p>The Get Reservation message is sent by a member to the transaction administrator.</p> <p>It is used to request information on the details of one or more reservations set by the member (or on behalf of the member) and managed by the transaction administrator.</p>
<b>Modify Reservation</b>	<p>The Modify Reservation message is sent by a member to the transaction administrator.</p> <p>It is used to request modifications in the details of one particular reservation set by the member and managed by the transaction administrator.</p>
<b>Return Reservation</b>	<p>The Return Reservation message is sent by the transaction administrator to a member of the system.</p> <p>It is used to provide information on the details of one or more reservations set by the member (or on behalf of the member) and managed by the transaction administrator.</p>
<b>Delete Reservation</b>	<p>The Delete Reservation message is sent by a member to the transaction administrator.</p> <p>It is used to request the deletion of one particular reservation set by the member and managed by the transaction administrator.</p>

### **Purpose of the registration request:**

Financial institutions are confronted with the intra-day management of payment transactions in real-time. Financial institutions face growing volumes in domestic and cross-border real-time payment settlement systems. They must have the means to adequately address the following areas of concern:

- the increased regulatory pressure on managing settlement risk,
- monitoring the centralisation of liquidity management and treasury functions, and
- the integration of securities settlement systems with payment settlement systems.

Clients that are non financial institutions, in turn, will be expressing similar needs, and expect their service providers to offer such capabilities.

These needs translate into a requirement to have the ability to obtain near real-time information on account balances and transactions, and also more advanced services, such as the ability to cancel or modify, in near real-time, payment transactions, limits, reservations or other types of more generic information exchanged with service providers and settlement systems, in order to better manage risk and liquidity.

It must be possible to exchange this information both at pre-agreed times, upon request of the account owner or at the initiative of the account servicer.

The solutions available to the banking industry are currently proving unsatisfactory, either due to a lack of standardisation in the case of proprietary solutions, or due to the lack of suitable standards and real-time capabilities in the case of industry solutions, such as SWIFT's Category 9 messages.

The necessary messages can be classified in four different categories:

- Information messages: where the service user sends a request for information about balances, transactions, limits, reservations and business data (membership, day profiles, exchange rates, etc) and the service provider sends a reply.
- Action messages: sent by a user to request modifications or cancellations of transactions held at the account servicer, alter some characteristics of the transactions (for example, their priority) and upload business data (limits, users' profiles, etc).
- Warnings and administration messages: used by the service provider to broadcast information to users, based on regular events (cut-off events, profiles of operational day), as well as on an ad-hoc basis (warning messages, temporary suspension of service, etc).
- Reconciliation messages: used by the account servicer to provide information regarding the registration and booking of items to the account, as well as balance information.

### **Community of users:**

The new message set is intended to cater for the exchange of information between an account owner and an account servicer.

The expression 'account owner' can refer either to a financial institution, or to a corporate customer or to a private individual, and by 'account servicer' we are referring to either a financial institution or to a clearing system operator. *Note however that the advices and statements from a financial institution to a private or corporate customer are covered by a separate business justification – Bank-to-Customer Cash Management – submitted by SWIFT as part of the IST Harmonisation Team and CSTP Bank Group.*

The new message set is intended for:

- market infrastructures: provision of a broad range of messages that will help performing different cash management activities within the boundaries of a structured system,
- interbank relationship: provision of specific messages that will satisfy the reporting needs in the case of a direct or indirect account relationship,
- private and corporate customers of different industries and sectors: the diverse scopes of the proposed messages will ensure that the reporting needs of these players are covered.

The Cash Management messages can be considered a toolbox, in the sense that they provide a high degree of flexibility. It is up to each particular system (be it a centralised system, a market infrastructure, or an account owner-account servicer relationship) to define its own solution by identifying: which messages are allowed and the level of complexity allowed per message.

The cash management set of messages covers a broad range of areas and is directly linked to any type of movement of cash, be it a credit transfer (interbank or corporate) or, a direct debit. In this sense, it is part of a complete portfolio of messages destined to create momentum and stimulate a prompt usage of the proposed messages.

### **Timing and development:**

The Cash Management set of messages is ready to be submitted for registration *to the UNIFI RA. However, upon request of the RMG, to give the Payments SEG an overall end-to-end perspective on cash management, the message set will be packaged with the messages covered by the separate "Bank-to-Customer Cash Management (Advices and Statements)" Business Justification submitted by SWIFT as part of the IST Harmonisation Team and CSTP Bank Group. The latter messages are expected to be ready for provisional registration in Q1 2006.*

*The intention of the submitting organisation is to use the proposed messages* to complement and replace, over time, the more limited messages included in SWIFT's FIN Category 9 message standards.

SWIFT Standards Department has devoted a team of business analysts and technical experts during the whole duration of the project (estimate is roughly 3 staff/years).

The following organisations and infrastructures have been involved or at least informed: SWIFT, TARGET, ECB, FED. Vendors have also been involved and informed.

We are not aware of any other standards development initiative in this domain.

SWIFT is committed to initiate and support the maintenance of this message set and widen its scope with new messages, as need be.

### **Contact persons:**

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### **Intellectual Property Rights (IPR):**

SWIFT confirms its knowledge and acceptance of the UNIFI IPR policy, as follows.

*“Organizations that contribute information to be incorporated into the ISO 20022 Repository shall keep any Intellectual Property Rights (IPR) they have on this information. A contributing organization warrants that it has sufficient rights on the contributed information to have it published in the ISO 20022 Repository through the ISO 20022 Registration Authority in accordance with the rules set in ISO 20022. To ascertain a widespread, public and uniform use of the ISO 20022 Repository information, the contributing organization grants third parties a non-exclusive, royalty-free licence to use the published information”.*

## **Comments received from RMG members and disposition of comments proposed by the submitting organisation**

This business justification has been submitted to the RMG for approval on 11 July 2005 with a response deadline of 8 September 2005.

The business justification was approved with 19 voting RMG members in favour, 0 against and 3 abstentions.

Denmark, Finland, The Netherlands, Switzerland and the UK had comments on the contents of the business justification which are reproduced and addressed below. As a result of below dispositions of comments, the text of this Business Justification has been updated using red italic characters.

### Comments from Denmark

Needs clarification on the scope of interbank Cash Management compared to the bank to customer Cash Management project. At least the distinct differences should be listed.

#### Disposition of Danish comments

Agreed. The business justification will be updated to clarify that the bank-to-customer advices and statements, which are covered by the Bank-to-Customer Cash Management business justification submitted by SWIFT as part of the IST Harmonisation Team and CSTP Bank Group, are not in the scope of this business justification submitted by SWIFT.

### Comments from Finland

We have voted in the understanding that these messages would also be designed in XML.

#### Disposition of Finish comments

Agreed. The purpose is to make UNIFI XML schemas available for these messages.

### Comments from The Netherlands

We find the naming a bit confusing in respect to the C2B Cash Management business justification (BJ). We also see a lot of overlap between the C2B Cash Management BJ (e.g. advice and statement messages) do they need to be in two business justifications? An end-2-end cash management standard would be the preferred solution.

#### Disposition of Dutch comments

Agreed. The business justification will be updated to clarify that the bank-to-customer advices and statements are not in the scope of this business justification. We preferred to submit a different business justification for the Bank-to-Customer Cash Management messages since it is not submitted by SWIFT only but also by the IST Harmonisation Team and CSTP Bank Group. Note also that the business requirements for the advices and statements used in the bank-to-customer space are different from the business requirements in the interbank space, for example, in terms of presence of remittance information. Nevertheless, as agreed at the RMG meeting on 9 September 2005, it makes sense to submit the full set of cash management messages covered by the two business justifications at the same time to the evaluation of the Payments SEG.

### Comments from Switzerland

ISO 20022 standards are neutral and should / could be used by any network. Therefore the SEG should not focus on the replacement of SWIFT FIN MT9\*\* messages but should ensure that the ISO 20022 messages can be used by all market participants and network providers.



### Disposition of Swiss comments

Agree. The purpose of the submission is to propose universal standards for cash management. We will change the sentence to clarify that it's the intention of the submitting organisation to use them, over time, as the successor of the current MT 9\*\* messages. Also note that these MT 9\*\* are widely used outside the SWIFT network and that some of them have been contributed to ISO (eg, ISO 7341 – Nostro accounts reconciliation).

### Comments from UK

Scope and naming maybe confusing as the contents of this justification are actually infrastructure related (Target 2) rather than being those of traditional bank to customer cash management. Details of proposed messages contained with the Justification were considered too detailed and inappropriate to this level of documentation, although the scope statement should be expanded to better explain the business intent of the submission.

### Disposition of UK comments

We agree to clarify that the scope doesn't cover the bank-to-customer advice and statements. However, the scope is not limited to Target 2. It aims at covering the requirements of the entire interbank space, including requirements of other ACHs, as well as requirements of the bank-to-customer space in terms of real-time interactive information about transactions and account details. We also agree that this business justification contains very detailed information about the messages, which should usually not be the case in a high level scope document submitted prior to the development of proposed messages.