

BUSINESS JUSTIFICATION
FOR THE DEVELOPMENT OF NEW ISO 20022 FINANCIAL REPOSITORY ITEMS

A. Name of the request:

Bank Services Billing (BSB)

B. Submitting organizations:

TWIST Process Innovations, Ltd.

London, UK

Further information regarding TWIST is available through the TWIST website at <http://www.twiststandards.org>

and

SWIFT SCRL

Avenue Adèle, 1 - 1310 La Hulpe – Belgium

Standards Department

C. Scope of the new development:

Proposed Effort: This submission proposes the reverse engineering of an existing TWIST message standard in ISO 20022. The standard was published 2006 using the TWIST XML syntax. A number of banks and others have implemented the standard. TWIST has continued to maintain this standard since its initial release.

Definition-Bank Services Billing Standard (BSB): BSB provides a standard means for banks to periodically advise their wholesale clients of their use of bank services, and related fees and balances. Electronic in form and generally delivered monthly, BSB provides a standard representation of bank rendered services: transaction types, volumes and related services; and the fees associated with that activity.

BSB is intended to be equally relevant for use regardless of where bank accounts reside. By design BSB is intended to cover the EU, Singapore, USA, and other countries. It needs to be recognized however that bank billing and related market practice is complex and diverse across multiple geographies.

Documentation on the legacy version of this standard includes:

- A. Schema documents - Bank Billing Statement
- B. Core files - TWIST Messages Core Schema
- C. Specifications - TWIST BSB Requirements Document

The above are currently available at:

http://www.twiststandards.org/index.php?option=com_content&view=article&id=76&Itemid=108

It consists of one message that is related to ISO 20022 Business Area "Cash Management" (camt). The message will include the ISO 20022 Business Application Header (head.001).

Proposed SEG: The standard is relevant potentially to all ISO 20022 domains. Based on the above scope, it is proposed that the Payment Standards Evaluation Group be assigned the evaluation (or evaluation lead) of the BSB standard

D. Purpose of the new development:

Purpose of this new development is to align this schema with the rest of ISO 20022 messages to:

1. Make the schema available to users of ISO 20022 in an efficient and effective manner.
2. Increase the usage of the standard
3. Addressing the demand of existing and prospective BSB users to support an ISO 20022 compliant format.

Existing market practice regarding the reporting of bank services is varied by market. A brief synopsis of that practice globally:

TWIST BSB –	The standard has been available for use since 2006. Primary use to date has been in the European market. The standard is designed to be equally relevant in any geography. It is used to provide a single, machine readable expression of bank services rendered. A number of banks have implemented the TWIST BSB and are now providing reports using this standard to a number of corporate users of bank services.
ANSI x12 822 –	This standard has been in production use since 1992. Primary use to date USA and Canada. Designed for use in the USA to replace and/or automate paper based equivalent reporting. A large number of banks and financial services users (including governments) make use of this standard. 3rd party applications, bank billing systems and client financial applications are capable of producing or reading and accounting for the data contained in this format.
Manual billing (paper based) –	Many markets globally (including those mentioned above) provide a rendering of bank services in paper form.
Advices of bank fees embedded in account statements –	In a number of markets the advising of bank fees occurs in relation to the delivery of the account statement, where all fees debiting the account are reflected in the transaction reported for the account.

The TWIST BSB will consolidate manual billing and advising of bank fees into a single electronic format that provides transparency of bank fees.

In all cases the bank provider prepares a statement of services and conveys the statement to their using client. The receiving user may then perform a number of actions including:

1. Accounting for the fees charged; and
2. Reconciling service usage.

E. Community of users:

Two categories of parties/actors use and/or benefit from the new message(s):

- End users of wholesale financial services – Corporations, governments, FIs, others. End users receive BSB from their financial services providers. Benefits are derived from: Ability to reconcile and account for bank service fees in an automated fashion.
- Financial services providers – Primarily banks. The BSB is relevant to virtually all providers of financial services to wholesale end users. Banks periodically (frequently monthly) prepare and communicate BSB reports to their clients. Benefits are derived from: Satisfying client demand, replacement of paper based equivalents and elimination of associated production costs.

Statistics related to the reengineered version of this standard include

1. Benefits/savings:
 - Syntax consistency with other cash management standards and associated benefits for creation and deployment.

2. Adoption scenario:

- A number of parties require availability of this schema in ISO 20022 in a manner consistent with other ISO 20022 cash management schema prior to their implementation of the standard.
- A number of banks have asked that the schema be available within ISO 20022 to afford them a consistent and complete set of standards.

3. Volumes:

- Banks - At least 18 banks are currently known to provide bill information based on the TWIST BSB standard to their clients.
 - Banks who have known to have implemented the standard include:
 - Barclays Bank, BNP Paribas, Danske Bank, Deutsche Bank, Citibank, JPMorgan, Societe Generale, Standard Chartered among other.
 - At least 3 banks have declined to implement the standard until it is available in ISO20022 and are expected to implement as soon as available to satisfy their corporate clients requirements.
 - An estimated 400 plus banks globally are likely to support over time.
- Number of end users is unknown but thought to be in excess of 200 at this time (September 2010).
 - Speed of end user uptake will be gated by support from application providers.
 - An estimated 2000+ end users are likely to support this standard over time (5 years).

F. Timing and development:

1. Urgency of development – Somewhat urgent. Technical work to populate the ISO 20022 data dictionary and draft schema and documentation must precede the evaluation. Implementation by some parties is contingent upon the availability of the ISO 20022 version of the BSB schema.
2. Date of availability - The candidate ISO 20022 reversed engineered models are expected to be ready for submission to the RA in Q2 2011
3. Proposed participants in the development: Banks, corporate end users, bank and corporate software suppliers, other interested parties.
4. There are no known standards initiatives equivalent to this effort

G. Commitments of the submitting organization:

TWIST and SWIFT commit to:

1. Undertake the development of the candidate ISO 20022 business models and message models that will be submitted to the RA for compliance review and evaluation.
2. The submission will include Business Process Diagram (activity diagram), Message Flow Diagram (sequence diagram) and Message Definition Diagram (class diagram), and other descriptive material that will be used by the RA to generate the Message Definition Report;
3. Address any queries related to the description of the models and messages as published by the RA on the ISO 20022 website.
4. Initiate and participate in maintenance of the message once published.

5. Promptly inform the RA about any changes or more accurate information about the number of candidate messages and the timing of their submission to the RA.

SWIFT confirms that it plans to coordinate further implementation testing. TWIST and SWIFT also confirm their knowledge and acceptance of the ISO 20022 Intellectual Property Rights policy for contributing organisations, 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 license to use the published information”.

H. **Contacts:**

Tom Buschman, TWIST Process Innovations, Ltd. tom.buschman@twiststandards.org

David Dobbing, SWIFT Standards Department (david.dobbing@swift.com)

Frank Van Driessche, SWIFT Standards Department (frank.vandriessche@swift.com)

I. **Comments from RMG members *and disposition of comments by the submitting organizations:***

Comments from Switzerland:

Switzerland has a neutral position to this BJ

When developing the standards an overlap with EBAM messages should be avoided

Answer from TWIST and SWIFT:

There is little synergy with the BAM messages, which deal with the creation/update/closing of an account. TWIST and SWIFT will avoid any overlap.

Comments from the ECB:

The ECB would like to make the following comments:

The ECB kindly invites the registration authority, where and when relevant, to inform participants on the possible synergies between these messages and those developed in the context of T2S for billing purpose.

Answer from TWIST and SWIFT:

The scope of the candidate 'BillingReport' developed for T2S seems very specific to the T2S environment. Nevertheless, there could be synergies with the much wider and generic scope of the proposed BSB. TWIST and SWIFT propose to investigate the matter further with T2S representatives.

Comments from the Trade Service SEG:

Trade Services SEG has just finished reviewing Financial Invoice standard. I feel that it is worthwhile to consider Trade Services SEG to participate in review process as participating SEG.

Answer from TWIST and SWIFT:

TWIST and SWIFT welcome the participation of the Trade Services SEG in the Evaluation Team to be led by the Payments SEG.