

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

A. Name of the request:

Account Switching.

B. Submitting organisation(s):

Payments Council – UK

This Business Justification represents a project that has within its scope all Payment Institutions offering Sterling current accounts in the United Kingdom of Great Britain and Northern Ireland and including the Channel Islands, the Isle of Man and Gibraltar.

C. Scope of the new development:

In April 2011 the UK Government published its findings on competition and choice in retail banking. The requirement was clear that the UK banking industry must act to make the account switching process faster, simpler and more effective for customers. It was also clear that failure to do so would lead to forced industry regulation.

In response the Payments Council established the Account Switching project to deliver a standard ISO20022 based messaging service that will be inclusive of all UK payment types for both personal and small business customers and open to all providers of current accounts in the UK market, allowing the switching process to be completed in a guaranteed seven working days.

For clarity the submitter would like to comment generally responding to a number of the comments received on the subject of separating the design of the ISO 20022 messages from the implementation of those messages. In the UK for example, we are defining a 7-day service responding to our local requirements and respecting existing infrastructure; in another (hypothetical) community there may a business need to adopt the ISO 20022 messages for account switching to support an entirely different service proposition. Our definition of ISO 20022 messages respects this separation and considers that the implementation locally will be managed via a rulebook or MIG. This local implementation is not loosely coupled with the design of the ISO20022 messages which should be global in their scope.

In the case of the comments from SA, the regulatory processes have a material effect on the way the rulebook or MIG is implemented in the UK, but it doesn't logically affect the way the messages are sent from the old to the new bank and vice versa. So for example while the UK is implementing a system where the new bank initiates the account switch process, another market may initiate the process in another way, for example from the old bank, and define a rulebook or MIG that regulates that service.

An overview of the full switch process is shown in the diagram on the next page and can be explained in the following process overview:

1. Customer requests Account Switch

The customer requests a full Account Switch at the New Bank.

2. Information Request

The New Bank sends an Information Request message to the Old Bank requesting details of any Direct Debits, Standing Orders and Bill Payment authorities that are associated with the old account. At the same time as sending the Information Request message to the Old Bank, the New Bank will notify the customer that the Account Switch has commenced and confirm the date on which the switch will be complete.

3. Information Response

The Old Bank processes and validates the Information Request message and responds to the New Bank. If the account switch is not valid then the Old Bank should refuse the request and advise the New Bank using an appropriate rejection code. If the Information Request is unacceptable to the Old Bank, it will respond with an Information Response Message containing an appropriate rejection code. If the Information Request is valid, the Old Bank will respond with an Information Response message containing details of:

- Any current “live” Direct Debit Instructions associated with the old account. A “live” Direct Debit Instruction is one that is not expired, has not been cancelled by any party, or become dormant as a result of the dormancy period.
- Any Standing Orders associated with the old account and the payment schedule for each Standing Order.
- Bill Payment authorities associated with the old account.
- Scheduled Bill Payments (future dated payments).

4. Set up Payment Arrangements in New Account

On receipt of the Information Response message containing the payment arrangements that are to be transferred to the new account, the New Bank will validate the information and determine how the arrangements will be applied to the new account.

5. Cancellation of Direct Debits and Standing Orders

The Old Bank may cancel Standing Orders and Direct Debits at any time that is:

- After the receipt of the Request Redirection message.
- Such that the cancellation is effective only after the transfer is complete.

6. Account Redirection

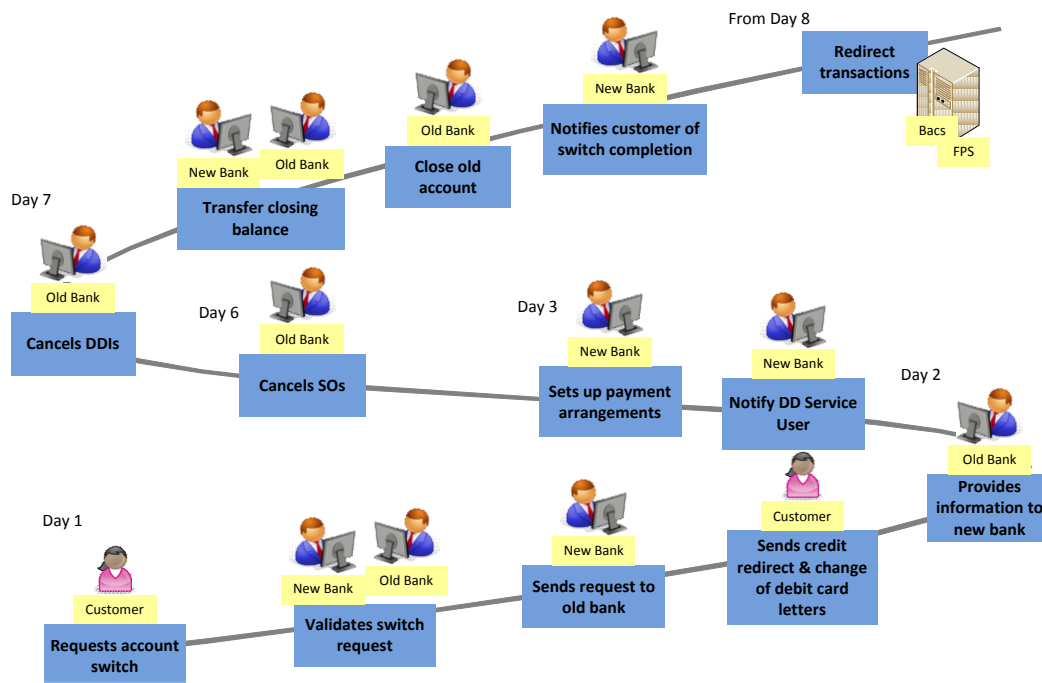
The New Bank sends a Request Redirection message to initiate redirection. The redirection processes ensure all supported transactions are redirected to the New Bank following the completion of a full account switch.

7. Balance Transfer

When the New Bank is ready to receive the account balance it sends a Request Balance Transfer message to the Old Bank. This message will specify the status of the account, and may result in a balance payment from the Old Bank to the New Bank (where the balance is positive), or a balance payment from the New Bank to the Old Bank (where the balance is negative).

8. Completion

When the balance response message has been received and, any payment in relation to a Credit Balance has been received, or any payment in relation to a Debit Balance initiated, then the New Bank will send a final message to the switching service to confirm that the Account Switching process is complete.



It is expected that the following messages are in scope of this Business Justification. They are proposed to be included in the Account Management ISO20022 business area.

1. Information Request
2. Information Response
3. Cancel Payment Arrangements
4. Request Redirection
5. Request Balance Transfer
6. Accept Balance Transfer
7. Notify Account Switch Complete
8. Request Payment
9. Pay / No Pay Response

10. Terminate Switch

11. Technical Rejection

After careful consideration it has been decided by the submitter that the usage of the ISO 20022 Business Application Header (head.001.001.01) is not required. Including the Business Application Header will provide no business or technical benefit, and furthermore the extra data components making up the header will introduce data to the message exchange that is not supported by business requirements of the Account Switching business process. This risks introducing uncertainty about the implementation of the Account Switching messages.

Evaluation of the candidate ISO20022 messages for Account Switching should be led by the Payments Standards Evaluation Group (SEG). All messages will use the ISO 20022 XML syntax.

D. Purpose of the new development:

In responding to the requirements of the UK Government the Payments Council has established an extensive project programme to develop a new automated Account Switching service. This project involves a wide range of stakeholders and is inclusive of all providers of current accounts in the UK market. At its core this project will deliver an automated process for Account Switching and radically improve the efficiency, certainty and integrity of the existing processes to introduce significant benefits to the end customer.

E. Community of users and benefits:

In April 2011 the UK Government published its findings on competition and choice in retail banking. These reports contained demands that the banking industry act to make the account switching process faster, simpler and more effective for customers. Failure to do so is highly likely to lead to governmental and regulatory calls for account portability, widely seen as offering little additional consumer benefit but creating much greater cost and disruption for the industry.

In response the Payments Council established the Account Switching project to define a suitable industry response to the challenges outlined by the authorities. This project will deliver a more effective account switching service, where the key elements of the service are:

- A clear, consistent and easy to understand customer proposition
- Covering all payment facilities for both personal and small business customers
- Across all providers of current accounts in the UK market
- Allowing the switching process to be completed in a guaranteed seven working days
- Supported by a service constitution that provides sanctions against participating banks failing to honour their obligations
- With suitable measures to demonstrate that the account switching process is no longer an inhibitor of effective competition in the current account market.

In order to deliver this service, significant product, process and technology changes will be required by banks and other industry stakeholders. These changes will impact critical core payment and current account processes as well as systems. To ensure that the resulting service is robust and comprehensive will demand substantial cross industry testing. As a result it is expected that the new service will be introduced in September 2013.

Adoption of ISO20022 for Account Switching strongly aligns with the strategic vision on standards that the UK payments industry has had in place since 2009. It also demonstrates very clearly the commitment of the industry to build a flexible, open and future proofed solution for Account Switching based on international standards.

The table below shows the number of accounts that it is anticipated will be switched each year using the Account Switch Service, the peak number of account switch messages that will be processed per day and per hour and the assumptions that have been made when calculating the volumes.

Account Volumes	
Number of accounts switched per annum	3,000,000 Accounts
Percentage of total that are full account switches	60%
Payment Arrangement Volumes	
Average number of Direct Debit Instructions per account	7.6 Direct Debit Instructions
Average number of standing order mandates per account	2.0 Standing order mandates
Average number of bill payment arrangements per account	5.0 Bill payment arrangements
Duration of transaction redirection and forwarding	13 months
Number of Full Account Switches per annum	1,800,000
Number of partial Account Switches per annum	1,200,000
Account Switch annual message volumes	
Number of Information Request messages	3,000,000
Number of Information Response messages	3,000,000
Number of Cancel Payment Arrangement messages	4,200,000
Number of Request Redirection messages	1,800,000
Number of Request Balance Transfer messages	1,800,000
Number of Acknowledge Balance Transfer messages	1,800,000
Number of Notify Account Switch Complete messages	1,800,000
Total number of Account Switch messages per annum	17,400,000
Peak Volumes	
Working days per annum	240 Days
Peak day as percentage of day month	110%
Working hours per day	8 Hours
Peak hour as percentage of average hour	125%

Peak Volumes	Day	Hour
Number of Information Request message	13,750	1,953
Number of Information Response messages	13,750	1,953
Number of Cancel Payment Arrangement messages	19,250	2,734
Number of Request Redirection messages	8,250	1,172
Number of Request Balance Transfer messages	8,250	1,172
Number of Acknowledge Balance Transfer messages	8,250	1,172
Number of Notify Account Switch Complete messages	8,250	1,172
Total number of Account Switch messages per annum	79,750	11,328

Account Switching and the Payments Council project is a very high profile activity for the entire UK payments industry. The project is being sponsored by the Payments Council and it involves the delivery of a new service that will be open to all providers of current accounts in the UK market. Many of the largest UK providers have already publically committed to implement the service by 2013.

F. Timing and development:

Given the public commitment of the UK payments industry to deliver a new Account Switching service by 2013 there is an urgency associated with this Business Justification. It represents a massive commitment of resources to develop and implement ISO20022 as the basis of a future proofed new service. It also illustrates to the authorities and other stakeholders that the UK payments industry is committed to the adoption of open international standards.

With regards to development of the candidate ISO20022 business and message models the Payments Council will:

1. Introduce the Business Justification during December 2011 and seek approval by the RMG.
2. Submit the candidate ISO20022 business and message models to the Registration Authority no later than the end of February 2012 to have them reviewed for compliance and receive a draft Message Definition Report and XML schemas.
3. Test the candidate messages and fine tune them as required before final submission to the Registration Authority for SEG review and approval after September 2013 when the Account Switching service is scheduled to go live.

There is direct involvement from the UK banks, industry trade associations, such as the British Bankers Association, and suppliers such as VocaLink and Logica in the development of candidate ISO20022 business and message models.

The Payments Council is not aware of any other standards initiatives working to develop standards to address the same requirements for account switching.

G. Commitments of the submitting organisation:

The Payments Council confirms that it can and will:

- Undertake the development of the candidate ISO 20022 business and message models that it will submit to the RA for compliance review and evaluation. The submission must include a Business Process Diagram (activity diagram) and Message Flow Diagram (sequence diagram), and, optionally, examples of valid and invalid XML instances of each candidate message and other descriptive material that will be used by the RA to generate the Message Definition Report;
- Address any queries related to the description of the models and messages as published by the RA on the ISO 20022 website.

The Payments Council will also promptly inform the Registration Authority about any changes or more accurate information about the number of candidate messages and the timing of the submission.

The Payments Council member banks and VocaLink will both test and implement the ISO20022 Account Switching messages once the related documentation has been published by the Registration Authority. To ensure that the documentation of the messages is accurate and consistent and to verify that the approved messages can be implemented with no adverse effects on communication infrastructures and/or applications.

The Payments Council confirms that it is committed to initiate and/or participate in the future message maintenance.

The Payments Council confirm its 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 licence to use the published information”.

H. Contact persons:

James Whittle

Head of Standards

+44 (0)20 3217 8209

james.whittle@ukpayments.org.uk

Payments Council

2 Thomas More Square

London

I. Comments from the RMG members and relevant SEG(s) and disposition of comments by the submitting organisation:

Submitter : EPC (Christophe Godefroi)

Comment : At this point, the EPC prefers to abstain from commenting.

Disposition : Comment Noted – no action required.

Submitter : France

Comment: This BJ as described on the attached document presents several lacks, in particular regarding legal and security point of view. Thus, we are not sure that the BJ is in the scope of ISO and that it should be managed by the local standardisation bodies.

We recognize that there are some interests but also important business risk in facilitating the account switching from a bank to another one. We have noted several lacks as some remaining questions to be clarified:

Legal constraints and security:

- This process will have to face the local legal constraints of each country. Consequently, it seems difficult to standardize such a demand all over the world without breaking the data privacy principals.
- The confidential aspects and authentication mechanisms are not described in this BJ
- Such a process should guarantee that the demand is done by the right customer owning the accounts to be transferred: this issue is not addressed by the BJ

Remaining questions:

- Is that concern only private customers? What about small and medium corporate companies, individual companies?
- What is the geographical perimeter of this BJ? Cross boarder worldwide or inside a country?
- The banking instruments and products associated to the account to be switched have to be exhaustive. For instance, what about credit cards, loans, securities?
- The BJ specifies that the old bank can refuse the account switching request to the new bank. In that case, what are the reasons to accept such a refuse and how the customer will be aware about the bank decision to refuse this action?
- Concerning the final message 'switch process complete', it seems not enough to consider the switch to be completed only after the successful execution of a payment or a direct debit.

Disposition: The scope of the BJ is to cover the business processes in the space between banks that will facilitate the efficient exchange of electronic data defined using ISO 20022 to automate the function of Account Switching. By raising this BJ to the RMG it is the goal of the submitter that the ISO community, via the SEG evaluation process will be able to evaluate and comment on the submission such that the resultant messages may be used by other communities internationally. Local standardisation efforts will not result in an ISO 20022 compliant solution, where the strategy of the UK banks on message standards in this space is to migrate to ISO 20022. It would seem incongruous that such a large investment by the banking community in the UK would be prohibited from adopting ISO 20022, when what we are proposing fits coherently within the scope of the ISO 20022 standard.

Concerning the legal constraints and security these are not an aspect that are in scope of this ISO 20022 message submission. The BJ establishes the scope as the exchange of business data between financial institutions. It does not cover the processes between the financial institution and the customer, nor the security of the messaging which will be implemented via the network/service solution. As far the legal aspects are concerned these remain, as it is the case today, the responsibility of the bank to operate in compliance with local legislation. We have no intention to try and harmonise legislation around account opening, closing or transfer via this BJ. The submitter does not consider that this is the scope of ISO 20022 as a messaging standard. The submitter would like to suggest that the French community consider this process similar to others in our industry that have been standardised under ISO 20022 where the focus is data standardisation via messaging; and not the industry implementation which will complement the message standard with the specificities required for practical usage in a particular market or community of users.

The customer facing requirements concerning authentication and data privacy are indeed critically important and will be implemented as part of the service we are developing in the UK. As far as messaging is concerned the scope of the BJ is to describe the data flows necessary between the banks to support the exchange of key customer data that will support the implementation of authentication and data privacy techniques to prevent fraud. In this sense, as mentioned above, these processes are out of scope of the bank to bank messaging standard. However reflecting on the comments by France, the initiation of an account switch is at the request of the customer and initiated with their full consent from the new bank, where the normal KYC and customer authentication processes apply. In this way the customer is in control of the data they provide and the scope of ISO 20022 messages are to support the exchange of that data to the old bank; the BJ excludes specific customer authentication techniques or aspects related to the implementation of data privacy controls. Customer authentication and data privacy will be implemented by the UK banks to meet the requirements that are being developed as part of the UK Account Switching service, in compliance with local legislation. To further reassure the French community the exchange of customer data in this new automated process is not fundamentally different than the current non-automated account switching process used in the UK; many of the customer facing aspects are similar.

As explained in the BJ the scope of the messaging being developed is to facilitate the Account Switching process for personal and small business customers, or micro enterprises.

The BJ has been submitted reflecting the urgent need for the UK banks to develop ISO 20022 messages to underpin the automation of the Account Switching process. Focusing on

this central bank to bank process means that the messages could be used globally if desired in that bank to bank context. There is no intended limit to the geographical scope, however the industry need driving the development of the messages and investment in their rapid implementation is clearly responding to immediate and urgent UK needs.

What instruments and products an account holder has access to is only relevant to switching in so far as the regular transactions (direct debits, standing orders and regular payments) that need to be mapped across to the new account. The information necessary to support this data exchange is in scope of the BJ. The services, products or loans that a customer has been offered by their old bank may not be matched by the new financial institution and is a factor of the customer on boarding process at the new bank where the normal KYC processes will help determine what services, products or loans a customer may have access to. So the switch is a customer choice based upon competitive offerings. Within the account switch process the old bank may refuse the request to switch from the new bank for valid reasons. The old bank is required to validate the data provided by the new bank against the data it holds for the old account. If the old account does not meet the criteria for switching, or the data fails validation or verification, it may reject the switch request. If the new bank terminates processing of the account switch, it must inform the customer that the switch has failed and may work with the customer to address the issues that lead to the failure before initiating a new account switch.

The completion of the Switch between the old and the new bank is finalised when the balance response message has been received. On completion of the balance transfer process the old bank will have received the Request Balance Transfer message and responded with an Acknowledge Balance Transfer message (previously named the balance response).

Submitter : South Africa

Comment : There is wide recognition that the switching of bank accounts should be made easier and more convenient from a customer and bank point of view. South Africa has recently incorporated basic conditions to support this principle into the Code of Banking Practice. At a payments industry level the possibility and need for an interbank debit order switching solution has been contemplated, although nothing specific has been finalised as yet. Our comments are as follows:

- Creating an international standard for account switching messaging with wide geographical applicability is favoured. It is therefore a concern that this BJ only deals with messaging between banks to facilitate the transfer of Sterling current accounts between banks in the UK (including the Channel Islands, the Isle of Man and Gibraltar). However, the South African debit order system may differ from the UK and other countries, so a one size fits all solution may be difficult. The message flow may differ substantially per ACH (switch) and country depending on legal frameworks.
- The messages proposed for development only cover the exchange between the old bank and the new bank. It is our view that the exchanges between the customer and the banks should also be covered.

- Focus is given to debits (standing orders, direct debits) and credits seem to be overlooked in the process. Is it envisaged that it is the responsibility of customers to ensure that salaries, pensions, dividends, etc, are correctly routed to new accounts?
- The challenge with debit orders is that the old bank does not always know if new debits orders are being mandated that it has not seen. Any record to the new bank can only be done on the historic information.
- Messages between the new bank and the debit order mandate holder should be covered if at all possible. The bank may not have the detail of the originator – e.g. in SA the bank may receive the EFT bureau 's detail and it can act as payment service provider for many smaller users. So it may be difficult to communicate with the originator to update the account detail. It would be beneficial if the debit mandates can be registered at the account holding bank, this would make it very easy to send the information to a new bank.
- It is not clear if the ACH would have to hold the new account information and perform the automated re-routing of the debit orders homing in on the old bank because they have not been updated within the 8 day period. What will happen to these payments?
- Must all debits be switched, or may a client switch only selected debits? Are these principles covered somewhere? One reason could be that the originator failed to cancel its debit order mandate, or the client may be attempting to escape commitments. The banks should have to police the client's commitments as they remain responsible to meet their own contractual obligations.
- What happens between day 3 and 6?

Disposition: The scope of the BJ is to cover the business process in the space between banks to facilitate the efficient exchange of electronic data defined under the ISO 20022 standard to automate these business processes of the Account Switching process. The intention of the submitter is to use the normal ISO 20022 processes to standardise these business processes in such a way, and with the support of the ISO community, that the resultant messages could be used by other communities. For example the messages to be developed will support multi-currencies, not just Sterling and indeed the approach to describe instruments such as debits is equally open to other requirements that can emerge as part of the ISO 20022 evaluation process. To begin with, the messages that have been developed for submission to ISO 20022 re-use as much as possible existing repository artefacts, helping to secure broad interoperability. Our expectation is that as part of the SEG evaluation process additional requirements may also be incorporated.

The scope of the BJ matching the requirements of the UK industry is to describe the flow of data between the banks to facilitate an efficient and reliable automated exchange of data. There is no business requirement included within the scope of this BJ regarding the customer flow between the bank and their customer.

Within scope of the Account Switching Service there is a customer facing contract that enables the provision of information related to arrangements in place against the account at the old bank. The old bank will make it clear to the customer which payments will be transferred. To complement this, a redirection facility will operate for a period of thirteen calendar months following the completion of the switch, to provide time for affected counter parties to update the account data that they hold.

The Account Switch Service will support the transfer of payment arrangements associated with the old account to the new account and the issue of the advices that are required to notify affected parties of the transfer.

The payment arrangements to be transferred include:

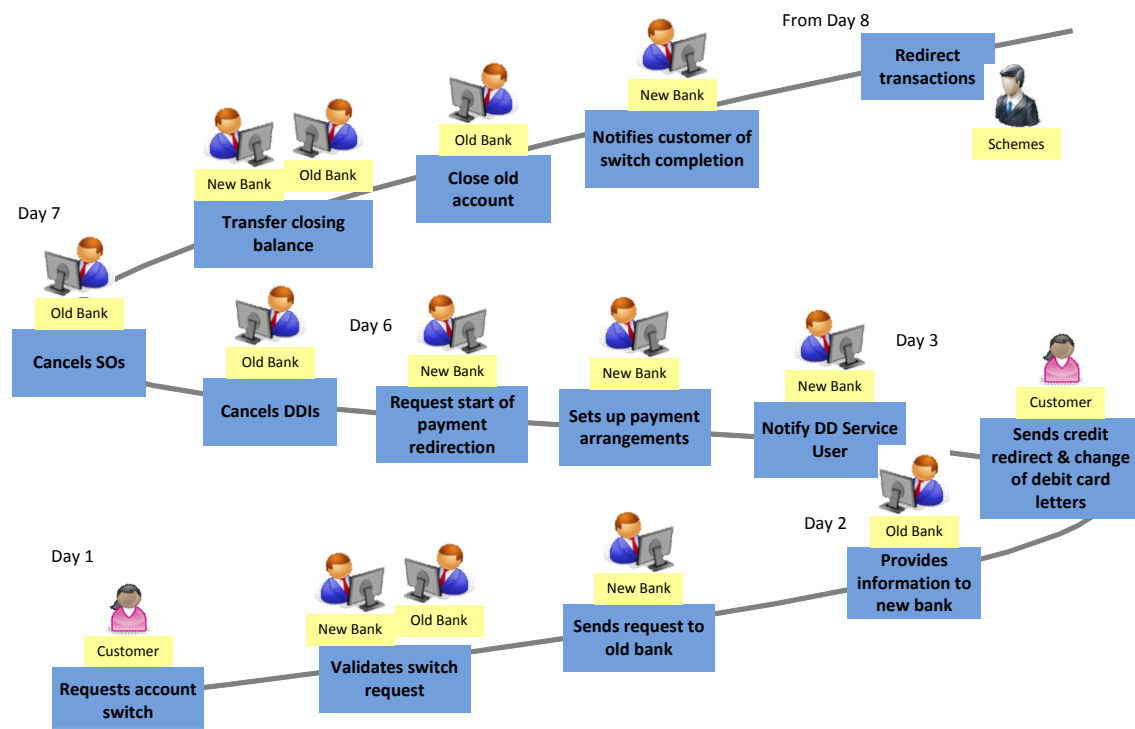
- Direct Debit Instructions
- Standing order mandates
- Regular internal payment instructions
- Bill payment arrangements

The new bank will provide the customer a list of payment arrangement types (Direct Debits Instructions, standing orders, bill payment arrangements and future dated payments) that will not be automatically redirected following the switch.

The ACH, or central service, will operate a redirection service for Direct Debit Instructions that have not been registered at the new bank. This central service (which is out of scope of the BJ) will redirect Direct Debit collections so that the DD is debited from new account from day 8.

Within the scope of the service that the UK will implement there will be the ability to support full and partial switches. If a full switch is requested all instructions (credit and debit) will be switched to the new account. This process is backed by the redirection service and a customer guarantee.

See revised diagram below:



Submitter : Switzerland

Comment : The BJ covers specific needs of UK.

The standard can not easily adopted for the use in other countries domestic market and will not be used in the cross border exchange of messages.

I have full sympathy with the submitter that they like to develop and certify these messages in the framework of ISO20022.

However in the light of the cost constrains of the RA and the limited ressources of the Payment SEG we should introduce for such kind of requests (uasge in only one domestic market) a lean process with minimal impact on the ISO 20022 bodies.

Detail remark:

The ISO 20022 Business Applicaton Header (head.001.001.01) should be used in all new developments. Therefore I strongly recommend not to drop the header part.

Disposition: The scope of the BJ is to cover the business process in the space between banks that will facilitate the efficient exchange of electronic data defined under the ISO 20022 standard to automate that function of the Account Switching process. Our intention is that by using the normal ISO 20022 processes to standardise these business requirements, with the support of the ISO community, that the resultant messages will be usable by other communities in the bank to bank space. The submitter is conscious that the BJ comes from a single community; however our intention and commitment to the ISO 20022 process is to use it to establish a global standard and not a local one. The submitter is not aware of any convention or ruling which would imply that a BJ from a single community is in any way inferior; and it is our belief that the inclusion of messages defining account switching will complement the ISO 20022 offering. As stated in the BJ there is a public commitment of the UK payments industry to deliver a new account switching service by 2013 and as such there is an urgency associated with this Business Justification. It represents a massive commitment of resources to develop and implement ISO 20022 as the basis of a future proofed new service. It also illustrates to the authorities and end users that the UK payments industry is committed to the adoption of open international ISO standards.

Submitter : Japan

Comments : 1) We would like to know how widely the proposed account switching mechanism is applicable legally to other countries. We would like to know how pervasive the mechanism can be utilized or accepted in Europe or in the US. Or is this unique to the UK?

2) We would like to know how to authenticate the request from a new bank to old bank for account switching. This may cause a serious concern regarding privacy data protection.

- How does a customer initiate the switching? Should he/she need to inform both new and old banks to be protected from an identify thief?

- Does a customer designate what personal information be transfered to a new bank?

Disposition: Concerning the applicability of the Account Switching concept the submitter would like to explain that the scope of the BJ and the subsequent messages is to define a business process flow between banks and in this way we see that the automation of this process is indeed potentially of interest to a wide community of users and is certainly not limited to a UK banks. Admittedly in the UK we have an urgent need to develop a solution based on ISO 20022 but we are keen that in doing so it is aligned with international standards and the business requirements from the global community. Our expectation is that this submission would complement the existing eBAM message set and we would welcome participation of interested stakeholders as part of the ISO 20022 evaluation process.

The customer facing requirements concerning authentication and data privacy are indeed critically important and will be implemented as part of the service we are developing in the UK. As far as messaging is concerned the scope of the BJ is to describe the data flows necessarily between the banks to support the exchange of key customer data that will support the implementation of our requirements for authentication and data privacy to prevent fraud. In this sense these processes are out of scope of the messaging. However to pick up on your comments, the initiation of an account switch is at the request of the customer and initiated with their full consent from the new bank, where the normal KYC processes apply. In this way the customer is in control of the data they provide and the messaging service supports the exchange of that data to the old bank. In fact the exchange of customer data in this new automated process is similar to the non-automated account switching process currently used in the UK so much of the customer facing aspects remain similar.

Submitter : United States

Comments : The US has no immediate need for this Business Justification but sees long term potential for its use in various markets. Regarding the use BAH, we would prefer that schema design exclude data elements contained in the BAH should be made in conjunction with the SEGs. The rationale for recommendation not to use should be explained.

Other comments:

The BJ should carefully disclose exactly what uses are intended, so that other potential users do not make any mistakes about their applications.

This BJ may not have business scope for the US, but within the context of ISO 20022, I would think this is a good idea.

The proposal is the result of a regulatory requirement in the UK. All FIs in the UK must be able to comply. As such, this proposal is to develop a common process that all national FIs can use to facilitate the automation of this mandated service.

ISO 20022 was created to facilitate the development of common electronic financial and corporate services that can be made available to a defined community of adopters who have a similar need. The community in this case is the UK FIs. The proposal as such is in their interest, and need not necessarily apply to any other jurisdiction. This is still a valid situation. If others outside that community (i.e. another national interest) happens to see a way in which some of all of the UK service could be used to some extent for its proprietary needs, which may or may not ever happen, then this is in the spirit of reuse of existing functionality, which is what ISO 20022 was intended to facilitate.

There was one previous comment to the effect "the US doesn't have anything like this". I don't think that is really relevant to agreeing or disagreeing with the justification. Rather, it should be looked at from a higher level, specifically, does this make sense to offer in ISO 20022, and is the potential adoption base sufficiently large that the exercise is useful. We can answer the first, but it's more difficult to answer latter.

Disposition: The submitter values the support of the USA community and would like to explain that we would ideally like to use a standardised ISO header approach. However, as defined the BAH does not fulfil our business and technical requirements. Hence including it would be artificial and furthermore the extra data components making up the header could introduce data to the message exchange that is not supported by business requirements of the Account Switching business process. This risks introducing uncertainty about the implementation of the Account Switching messages.

The scope of the BJ is to develop the ISO 20022 messages necessary to support the following processes:

- Manage and effect the transfer of information between the new bank and old bank.
 - Manage and effect the transfer of information between all participants involved in the processing of payment instructions that are associated with the account that is switched.
 - Manage and control the cancellation of payment arrangements on the old account to coincide with commencement of payment responsibility by the new bank.
 - Manage and control the redirection and forwarding of payment and collection transactions that continue to reference the old account following the account switch.
 - Manage the transfer of funds between the old and new account to transfer the closing balance from the old bank
-