



ISO 20022: Leading Belgian Asset Manager With valantic on Course for the Future

Quick Wins

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Overview

The current European and worldwide interest rate policy and the general economic situation make it more and more difficult for banks to break even. In addition, there are new regulatory requirements which each institution – now and in future – has to fulfil in order to improve international payments as well as the order processing in security transactions, the business processes (STP) and the reporting. Digitisation makes a major and innovative contribution to the automation of processes.

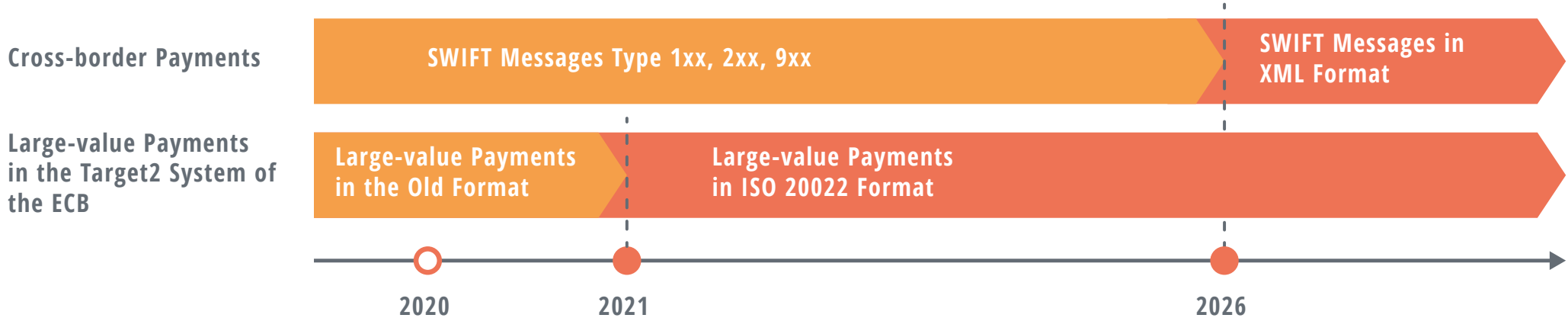
For more than 20 years, valantic develops software for investment banking, transaction management, electronic trading and payment and has gained recognition as a provider for tailor-made solutions. With projects worldwide, valantic is one of the leading developers and drivers of banking digitisation for the extension of open banking, automation as well as the simplification of business operations.



ISO 20022 Entails XML Protocols

Open Banking and ISO 20022 are driving forces of the change which have found their way in almost all transaction processing workflows and are compulsory in many areas by now. Worldwide, the new regulations of the International Organisation for Standardisation (ISO) are also known as UNIFI, an acronym for “UNiversal Financial Industry message scheme”. With a transitional regulation until 2026, banks are allowed to use MT protocols. However, for payment transactions in foreign currencies, the changeover of SWIFT FIN message types 1xx, 2xx and 9xx to SWIFT XML messages has to be completed at the end of November 2026.

Thus, the timeframe for the conversion begins in early November 2021 and finishes at the end of November 2026. Banks are well advised to early convert their processes to the new standards as of 2021. As of 2021, large-value payments in the Target2 system of the European Central Bank are compulsory in ISO 20022 format and valantic recommends to promote the migration with a general digitalisation strategy. Modern software solutions are capable of automating a majority of the processes and hence, providing greater efficiency and application security.



“Banks that promote the migration and link it with a general digitisation strategy can considerably streamline their processes, make them less prone to errors and thus significantly increase profitability.”

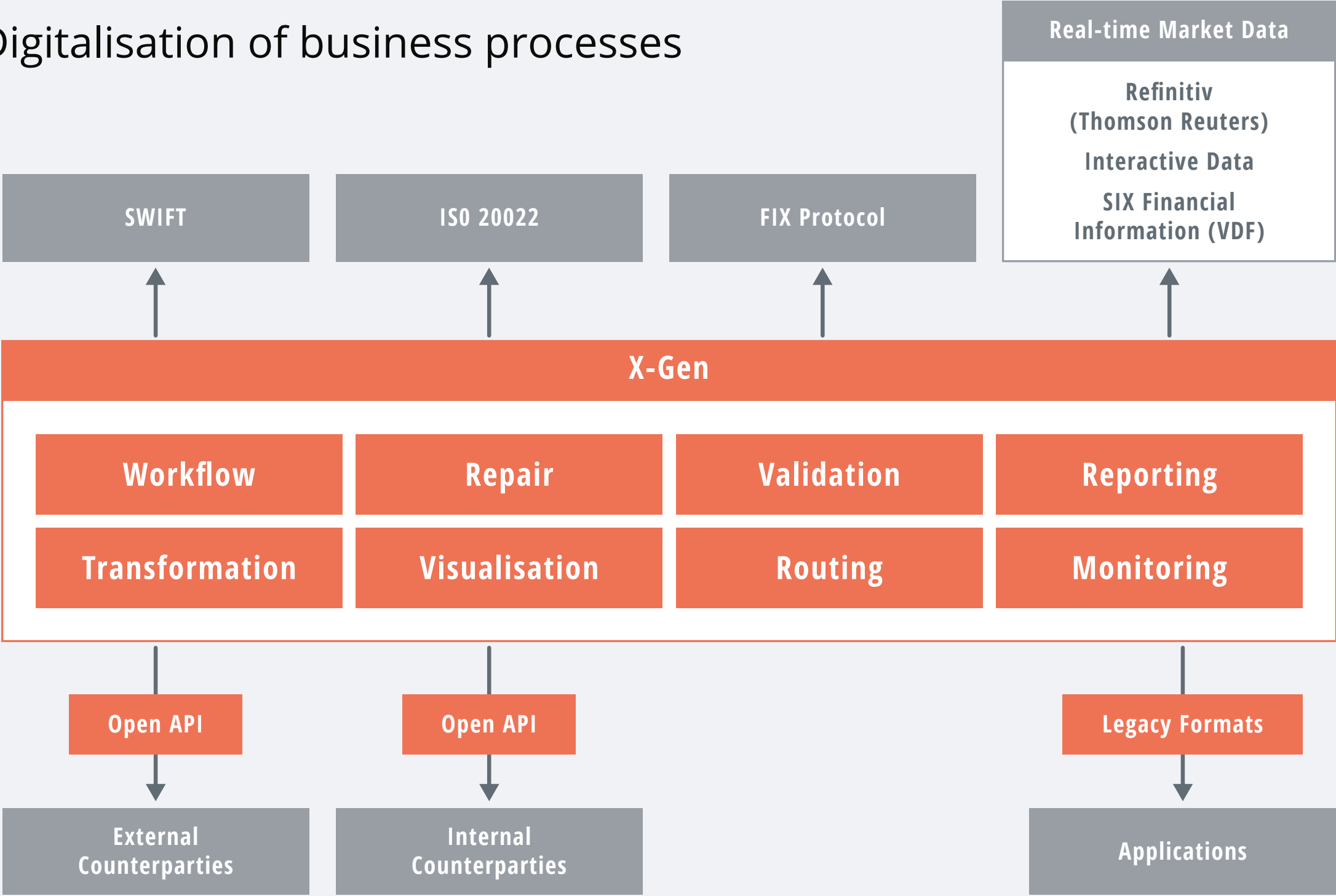
Norbert Steinbach
Country Manager Luxembourg
valantic



Implementing ISO 20022

The Belgian asset manager has recognised the need of implementing the new ISO protocols at an early stage in order to avoid later pressure and to be duly prepared for the future. The internationally used ISO 20022 standard supports formats which are considerably more flexible than existing country- and bank-specific message formats and thus provides significant benefits in the field of process handling. For example, extended bank transaction information is provided and improvements for processing complaints are enabled. The use of an end-to-end payment processing also simplifies the interoperability between cross-border payments and domestic real-time payments. Therefore, in January 2019, the headquarters decided to implement a comprehensive software which cannot only perform any SWIFT conversion but in addition provides considerably more functionality for the future.

X-Gen: Digitalisation of business processes



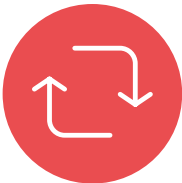
Benefits with valantic's X-Gen

X-Gen is particularly designed for the digitalisation of business processes. Standard applications often represent an isolated part within business process chains and are mostly difficult to integrate in company processes. X-Gen fills this gap by enabling the cross-application configuration of gateways and process logic considering the existing technical and professional environment.



Usage of all old and new data formats:

- Raw data in different formats
- Data in MT or MX format



Automatic incorporation of SWIFT updating cycles

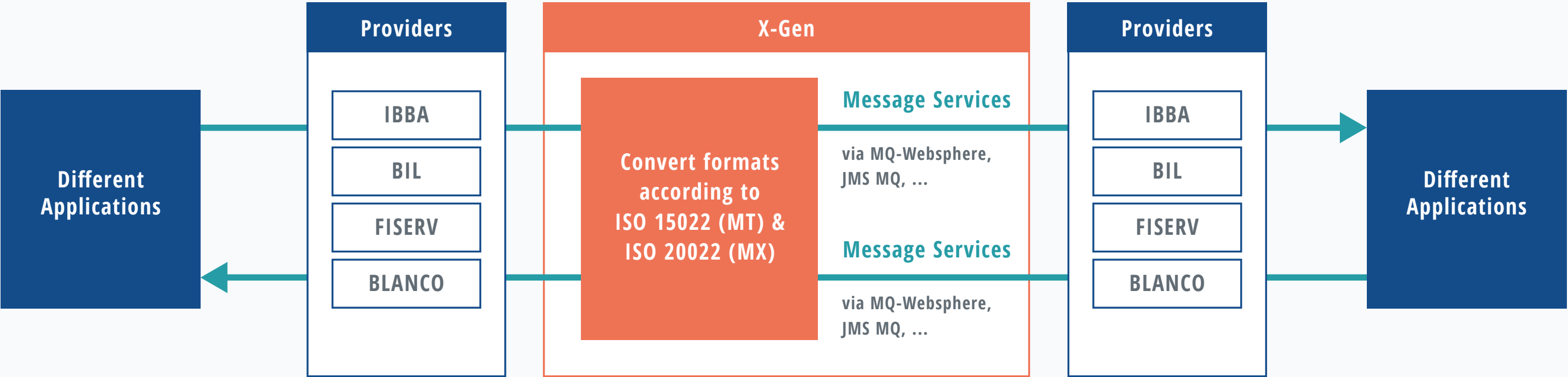


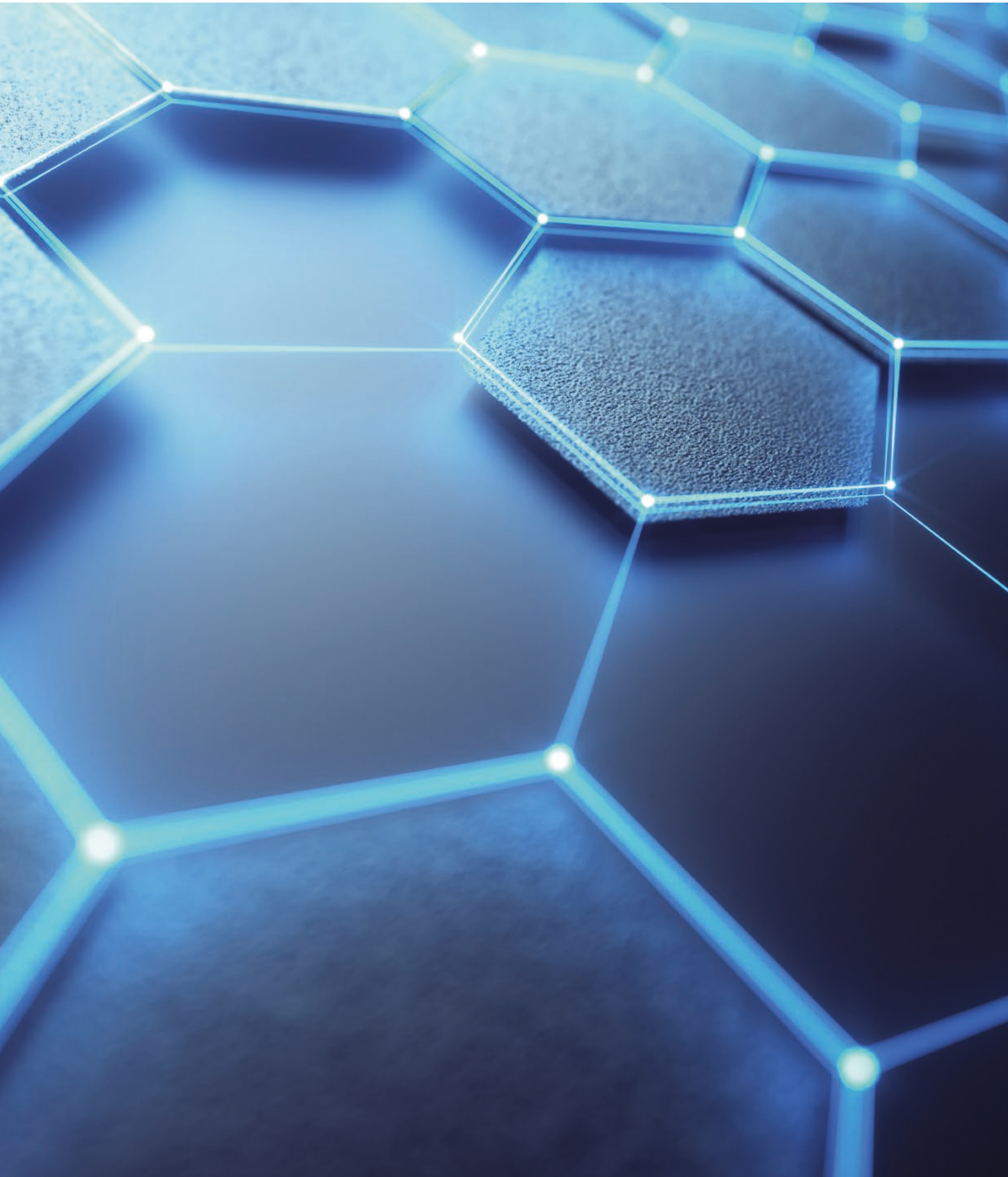
Precise adaption to the banks' specific requirements



Platform-independent and web-based application

Conversion of the message formats via X-Gen



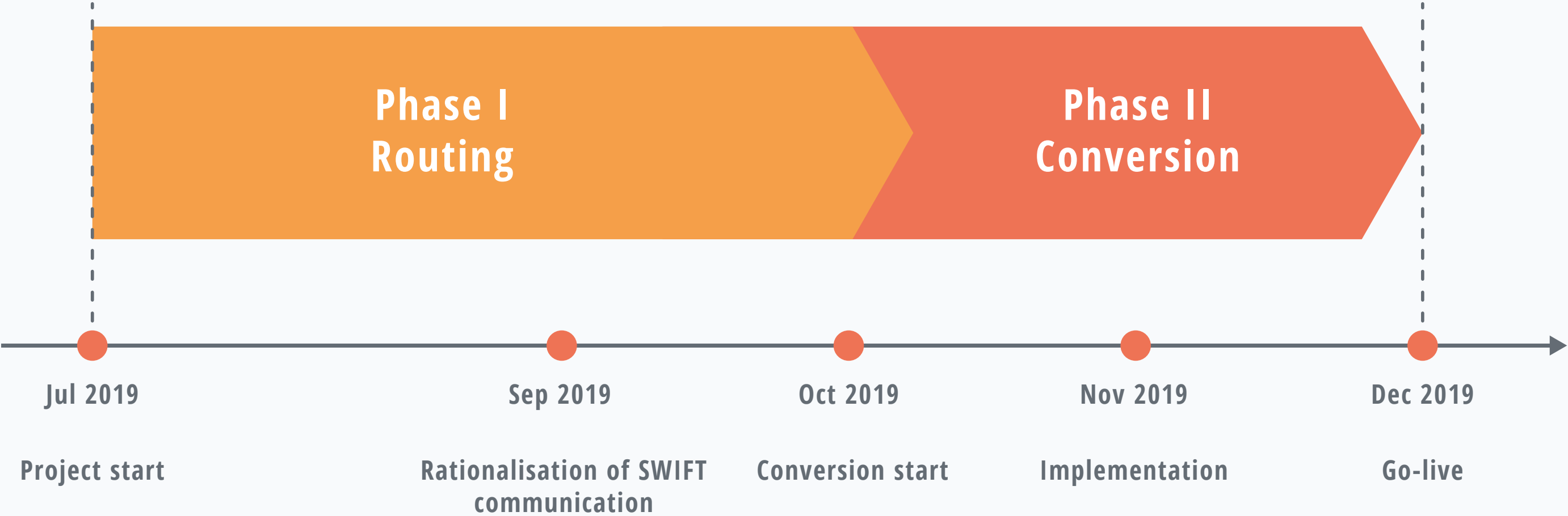


Project Start

In general, our client had the requirement to simplify the entire SWIFT messages exchange and to create new interfaces for their customers – also customers not being registered at SWIFT Alliance. There was a certain pressure of time regarding the project realisation: In order to sustain the cooperation with certain customers, the implementation had to be realised successfully within only a few weeks. Initially, this included a comprehensive rationalisation of the SWIFT messages exchange.

The time pressure was significantly intensified due to the need of selecting the correct ISO standards as close in time as possible and creating the specifications for the conversion on time. For the realisation of the ISO 20022 standards and thus the conversion of the MT and MX messages, the bank's employees have been supported by valantic in a four-day training in order to make the transition and usage as smooth as possible.

Planned Project Phases



Effective Project Design

The generic workflow and message engine X-Gen allows a quick adaptation and enables automated processes in the banking industry, which means that processes can be automated and adapted to the bank's requirements in a fast, secure and efficient way. The project start was in July 2019 and in September, the first phase relating to the routing modules and the rationalisation of the SWIFT communication has been realised. Thus, the prerequisites for a uniform messaging had been established.



Due to the rationalisation of the SWIFT messages exchange, unexpected and incorrectly formulated SWIFT messages (MT or MX) are also considered now. According to the bank's defined rules which are mainly based on BIC and other identifiers, incoming messages are routed to specific folders or message queues or else sent back to the sender. If, for example, a bank sends SWIFT MX messages, X-Gen checks these messages and, in case of errors, sends an e-mail to the respective recipients.

Trusting Cooperation

Within the second phase by the end of the year 2019, the conversion tool has been gone completely productive and since then, takes on the smooth operation of the “translation work”. Checks and interim steps other banking systems have to retrieve are also supported and covered by interfaces. The automation of the workflows allows a faster processing and at the same time, an extremely high reliability. In total, the entire project, including the planning, realisation, training and productive roll-out, could be completed in record time, namely within six weeks before go-live. The bank also benefits from X-Gen’s adaptability: own dashboards or new workflows can be integrated by the bank’s internal IT department without modifying the source code.



“We really appreciate the speed and precision that was necessary to realise this project. The trustful cooperation inspires the considerations of future projects in order to continue to follow the way into digitalisation.”

Senior Business Analyst & Project Manager
Belgian bank

About valantic Financial Services Automation (FSA)

The valantic Competence Center Financial Services Automation is a leading provider of software solutions in electronic trading, payment and transaction management. Nearly 300 IT and financial specialists service more than 100 customers in 7 locations throughout Europe. valantic FSA enables its customers to securely automate business-critical processes and thus forms the basis for digital business approaches. With the Electronic Trading Hub, the Transaction Process Automation Hub and the Real Time Payments Hub, valantic FSA offers modular and open platforms for digital transformation, open banking and the simplification of business processes.

About valantic

valantic is the number one provider of digital transformation services and belongs to the fastest growing companies involved in digital solutions, consulting services and software on the market. valantic combines technological competence and industry expertise with humanity.

More than 1,000 customers trust in valantic – 20 of 30 DAX corporations and just as many of the leading Swiss and Austrian corporations. With more than 1,000 specialised solution consultants and software developers and an annual turnover of more than 150 million euros, valantic is represented in 25 locations within the DACH region (Germany, Austria and Switzerland) and in 6 international locations. valantic is organised in a unique structure comprising several competence centres and teams of experts – always focusing on the digitalisation needs of their customers and partners. From strategy to concrete realisation. The service portfolio comprises the fields of Financial Services Automation, Customer Experience, Business Analytics, SAP Services, Enterprise Software as well as Logistics and Supply Chain Management.

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