

ISSA – Shaping the Future of Securities Services

SMPG Oslo – ISO 2022, April 2023

ISO 20022 Survey 2023 – Preliminary Results

ISO 20022 Survey 2023 - Context

- Follow up of 2020 Survey to see if the market view had changed.
- Key findings of 2020 Survey
 - Nascent technology could be a driver for usage of ISO 20022.
 - Today, there is limited adoption of ISO 20022 across global Securities markets.
 - Investment in ISO 20022 adoption is primarily driven by requirements set by regulators or FMIs.
 - The Industry does not see the business case for a full adoption of ISO 20022.
 - Asset Owners (AO) and Investment Managers (IM) will not drive adoption of ISO 20022.
 - There is no industry appetite for a big bang adoption of ISO 20022 within the next 5 years.
 - Co-existence and co-maintenance are required during any transition.
- Joint venture between ISSA and ECSDA

ISO 20022 Survey 2023 – Why Resurvey?

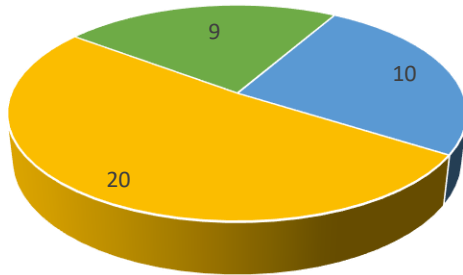
- Payment migration: Securities players will need to adopt ISO 20022 for some of their payments flows.
- Regulation: In addition to a call for an increase in transparency, regulatory bodies such as ESMA are progressively mandating the use of ISO 20022 for reporting.
- Eurosystem Collateral Management System' (ECMS): Now planned for April 2024, includes a set of harmonized rules called the Single Collateral Management Rulebook for Europe Standards (SCoRE), that specify how participants must connect to the system using ISO 20022 messaging.
- Market Infrastructures: Many market infrastructure firms offer, or have plans to offer, ISO 20022 to their participants. This may incentivize custodian banks, brokers and asset managers to adopt this standard and offer its capability to their own customers.
- New technology: There is growing adoption of APIs and DLT across the securities industry. Without a common standard, and a data dictionary, there is a risk of further market fragmentation.
- Translation risks: When ISO 20022 is converted to ISO 15022 - and vice versa - data may be truncated or incorrectly translated.
- The cost of co-existence: There is an inherent cost and risk in the industry of having to maintain multiple syntaxes and protocols.

What has evolved from 2019 to 2023

We got a good response in 2019.

But an even better one in 2023. 48% more responses – main increase was from additional CSDs (19 more) and new Central Bank replies (8 - all EU).

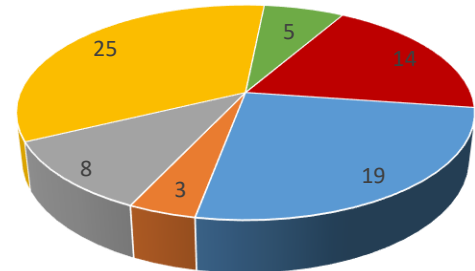
Type of Institution 2019



■ (I) CSD ■ Custodian and Universal Banks ■ Technology provider

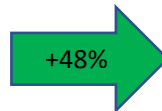
Total 39

Type of Institution 2023

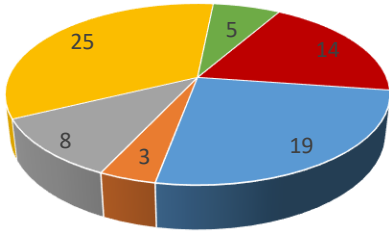


■ (I)CSD ■ European (I)CSD
 ■ Asset Manager ■ Central Bank
 ■ Custodian and Universal Banks ■ Technology provider

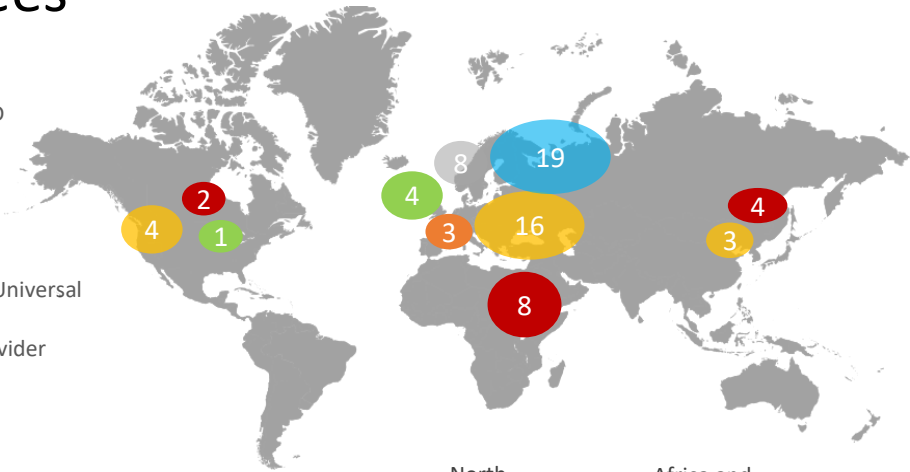
Total 74



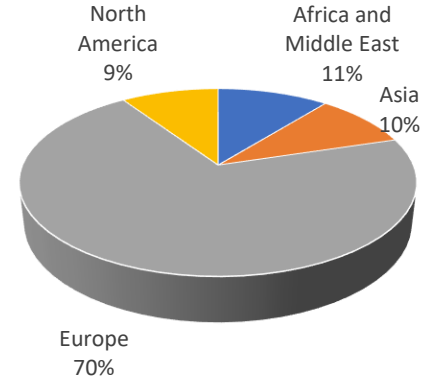
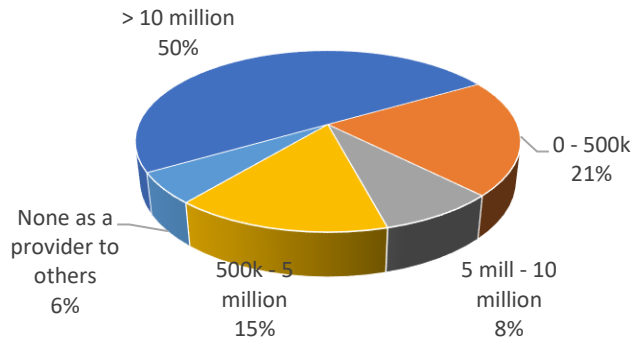
ISO 2022 Survey 2023 – Respondee



- (I)CSD
- European (I)CSD
- Asset Manager
- Central Bank
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- Technology provider

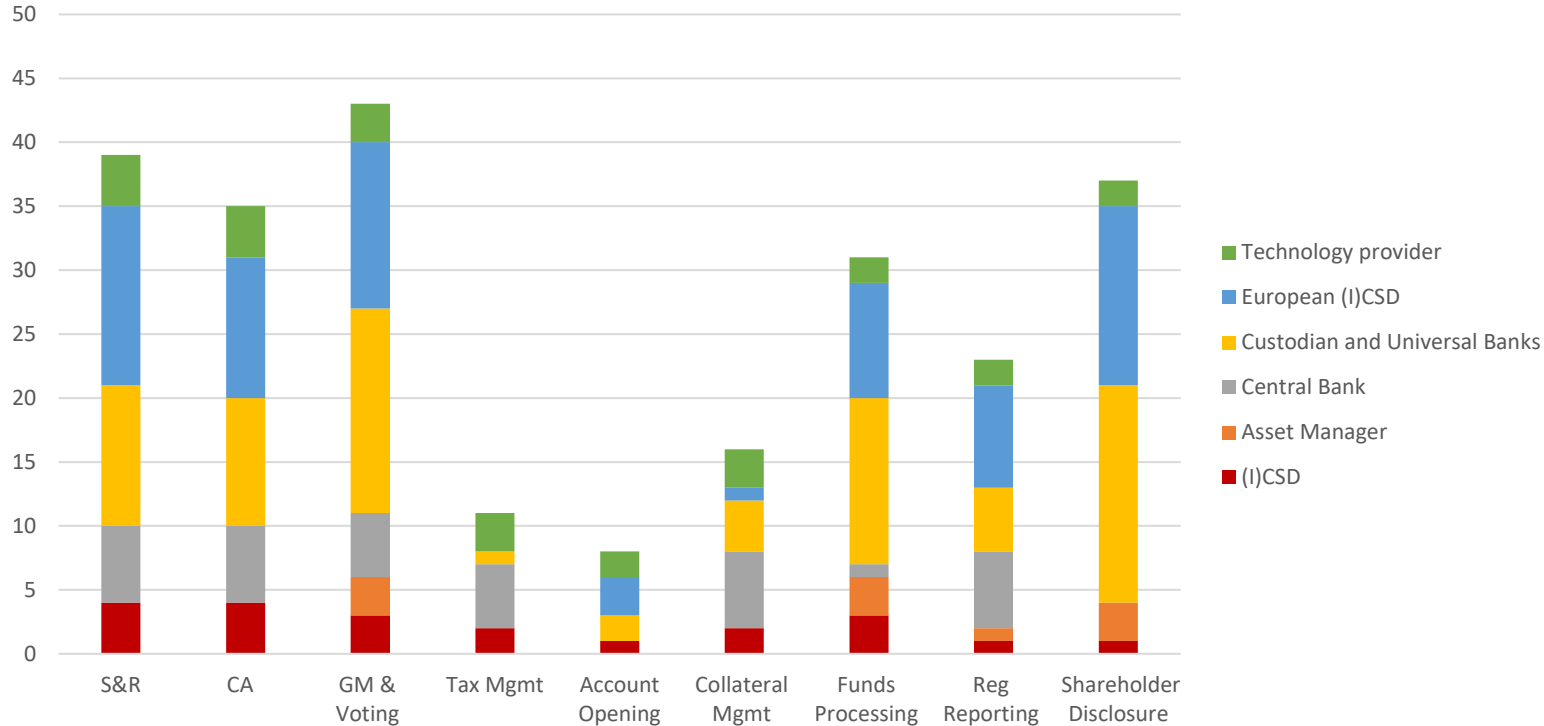


Annual Volume of Transactions



ISO 2002 Survey 2023 – Detailed Findings

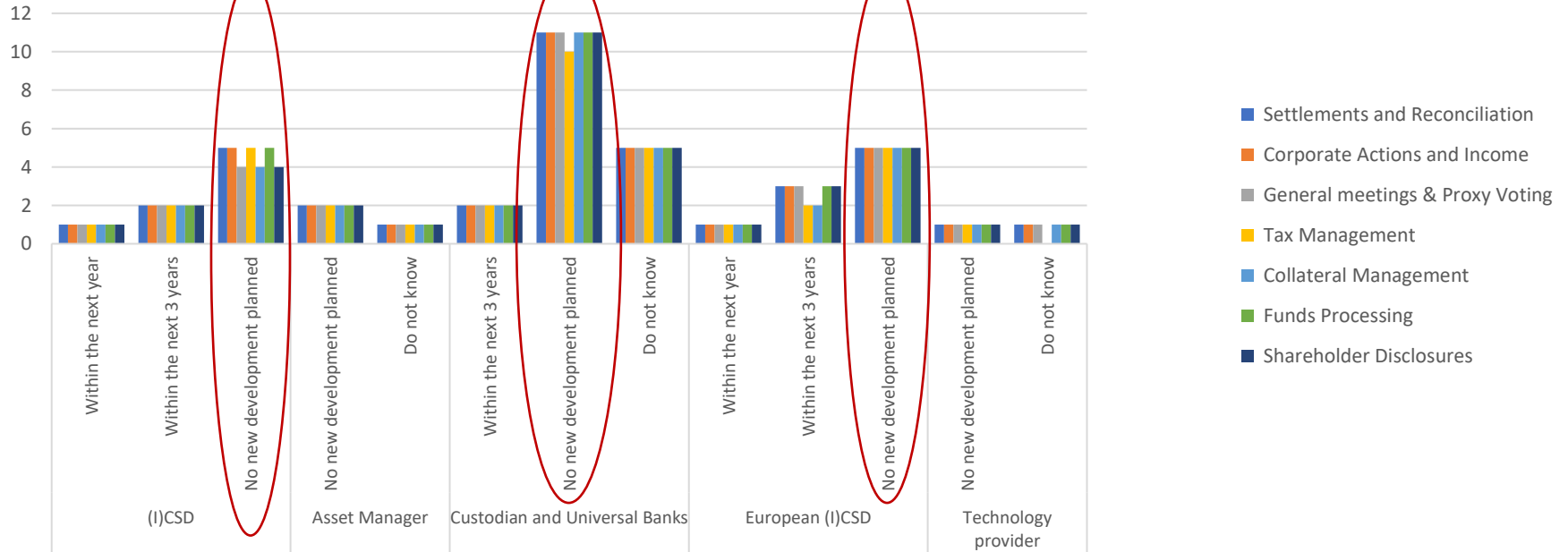
Who is presently using ISO 2002 and for what?



Limited adoption in 2019 with little to no increase afterwards

No regulation on sight = No adoption projects

Plans to materially increase your use of ISO 2022 for Securities messages in the next 3 years



Polarized views for adoption

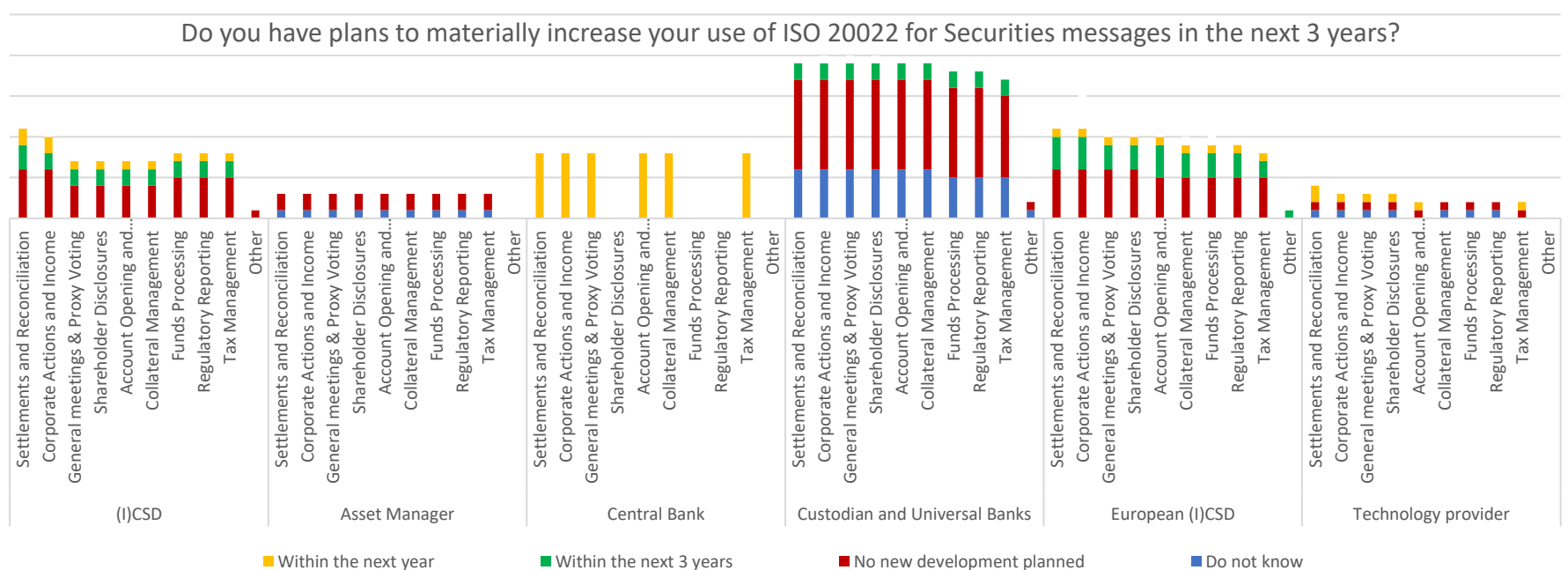
Clear divide between Market operators and their participants.

Highest increases in adoption were in Proxy and shareholders disclosures

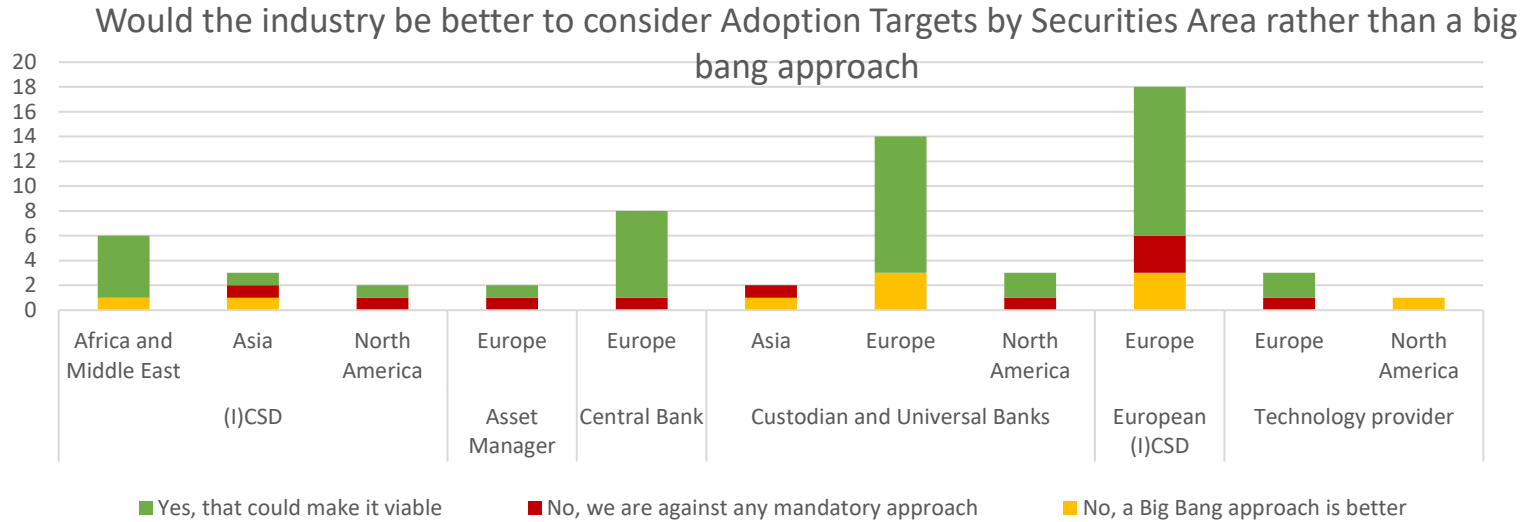
No significant uptake in areas of low automation (account opening or tax)

Adoption is not a strategic or customer led choice

Do you have plans to materially increase your use of ISO 20022 for Securities messages in the next 3 years?



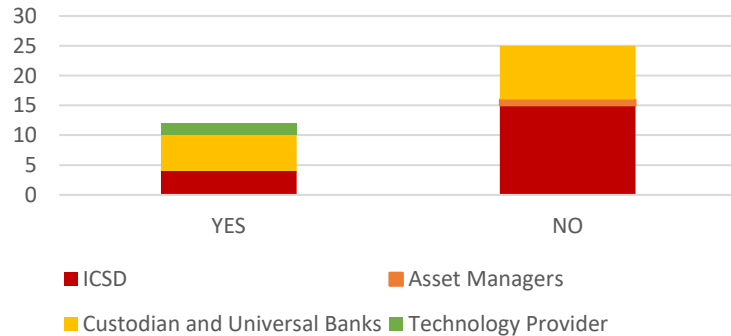
Polarized views for adoption



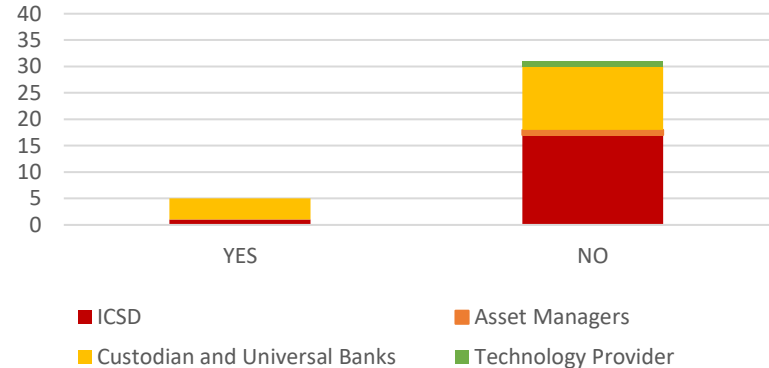
New technologies /asset classes

- Appetite for ISO 20022 in DLT has not grown since 2019 – although only 2 respondents said they used ISO 20022 compatible nodes in 2019, only 1 said they did in 2022. It seems that work in this areas will not lead to a to enabling industry to reach a tipping point.
- Use of APIs still nascent – although since 2019 have capabilities to register resources at ISO level this has not been taken up yet.

API use for ISO 20022 messaging



DLT use for ISO 20022 messaging



Tipping Points

Triggers to move the industry into the next phase

- Further Regulation
- FMI Adoption
- Custodian Community Adoption
- New Technologies

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