



ASSOCIATION FOR
FINANCIAL
PROFESSIONALS

August 27, 2018

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW, Washington, DC 20551

Re: New Message Format for the Fedwire Funds Service, Docket No. OP-1613

Dear Secretary Ann E. Misback:

The Association for Financial Professionals (AFP) is pleased to provide comments regarding The Board of Governors of the Federal Reserve System's request for comment on the proposal to adopt the ISO20022 message format for the Fedwire Funds Service.

AFP understands the need to modernize the U.S. payments infrastructure and has been an active participant of the Faster Payments Task Force to provide insights from the corporate perspective to the Improvement of the U.S. Payments System initiative. Corporates are challenged with the current Fedwire Funds Service infrastructure including high cost, difficulty of reconciling payments due to lack of enough payment message data capability, and different standards for international transactions. The ISO20022 messaging standard format has the potential of providing richer, structured and more detailed payment message data, including a format for extended remittance information, than the current Fedwire format. It also has the potential of improving the interoperability between domestic and international payments systems.

AFP supports the proposal by the Federal Reserve Board to adopt the ISO20022 message format for the Fedwire Funds Service. However, there is some uncertainty to what impact implementation will have on corporate end-users. Should corporate end-users be required to adopt the ISO20022 message format for their internal payments system files it could result in substantial costs and time commitments. It is unlikely the benefits of ISO20022 would exceed the cost of implementation for a significant period of time. Without a positive return on implementation or a mandate, there would not be a compelling business case for corporates to implement the ISO20022 standard.

AFP proposes that corporate end-users be able to maintain their current internal payments system files and allow financial institutions and service providers to translate the current message format to the ISO20022 message format, at least for an extended implementation period. This would allow a less disruptive implementation of changes to critical corporate payment systems.

AFP also specifically supports:

- Phase 2: A stability period where all participants will send like-for-like messages while current service exists as a fallback option.
- Phase 3: Delaying the implementation date for phase 3 of the proposal should SWIFT at that time not have implemented a solution on its network to support ISO20022 for cross-border messages.

Thank you for the opportunity to comment on this proposal to adopt ISO20022 message format for Fedwire Funds Service.

Sincerely,

Magnus Carlsson
Manager, Treasury & Payments
Association for Financial Professionals