ISO 20022

A Deep Dive on Pacs.008

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The pacs.008.001.0X (pacs.008) message – the ISO 20022 equivalent of existing MT103, MT103+, MT 103 Remit, MT102 and MT102+ messages – is part of the CBPR+ portfolio and will be exchanged in the interbank cross-border leg of payments from November 2022. It is sent by the debtor agent to the creditor agent – directly or through other agents and/or a payment clearing and settlement system – and is used to move funds from a debtor account to a creditor. Like the messages it will replace, to use a pacs.008 message either the debtor, the creditor or both must be a non-financial institution.

Breaking down the pacs.008 message

The pacs.008 message is significantly bigger and more structured than the MT103, and breaks down into two main parts:
- Group Header: the set of characteristics shared by all individual transactions included in the message
- Credit Transfer Transaction Information: the set of elements providing information specific to the individual credit transfer

The Group Header and Credit Transfer Transaction Information contain a number of different elements, as outlined below.

Agents

To ensure full transparency is maintained throughout the payment chain, the pacs.008 message contains dedicated fields for many more agents than its MT equivalents (e.g., the pacs.008 introduces new, dedicated fields for certain agents that would previously be contained in Field 72 – an optional field in MT equivalent messages that can be used to specify additional information).

- The Debtor Agent (MT equivalent = Field 52a)
- The Creditor Agent (MT equivalent = Field 57a).
- The Instructing Reimbursement Agent, Instructed Reimbursement Agent and the Third Reimbursement Agent (MT equivalents = Field 53a, Field 54a and Field 55a respectively).
- Intermediary Agent 1 (MT equivalent = Field 56a). Unlike MT messages, the pacs.008 message also contains dedicated fields for Intermediary Agent 2 and 3.
- The Previous Agent 1, 2 and 3 will also have dedicated fields in pacs.008

ISO messages are also introducing a new concept surrounding the Sender and Receiver information. In order to make routing easier and increase transparency regarding who is the sender and receiver, this information will be included in the payment payload as part of the payment instruction, as well as in the header of ISO messages: these are the Instructing Agent and the Instructed Agent

Identifying Agents

When it comes to identifying an Agent, ISO messages offer three main methods:

- BIC
- Clearing System Member ID
- Name and postal address – albeit in a far more granular, structured way than MT messages. Each element of a postal address in a pacs.008 message has a dedicated field, whether street name, building number, floor, etc.

Parties

In a pacs.008 message there are five parties, three of which are completely new.

- The Debtor (MT equivalent = Field 50a)
- The Creditor (MT equivalent = Field 59a)
- The Ultimate Debtor – new to ISO messages – is the Party on whose behalf the Debtor is instructing the payment
- The Ultimate Creditor – again, new to ISO messages – is the Party on whose behalf the Creditor is receiving the payment
- The Initiating Party is defined as the party on the initiative of which the payment data is established.

Party identification uses the same structured postal address as when identifying an Agent. It is important to note that it is recommended that structured addresses are in place by November 2023 and could even be mandated as early as November 2025.

Account Structure

The account structure for ISO messages has been made much richer than the equivalent MT messages – breaking down into five headings, four of which are new to ISO messages.

The Account Identification, which is the ISO equivalent of Subfield 1, is a mandatory field for an International Bank Account Number (IBAN), Basic Bank Account Number (BBAN) or universally unique identifier (UUID). In addition the four new fields offer the option of including the type and currency of the account, a chosen name and a proxy. The account component is not available for the Ultimate Debtor, Ultimate Creditor and Initiating Party.

Settlement Information/ Settlement Method

The Settlement Method is a new feature containing four codes that help indicate the correct settlement method:

- Clearing System: code CLRG.I Indicates that the payment has been executed using an RTGS system.
- Cover Method: code COVE. Makes it significantly easier to determine whether the message needs to be covered.
- Instructed Agent: code INDA.I Indicates the Settlement Account is maintained by the Instructed Agent.
- Instructing Agent: code INGA.I Indicates that the Settlement Account is maintained by the Instructing Agent.

Identification Field

Unlike the MT103 which has only one identification field, pacs.008 has six identification elements:

- Message Identification (provides an identification for the whole ISO 20022 message.).
- Instruction Identification (the ISO equivalent of Field 20). At the beginning of the migration, it will be limited to 16 characters to avoid truncation when translating between MX and MT messages.
- End-to-End Identification (the equivalent of Field 21 in an MT 202 COV message).
- Transaction Identification (a new field that is allocated by the Debtors Agent and must be transported to the Creditor Agent unchanged).
- Unique End-to-end Transaction Reference (UETR) (in Field 121, Block 3 in MT messages), is a string of 36 unique characters featured in all payment instruction messages carried over SWIFT.
- Clearing System Reference (exclusively used by RTGS systems)

Payment Type Information

Three of the five elements are particularly important:

- Service Level: provides the option to include a code from the ISO code list, but it is also where the gpi service level codes are transported (e.g., G001).
- Local instrument: used by those communities that have a certain service agreement in place.
- Category purpose: where a preference regarding the way the payment instruction is to be processed can be input.

Amounts

In FIN MT messages the currency, amount and date is contained in a single field (Field 32a). The ISO equivalent, however, contains two dedicated fields – one for Interbank Settlement Amount/Currency and another for Interbank Settlement Date. In ISO messages there is also elements for the Instructed Amount, Charge Information Amount, Total Interbank Settlement Amount and the various amounts in Structured Remittance Information.

Charges

The Charge Bearer, the ISO equivalent of Field 71a, is split into four:
- CRED (MT equivalent = Field 71a BEN
- DEBT (MT equivalent = Field 71a OUR)
- SHAR (MT equivalent = Field 71a SHA)
- SLEV. A new code only used by schemes such as SEPA and RTGS to indicate a common service agreement, so not for use in cross-border payments.

There is also another block of information, known as Charge Information, which is new for ISO 20022 messages and is designed to drive transparency regarding the amount of charges taken and the agent that took the charges.

Instruction for Agents

ISO introduces two fields that allow you to give instruction to agents:

- Instruction for Creditor Agent (equivalent to the Field 23E) contains several instruction codes, such as hold the cash for the creditor, pay the beneficiary by cheque etc.
- Instruction for Next Agent. A new, dedicated point-to-point field in which every receiver in the payment chain will have its own instruction from the sender.

Remittance Information

The Related Remittance Information is a brand new component that allows remittance information to be sent outside of the payment instruction. It is broken down into two elements, the Remittance Identification and the Remittance Location Details.

There is also a further two blocks that fall under Remittance Information: Unstructured Remittance Information and Structured Remittance Information. It is to be noted that the use of the Structured Remittance Information (new compared to FIN MT) must be bilaterally agreed.

Translation Principles

Between November 2022 and November 2025 the pacs.008 message will coexist with these MT equivalents, which will then be removed from the SWIFT network at the end of the period. During this time, participants will have to translate between the MT 103 and pacs.008. In preparation, SWIFT has made its translation tool, which translates and truncates based on a set of message priorities, available on MyStandards.