

ISO20022 Implementation within CHAPS

Market Guidance Governance

Discussion Guide

Background

Thank you for contributing to the recent engagement that has enabled the creation of initial Market Guidance specifically focused on the potential benefits of ISO 20022 implementation in the property sector.

The Property Sector Market Guidance is the first in a proposed series of publications and each one is expected to define how a standardised approach can help all parties maximise the return from the exchange of specific extended data unique to the different sectors.

The Market Guidance for the property sector has recently been published which outlines the findings from the research and proposed next steps. In summary there are significant benefits for the wider economy from a standardised approach to the implementation of enhanced data in the property market.

The Bank of England (the Bank) recognises that this initial version of the Guidance is only the beginning of the process. If the benefits identified are to be realised effectively a number of activities are required. First, the additional information to be carried with the payment message needs to be specified in detail and then embedded in the payment system changes industry is making in preparation for the Bank's RTGS Renewal Programme and other industry developments. Secondly, processes will be required to help all parties realise the benefits, and to maintain the guidance in the future. A range of further activities including defining the business case for change and establishing appropriate liability flows associated with the additional information will also need to be agreed.

Discussion Questions

To help us with this work we would like to ask for your views on the following questions:

1. Who do you think should be involved in the debate to gain Industry support for the Market Guidance activities, thinking initially of the property sector?

We have evidence of benefits to the market in other Countries of ensuring that the additional information streamlines the process e.g. respondents brought up the example of PEXA in Australia – This was obtained through a central set of Rules driven by a central body.

2. How will the decision as to whether the Guidance should be best practice or Rules with enforcement mechanisms impact their uptake and adoption?
3. Who do you feel is best placed to lead the implementation of the necessary changes?
4. And who would be best placed to oversee the Guidance once the changes are in place?

Significant work will be required to implement the changes including:

- Establishing the business case
- Defining the appropriate schemas for the additional information
- Ensuring that mechanisms are in place to maintain and enhance the Guidance
- Establishing appropriate enforcement and compliance mechanisms to ensure the Guidance is effective.

5. Do you believe that a single body should be responsible for overseeing the maintenance and enforcement of all of the guides or should they be Industry sector specific – for example, the legal profession should be responsible for the property sector guides?
6. How could the sector work effectively with the banks if that were the case?
7. What is the lead-in time for implementing guidance within internal systems?
8. For specific sectors, what should the role of the following be in the developing/governing the Guidance:
 - a. Trade Bodies
 - b. Banks
 - c. Representative end-users
 - d. Technology providers

Next steps

From the level of engagement obtained in preparation of the Guidance and the potential benefits to end users there was clear support to understand how they could be delivered both specifically for the property sector but also more generically across other sectors.

Although the Bank has initiated preparation of the Guidance, how it should be developed and maintained on an ongoing basis is a wider strategic question. The Bank has asked HBH to engage with interested parties to understand how design and implementation of the changes proposed in the Guidance should be developed and implemented, and then how the Guidance could be monitored and controlled after implementation. Central to achieving the benefits will be effective governance mechanisms for both the implementation and operational phases.

Whilst enforcement of the CHAPS scheme rules will remain the responsibility of the Bank depending upon the outcomes of the review day-to-day management of the extended Market Guidance may rest elsewhere. This would be to ensure that the principles of extended messaging together with the underlying benefits should be delivered, maintained, and enforced across the range of Industry schemes.