MARCH 2025

PaymentsWani

EDITION 1ST

PAYMENT SAMACHAR

This is the first edition of PaymentSamachar, a newsletter created for all payments enthusiasts. This edition covers the latest developments in the payments world and features insights from experts in the domain.



BANKS RUSH TO MIGRATE TO SWIFT CBPR+ AND HVPS+ AHEAD OF 2026 DEADLINE

PSD3 :THE TRANSITION PERIOD STARTS FOR THE NEXT STEP IN EU PAYMENTS

PSD (Payment Services Directive) is a milestone in EU payments. Its provisions enable opportunities for third-party implementations via Open Banking. The third update to this framework introduces advancements in fraud prevention and enhances security for third-party applications.





X Money

X, owned by Elon Musk, is expanding into payments and digital wallets. Visa, a globally established card network, is now collaborating with X in its payments business. The partnership, branded as X Money, allows users to transfer funds between traditional bank accounts and digital wallets. It also enables instant peer-to-peer payments, similar to platforms like Zelle or Venmo. This marks X's initial step in building a financial ecosystem integrated with its social media platform. Establishing itself as a money service business in the U.S. required navigating a complex regulatory landscape. Over the past year, Musk worked to secure these licenses for X



Currently, X Payments LLC holds licenses in 41 states and is registered with the Financial Crimes Enforcement Network (FinCEN). A key use case for X Money is to empower creators on the platform by allowing them to accept payments and store funds independently of external financial institutions.

CBPR + and HVPS + The Hottest Topics in the Market

Earlier the Deadline given by SWIFT to banks was November 2025 which is now changed to November 2026



Pavan Advani March 2025

CBPR + and HVPS + programs offered by SWIFT assist participants in transitioning from SWIFT MT messages to the ISO 20022 messages, referred to as MX messages. IN CBPR+ and HVPS +, SWIFT has provided guidelines for translating MT messages into their MX equivalents. Rather than directly adopting the vanilla ISO 20022 messages, SWIFT implemented modifications to ISO Xsd's to align the messages with the legacy MT format.

For example, The Street Name field in the standard ISO 20022 message allows a length of 140 characters but the CBPR+ and HVPS+ messages restrict it to 70 characters to make it consistent with MT messages.

Most clearing systems and banks that previously relied on SWIFT MT messages have now transitioned to ISO 20022 MX messages. In the United Kingdom, CHAPS completed its migration on June 19, 2023, with the Bank of England requiring the inclusion of enhanced data fields in CHAPS messages starting May 1, 2025. The Philippines' PhilPaSS was among the early adopters, making the switch in July 2021. Singapore's MEPS+ followed suit with Like-for-Like (L4L) ISO 20022 messages in August 2022, alongside Thailand's BAHTNET. Banks operating within these clearing systems must align with the HVPS+ guidelines to complete their migration.



Participants can access the detailed CBPR+ and HVPS+ guidelines via the following links:

https://www2.swift.com/mystandards/#/c/cbpr/landing
https://www2.swift.com/mystandards/#/group/HVPSPlus

ISO 20022 Readiness

To migrate from the legacy systems to ISO enabled infrastructure bank requires both cost and time. Tier one banks such as JPMorgan Chase, Citibank, HSBC, Deutsche Bank, BNP Paribas, Bank of America, Standard Chartered, UBS, DBS Bank (Singapore), ING Group banks have already completed their migration. The coexistence period allows both MT and MX messages until November 2026, giving banks time to upgrade their systems.



Converting MT messages to MX messages can be a complex process. banks may take help from vendors to complete this process.

If banks do not migrate to the ISO 20022 formats by the end of 2026, they will be charged extra for processing older MT message formats.

Access the CBPR+ and HVPS+ Article from CBPR+ and HVPS+



AI/ML AND PAYMENTS

by Pratik Patil

The Banking and Payments industry has always been one of the early adopters for technological advancements. With the ever-increasing customer demands and volumes comes a set of challenges. With A.I., the payments industry has a chance to tackle some of these problems meticulously. In this article, we will try to cover 3 key areas which have been a pertinent issue since ages and how AI could be the game changer for the industry.

Fraud and Compliance management: While every bank, FI and payment engine goes through a rigorous set of rules to identify frauds, money laundering and sanction cases, it continues to be a paint point for the industry. Globally, an estimated 2-5% of the global GDP, or roughly $800 billion to $2 trillion, is laundered annually, with fraud scams and bank fraud schemes totaling $485.6 billion in projected losses in 2023. It all boils down to analyzing and handling data to identify such cases upfront. AI enhances banking fraud analytics by enabling real-time monitoring, identifying subtle patterns in large datasets, and adapting to new fraudulent tactics, ultimately leading to more accurate and efficient fraud detection and prevention. Further to that, A.I. and machine learning models continuously learn from new data, allowing them to adapt to evolving fraudulent tactics and improve their accuracy over time. They also provide a proactive approach to fraud prevention, rather than a reactive one, by identifying and preventing potential fraud before it occurs.

Managing ever evolving standards: With the payments regulatory bodies adopting and moving towards ISO standards and open-source APIs, more and more banks are required to either replace their legacy systems or build/acquire an integration system which could help conforming to the new standards. Even with that, the payment standards go through regular updates almost every other year. Implementing such changes requires a lot of resources, time, testing and effort only to redo this a couple of years later.

With A.I.'s capability to understand, parse and transmit data this overall process could be as simple as loading a from format guideline and a to format guideline and the system could be ready for SIT. Of course, this wouldn't be an instant experience for the banks and FI's, but with efforts in the right direction, the overall time, effort and resources required to implement such changes could be reduced significantly.

Avoiding Production issues: No matter the amount of testing that is performed as a part of SIT, UAT, Regression, Industry/Market testing, Smoke, NFT tests etc., there will always be that couple of use cases which would occur/be encountered in Production. The challenge with such cases is that they are difficult to predict or identify upfront no matter how meticulous the requirement, solution or testing phase is. The implications of such issues could result in big penalties, given the volumes and value of some of these transactions carry. AI can proactively prevent production issues in payment implementations by automating tasks, detecting anomalies, optimizing workflows, and improving security, ultimately leading to faster, more accurate, and secure payment processing. An AI module could be trained on the back of enormous amount of historic data. It could then further scan the current state of static/dynamic setup data and payment workflows to predict and forecast susceptible areas. Such an AI tool could be tuned to test the true limits of the core and ancillary systems alike.

While this is just scratching the surface of how AI could positively impact the world of Payments, the possibilities are endless. With AI integrated in daily payment services, the beneficiary would be the end consumers. With reduced frauds and improved overall processing, it has the possibility of becoming a big boon for the Payments industry. It could turn out to be the most potent weapon for the industry, if used wisely.

THE FIRST CREDIT CARD BY DINERS CLUB 1951

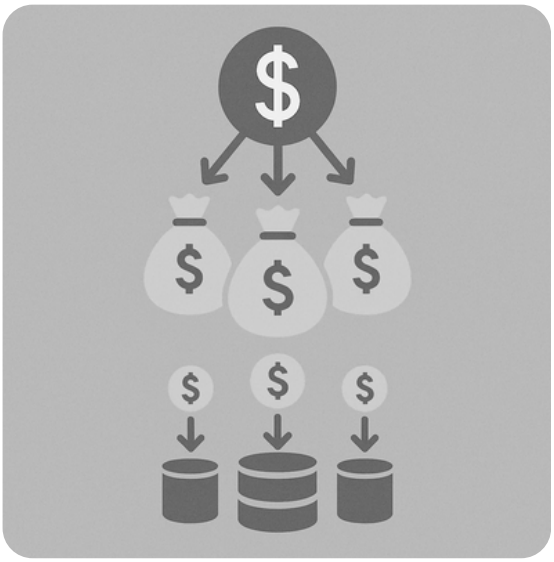


IMAGE SOURCE - WWW.THOUGHTCO.COM



LIQUIDITY MANAGEMENT IN COMMERCIAL BANKING

by Himanshu Vartak



UNDERSTAND CASH POOLING VS CASH CONCENTRATION

Cash concentration and cash pooling are both strategies to improve cash management efficiency, but they differ in their scope and implementation. Both cash pooling and cash concentration can be implemented domestically or internationally. Domestic cash pooling involves consolidating funds within a single country, while international cash pooling extends this consolidation across multiple countries. SWIFT network is used for domestic(interbank) and cross border pool/cash concentration

CASH CONCENTRATION

Cash concentration involves moving funds from multiple accounts to a single central account. Focus is on optimizing liquidity by consolidating funds and identifying excess cash for short-term investments. Example are like sweeping of surplus funds from particular account to central account or sweeping of funds from central account to particular account to cover deficit

CASH POOLING

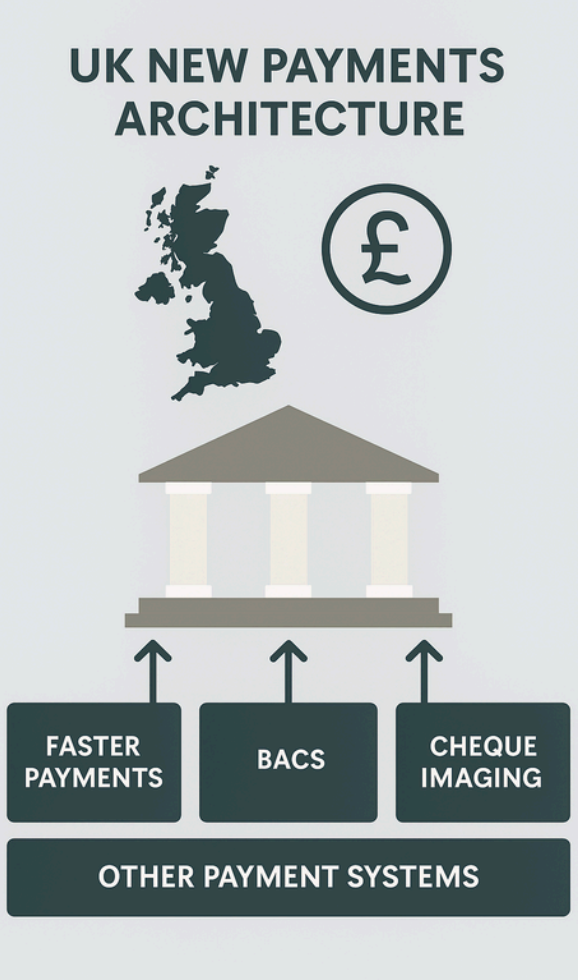
Cash pooling centralizes cash management where notional pooling of account information is done without moving of actual funds. The primary purpose of cash pooling is to optimize a company's cash resources & improve its overall financial performance by consolidating multiple bank accounts into a single, centralized account. This allows for better control & utilization of available cash, ultimately reducing borrowing costs, maximizing interest income, & enhancing overall financial efficiency

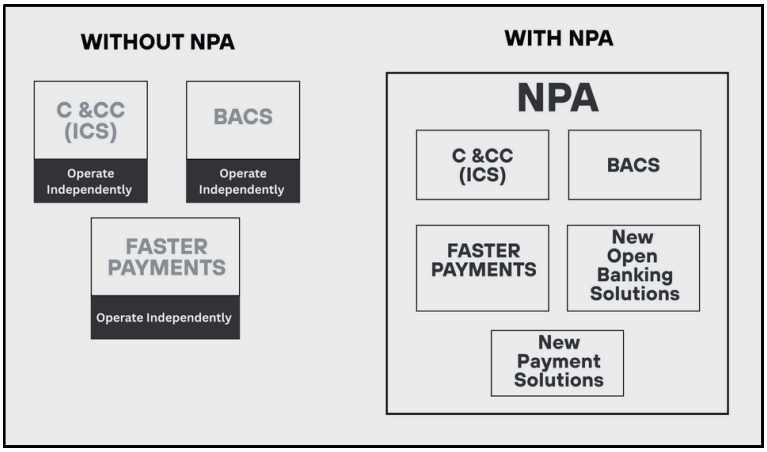
WHAT IS NPA?

NPA (NEW PAYMENT ARCHITECTURE) THE MOST EXCITING DEVELOPMENT IN UK PAYMENTS

Pavan Advani March 2025

The New Payment Architecture (NPA) is a modern payment infrastructure developed by Pay.UK to accommodate existing payment schemes such as Bacs, Faster Payments, and C&CC on an updated platform while also providing a foundation for new payment innovations, including open banking. The NPA will operate entirely on ISO 20022 payment messaging standards. This standardized approach makes this framework adaptable and futureproof. Its an API-driven architecture , which makes payment processing fast and makes room for open banking innovations. The primary goal of the NPA is to upgrade the UK's payment infrastructure with new technologies , incorporating AI and ML along with the complete API enabled architecture secure payments





The NPA represents a modernized infrastructure designed to support multiple payment schemes, including the existing ones and it also creates opportunities for new innovations in the payments domain, allowing them to integrate into the NPA framework easily



PSD AND EU FROM THE EU REGION

The European Union has entered a important phase in the evolution of its payment's framework with Payment Services Directive 3. PSD3 is a successor of PSD2, this updated directive is addressing the issues with third party services, customer data protection, transparency etc

PSD is like NPCI in India, NPCI in India operates the complete UPI processing similarly the PSD initiative will provide rules and regulations to govern the payment services and its providers primarily the open banking payment processing in EU. The PSD 1 which was created in 2007 was more focused on creating the single market for payments and improve the transparency

he PSD1 helped the cross-border transactions to process faster
With PSD 2 the concept of open banking and strong customer authentication (SCA) was introduced this was game changing for the EU payments. Now we have PSD 3 which is an improvement over the PSD2

PSD3 Improvements over PSD2

- IMPROVED OPEN BANKING
- BANK VS NON BANK LEVEL
- IMPROVED CASH AVAILABITILY
- BETTER FRAUD HANDLING
- BETTER FRAUD HANDLING

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THANKS FOR READING

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