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NOT YET DEAD: MT103 AND MT202 STILL HAVE LIFE BEYOND ISO 20022

Many Banks continue to translate, screen, reconcile and investigate through MT lenses. This reveals the operational risk of a hybrid era where rich ISO data is repeatedly compressed into legacy frames

UAE Crosses a CBDC Milestone with Its First Digital Dirham Government Payment

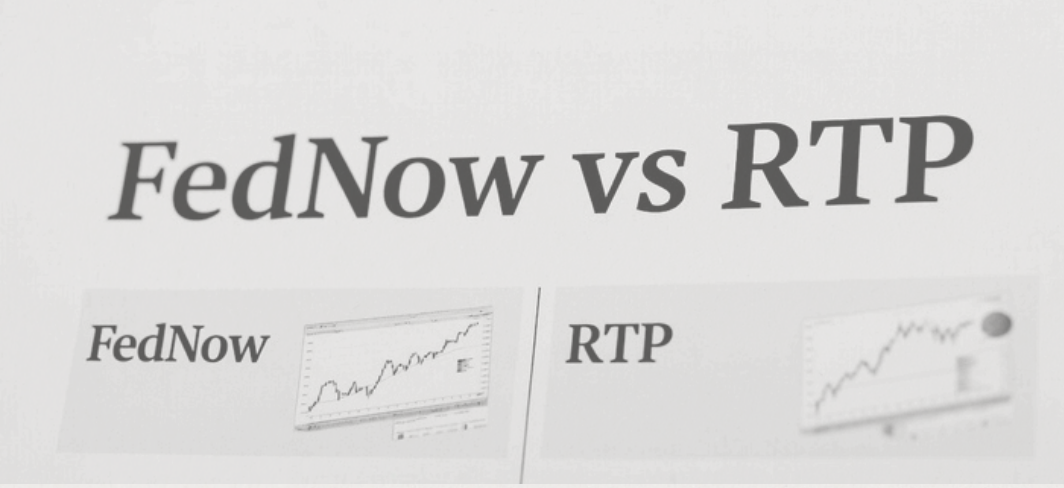


Digital Dirham Goes Live



On 11 November 2025, the United Arab Emirates crossed a significant threshold in the evolution of digital money. The Ministry of Finance executed the country's first official government payment using the Digital Dirham, the Central Bank of the UAE's retail central-bank digital currency. The transaction, directed to the Dubai Department of Finance, settled in under two minutes on the mBridge platform without intermediaries or traditional correspondent banking channels. Though modest in size, the payment carried considerable weight: it demonstrated that a sovereign digital currency can be used reliably for real public-sector obligations. Senior leadership, including Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum, publicly welcomed the milestone, and the Central Bank released detailed confirmation, underscoring the event's strategic importance.

What stands out is the compressed timeline. The Digital Dirham initiative was formally launched under the CBUAE's Financial Infrastructure Transformation programme only in March 2025, yet within nine months it has progressed from concept to live government use. With retail deployment scheduled before the end of 2025 and continued integration with the multi-CBDC mBridge ledger (already linking the UAE, China, Hong Kong, Thailand and the BIS), the project is moving at a pace few jurisdictions have matched. For an economy that processes tens of billions in cross-border remittances and trade finance annually, the successful test signals that programmable central-bank money is no longer theoretical it is operational, and its practical rollout is now measured in months rather than years.



TWO RAILS, ONE BOOM: THE TRUTH ABOUT FEDNOW AND RTP IN 2025

A recurring question in payments circles over the past two years has been whether the Federal Reserve's FedNow Service, launched in July 2023, is drawing volume away from The Clearing House's longer-established RTP® network. The concern is understandable: two competing real-time rails, overlapping capabilities, and a finite number of instant payments to route. Many assumed the arrival of a public-sector option would prompt at least some migration from the private-sector rail.

The data through December 2025 tell a very different story. Far from declining, RTP has recorded its strongest growth on record since FedNow went live. In 2024 the network processed 343 million transactions totalling $246 billion representing year-on-year increases of 38 % in volume and nearly 100 % in value. Daily volumes in 2025 now consistently range between 1.2 million and 1.3 million transactions, with several individual days exceeding $1 billion in cleared value. Network reach has expanded to approximately 90 % of U.S. demand-deposit accounts, led by the largest depository institutions that continue to originate most of the payment value. FedNow has certainly gained traction, particularly among community banks and credit unions, with quarterly volumes reaching roughly 2.1 million transactions and average daily value of $2.7 billion by mid-2025.

Far from cannibalizing each other, FedNow and RTP are rapidly evolving into a permanent dual-rail system that most U.S. banks now treat as a single, unified instant-payments capability. The overwhelming majority of institutions large and small are connecting to both networks through a single gateway provider that automatically routes each payment to whichever rail can reach the recipient, giving senders seamless coverage without having to choose sides.

With the mandatory ISO 20022 core-modernization wave arriving in March 2025, virtually every bank and credit union will already be rebuilding its payment engines; once that work is done, enabling or expanding live traffic on RTP and FedNow becomes a straightforward add-on. By the end of 2026, industry forecasts show the clear majority of institutions actively sending and receiving on both rails, with RTP continuing to dominate higher-value and account-to-account flows among the largest deposit holders, while FedNow serves as the primary on-ramp for thousands of community institutions and captures a growing share of consumer and small-business volume. The end state is not one network displacing the other, but two interoperable rails functioning together as the de-facto instant-payment fabric of the United States competitive enough to keep innovation sharp, yet cooperative enough to deliver near-universal real-time reach for every customer.

STABLECOIN



By Swapnil Jadhav

STABLECOINS HIT $300 BILLION: THE QUIET REVOLUTION RESHAPING GLOBAL PAYMENTS

UNTIL A FEW YEARS AGO, STABLE COINS SOUNDED LIKE A NICHE CRYPTO TOOL, MAINLY USED BY TRADERS TO MOVE MONEY BETWEEN EXCHANGES. TODAY, THE STABLECOIN MARKET HAS CROSSED US$300 BILLION, IS GROWING FASTER THAN MOST FINTECH CATEGORIES, AND NOW PROCESSES MORE DAILY TRANSACTION VOLUME THAN VISA

Visa moves about US $36 billion per day, while stablecoins collectively settle over US $3.1 trillion daily

Stablecoins show far higher daily transaction volumes than Visa, largely because the same tokens often circulate repeatedly within a day across exchanges, DeFi platforms, traders, and wallets, creating significant churn that inflates total volume. Much of this movement still comes from trading and arbitrage, which naturally produces far more activity than everyday consumer card payments. And since stablecoins operate on open, global, 24/7 networks, large cross-border transfers often in the millions can settle instantly, further boosting their daily transaction totals beyond traditional card rails.



Driven by rising demand for faster payment rails, business transactions, cross-border settlement, and clearer regulations, stablecoins have moved far beyond crypto trading. They're rapidly becoming a new layer of global financial infrastructure, something payments and BFSI professionals can't afford to ignore.

BUT WHAT ARE STABLECOINS?

The journey began around 2014 as crypto markets sought a “safe zone” to avoid volatility without going back to fiat. Their goal has always been simple: combine the utility of cryptocurrencies (speed, programmability, global reach) with the reliability of fiat value. Over time, as the technology matured, so did the use cases from trading pairs on exchanges to becoming tools for payments, savings, cross-border settlements, and business transactions.
Stablecoins are digital assets pegged to the value of traditional currencies like the U.S. dollar or the euro and are designed to maintain a stable value, e.g., 1 USDT ≈ 1 USD, unlike Bitcoin or Ethereum, whose prices fluctuate wildly
The most popular stablecoins by market capitalisation and usage are Tether (USDT) and USD Coin (USDC). Other widely recognised stablecoins include Dai (DAI), First Digital USD (FDUSD), and PayPal USD (PYUSD).

HOW STABLECOINS WORK?

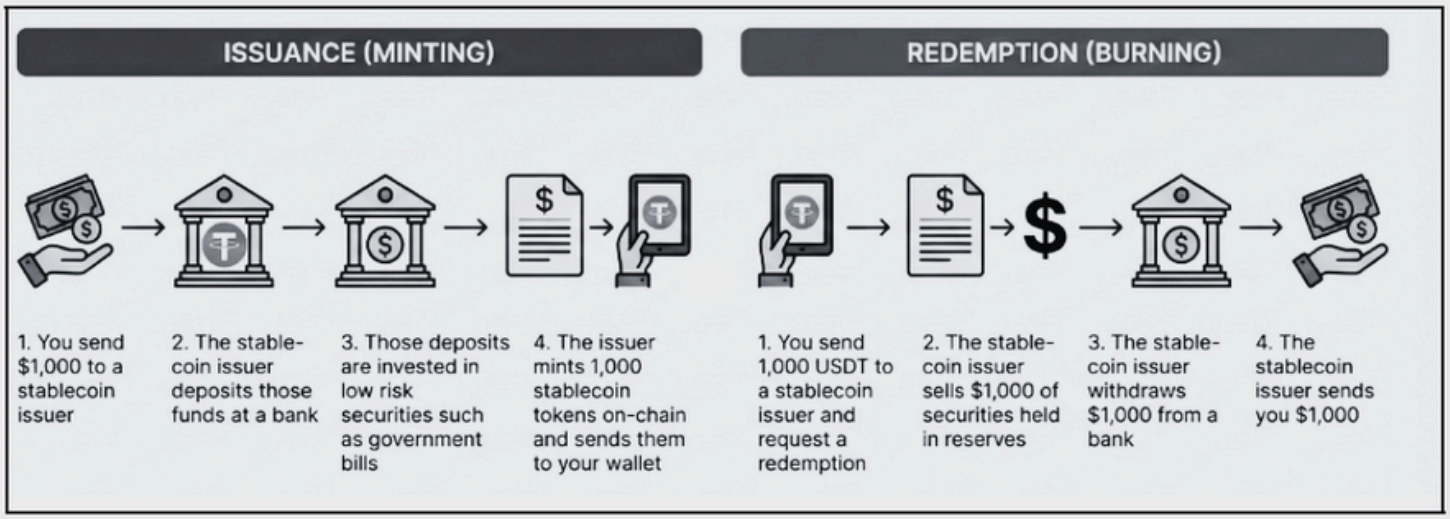
At their core, stablecoins are blockchain-based tokens that claim one-to-one backing with fiat or low-risk assets like short-term Treasuries. Stablecoins combine traditional finance and blockchain technology. Here’s what’s under the hood:

1. Reserves
Most major stablecoins are “fully backed,” meaning for every token issued, the issuer holds a matching asset such as cash, short-term US Treasuries, or equivalents. Example: If 10 billion USDT exists, Tether holds ~$10 billion in reserves.

2. Blockchain Rails
Stablecoins move across major blockchain networks such as:
Ethereum ,Solana,Tron, Base, Polygon.
These chains function as settlement rails, similar to how VisaNet or UPI enable transactions except blockchain rails are open, global, and operate 24/7 without geographic or banking restrictions.

3. Smart Contracts
Smart contracts are self-executing code on the blockchain that handle the issuance, redemption, transfers, and transparency of a stablecoin’s supply. By automating these core functions, they eliminate the need for traditional intermediaries and ensure the system runs reliably and transparently.

4. Transfers Without Banks
Sending a stablecoin is almost like sending an email, instant, global, and low-cost, which makes it incredibly attractive for use cases such as cross-border transfers, business payouts, remittances, and even corporate treasury management.



FIRST ATM MACHINE

27 JUNE 1967 BARCLAYS LONDON



Life After MT: ISO 20022 Takes the Lead, But Coexistence Continues

On 22 November 2025, SWIFT officially stopped accepting MT103 and MT202 as the default formats for new cross-border interbank payment instructions. From that date forward, any fresh payment flowing across borders on the SWIFT network is expected to use ISO 20022 messages — pacs.008 for customer credits and pacs.009 for FI-to-FI transfers. For the thousands of banks that finished their migrations on time, the switch feels final: ISO is now the native language of cross-border payments.

Yet it is far too early to declare MT103 and MT202 dead. The global payments ecosystem does not move in perfect lockstep, and large pockets of the landscape are still running on the old formats.

Many domestic high-value and retail settlement systems — particularly in emerging markets — continue to expect or generate MT-style messages internally. For example, Vietnam's IBPS high-value system, Nigeria's NIBSS instant payments and RTGS platforms, Ghana's GhIPSS, and several GCC-country wage-payment and ACH rails (including parts of Saudi Arabia's SARIE and UAE's ICCS) still process core domestic flows using MT103- and MT202-like structures. A cross-border payment that leaves a bank as a pristine pacs.008 can therefore be translated back into an MT construct the moment it enters the local clearing layer. Structured addresses get truncated, LEIs and purpose codes vanish, and rich remittance data is routinely squeezed into four-line free-text fields — real, daily data loss that compliance and reconciliation teams are already feeling.

Inside hundreds of banks, incoming ISO messages are still routinely converted into MT103 or MT202 for sanctions screening, posting to legacy core systems, and reconciliation, simply because those decades-old platforms only understand MT. After processing, the message is often translated back into ISO for onward routing. These round-trips are already driving higher false-positive screening hits and occasional reconciliation breaks at a growing list of tier-1 and regional banks.

MT formats also remain indispensable for investigations, exception handling, regulatory reporting, and audits. Every transaction executed before November 2025 is archived as an MT message, and most payment-trace enquiries, cover messages, and regulator requests still follow classic MT patterns. Those workflows will stay alive for years — in many jurisdictions well into the 2030s.

We are not living in an ISO-only world; we are living in a prolonged and sometimes messy period of coexistence. The new operational risk no longer lies in missing a migration deadline, but in the friction, data degradation, and errors that occur every time rich ISO content is forced into an old MT frame — or vice versa.

MT103 and MT202 have stepped aside as the primary rail for new cross-border flows, but they are still very much alive in domestic rails, internal bank layers, enquiry tools, and archives across dozens of markets. They will keep running in the background until the very last domestic payment system and the very last legacy core banking platform become fully ISO-native — a horizon that, for many institutions, is still 2027 or later. Until that day arrives, both languages will continue to coexist. Keep both dictionaries handy.





THE CHANGING WORLD OF QUALITY ASSURANCE IN PAYMENTS

By Balaobul Reddy Istalamuri

The QA landscape in the payments industry is undergoing a major transformation, driven by real-time processing needs and the adoption of AI and automation. Traditional manual testing, once central to validating complex payment flows like SWIFT, SEPA, or ISO 20022, is becoming less scalable in today's fast-paced development cycles.

For example, in testing a payment return functionality, QA teams previously spent significant time manually preparing input data and test scenarios. With AI, these tasks—such as test data creation, test case generation, and scenario coverage—can now be automated based on requirements, reducing effort and improving accuracy.

This shift is further supported by the adoption of Shift-Left Testing, where quality checks start earlier in the development lifecycle. While manual testing still plays a role in exploratory and UI testing, its focus is shifting. QA engineers are now expected to evolve into hybrid roles, combining domain expertise with automation and AI tools to enable faster, smarter, and continuous testing.

In this new era, quality is not just about finding bugs—it's about building intelligent, resilient systems that can keep pace with the rapidly evolving payments landscape.

PAYMENT SAMACHAR

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