

# Treasury Regulatory Compliance and Standards

Ever-changing regulations continue to influence the world of treasury payments and are a necessary component of any payment strategy. Companies are obligated to maintain compliance with a diverse array of regulations and standards, encompassing:

- **ISO 20022 Transition:** a new global standard for electronic data exchange, expected to impact a wide range of countries and regions around the world as financial institutions and market infrastructures adopt and implement the standard. Effective November 2025, ISO 20022 will supersede the SWIFT MT series for payment and payment status reporting formats, replacing widely utilized message types such as MT101, MT103, and MT900.
- **Privacy and Data Protection:** all organizations are obliged to remain informed about any developments in privacy and data protection regulations that may impact payment processing, vendor management and customer data handling.
- **International Payments and Cross-Border Transactions:** companies engaged in international transactions must monitor any regulatory changes or developments affecting these processes, including anti-money laundering, the EU payment services directive (PSD2), and trade sanctions or embargoes.
- **Purpose of Payment Codes (PoP):** standardized alphanumeric labels are utilized to specify the intended use of funds, promoting transparency and clarity. Increasingly mandated by banks and financial institutions, these codes streamline transaction processing, enhance tracking, and aid regulatory compliance. The adoption of PoP codes varies across countries, with regulations influenced by factors such as counter-terrorism financing (CTF) requirements, tax compliance, trade regulations, and industry-specific standards. Adherence to payment regulations is crucial for businesses engaged in cross-border transactions to ensure legal compliance and facilitate the efficient exchange of funds in accordance with diverse international financial frameworks.
- **Beneficiary Information:** older payment formats or traditional banking practices may not mandate complete beneficiary information for payment processing. However, as the industry places increased emphasis on avoiding fraudulent transfers, regulatory developments will increasingly oblige companies to exercise vigilance in obtaining and furnishing all requisite details from vendors on every payment. This diligence will be crucial to ensuring timely and accurate settlements.



Remaining well-informed about regulatory updates and emerging trends is crucial for any organization, but resource constraints and competing priorities in treasury can lead to a reactive approach. Adopting a more proactive stance can enable resources to be allocated more efficiently and help prevent any last-minute scrambles to comply with new laws and standards. Considerations when anticipating and preparing for any regulatory changes should include:

- **Understanding and Familiarization:** investing time to engage with the subject matter is a natural first step. A range of resources are available to help organizations better comprehend regulatory changes related to payment strategy. These include an array of industry publications, white papers, and webinars that are freely available online. Engaging directly with regulatory bodies, who often provide their own guidance documents and resources, can also be beneficial.
- **Legal and Audit Engagement:** include legal and audit teams as stakeholders in the planning process to validate the interpretation of new regulations and identify what is required to achieve compliance.
- **Impact Assessment:** assess the potential impact of regulatory changes on existing payment workflows and processes. Specialized consulting services can help to support in-depth analysis and offer practical advice.
- **Technology Infrastructure Evaluation:** evaluate the organization's technology infrastructure to ensure it can support the required changes and standards.
- **Timeline and Action Plan:** establish a clear timeline and action plan for implementing changes in response to new regulations, considering a phased implementation strategy if necessary.
- **Vendor and Partner Compliance:** review the compliance status of vendors and partners involved in the payment process and ensure they are aligned with your implementation strategy.
- **Employee Training:** provide training programs to employees to promote awareness and understanding of the changes in regulations and standards.
- **Continuous Monitoring:** implement a system for continuous monitoring of regulatory changes to promptly address any subsequent updates or amendments.

As new regulations entail unavoidable obligations with set deadlines, it is logical for corporations to explore ways to leverage these changes for potential benefits and help offset some of the associated time and resource expenditures. It is not always a zero-sum game – early adoption can provide a strategic and competitive advantage. Our seasoned Actualize team has worked with several organizations that have embraced ISO 20022 and are already benefiting from improved data quality and richer information to aid automatic reconciliation and greater liquidity visibility.