



the ValueExchange

Part 4: ISO 20022

# ENABLING HOLISTIC CHANGE ACROSS ASSET SERVICING

 smartstream



## THE CASE FOR TRANSFORMATION

Across the first three papers in this series, we have explored why asset servicing has reached a genuine inflection point. **Rising volumes (growing at more than 25% year on year), shrinking timelines, and escalating regulatory expectations are colliding with operating models that were not designed for scale, transparency, or intraday control.**

**+25%**

YoY Volume Growth

- › In Part 1, we showed how structured data standards provide a route beyond legacy, manual workflows.
- › In Part 2, we quantified how compression and fragmentation combine to increase cost and operational risk.
- › In Part 3, we set out how ISO 20022 underpins a more mature, status driven operating model.

This final paper brings those strands together. Its purpose is not to make the business case for ISO 20022 in isolation, but to frame how firms can justify holistic change to their operating model, with ISO 20022 and messaging interoperability as the foundation that enables that change.

The central question many organisations are now asking is no longer “should we adopt ISO 20022?” but **“how do we use it to redesign processes, controls, and decision making in a way that delivers sustained value?”**

**“We are not short of data or effort. We are short of consistency and control. Every improvement project seems to add another layer, not remove one.”**

- Operations Manager, UK Investment Fund

That observation captures the challenge this paper seeks to address.



# REFRAMING THE CHALLENGE: BEYOND A MESSAGING UPGRADE

ISO 20022 is still too often positioned internally as a technology refresh or a regulatory obligation. While regulatory deadlines may act as a catalyst, that framing materially understates both the underlying problem and the opportunity. The core issues facing asset servicing today are structural.

Across markets and products, firms continue to rely on:

Manual interpretation  
of narrative data

Milestone driven,  
batch-oriented workflows

Spreadsheet based controls and  
reconciliations

Point to point translation layers  
between systems

Heavy dependence on local  
operational knowledge

These characteristics have proven resilient to incremental change. In 2025,

**up to 67%**

**of asset servicing errors were attributed directly to data quality issues, far ahead of technology limitations.**

Adding headcount, sourcing additional data feeds, or building new reconciliations can temporarily contain risk, but they do not scale. In many cases, they increase cost and complexity without reducing error rates in proportion.

“We have spent years optimising around broken processes. Every time volumes spike, we staff up and accept more risk. That is not a sustainable operating model.”

- EMEA Product Lead at a Global Custodian

Reframing the challenge is therefore essential. ISO 20022 should be viewed as a data and process enabler, not as the objective in its own right. Its structured, object-oriented model allows firms to move away from narrative interpretation and towards explicit status, lineage, and control points. That shift is what enables genuine business process redesign.



# WHAT HOLISTIC CHANGE ACTUALLY MEANS IN PRACTICE

Holistic change does not imply replacing every system or redesigning every process at once. It means changing the organising principles of the operating model. Across our research and interviews, several common themes emerge when firms describe successful transformation initiatives.

## These initiatives typically focus on:

	Creating data once and reusing it consistently across the lifecycle
	Normalising data rather than repeatedly translating it
	Driving workflows by status and exposure, not by calendar milestones
	Embedding controls into the process rather than layering them on afterwards
	Making exceptions explicit, visible, and prioritised

ISO 20022 is critical because it provides the common language required to support these principles across internal systems, vendors, and counterparties. Without interoperable, structured messaging, attempts at process redesign tend to collapse back into manual workarounds.

“The biggest benefit we saw was not faster processing on day one. It was that everyone was finally working off the same version of the event, with the same status, at the same time.”

- Head of Operations, Continental European Asset Manager



# WHAT ISO 20022 UNLOCKS WHEN PAIRED WITH PROCESS REDESIGN

Across Parts 1 to 3, we have already presented evidence of the operational benefits associated with structured data and status driven models. In this paper, it is worth restating these benefits in the context of holistic change rather than technical compliance.

When ISO 20022 is embedded into redesigned workflows, firms consistently report improvements across five dimensions.

## Operational control



- ✓ Clear, machine readable statuses across announcements, elections, entitlements, and payments
- ✓ Reduced ambiguity around deadlines, eligibility, and processing state
- ✓ Earlier identification of exceptions and late changes

## Automation and efficiency



- ✓ Higher straight through processing rates for voluntary events
- ✓ Reduced reliance on manual validation and re keying
- ✓ Fewer reconciliation loops between internal systems and vendors

## Risk reduction



- ✓ Lower error rates during seasonal spikes
- ✓ Reduced downstream claims and compensation events
- ✓ Improved auditability through explicit data lineage

## Client experience



- ✓ More timely and consistent notifications
- ✓ Improved transparency into instruction and payment status
- ✓ Greater confidence in meeting regulatory and contractual SLAs

## Scalability and resilience



- ✓ Slower growth in operating cost as volumes increase, at a time when 41% of firms report reducing system spend while headcount continues to rise
- ✓ Reduced dependency on individual expertise
- ✓ Greater ability to absorb market change and regulatory reform

“ISO 20022 did not remove complexity from the market, but it removed unnecessary complexity from our own operations.”

- Senior Servicing Executive, Global Asset Owner



# A FOUR-STEP PRACTICAL FRAMEWORK FOR BUILDING THE BUSINESS CASE

To move from concept to commitment, firms need a business case that is credible, data driven, and aligned to their own operating reality. Based on our work with both the buy-side and the sell-side as well as their service providers, a four-step framework has proven effective.

## Understanding your starting point

The first step is establishing a clear baseline. This goes beyond high level cost figures and requires visibility into how work is actually performed.

**It is also important to recognise that ISO 20022 does not move organisations through the maturity model in a linear way. When combined with workflow redesign, ISO 20022 acts as an accelerator:** it enables firms to bypass several incremental stages of optimisation and move directly towards explicit status-driven processing, embedded controls, and normalised data reuse. This accelerant effect is one of the most powerful arguments for treating ISO 20022 as an operating-model enabler rather than a technical upgrade.

Key questions include:

- › What is the current volume of events by type and market?
- › Where are manual touchpoints concentrated across the lifecycle?
- › What are current straight through processing rates for voluntary events?
- › How frequently are errors detected late, and where do they originate?
- › How much effort is spent on re validation, reconciliation, and exception handling?

Many firms already capture fragments of this data but rarely consolidate it into a single operational view. Mapping these metrics to the maturity model introduced earlier in the series helps anchor the discussion and avoids abstract debate.



## 2 Mapping structured data to operational pain points

The second step is linking ISO 20022 enabled capabilities to specific parts of the lifecycle. The objective is not to justify the standard, but to identify where structured data and status driven workflows remove friction.

Typical high impact areas include



Announcement ingestion and enrichment



Election capture and instruction management



Entitlement calculation and position alignment



Payment processing and claims tracking

In each case, the focus should be on how process design changes once data is normalised and status is explicit, rather than on message formats alone.

## 3 Quantifying the benefits

Once target processes are defined, benefits can be expressed in operational and financial terms. While exact figures vary by firm, common measures include:



Time saved through reduced manual intervention



FTE redeployment or avoidance as volumes grow



Lower error rates and fewer compensation events



Reduced volume and ageing of claims



Improved service level adherence

Importantly, these benefits are cumulative, **with firms consistently reporting the P&L benefits of process re-engineering over the last five years**. Each reduction in rework or reconciliation compounds as volumes increase, which is why early adopters consistently report slowing cost growth rather than one off savings.

“The real return came in year two, when volumes went up and our cost line did not follow.”

- Operations Director, Regional Custodian



## 4 Estimating the cost of change

A credible business case must also account for the cost and risk of transition. This typically includes:

**Technology investment and integration effort**

**Coexistence with ISO 15022 during migration windows**

**Testing cycles with custodians, CSDs, and vendors**

**Training and operational readiness**

Firms must also decide where to build internally and where to rely on vendor solutions. In practice, many organisations find that vendor enabled platforms reduce both implementation risk and time to value, particularly where interoperability and testing frameworks are already in place.





## THE STRATEGIC UPSIDE BEYOND FINANCIAL METRICS

While quantified benefits are essential, many executive committees also look for alignment with broader strategic objectives. Holistic change underpinned by ISO 20022 supports several long-term priorities.

### These include

Stronger regulatory alignment through embedded timeliness and auditability

A more consistent operating model across corporate actions, proxy voting, class actions, and tax

Improved resilience as settlement cycles shorten and volumes continue to rise

Reduced dependency on local knowledge and manual judgement

A differentiated client experience based on transparency and control

From a strategic perspective, ISO 20022 becomes part of a shift towards data driven operations, where control is designed into the process rather than enforced through after the fact checks.



# A REALISTIC ADOPTION ROADMAP

Holistic change does not require a single, disruptive programme. Most successful initiatives follow a phased approach aligned to operational priorities.

## A typical roadmap includes:

Stabilising and structuring announcement data at source

Introducing status driven workflows for elections and instructions

Extending structured processing into entitlements, payments, and claims

Reducing translation layers and manual reconciliations

Managing ISO 15022 coexistence deliberately during migration

Vendor solutions can play a critical role in accelerating these phases, particularly where they provide proven interoperability, synthetic test data, and reusable controls. Firms using outsourced or vendor managed operating models report cost growth that is approximately 25% slower, alongside materially lower error rates.

**25%**

**Slower Cost Growth**

For many firms, ISO 20022 therefore becomes the accelerant that allows them to move several steps up the maturity curve in one programme cycle. By stabilising announcement data first, introducing explicit lifecycle statuses, and removing translation layers, firms can shift directly from fragmented workflows to integrated, exception-led processing without the cost of multiple interim redesigns.



## PRESENTING THE CASE INTERNALLY

Finally, the business case must be communicated in a way that resonates with different stakeholders.



COOs focus on risk reduction, resilience, and operational control



CFOs look for payback, cost containment, and predictable run rates



Client teams prioritise service quality, transparency, and consistency



Risk and compliance teams value lineage, audit trails, and accountability

A coherent narrative links these perspectives and shows how a single operating redesign delivers outcomes across each dimension.



## CLOSING THOUGHTS

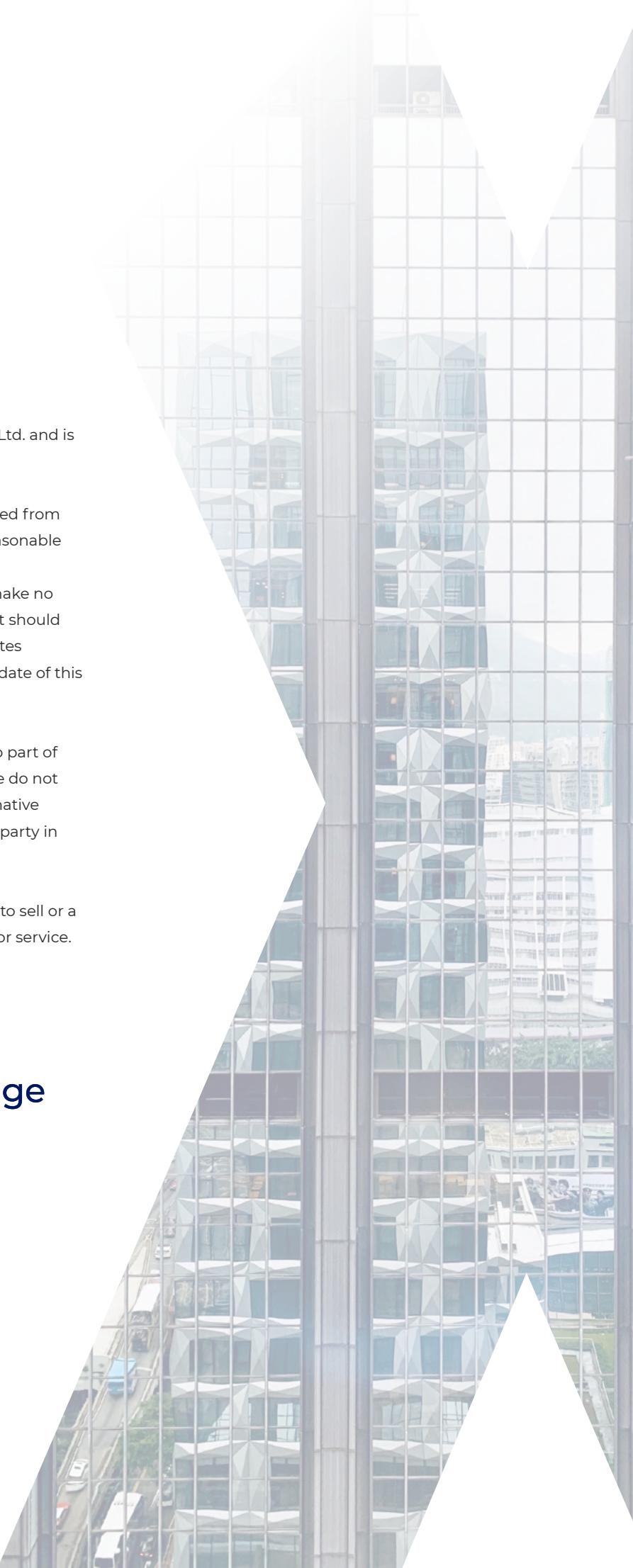
ISO 20022 is not the destination. It is the foundation that enables asset servicing to move beyond fragmented, manual operating models towards scalable, data driven control. The evidence presented across this series shows that the benefits of holistic change are no longer hypothetical.

**Client demand is now the single biggest trigger for investment in asset servicing**, overtaking regulation and internal audits, while error rates remain a core concern across all regions.

“We did not invest in ISO 20022 to tick a box. We invested because it gave us the platform to change how we work.”

- Global Head of Operations

**The question for firms now is not whether to act, but how quickly they are prepared to redesign their operating models to capture the full value of that change.**



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