

December 2025

Hybrid Postal Address – Grace Period Guide for Banks

*Operational guidance for Financial Institutions (FIs)
during industry transition (November 2025 - November
2026)*



Table of Contents

1. PURPOSE	2
2. HYBRID MINIMUM RULES (NON-NEGOTIABLE)	2
3. COMMON ISSUES OBSERVED IN THE MARKET	3
4. NETWORK VALIDATION — IMPORTANT CONTEXT	3
5. WHAT THIS MEANS FOR BANKS	4
6. EXPECTED INDUSTRY EVOLUTION	4
7. PRACTICAL CONTROLS FOR BANKS	4
8. MARKET CONSTRAINT – HYBRID READINESS IN DIRECT & COVER PROCESSING	5
9. TRANSITION GUIDANCE – RECOMMENDED OPERATIONAL APPROACH	5
10. MARKET ADOPTION DASHBOARD (BEST-EFFORT VISIBILITY)	6
11. QUICK SELF-CHECK FOR BANKS	6
12. WHY THIS MATTERS	6

1. PURPOSE

Following the introduction of Hybrid Postal Address grace period, FIs are facing recurring data quality issues, including misuse of address fields, incorrect population of mandatory elements, duplication of information, and over-reliance on downstream correction. Addressing these challenges is of high importance and requires immediate attention to ensure smooth and compliant implementation. This guide provides practical implementation guidance for FIs following the introduction of the Hybrid Postal Address in ISO 20022 payment messages as of November 2025.

It is designed as a short operational reference for:

- Payments operations
- IT and integration teams
- Correspondent banking
- Compliance functions
- Client channel owners

The objective is to:

- Support consistent implementation
- Reduce cross-border friction
- Avoid unintended truncation, misrouting, or message rejection
- Protect regulatory integrity and screening quality

This guide complements the [PMPG Hybrid Postal Address paper](#) and does not replace local Usage Guidelines or infrastructure rules.

2. HYBRID MINIMUM RULES (NON-NEGOTIABLE)

Data quality determines the value of structure.

✓ MANDATORY STRUCTURED ELEMENTS

- TownName
- Country (ISO 3166 Country Code)

✓ PERMITTED UNSTRUCTURED ELEMENTS

- Up to 2 occurrences of AdrLine
- Maximum 70 characters per line

✓ STRUCTURED DATA TAKES PRECEDENCE

If the data fits a structured field — use it there.

✗ DO NOT:

- Duplicate TownName, Country into AdrLine
- Populate 3 AdrLine of 35 characters unless the address is intentionally formatted as *fully unstructured*
- Populate AdrLine with character length inconsistent with the selected model (e.g. max35text per line in a fully unstructured address)
- Insert placeholders such as “N/A” or “NOTPROVIDED”
- Populate Country (e.g. France) in TownName
- Populate structured data elements with unrelated information
- Assume infrastructure validation replaces internal controls

Misplaced or duplicated address information leads to:

- Screening impairment
- Repair cases
- Correspondent banking friction
- Delays and Returns
- Customer complaints
- Regulatory risk

3. COMMON ISSUES OBSERVED IN THE MARKET

Banks and infrastructures report consistent challenges during early implementation:

- ✗ **Issue 1 – Misuse of AddressLine character limit**
 AddrLine is misused where no network validation exists.
 - Use of 3 AddrLine of 70 characters in a hybrid address (hybrid allows max 2 AddrLine)
 - Use of 70 characters in a fully unstructured address (fully unstructured allows max 35 text per AddrLine)
- ✗ **Issue 2 – Mandatory structured elements not fully or correctly populated**
 Only one mandatory structured element populated (e.g. Country provided, Town Name missing)
 Mandatory structured elements populated incorrectly
 - Town Name populated as “NOTPROVIDED” or other placeholders.
 - Town Name embedded in AddrLine
 - Town Name populated with non-town data (e.g. Post Code or Street Name)
 - The full postal address is inserted into the Debtor/Creditor Name element
- ✗ **Issue 3 – Duplication across data elements**
 Country or town appears:
 - In structured data elements
 - Repeated in AddrLine
- ✗ **Issue 4 – Reliance on downstream correction**
 Payments are sent assuming intermediaries or infrastructures will fix issues.

4. NETWORK VALIDATION — IMPORTANT CONTEXT

Market infrastructures vary in how hybrid validation is technically implemented.

Some Payment Market Infrastructures (PMIs) and RTGS systems have taken a deliberate decision to defer full validation controls during the transition period for operational reasons such as:

- Ongoing system migrations
- Avoiding late-stage market disruption
- Cost and resourcing considerations
- Alignment with the removal of fully unstructured addresses in November 2026

As a result:

Not all infrastructures currently enforce hybrid formatting rules at network level.
 This is a known transitional reality across multiple markets.

5. WHAT THIS MEANS FOR BANKS

Until validation becomes universally enforced:

- Infrastructure acceptance does not guarantee correctness
- Incorrect hybrid formatting may pass silently
- Downstream correspondents may still reject or repair
- Responsibility for data quality and compliance exposure remains with the originating institution

Therefore:

Banks should not rely on infrastructures to validate hybrid format correctness and should ensure appropriate internal data quality controls. Responsibility for the correctness – and its consequences - remains with the originating institution.

6. EXPECTED INDUSTRY EVOLUTION

As the industry approaches the end of the grace period (November 2026):

- Validation is expected to increase progressively
- Rules will be enforced closer to the network boundary
- Payments with incorrect formatting are more likely to be rejected

Banks are therefore encouraged to:

- ✓ Implement internal validation early
- ✓ Avoid short-term workarounds
- ✓ Treat hybrid as a permanent structure
- ✓ Prepare for progressive enforcement

7. PRACTICAL CONTROLS FOR BANKS

A. CLIENT CHANNELS

Ensure:

- Mandatory Town & Country enforcement
- AdrLine limits enforced
- No structured/unstructured duplication
- Clean truncation logic

Avoid enabling client behaviour that produces invalid hybrid structures.

B. PAYMENT ENGINE

Validation should include:

- ✓ Field presence checks
- ✓ Length controls
- ✓ Duplication detection
- ✓ Character safety
- ✓ Deterministic truncation rules
- ✓ Schema alignment

C. NETWORK BOUNDARY

Treat hybrid validation like sanctions screening: **If it is not valid, it should not go out.**

Front-loading quality reduces:

- Investigations
- Returns
- Repair
- Escalations

8. MARKET CONSTRAINT – HYBRID READINESS IN DIRECT & COVER PROCESSING

In cover payment scenarios, hybrid postal addresses provided in the underlying customer credit transfer (CCT; pacs.008) **cannot be modified or downgraded** by the bank executing the cover leg (pacs.009 COV).

At the same time, not all market infrastructure currently supports hybrid postal addresses for all parties. This creates a dependency risk where:

- A hybrid address may be valid in the customer credit transfer (CCT)
- But incompatible with the infrastructure used for the cover leg, and
- Unknown to the originating institution at payment initiation.

This is an infrastructure readiness constraint, not a data population error.

9. TRANSITION GUIDANCE – RECOMMENDED OPERATIONAL APPROACH

Where market infrastructures do not yet support hybrid postal addresses, correspondent banking service providers and clearing banks in the currency of settlement are best placed to actively inform and guide their financial institution clients on infrastructure readiness and practical constraints.

Specifically, correspondent banks are well positioned to:

- Communicate where hybrid is not yet supported in their markets
- Advise clients on appropriate settlements methods, and
- Supporting routing decisions in line with local infrastructure capability.

Participants and their customers should be guided toward settlement methods that allow the correspondent in the currency of settlement to:

- Determine whether a payment should be processed as serial or direct-and-cover (e.g. to manage operating-hour or time-zone differences) and
- Apply the postal address option compatible with the local market infrastructure's readiness.

This enables the institution closest to the clearing system – and therefore best placed to understand its evolving capabilities – to apply the appropriate address model and settlement approach.

This reflects existing practices in several major currency corridors, where correspondents already guide clients on settlement routing based on operational constraints and infrastructure readiness.

10. MARKET ADOPTION DASHBOARD (BEST-EFFORT VISIBILITY)

This document embeds a Market Adoption Dashboard presenting a best-effort overview of hybrid postal address implementation across RTGS & High Value Payment market infrastructures.

This information is compiled based on publicly available sources, market engagement, and PMPG's current understanding and may evolve over time.

Where available, the dashboard includes:

- Hybrid enablement status
- Validation status
- Indicative future timelines

This provides:

- Transparency
- Routing awareness
- Testing prioritisation

Note:

This overview is informational only and does not constitute certification, endorsement or readiness warranty.

11. QUICK SELF-CHECK FOR BANKS

Can you answer “yes” to all?

- ✓ We validate hybrid internally
- ✓ We enforce character limits
- ✓ We downgrade safely if required
- ✓ We understand infrastructure readiness
- ✓ We can explain hybrid to clients

If not, there is operational exposure.

12. WHY THIS MATTERS

Incorrect hybrid implementation impacts:

- AML accuracy
- Sanctions screening
- Payment repairs
- Payment delays across correspondent banking
- Return risk and associated charges
- Customer experience
- Correspondent confidence

Hybrid done well:

- ✓ Improves transparency
- ✓ Reduces friction
- ✓ Enhances STP
- ✓ Supports regulatory goals