Recommendations to Promote Alignment and Interoperability Across Data Frameworks Related to Cross-border Payments: Consultation report

Response to Consultation

Association of UK payments and Fintech Companies

General

1. **Is the proposed scope of the recommendations appropriate for addressing frictions arising from data frameworks in cross-border payments?**

   Yes. The recommendations are considered appropriate to address the issues flagged

2. **What, if any, additional issues related to data frameworks in cross-border payments, beyond those identified in the consultative report, should be addressed to help achieve the G20 Roadmap objectives for faster, cheaper, more accessible and more transparent cross-border payments?**

   So not suggest any additional issues. However it is important to analyze the granular issues associated with each type of cross border remittances, including but not limited to by type of remittances (cash to cash. cash to Bank account deposit, Account to account) an and by providers (Bank and non Banks) to enure that the outcome is comprehensive and acceptable to all the partners in the chain and the external stake holders.

3. **Is the proposed role of the Forum (i.e. coordinating implementation work for the final recommendations and addressing existing and newly emerging issues) appropriate?**

   Yes. It is appropriate. But we must be mindful that the forum is enabled with the right skills with hands on experience in the stakes and are able to address specific issues. In short the outcome depends on the intimate understanding of the issues and the diverse expectations of stake holders and inclusive approach

Section 1: Addressing uncertainty about how to balance regulatory and supervisory obligations

4. **Discussions with industry stakeholders highlighted some uncertainties about how to balance AML/CFT data requirements and data privacy and protection rules. Do you experience similar difficulties with other types of "data frameworks" that could be addressed by the Forum? If so, please specify.**

I presume all the likely uncertainties involved in respect of AML/CFT data requirements are addressed already in the discussions. No further suggestions

5. **What are your suggestions about how the Forum, if established, should address uncertainties about how to balance regulatory and supervisory obligations?**

   Suggestions

   The forum can approach the issue in the following manner

   a) collect regulatory template on their obligations/practices with the specific objectives behind each obligation/practice

   b) Forum to create a draft proposals independently considering the the broad obligations/practices which are relevant to address the issues (without any overdo) and without being influenced by any particular regulator's obligations/practices on the issue

   c) Understand concerns of each regulators

   d) Analyze the regulatory concerns separately and see if the forum draft meets with the objectives . If not try to address the same in the firm draft after engaging the concerned regulators

   e) Finalize Forum's approach based on the overall consensus in the forum addressing Regulatory concerns.

6. **Are the recommendations sufficiently flexible to accommodate different approaches to implementation while achieving the stated objectives?**

   Yes. They are quite flexible

Section 2: Promoting the alignment and interoperability of regulatory and data requirements related to cross-border payments

7. **The FSB and CPMI have looked to increase adoption of standardised legal entity identifiers and harmonised ISO 20022 requirements for enhancing cross-border payments. Are there any additional recommendation/policy incentives that should be considered to encourage increased adoption of standardised legal entity identifiers and the CPMI's harmonised ISO 20022 data requirements?**

   LEI: There will be operational issues if we make LEI compulsory in view of the following aspects

   a) LEI is not mandatory in all geographies with large cross border flows. In some geographies it is mandatory for firms over certain thresholds of revenue/turnover.

   b) Cash to cash remittances are paid out in destination geographies predominantly by small agents (which include corner shops, grocery shops and are not closely regulated) making them to LEI net is difficult

2. ISO 20022: While this is fine we need to revisit the format in detail to ensure that the data comprises of elements that are relevant and possible to independently validate by reference to authentic sources

8. **Recommendation 4 calls for the consistent implementation of AML/CFT data requirements, on the basis of the FATF standards (FATF Recommendation 16 in particular) and related guidance. It also calls for the use of global data standards if and when national authorities are requiring additional information. Do you have any additional suggestions on AML/CFT data-related issues? If so, please specify.**

   While the approach to standardize the AML/CFT practices based on FATF guidelines it is important that the FATF has to address the data requirements to ensure that what ever data a provider collect are not part of ritual but are relevant and can be validated independently. The certain amendments propsoed by FATF to amend/extend recommendation 16 may not meet with this requirement (such as address of the beneficiaries). This when enforces will end up providers accepting the required data "as presented" as it cannot be validated by them through any means and will end up having lot of "garbage" data in the message. Forum need to initiate a dialogue with FATF on this.

9. **Industry feedback highlights that uneven regulatory expectations for sanctions compliance create significant frictions in cross-border payments affecting the Roadmap objectives. What actions should be considered to address this issue?**

   Yes this is an issue in general and in respect of PEPs. There are issues in respect of sanction data sources and quality of such data at certain geographies. Forum can explore to provide a single source of sanctions data and in a format that can be friendly to all users so that administration of sanction is more close

10. **Do the recommendations sufficiently balance policy objectives related to the protection of individuals' data privacy and the safety and efficiency of cross-border payments?**

    Yes.

Section 3: Mitigating restrictions on the flow of data related to payments across borders

11. **The FSB understands that fraud is an increasing challenge in cross-border payments. Do the recommendations sufficiently support the development of data transfer tools that specifically address fraud?**

    Yes it does

12. **Is there any specific sectoral- or jurisdiction-specific example that you would suggest the FSB to consider with respect to regulation of cross-border data flows?**

    No

Section 4: Reducing barriers to innovation

13. How can the public sector best promote innovation in data-sharing technologies to facilitate the reduction of related frictions and contribute to meeting the targets on cross-border payments in 2027?

Public sector participation to innovate in the following areas will be of value.

a) Data security and privacy related issues

b) Standardization of sanctions data and access

c) Cross border clearing

14. Do you have any further feedback not captured by the questions above?

NO