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

Response to Consultation

International Chamber of Commerce (ICC)

General

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

   The scope of the recommendations seem appropriate for the purpose of combatting Money Laundering in trade and trade finance.

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?**

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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?**

   The proposed points and suggestions made by the FSB seem appropriate to our members

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.**

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

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

   With regard to “attempting to reduce friction in payment messages for better compliance with sanctions” it would be important to understand how this is concretely displayed.

   From a Anti Money Laundering perspective, It should be clarified how we might introduce compliance aspects into payment messages without impacting the ability of all FIs to manage customer transactions through open account. This piece also tends to stray into rules-based matching which we have successfully argued is no longer effective due to advances made in contextual monitoring.

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?**

   ICC is fully supporting the standardised usage of LEIs and emphasis the benefits in enhancing security and reliability notably of cross-border payments but international cross border trade in general. ICC has issued a Identity Management Guide directed at all parties involved in international trade, specified the benefits for all actors within the supply chain and the opportunities associated with it.

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.**

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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?**

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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?**

It is acknowledged that the balance between the respect of data privacy and fighting financial Crime is always a challenge. Credible and specific guidelines should clearly identified when it needs to be carved out when it is in the public interest.

In our specific Trade Finance field some requirements or rules are not fit for purpose and will need to be addressed by the recommendations.

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?

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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?

We would recommend to involve industry stakeholders, representing private sectors and gathering experts views on practices.

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?

Innovation is mentioned and should be emphasised and expanded (AI).

Some open support from Regulators/public bodes is helpful.

Some have issued statement in this regard and should be enhanced.

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

No mention was made of specific technologies such as cryptocurrencies and distributed ledger technology (DLT), blockchain and how specifically it should be addressed.

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

Response to Consultation

International Chamber of Commerce (ICC) - SECOND RESPONSE

General

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

   • The effectiveness of cross-border transactions relies on two critical areas: data exchange and AML/CFT compliance. The proposed recommendations are focused on promoting transparent and secure data flows between customer/industry stakeholders, financial service providers, national regulators, and international counterparts.

   • In each segment of data exchange, there are specific standards in place. Downstream, there is the LEI for industry stakeholder identification and ISO 20022 for data sharing between financial institutions. Upstream, at the country level, recommendations 9 and 11 emphasize the importance of implementing a legal framework.

   • DSI recommends that each nation should have its own timeline for adopting frameworks for data-sharing. Regulatory requirements and jurisdictional considerations should be established first before implementation.

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?**

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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?**

   • DSI supports the establishment of a forum as a platform for collaboration and knowledge sharing. For national authorities, this platform will be crucial for learning from successful models. However, we anticipate two opposing perspectives: one advocating for data use to

promote trade and business growth, and the other prioritizing data protection, including data localization and compliance. Although there is no one-size-fits-all model, different countries adopting different approaches may lead to fragmentation in data sharing to some extent.

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.**

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

   • The forum should bring together various stakeholders, including international supervisory organizations, national and international regulators, businesses, and industry stakeholders. There may be an opportunity to establish a standard that grants supervisory power to an international third party. However, it will ultimately be at each nation's discretion to determine the extent to which they impose a cross-border data-sharing framework. Reaching a consensus will be particularly challenging if countries have already adopted a conservative stance, as seen in India. Focusing on emerging markets could have a more scalable impact in achieving the goal.

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

   • With regard to "attempting to reduce friction in payment messages for better compliance with sanctions" it would be important to understand how this is concretely displayed.

   • From a Anti Money Laundering perspective, It should be clarified how we might introduce compliance aspects into payment messages without impacting the ability of all FIs to manage customer transactions through open account. This piece also tends to stray into rules-based matching which we have successfully argued is no longer effective due to advances made in contextual monitoring.

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?**

   • DSI suggests the adoption of LEI and vLEI as standards in sanctions publications, along with encouraging coordination between sanctions authorities and national regulators in

promoting the LEI. Integrating the LEI into cross-border payment systems would facilitate accurate and timely responses to sanctions. Integrating the vLEI would ensure all market participants can verify and trust the origin of the sanctions publication. Falsification of sanctions publications could cause important negative consequences for businesses targeted by this type of fraud.

• ICC has issued an Identity Management Guide directed at all parties involved in international trade, specified the benefits for all actors within the supply chain and the opportunities associated with it.

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.**

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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?**

• In addition to the adoption of LEI as suggested above, DSI also recommends that financial institutions explore the use of blockchain technology to create tamper-proof records of financial transactions. The decentralized nature of blockchain creates secure and immutable records, making it virtually impossible to counterfeit cross-border payments.

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?**

• It is acknowledged that the balance between the respect of data privacy and fighting financial crime is always a challenge. Credible and specific guidelines should clearly identify when it needs to be carved out when it is in the public interest.

• In ICC specific Trade Finance field some requirements or rules are not fit for purpose and will need to be addressed by the recommendations.

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?**

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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?**

- ICC would recommend involving industry stakeholders, representing private sectors and gathering experts' views on practices.

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?

- Innovation is mentioned and should be emphasised and expanded (AI).

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