FSB FINANCIAL STABILITY BOARD

Targets for Addressing the Four Challenges of Cross-Border Payments

Final Report

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Executive summary

A foundational step in the G20 Roadmap for Enhancing Cross-border Payments consists of setting quantitative targets at the global level for addressing the challenges of cost, speed, transparency and access faced by cross-border payments. These targets, which are presented in this report, play an important role in defining the ambition of the work, creating accountability. They have benefited from responses to a public consultation launched in May 2021.[1] Measuring progress over time in meeting the targets will help to indicate whether the existing Roadmap actions are sufficient or additional actions may be needed.

The FSB has developed the targets based on the following principles: the targets should be directly related to the challenges, provide a clear indication of the extent of progress, be appropriately ambitious, be able to be readily communicated, and be meaningful to the wide range of stakeholders. Targets are set at a global level. Additionally, the FSB agreed on key design features, which are included under section 2. The intention in setting the targets is to reinforce momentum by expressing the outcomes being aimed for under the Roadmap in terms of improved end-user experience and thereby to encourage the focus on practical enhancements to cross-border payment arrangements. Private and public sector involvement and action will be key in achieving these targets.

The targets are based on a consideration of the current payment landscape and publicly available data from multiple sources for the four challenges across three market segments – wholesale, retail (e.g. business-to-business (B2B)/ person-to-business (P2B) business-to-person (B2P)/ person-to-person (P2P) payments (other than remittances)), and (as a separate category from other P2P payments) remittances. This split between remittances and other P2P payments is proposed in recognition of the different priorities of end-users and the specific importance that the G20 has placed on improvements in the remittance market.

The FSB has developed proposals for an implementation approach for monitoring progress towards the targets that set out, in outline form, (i) how targets will be measured and data sources and data gaps to be filled, (ii) how progress toward meeting the targets will be monitored and (iii) the frequency of data collection and publication. By October 2022, the FSB will provide a report to the G20 and the public with further details of the implementation approach for progress monitoring, and with Key Performance Indicators (KPIs) providing estimates of current performance of cross-border payments in order to provide a baseline against which future progress toward the targets can be monitored. The responses to the public consultation demonstrated the interest of industry in contributing to the design of an effective approach - the October 2022 date for the report has been chosen to allow time for the approach to be developed with input from external stakeholders. The FSB will publish an interim report in June 2022 on progress in developing the implementation approach.

End-2027 has been set as the common target date across the individual targets, with the exception of the remittance cost target, where a 2030 date has already been set as a United Nations Sustainable Development Goal (UN SDG) and endorsed by the G20.[2] As detailed in the

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1 FSB (2021), Targets for Addressing the Four Challenges of Cross-Border Payments: Consultation Report, May.

2 https://www.un.org/en/observances/remittances-day/background and https://www.gpfi.org/g20-national-remittance-plans

Roadmap, the indicative timelines for the actions in the individual Building Blocks in the Roadmap extend through 2025. The end-2027 target date provides a six-year period during which actions under the Roadmap will be completed and the public and private sector will be working together to implement changes to infrastructures and operations to meet the goals of the Roadmap. While the public consultation revealed a range of industry views on whether the targets were likely to be achieved by end-2027, the FSB has concluded that, with continued strong public and private sector commitment to the Roadmap, this is a suitably challenging yet achievable target date. Stakeholders who are able to pursue faster implementation are encouraged to do so.

The targets for the four challenges (cost, speed, transparency and access) across the three market segments are as follows:

Table 1: Targets for the Cross-Border Payments Roadmap

Challenge	Payment Sector		
	Wholesale	Retail (e.g. B2B, P2B/ B2P, other P2P[3])	Remittances
Cost	No target set[4]	Global average cost of payment to be no more than 1%, with no corridors with costs higher than 3% by end-2027	Reaffirm UN SDG: Global average cost of sending $200 remittance to be no more than 3% by 2030, with no corridors with costs higher than 5%
Speed	75% of cross-border wholesale payments to be credited within one hour of payment initiation[5] or within one hour of the pre-agreed settlement date and time for forward-dated transactions[6] and for the remainder of the market to be within one business day[7] of payment initiation, by end-2027. Payments to be reconciled by end of the day on which they are credited, by end-2027.	75% of cross-border retail payments to provide availability of funds for the recipient within one hour from the time the payment is initiated[8] and for the remainder of the market to be within one business day[7] of payment initiation, by end-2027	75% of cross-border remittance payments in every corridor to provide availability of funds for the recipient within one hour of payment initiation[8] and for the remainder of the market to be within one business day[7], by end-2027
Access	All financial institutions (including financial sector remittance service providers) operating in all payment corridors to have at least one option and, where appropriate, multiple options (i.e. multiple infrastructures or providers available) for sending and receiving cross-border wholesale payments by end-2027	All end-users (individuals, businesses (including MSMEs) or banks) to have at least one option (i.e. at least one infrastructure or provider available) for sending or receiving cross-border electronic payments by end-2027	More than 90% of individuals (including those without bank accounts) who wish to send or receive a remittance payment to have access to a means of cross-border electronic remittance payment by end-2027
Transparency	All payment service providers to provide at a minimum the following list of information concerning cross-border payments to payers and payees by end-2027: total transaction cost (showing all relevant charges, including sending and receiving fees including those of any intermediaries, FX rate and currency conversion charges); the expected time to deliver funds; tracking of payment status; and terms of service.)		

3 "Other P2P" refers to P2P payments other than remittances.

4 Due to the difficulty of estimating average costs across the wholesale market where transactions are typically not individually priced, a target has not been set for this segment. See section 5.1.

5 For this purpose, a wholesale payment is considered initiated at the moment of entry into a payment infrastructure or correspondent bank as defined by their applicable rules.

6 The settlement date and time are agreed and contracted between the two counterparties of the transaction at the point the transaction is agreed. On this date and time, there will be an exchange of payments between counterparties in each of the currencies contracted for exchange.

7 In cases where the hours or dates of the business days in the locations where the initiation and receipt do not coincide, the payment should be credited within a period that, in each location, includes one business day.

8 For this purpose, a retail or remittance payment is considered initiated when the payment order is received by the payer's payment service provider. The transaction is considered complete once the recipient is able to access the funds.

1. Introduction

The G20 made enhancing cross-border payments a priority during the Saudi Arabian Presidency. Faster, cheaper, more transparent and more inclusive cross-border payment services, including remittances, while maintaining their safety and security, would have widespread benefits for citizens and economies worldwide, supporting economic growth, international trade, global development and financial inclusion.

In October 2020, the FSB published the Roadmap for enhancing cross-border payments. The Roadmap was developed in coordination with the Committee on Payments and Market Infrastructures (CPMI) and other relevant international organisations and standard-setting bodies. The Roadmap was endorsed by the G20 at the October 2020 Summit and the G20 has committed to its timely and effective implementation.

The Roadmap[9] described four challenges to be addressed:

- ***High costs:*** the challenge of cost comprises various elements including transaction fees, account fees, compliance costs, applied FX conversion rates and fees, fees along the payment chain, and liquidity cost for prefunding;
- ***Low speed:*** the challenge of speed involves the processing time of a payment from end to end, including factors such as the time required for dispute resolutions, reconciliations and searches, possible slow processes for funding and defunding, daily cut-off times and closing times, as well as Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) checks;
- ***Limited access:*** the challenge includes limitations for users in accessing services and for payment service providers in accessing payment systems and other arrangements;
- ***Limited transparency:*** limited transparency about costs, speed, processing chain, and payments status present challenges for end-users and (other than single-platform proprietary services) for providers alike.

A foundational action under the Roadmap is to reinforce momentum, by setting specific quantitative targets for addressing the four challenges for endorsement at the October 2021 G20 Summit. This establishes a shared understanding of the targeted improvements in users' experience with cross-border payments and act as a commitment mechanism to drive change. These targets will therefore need to be monitored and publicly reported on over time.

The FSB established the Cross-border Payments Coordination Group Task Force on Targets (CPC-TFT), composed of senior FSB representatives, to develop the proposal for specific quantitative targets including target dates for a public consultation which was launched in May

9 FSB Report (2020), Enhancing Cross-border Payments - Stage 1 report to the G20: Technical background report, April.

2021[10] and to develop the finalised version of the targets taking into account the public responses received.[11]

The targets have been amended and clarified in this final version taking into account the feedback and suggestions received in the public responses[12]. This has been done while retaining the objectives and key design features of the targets that were set out in the consultation report and received widespread public support, including that the targets should be kept small in number, simple and set at the global level. This means, for instance, that the targets for the retail sector have not been further subdivided into different targets for different types of retail customer, as some public commenters suggested.

2. Objectives and key design features for the cross-border payments targets

The targets have been set in line with the following principles: they are directly related to the challenges, provide a clear indication of progress, are appropriately ambitious, can be readily communicated and are meaningful to the wide range of stakeholders.

The targets have been developed with the following design features in mind:

- **Direct and meaningful relationship to the four challenges to be addressed.** The proposed targets relate to each of the challenges: cost, speed, access and transparency and are designed to be meaningful across the diverse range of cross-border payment types and uses.
- **The overall number of targets should be small.** Setting only a small number of targets enables stakeholders to have a clear focus on achieving these targets.
- **Targets should be simple.** The Roadmap is intended to remain flexible in how it addresses the four challenges. Targets that avoid excessive granularity support such flexibility in how the overall goals are achieved.
- **Targets should focus on end-user experience.** Targets that focus on end-users are directly meaningful to the users of financial services.
- **Target dates should be set for achieving the goals.** Clear target dates are key for accountability.
- **Targets should be quantitative** whenever possible, in order to be able to objectively measure whether or not they have been achieved.
- **Targets will be set at the global level, and progress should be objectively measured at the global level (and, where appropriate, at regional levels).** For this

[10] FSB (2021), Targets for Addressing the Four Challenges of Cross-Border Payments: Consultation Report, May.
[11] FSB (2021), Public responses to consultation on Targets for Addressing the Four Challenges of Cross-Border Payments, July.
[12] FSB (2021), Targets for Addressing the Four Challenges of Cross-Border Payments: Overview of Responses, October.

purpose, a set of key performance indicators would need to be developed, with appropriate public or private sector data sources identified that either already exist or, if necessary and if the costs are justified by the benefits, developed.

- **International targets for remittances set as a UN SDG have already been agreed to and endorsed by the G20, and should remain.**

3. Market segment definitions

Globally, the ecosystem supporting cross-border payments is diverse and multi-layered. Cross-border payments are often categorised as retail or wholesale. These segments differ greatly in terms of volume and values of transactions performed, and the payment arrangements typically used. The targets that are set for them should therefore differ.

Targets have been set for three market segments: wholesale, retail and remittances (as defined further below). This approach facilitates setting goals that address the challenges for different types of end-users and purposes of transactions. However, in order to keep targets small in number and simple in design, the market is not further segmented beyond that.

For the purposes of this paper, the end-user is defined as the ultimate payer or receiver of funds in a transaction: this could be an individual, a business, a public sector entity, or a financial institution.

3.1. Wholesale payments

Wholesale payments between financial institutions are by far the majority of the total cross-border payments market by value, being typically high value/ low volume interbank payments, often via correspondent banking. The sector includes several major service providers, including global and regional settlement systems for FX transactions. While certain payments involving counterparties outside the financial sector (e.g. some B2B payments) can also be high value, for the purpose of these targets the wholesale market segment is defined as transactions between financial institutions (including both banks and non-banks).

Major service providers: Examples are central bank owned and operated large value payment systems, privately operated large value payment systems, messaging network providers, multi-currency settlement systems and major correspondent banks.

Payment types: payments are typically interbank.

3.2. Retail payments (involving non-financial corporates or public sector entities as payers or receivers and other P2P payments)

Typically, **retail payments** are low value/ high volume although some corporate B2B payments can be of similar size to wholesale market transactions between financial institutions. This sector includes cross-border traditional commerce and e-commerce (both P2B/ B2P and B2B), tourism, payment of bills to a provider abroad, cross-border electronic transfers and P2P payments other

than remittances ('other P2P payments').[13] Retail payments have shown continuous growth in recent years, mainly in AEs, and in some sectors are now significant amounts e.g. cross-border e-commerce P2B was estimated at $404bn in 2018, B2B at $2.5-4tn.[14] Non-financial corporate payments of wholesale market size are included under retail payments for the purpose of these targets, for simplicity of definition. Payments which involve governments are also included under retail given these are also performed for economic/ business purposes. This segment therefore covers both:

- payments involving individuals (either as payer or payee);
- payments involving corporates or public sector (but not involving individuals).

Major service providers: Examples are international card schemes, commercial banks and non-bank P2P payment providers.

Payment types: retail and P2P payments (other than remittances) between individuals[15], businesses (including Micro, Small and Medium Enterprises (MSMEs)) and public sector entities.

3.3. Remittances

Remittance payments are low value/ high volume (in similar fashion to many transactions in the retail category above) and primarily (though not exclusively) to receivers in emerging market and developing economies (EMDEs). Remittances totalled around $540 billion in 2020. With the trend increase in labour mobility, remittance flows to low- and middle-income countries are of ever-growing importance, and are higher in aggregate than both foreign direct investment and official development assistance.

Remittances and other P2P payments have been separated for the purposes of these targets in order to reflect the different priorities that end-users in these different segments have and the specific importance that the G20 has placed over a number of years in improving cost and access in the remittance market. This justifies retaining dedicated targets for, and monitoring of, remittances. However, data sources will need to be identified which allow the distinguishing of remittance payments from other P2P payments.

Major service providers: Examples are international money transfer operators, commercial banks, post offices and mobile money operators.

Payment types: Low-value non-commercial and personal transfers of money between individuals (P2P) typically to family members/ friends abroad, which may be recurring or non-recurring.

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[13] Examples of such cross-border P2P payments would be: a person-to-person sale facilitated by an online website, realised through a transaction with (the same or interconnected) digital wallet(s); an exchange of services online (e.g. a direct payment for an online tutorial or paying a musician directly for a performance).

[14] UNCTAD (2020), Global e-Commerce hits $25.6 trillion – latest UNCTAD estimates, April.

[15] Including innovative digital payments and payments platforms such as distributed ledger technology, closed loop app-based payments and gaming currencies.

4. Factors considered in setting the targets for the four challenges

Factors to be considered in setting the targets for each of the four challenges for the three market segments have been identified. This section summarises some of the publicly available information on the current state-of-play, the main data sources used in doing so and the considerations towards setting the targets all of which feeds into the explanations behind each relevant target, as detailed in section 5. In setting and operationalising the targets, an important factor considered was the feasibility of collecting data to measure progress over time (potentially at a relatively granular level across regions and across types of payment).

4.1. Cost

The cost should include all the elements that determine the price paid by end-users for cross-border payments (including costs incurred both by the payer and by the receiver of funds). Cost is often difficult to define and varies greatly by market segment, by service level and by region. This presents the following challenges:

- It can be difficult to measure an average cost for wholesale payments (or indeed to define cost at all, if the payment service is bundled with other services provided to financial institutions).
- Costs associated with retail payments vary widely, for example for card payments with card issuer or merchant/ processor fees ranging from below 2% in Europe to over 7% in Latin America[16] with charges levied on both sender and receiver.
- Similarly, remittance fees vary by region, by provider and by how a payment is sent/ received. Remittances are currently typically higher in cost than other payments. They are typically sent to EMDEs, and these corridors can suffer from the highest frictions, such as volatile currency, legacy technology and de-risking. Remittance costs vary significantly between corridors. The UN SDG has acknowledged this by setting separate global and individual corridor targets (i.e. to reduce the average cost to 3% for remittances globally, with no individual payment corridors higher than 5%).

[16] FXC Intelligence (2021), Understanding the economics of cross-border card payments, May.

Table 2: Cost

Challenge	Payment Sector		
	Wholesale	Retail (e.g. B2B, P2B/ B2P, other P2P)	Remittances
Current costs	Individual costs vary per bank e.g. due to volume, value discounts or time-based charges (to incentivise early settlement).	For card issuers, up to 10% depending on the card issuer/ merchant fee and FX margin (excluding taxes).[17]	Global Average 6.38% ($200 payment) (Q1 2021).[18]
Considerations in target setting (including target dates)	Average costs are difficult to estimate.	Operational changes to reduce cross-border fees and FX margins needs support of major players. Costs of compliance with requirements in different jurisdictions (e.g. local data privacy policies, AML/CFT and know-your-customer (KYC) checks).	Lack of economies of scale and other frictions for certain payment corridors.

4.2. Speed

Speed varies depending on a number of issues, including time zone differences (West to East slower than East to West), number of intermediaries in the payment chain, pay-out method and real-time gross settlement (RTGS) opening hours. Recent research on SWIFT gpi (Global Payments Innovation) payments indicates that among the factors causing delays in the ultimate crediting of the end-user by the beneficiary bank are compliance checks, capital controls imposed on the sender, the bank's value dating policy and non-operational banking hours.[19] Compliance checks are typically more challenging for cross-border payments compared to domestic payments.

17 Merchant Maverick (2020). What is a cross-border fee for credit card processing, March.

18 World Bank (2021), Remittance Prices Worldwide, March.

19 It should be noted that SWIFT gpi represents less than 50% of SWIFT traffic, and SWIFT was used by 40% of RTGS traffic in the most recent World Bank Global Payment Systems Survey.

Table 3: Speed

Challenge	Payment Sector		
	Wholesale	Retail (e.g. B2B, P2B/ B2P, other P2P)	Remittances
Current speed	FX transactions may be same-day where RTGS hours overlap, or may be T+2 settlement in other cases. 48 hours or longer (traditional correspondent banking).	As an example, 92% of payments that use SWIFT gpi MT103 primarily B2B payments are processed in less than one business day (i.e. not including bank holidays or weekends).[20] Normally card payments take 2-5 business days to clear through an automated clearing house.	By current services offered (out of 5000 serving 367 corridors, representing 85% of remittance flows globally): 53% is <1 hour 65% is <same day 76% is <next day 84% is <2 days
Considerations in target setting (including target dates)	Difficulties in aligning RTGS operating hours across time zones, market conventions for settlement pairs can impact speed, inability to introduce Straight Through Processing (STP) due to data quality issues.	Technically faster processing times possible but need to consider factors (compliance, local data privacy policies, AML/CFT and KYC checks and so on).	Similar considerations as retail payments, additionally need to consider other factors e.g. capital controls, sanctions screening.

4.3. Access

In line with the key design feature agreed, targets for access to cross-border payments only consider end-user perspectives and do not address access to payment systems by banks/non-banks.

[20] SWIFT (2020), SWIFT gpi: driving a payments revolution, October.

Table 4: Access

Challenge	Payment Sector		
	Wholesale	Retail (e.g. B2B, P2B/ B2P, other P2P)	Remittances
Current access	Not all currencies are eligible for settlement in multilateral settlement systems (e.g. the legal framework lacks settlement finality). Some domestic RTGS allow access to non-banks.	Most end-users have multiple options and providers[21] including banks (P2B, B2B), international card schemes (P2B) and other service providers (P2P). Access problems nevertheless exist for some MSMEs and individuals (as for remittances).	World Bank Remittance Prices Worldwide (RPW) analysis focuses on four types of channels for end-users: banks, post offices, mobile operators & MTOs. Mobile money, despite having the lowest market share, has the widest reach in some countries and its use has increased access to financial services (although for example post offices also have wide networks).[22]
Considerations in target setting (including target dates)	Decline in correspondent banking relationships results in some jurisdictions facing inadequate access to the global financial system. The number of correspondent banks fell by 22% between 2011 and 2019 even though the value of payments increased.[23]	Decline in correspondent banking relationships impacts in particular EMDE MSMEs for B2B. For multinational corporations, multiple payment arrangements in different countries may be needed to support customer payments.	The decline in correspondent banking relationships can affect banks' ability to service MTOs. KYC, data issues. Lack of digital IDs for some end-users as well as lack of access to transaction accounts (69% of adults worldwide had a transaction account – either a financial institution or mobile money provider in the most recent Global Findex study in 2017).[24]

4.4. Transparency

Transparency can include not only transparency over the terms of the transaction, but also transparency of the progress in the transaction when in it is underway. The importance of

21 See McKinsey/ SWIFT (2018), *A Vision for the future of Cross-Border Payments*, Exhibit 4, for examples.

22 IMF (2020), 2020 Financial Access Survey, 9 November.

23 BIS (2020), *New correspondent banking data - the decline continues at a slower pace*, August.

24 https://globalfindex.worldbank.org/

transparency about progress is closely linked to speed i.e. the faster the payment, the less tracking is required (except in those cases where problems arise).

Table 5: Transparency

Challenge	Payment Sector		
	Wholesale	Retail (e.g. B2B, P2B/ B2P, other P2P)	Remittances
Current transparency	Many payments include information on processing fees, exchange rate costs and processing times.	Many payments include information on processing fees, exchange rate costs and processing times. International card schemes have extensive terms and conditions but may lack transparency in some areas (such as costs).	RPW database[25] includes mystery shopping to judge whether services are identified as transparent or non-transparent. World Bank GPSS includes questions on transparency requirements across jurisdictions, which indicates high transparency in providing receipts and disclosing fees/ FX rates, low in standardising the format of receipts and up to date national level information.
Considerations in target setting (including target dates)	Targets should be appropriate for transactions both through multilateral infrastructures and for bilateral transactions.	Current payment transaction information is inconsistent in its content and availability depending on the end-user, service provider and local requirements.	Limited national level information (often not frequently updated) to compare costs, speed and options for sending remittance payments. Sites that offer more frequently updated data do so via APIs, thereby covering only digital providers (i.e. a small minority of the market).

[25] https://remittanceprices.worldbank.org/en

5. Targets in detail

This section provides further explanations, for each market segment, on the targets for each challenge that are outlined in the table in the executive summary.

5.1. Wholesale payments targets

Cost – Due to the difficulty of estimating average costs across the market, and given they are highly individualised (i.e. costs depend also on individual participants' volumes and values), no target has been set for this segment. Nevertheless, many of the actions to be undertaken under the roadmap will, when implemented, reduce costs in the wholesale market.

Speed – With an increased proliferation of domestic fast or instant payment systems, and connections being already established or explored between them, within one hour of payment initiation for crediting and reconciliation (or within one hour of the pre-agreed settlement date and time for forward-dated transactions) for a large majority (75%) of all cross-border wholesale payments would be an ambitious but feasible goal. The speed targets are intended to be achieved without compromising on the application of the necessary compliance checks (e.g. for AML/ CFT or fraud) for all payments.

Access – All financial institutions should have at least one reliable option (in terms of infrastructures and providers) and, where appropriate, multiple options to send and receive payments.

Transparency – For all three market segments (wholesale, retail and remittances), a minimum defined list of information ensures a floor of transparency across the market while avoiding unintended consequences of data provision (e.g. increased costs due to having to source and provide data).

5.2. Retail payments (B2B/ P2B/ other P2P) targets

Cost – An average cost target can be established, in similar fashion to the current UN SDG target for remittances, with a global average percentage (or common average percentage for each payment corridor) agreed and tracked. More ambitious targets have been set for the retail market segment than for remittances due to the already lower cost of such payments in the main sectors (e.g., in the case of e-commerce and tourism) and in recognition of the greater challenges and frictions that some payment corridors in the remittance market face.

Speed – With the end-user in mind and considering the increased proliferation of domestic fast or instant payment systems and connections being established or explored between them, availability of funds for the recipient within one hour of payment initiation for 75% of payments would be a considerable improvement on the current situation, notably for P2B instruments. The speed targets are intended to be achieved without compromising on the application of the necessary compliance checks (e.g. for AML/ CFT or fraud) for all payments.

Access – Similar to wholesale, the focus is that multiple options of infrastructure or provider should be available in particular for B2B as market competitiveness is strong in P2B/B2P.

Transparency – For all three market segments (wholesale, retail and remittances), a minimum defined list of information ensures a floor of transparency across the market while avoiding unintended consequences of data provision (e.g. increased costs due to having to source and provide data).

5.3. Remittance targets

Cost – The existing UN SDG goal is well known and not yet achieved, so it is simplest and shows consistency of ambition to retain it. Nevertheless, significant cost improvements have already been made since the UN SDG goal was first set, and many of the Actions in the Roadmap will help to address the challenges that the remittance market faces. Therefore, substantial cost improvements by end-2027 are anticipated here too (in the same way as with respect to other targets proposed in this report). For instance, in many cases steps to reduce frictions in the retail market segment are likely to reduce frictions in the remittance market also.

Speed – As over 50% of service providers are already processing payments in less than an hour, an ambitious but realistic goal could be for 75% of payments to provide availability of funds for the recipient within one hour of the payment being initiated. The speed targets are intended to be achieved without compromising on the application of the necessary compliance checks (e.g. for AML/ CFT or fraud) for all payments.

Access – The Global Findex database study in 2017 indicates that 94% of adults in high income countries have a transaction account, versus 63% in developing countries – this lack of presence in the formal financial system creates additional challenges for customer identification - the target aims to allow the vast majority of adults globally who send or receive remittances (including those that do not have a bank account) to make cross-border payments for legal purposes via services that conduct proper AML/CFT checks.

Transparency – For all three market segments (wholesale, retail and remittances), a minimum defined list of information ensures a floor of transparency across the market while avoiding unintended consequences of data provision (e.g. increased costs due to having to source and provide data).

6. Implementation Approach for Monitoring the Targets

This section outlines the planned implementation approach for monitoring progress toward meeting the targets.

By October 2022, the FSB will provide a report to the G20 and the public with further details of the implementation approach, and with KPIs providing estimates of current performance of cross-border payments to provide a baseline against which future progress toward the targets can be monitored. This will take forward Action 3 of Building Block 1 of the Roadmap. The FSB will publish an interim report in June 2022 on progress in developing the implementation approach.

The responses to the public consultation demonstrated the interest of industry in contributing to the design of an effective approach. A wide set of stakeholders, including payments industry participants and the authorities within the FSB's Regional Consultative Groups, will be approached for their input in the course of drafting this initial report to gain their insights, learn from their practical expertise and to assist as a key source of data. Their involvement will be key to monitoring improvements over time.

The period between the June and October 2022 reports will provide an opportunity to finalise the estimation approach and data collection process and, if the findings at that point should indicate that it is needed, to make adjustments to the definition of the targets.

The implementation approach is proposed with the following principles in mind:

- **Light approach where possible.** Time consuming and excessive reporting should be avoided so as not to overburden data providers or divert resources from the actions set out in the other Building Blocks of the Roadmap. Proportionality and flexibility should be considered, as the aim is to obtain an overview of progress in the market as a whole, rather than to monitor in detail progress by individual payments service providers.

- **Data should be aggregated**. In order to alleviate any concerns regarding sharing of commercially sensitive and confidential data and to ensure anonymity, any firm-level confidential data should be collected on an anonymised and aggregated basis.

- **Existing data collection should be leveraged where relevant.** Certain data for monitoring some aspects relevant to the targets is already collected, although often on a biennial rather than annual basis. Leveraging this data avoids duplication, i.e. collecting the same data twice, and optimises use of resources. However, for most of the metrics to be monitored, data does not appear to currently exist that would provide a global picture (with the exception of remittance data collected through the World Bank Remittance Prices Worldwide database). Examples for data collection processes that, although they do not currently provide data that can be used for monitoring progress against the targets, could be considered as channels for additional data collection include the BIS Red Book statistics, World Bank Global Payment Systems Survey, and the IMF Financial Access Survey.

- **Existing channels to be used where possible.** Reporting should make use of existing reporting channels, as much as possible.

  Any new data collection methods required should be limited in size and scope. Some of the data necessary for monitoring progress toward the targets will inevitably require the design of new data collection methods in order to gather it from the market (see Section 6.2 for possible options) – their size and scope should be carefully considered in line with the light approach principle. In some cases proxy data may be able to be collected that can provide a reliable estimate of the overall market, rather than comprehensively collecting data on all transactions.

- **Collected data should be representative of underlying market trends**. Data collected should be from a sufficiently wide range of payment service providers, and

provide sufficient information about different types of service provider to enable extrapolation of progress towards the targets.

- **Indicators should be representative of the different contexts of end-users.** Data should be representative of the different contexts that end-users face (e.g. whether they are individuals or MSMEs or regions including across income levels).

6.1. Measurement of progress toward targets

Progress will need to be publicly monitored against the nine targets and – the methodology should be published. (The World Bank's Remittance Prices Worldwide database in place for remittance costs and the World Bank's Smart Remitter Target methodology provides a useful precedent and example).[26]

The technical details of measurement of progress toward targets are likely to differ depending on the market segment and the types of target. Discussions to specify technical details will continue at the FSB with input from relevant stakeholders.

The targets are set at the global level, and therefore globally aggregated summary "headline" measures of progress will be important.

At the same time, in assessing where progress is being made and where challenges remain, collection and publication of at least some form of disaggregated data (e.g. by region, by jurisdiction or by type of payment) will also be conducted. Some options for collecting data that could contribute to the KPIs to be monitored are listed under Table 6, but are subject to further consideration, and may not all be collected.

[26] https://remittanceprices.worldbank.org/sites/default/files/smart_methodology.pdf and https://remittanceprices.worldbank.org/en/methodology

Table 6: Possible options for disaggregation in measuring progress toward targets

	Possible disaggregations within each market segment		
	Wholesale	Retail (e.g. B2B, P2B/ B2P, other P2P)	Remittances
Possible options	Possibly aggregate by type of service provider (correspondent banks, large value payment systems, FX settlement systems) globally and/ or by region	Possibly aggregate by: • Type (sub-divided into B2B, P2B, B2P, other P2P) • End-users (e.g. individuals, MSMEs) • Other types of division (e.g. tourism, e-commerce, cross border electronic transfers) • Payment method (bank transfer, fintech/ non-bank (including mobile payments) or credit card) • Regionally	Much of the data for remittance challenges is already gathered by the World Bank under the Remittance Prices Worldwide quarterly reports aggregated by service provider (international MTO, banks, post offices, mobile money operators), payment instrument (bank account, cash, mobile money, credit/ debit card) and region
Potential data sources (choices to be specified as part of the next stage of the work for the October 2022 report)	Service providers, international organisations, industry analysts	Service providers, international organisations, industry analysts	Service providers, international organisations, industry analysts

6.2. Data collection and publication

Two options for the overall approach to the data collection mentioned above are being considered, which will be discussed further in the FSB with input from external stakeholders:

- **Option 1: Comprehensive collection and aggregation data from individual payment service providers.** Comprehensive transaction data could be collected from a wide section of the market and aggregated globally and by region. While this option would give a complete picture of the market, it would also be costly and time intensive.

- **Option 2: Surveys of payment service providers or sampling of transaction data**. Surveys and samples could be used to gather information from which the market as a whole could be extrapolated. While this option would be faster and less burdensome, there is a risk (through surveys) there could be differences of interpretation of those filling in the form or (through samples) a lack of comprehensiveness.

The data will be collected and published at least annually, with a summary of progress also included in the annual FSB consolidated report on the overall roadmap progress to the G20.