FSB FINANCIAL STABILITY BOARD

Press release

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FSB issues recommendations related to data flows and regulation and supervision of cross-border payments

- ***Recommendations address frictions in data flows related to cross-border payments and promote a level playing field between bank and non-bank providers of payment services.***
- ***Recommendations form part of the FSB's efforts to prioritise work and strengthen private-sector participation under the G20 cross-border payments roadmap.***
- ***The FSB is inviting market stakeholders to join its Taskforce on Legal, Regulatory, and Supervisory matters and is establishing a new Forum on Cross-Border Payments Data to take these recommendations forward in a coordinated manner and encourage cross-sectoral collaboration.***

The Financial Stability Board (FSB) published today its finalised recommendations to promote greater alignment in data frameworks related to cross-border payments and consistency in the regulation and supervision of bank and non-bank payment service providers. These recommendations advance key actions from the G20 Roadmap to address legal, supervisory, and regulatory issues in cross-border payments. As part of these efforts and to enhance private sector engagement, the FSB is inviting market stakeholders in cross-border payments to join its Taskforce on Legal, Regulatory, and Supervisory matters (LRS Taskforce).

Policy recommendations to promote greater alignment and interoperability in data frameworks related to cross-border payments

The transfer of data across borders is essential to the functioning of cross-border payments. Frictions from data frameworks (i.e. the range of laws, rules and regulatory requirements for collecting, storing and managing data) can pose significant challenges to improving the cost, speed, transparency and accessibility of cross-border payments. The FSB's recommendations aim to address identified frictions, while maintaining the safety and security of cross-border payments and upholding the objectives of protecting the privacy of individuals and fostering innovation. Identified frictions include different data requirements in payments that interfere with the smooth processing of cross-border payments, restrictions on data sharing that impede the ability to safely process cross-border payments, and increased costs due to data storage and handling requirements.

To take forward these recommendations in a coordinated manner and to identify emerging issues that should be addressed, the FSB is establishing a Forum on Cross-Border Payments Data. The Forum will be comprised of public-sector stakeholders covering payments, anti-money laundering and countering the financing of terrorism (AML/CFT), sanctions, and data privacy and protection. The Forum will also establish a private sector advisory group.

Policy recommendations to strengthen consistency in regulating and supervising banks and non-banks providing cross-border payment services

Advances in technology have led to an increasing number and variety of payment services providers (PSPs) and the services they offer. In the absence of comprehensive international standards applicable to non-bank PSPs' provision of cross-border payment services, jurisdictions have taken varying approaches to regulating and supervising bank and non-bank PSPs offering these services. These recommendations aim to ensure quality and consistency in the legal, regulatory and supervisory regimes of banks and non-banks in their provision of cross-border payment services in a way that is proportionate to the risks associated with such activities. This approach reduces the likelihood of regulatory arbitrage by establishing a level playing field for both banks and non-bank PSPs, despite differences in business models and risk profiles. Greater consistency in the regulation and supervision of banks and non-banks providing cross-border payment services can foster lower costs, higher delivery speed, and better financial access and transparency.

Notes to editors

Both reports reflect public feedback received by the FSB on the consultative versions issued in July 2024. The FSB also published today overviews of the responses to these public consultations.

The G20 has made enhancing cross-border payments a priority to achieve faster, cheaper, more transparent and more inclusive cross-border payments, while maintaining their safety and security. In 2020, the FSB, in coordination with the Bank for International Settlements' Committee on Payments and Market Infrastructures (CPMI) and other international organisations and standard-setting bodies, developed a Roadmap to address these challenges. In October 2022, G20 Finance Ministers and Central Bank Governors endorsed a plan for prioritising work under the Roadmap and for enhancing engagement with the private sector and jurisdictions beyond the G20. In February 2023, the FSB outlined three priority themes to drive the Roadmap forward. The themes cover: payment system interoperability and extension; legal, regulatory and supervisory frameworks; and cross-border exchange and message standards.

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes the implementation of effective regulatory, supervisory, and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Klaas Knot, President of De Nederlandsche Bank. The FSB Secretariat is located in Basel, Switzerland and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, www.fsb.org.