FSB FINANCIAL STABILITY BOARD

Press release

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FSB identifies frictions from data frameworks that pose challenges to enhancing cross-border payments

- ***FSB stocktake of existing national and regional data frameworks identifies frictions that pose challenges to improving the cost, speed, transparency and access of cross-border payments.***
- ***Report highlights fragmentation in data frameworks as a main contributor to increased cost and inability to automate cross-border payments.***
- ***FSB invites submissions for case studies that help assess the impact of data framework requirements on cross-border payments and identify where action should be prioritised.***
- ***By early 2024, the FSB will develop recommendations, for public consultation, for promoting alignment and interoperability across data frameworks applicable to cross-border payments.***

The Financial Stability Board (FSB) today published its *stocktake of international data standards relevant to cross-border payments*. The stocktake looks at national and regional data frameworks relevant to the functioning, regulation and supervision of cross-border payment arrangements. It takes forward one of the priority actions under the G20 Cross-border Payments Roadmap, to enhance the interaction between data frameworks and cross-border payments.

The stocktake was conducted to identify issues relating to cross-border use of data by national authorities and by the private sector in cross-border payment arrangements. The report identifies a number of frictions from data frameworks that pose significant challenges to improving the cost, speed, transparency and access of cross-border payments. These include uncertainty among payment providers on how to balance the various obligations under different data frameworks, such as obligations related to data privacy and to anti-money laundering and combating the financing of terrorism (AML/CFT); and challenges arising from restrictions on the flow of data across borders, which could make it more difficult to identify fraud, comply with AML/CFT and other regulatory obligations, as well as manage risk on an enterprise-wide basis. A certain degree of friction from data frameworks may be an unavoidable and acceptable consequence of regulations aimed at preserving the security of transactions, meeting AML/CFT objectives and protecting the privacy of citizens. However, the

extent of fragmentation in data frameworks across jurisdictions was considered a main contributor to increased cost and inability to automate payments.

Work is already underway in the FSB to follow-up on this stocktake and address these issues. In particular, the FSB is developing recommendations to promote alignment and interoperability across data frameworks applicable to cross-border payments. To inform its work, the FSB will engage with industry, data privacy experts, financial regulators and data protection agencies to develop case studies to assess the impact of selected frictions on cross-border payments and identify where action should be prioritised.

The FSB invites stakeholders to submit case studies on these issues by 20 October 2023 to fsb@fsb.org under the subject heading 'Data frameworks'. The feedback will be considered by the FSB as it develops its recommendations, which will be issued for public consultation in early 2024.

Notes to editors

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. The FSB, in coordination with the CPMI and other relevant international organisations and standard-setting bodies, developed in 2020 a Roadmap to address these challenges. A key foundational element in the Roadmap was the publication of quantitative targets to be achieved by 2027 for better outcomes for those making and receiving payments.

In October 2022, G20 Finance Ministers and Central Bank Governors endorsed the next phase of work, which outlined a plan for prioritising work under the Roadmap to achieve the quantitative targets that have been set , and for enhancing engagement with the private sector and with jurisdictions beyond the G20. In February 2023, the FSB outlined specific actions that will be taken under the three priority themes to move the Roadmap forward and achieve the targets by 2027. The three priority themes cover: payment system interoperability and extension; legal, regulatory and supervisory frameworks; and cross-border exchange and message standards.

The FSB and CPMI have each established a public-private sector taskforce to provide mechanisms for regular engagement between senior representatives in the public and private sectors and bring a strategic perspective that will help to support the implementation of the Roadmap.

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.