

# **Buna response to the consultation on “Targets for Addressing the Four Challenges of Cross-Border Payments”**

- 1. What are your comments on the key design features applied in designing the targets (section 1)? Are there any design features that you consider are missing?**

In our view the targets should be meaningful in the sense that they do not only relate to each of the challenges but also achieve the results that matter from an end-user’s perspective.

Once such goals are defined, it will be important not to compromise them. For example, it will be more valuable maintaining a goal rather than lowering its ambition in order to meet a target date.

- 2. Do you agree with the market segments as described? Are they sufficiently clear? Do they reflect the diversity of cross-border payments markets, while providing a high-level common vision for addressing the four roadmap challenges?**

We would suggest separating B2B payments from retail. In many aspects, B2B has much more similarities with wholesale rather than retail. In fact, a number of wholesale payments can be related to underlying B2B transactions and therefore, there is potential overlap between both segments.

- 3. Do you have any comments on the target metrics proposed?**

On transparency, we would suggest visibility on the cost levied by each party in the transaction chain rather than the total transaction cost for increased transparency.

- 4. Do you agree with the proposal in the definition of the market segments to separate remittance payments from other types of cross-border person-to-person (P2P) payments because of the greater challenges that remittances in some country corridors face? If so, can you suggest data sources that can distinguish between the two types?**

Yes, we agree with the proposal.

We suggest direct data collection based on (purpose of transaction). Remittance P2P is mainly related to “family support”, “education”, and “gifting”. The following sources could be considered:

- Central Banks & Monetary Authorities
- Pan Regional and International MSBs / MTOs / Fintechs
- In-country councils & unions of MSBs

- 5. Are the proposed numerical targets suitable? Are they objective and measurable, so that accountability can be ensured by monitoring progress against them over time?**

Yes. However, we have some suggestions provided under the next questions.

- 6. What are your views on the cost target for the retail market segment? Does it reflect an appropriate level of ambition to improve on current costs while taking into consideration the variety of payment types within the segment? Should reference transaction amounts be set for the target (in the same way as \$200 has been set for the current UN Sustainable Development Group targets for remittances) and, if so, what amount would you suggest?**

Targets makes sense if B2B segment is separated (as suggested earlier). The cost of B2B payments today is generally much lower than the proposed target and would deserve a more ambitious target.

- 7. What are your views on the speed targets across the three market segments? Are the proposed targets striking the right balance between the ambition of having a large majority of users seeing significant improvements, the recognition that different types of users will have different speed requirements, and the extent of improvements that can be envisaged from the actions planned under the roadmap?**

We believe that more ambitious targets should be possible to achieve. First, a large portion of payments is already processed in less than an hour currently and therefore, we believe that we should target much less than an hour (e.g., 10 or 15 min) for 75% of the payments. Second, we see a substantial gap between the target proposed for 75% of the payments and the one for the remaining 25%. An alternative could be to set a more ambitious target (e.g., 8 hours) for the remaining 25% or to introduce 3 levels of targets (e.g., 75% within a few minutes; 15% within a few hours and 10% within a day).

- 8. Are the dates proposed for achieving the targets (i.e., end-2027 for most targets) appropriately ambitious yet achievable given the overall time**

**horizon for the Actions planned under the roadmap? Would an alternative and more ambitious target date of end-2026 be feasible?**

We believe that a much more aggressive target date (e.g., end-2025) could be set for the objectives relating to transparency. Two arguments are supporting that. First, we believe that there are no factual obstacles to transparency and that it is mainly a matter of will. Second, our view is that transparency is key to allow achieving the objectives regarding the other targets and to monitor the progress towards them. Therefore, transparency should come first.

Regarding speed, we believe that a target date of end-2026 is achievable.

We understand the rationale behind proposing a target date of end-2030 for the cost of remittances. However, since this is precisely the area where the progress on costs is the most needed, we propose to set at least interim objectives to be achieved by end-2027 similarly to the other segments.

The target date of end-2027 regarding the access for the remittance segment might be challenging depending on whether it also includes the remittances that can only be covered by means of informal channels currently. The 90% target by end-2027 needs to be aligned with global financial inclusion and digital inclusion efforts to be realistic.

**9. What data sources exist (or would need to be developed) to monitor the progress against the targets over time and to develop and set key performance indicators? Do you have relevant data that you would be willing to share for this purpose either now or during the future monitoring?**

We recommend creating channels with key players to have 360 degrees view on data (Central Banks & Monetary Authorities, Operators of Payment Systems and Card Schemes, Large Correspondent Banks, Pan Regional and International MSBs / MTOs / FINTECHs, etc.)

We will be willing to share relevant aggregated data for future monitoring.

**10. Do you have further suggestions or questions about the detailed definition and measurement of the targets and their implementation? Which types of averages can be constructed to help to measure progress?**

We would like to have the confirmation if government payments (P2G and G2P segments) should be included in the retail segment, under P2B and B2P.

Average transaction cost should be constructed per segment to monitor the progress of each segment for accurate indications.

**11. Do you have any suggestions for more qualitative targets that could express ambitions for the benefits to be achieved by innovation that would be in addition to the proposed quantitative targets for the payments market as a whole?**

We would suggest considering targets related to financial literacy. In addition, we believe that financial inclusion should be measured per country and associated to the progress related to access.