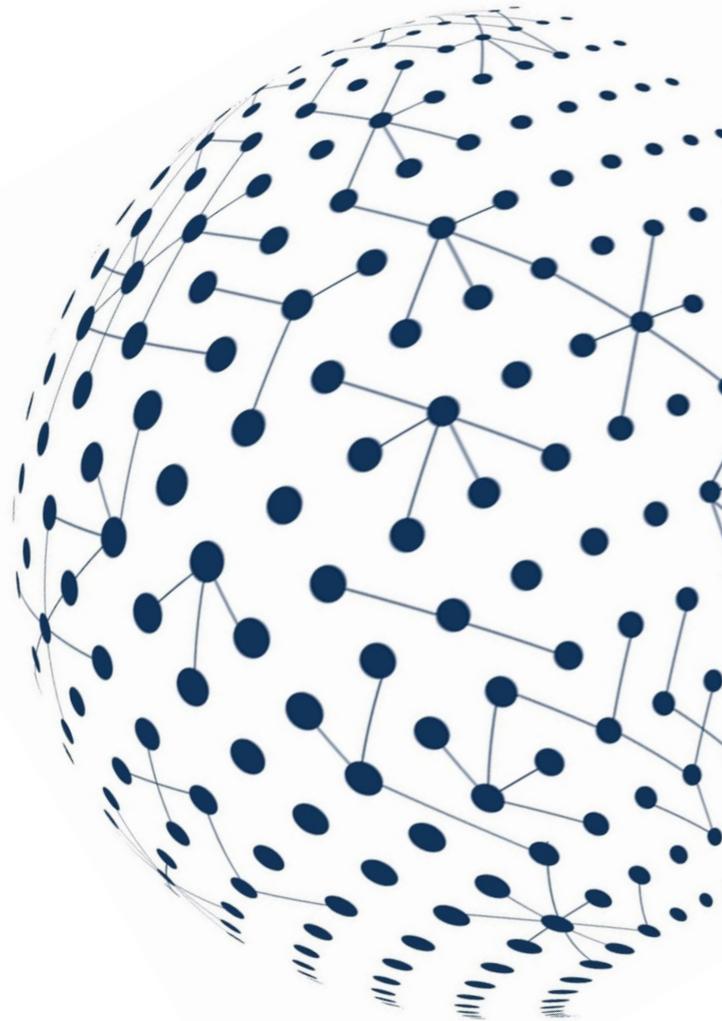


G20 Roadmap for Enhancing Cross-border Payments

Priorities for the next phase of work



10 October 2022

The Financial Stability Board (FSB) coordinates at the international level the work of national financial authorities and international standard-setting bodies in order to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies. Its mandate is set out in the FSB Charter, which governs the policymaking and related activities of the FSB. These activities, including any decisions reached in their context, shall not be binding or give rise to any legal rights or obligations.

Contact the Financial Stability Board

Sign up for e-mail alerts: www.fsb.org/emailalert

Follow the FSB on Twitter: [@FinStbBoard](https://twitter.com/FinStbBoard)

E-mail the FSB at: fsb@fsb.org

Copyright © 2022 Financial Stability Board. Please refer to the [terms and conditions](#)

G20 Roadmap for Enhancing Cross-border Payments

Priorities for the next phase of work

Since G20 Leaders endorsed the *Roadmap for Enhancing Cross-border Payments*¹ in 2020, much has been accomplished in laying the foundations, through the necessary stocktakes and analyses. The Roadmap has now reached an inflection point and needs to move to practical projects to enhance payment arrangements. We seek the G20's renewed support for these important next steps.

During these first two years of the Roadmap, the projects have been intentionally comprehensive in scope, examining the full range of approaches and models to address the identified frictions in cross-border payments. Across the Roadmap's 19 building blocks (BBs), a wide range of issues, technologies and arrangements (current and future) were closely examined. The various workstreams have identified the way forward, through specific proposals, best practices, and updated guidance, and have explored both improvements in existing arrangements and potential new multilateral platforms and arrangements for cross-border payments.²

A foundational element in the Roadmap has been the publication of quantitative targets (to be achieved by 2027 in most cases) that define the Roadmap's ambition for achieving cheaper, faster, more transparent, and more accessible cross-border payments and create accountability.³ To maintain momentum the FSB will publish annual updates on progress made toward achieving the targets, using key performance indicators.

The Roadmap targets will not be achieved merely on paper through analyses and recommendations. The improvements of underlying systems and arrangements and the development of new systems will require global coordination and sustained political support. It will also require investment in systems, processes and technologies. Its success will depend heavily on the commitment of public authorities and the private sector, working together.

This note outlines, for G20 endorsement, the FSB Cross-border Payments Coordination Group's prioritisation plan and engagement model for taking the Roadmap forward.

The FSB will coordinate work to develop the further detail of the actions that will take place to follow through with this prioritisation plan, including through discussions with industry participants. It will incorporate the actions into an updated Roadmap, which it will provide to the first G20 Finance Ministers and Central Bank Governors meeting in 2023.

¹ FSB (2020), *Enhancing cross-border payments roadmap*, October 2020.

² FSB (2022), *G20 Roadmap for Enhancing Cross-border Payments: Consolidated progress report for 2022*, October.

³ FSB (2021), *Targets for Addressing the Four Challenges of Cross-Border Payments*, October.

Levers for supporting collective action

The Roadmap, endorsed by the G20 Leaders, sets the destination. However, the Roadmap itself cannot make payments cheaper, faster or more reliable. The FSB and its partner bodies tasked with taking forward the Roadmap do not run payment systems and cannot make payments faster, cheaper, or more accessible and transparent on their own. Public and private sector partnership will be crucial. To move the work forward, we will use the following levers to support collective action:

- Channelling the high-level political support for the Roadmap and the targets and actions to encourage the relevant actors to take the necessary measures.
- Reviewing and publicly reporting progress on measures that have been taken in the priority areas that have been identified, and on where challenges persist.
- Working with the private sector, through both existing and new fora, to encourage action in key areas.
- Convening relevant bodies within the public sector to help address relevant regulatory frictions.
- Providing technical assistance and actively reaching out to help non-G20 jurisdictions tackle their most pressing cross-border payment problems.
- Promoting the analytical, experimental and policy work on new payment arrangements and assessing the technical improvements they bring, challenges they face and risks they pose to the payments ecosystem.

Prioritising to achieve the targets

The FSB, the Committee on Payments and Market Infrastructures (CPMI) and partner bodies have begun to focus and prioritise the future work, drawing from the analysis to date and the feedback received from stakeholders. The guiding principle in the prioritisation will be – *In what way will this project help to achieve the targets that have been set for cross-border payments?* By placing this at the centre of its planning, the public and private sector can direct resources toward the work most likely to have the biggest impact by the 2027 target date.

The three overall, interconnected, themes that we have identified for orienting and focusing the next phase of the Roadmap are:

1. Payment system interoperability and extension;
2. Legal, regulatory and supervisory frameworks; and
3. Cross-border data exchange and message standards.

Payment system interoperability and extension

Work on this priority will focus on improvement of payment system interoperability, extension of RTGS operating hours and access policies. Interlinking arrangements for payment systems allow banks and other payment service providers to transact with each other without requiring them to participate in the same payment system or use intermediaries (e.g. correspondent banks). Such arrangements can shorten transaction chains, reduce overall costs and increase the transparency and speed of payments. Similarly, access to key domestic payment systems facilitates the provision of cross-border payment services safely and efficiently, and expanded access can level the playing field for payment service providers and foster greater competition and innovation. Relatedly, extending and aligning the operating hours of key payment systems across jurisdictions could speed up cross-border payments, improve liquidity management, and reduce settlement risk.

In addition to this priority work to enhance existing payment arrangements in order to help in meeting the 2027 targets, work on interoperability will also be helpful for longer-term work on other Roadmap building blocks that are exploring the potential future role of new payment infrastructures and arrangements, including factoring an international dimension into CBDC design.

Relevant building blocks under this priority include: Improving (direct) access to payment systems (BB10); Extending and aligning operating hours (BB12); and Pursuing interlinking of payment systems for cross-border payments (BB13).

Legal, regulatory and supervisory frameworks

Work under this priority will focus on the promotion of an efficient legal, regulatory and supervisory environment for cross-border payments while maintaining their safety, security, and integrity. Inconsistent or unaligned legal, regulatory, and supervisory frameworks can be a significant source of frictions in cross-border payments. For example, actual or perceived differences in the scope and application of regulations and supervision between banks and non-banks can limit non-banks' access to payment services provided by both banks and financial market infrastructures, which reduces competition in the market for cross-border payment services. Regulatory frameworks for non-banks differ widely between jurisdictions, and the frictions caused by such differences may become more relevant in future as new technologies facilitate the provision of cross-border payment services. As an example, inconsistent implementation of or variations on Anti Money Laundering / Combatting the Financing of Terrorism (AML/CFT) controls, including customer due diligence (CDD) requirements across jurisdictions can be sources of frictions that reduce the speed and increase the cost of cross-border payments.

Relevant building blocks under this priority include: Aligning regulatory, supervisory and oversight frameworks (BB4); and Applying AML/CFT rules consistently and comprehensively (BB5).

Cross-border data exchange and message standards

Work under this priority will focus on facilitating cross-border data exchange and increasing the use of standardised messaging formats for cross-border payments. Data standards and formats vary significantly across jurisdictions, infrastructures and message networks, and data frameworks vary across jurisdictions. As a result, the data carried in most cross-border payment messages are very limited, reducing the level of straight-through processing and automated reconciliation. Similarly, even with the global transition to the ISO 20022 standard that is underway, inconsistent implementation or use of the standard could limit its benefits in enhancing the processing of cross-border payments and the interlinking of payment systems.

Relevant building blocks under this priority include: Reviewing the interaction between data frameworks and cross-border payments (BB6); Adopting a harmonized ISO 20022 version for message formats (including rules for conversion/mapping) (BB14); and Harmonising API protocols for data exchange (BB15).

Private-sector engagement at all levels

Strengthening engagement and partnership with the private sector will be a key element of the next phase of the Roadmap. There has already been extensive engagement at technical level with the private sector as part of the Roadmap's foundational work over the past two years, and that will continue. It now needs to be complemented by strengthened strategic engagement at senior executive and management level to develop a greater sense of shared ownership in the work of the Roadmap, shared commitment to the requisite investments, and partnership in executing on practical projects.

The FSB will hold a high-level Cross-border Payments Summit in October 2022 to launch this new phase of work under the Roadmap, bringing together leaders from both the private and public sector. The Summit's aim will be to achieve a more specific joint public-private sector commitment to take forward the work to enhance cross-border payments.

Following the Summit, regular engagement of the public sector with senior managers and with technical experts will bring both strategic perspective and subject matter expertise to ongoing projects. Groups at these levels will provide year-round continuity in engagement, providing advice and collaboration on the provision and modification of cross-border payment arrangements, and serving as fora for exchange of implementation experiences and coordination between public authorities and private sector stakeholders.

Engagement with public authorities beyond the G20

Engaging a wider range of public sector authorities from jurisdictions beyond the G20 will be similarly important if cross-border payments are to be improved in regions currently facing many of the biggest challenges. Through broader engagement we can learn from each other and improve the interoperability of different regional systems.

Regionally focussed outreach within the public sector will help tailor activities more strategically to address the most critical implementation challenges in each region. This will develop shared understanding of the challenges to implementation, actions that would be most effective in

helping to achieve the G20 targets, and engagement with the relevant authorities in each region on the legislative and regulatory changes that may be needed to implement actions. In addition, focused technical assistance will be a critical element to support outreach and achieve the G20 targets. The Roadmap foresees technical assistance as part of several building blocks and this should be coordinated among the various providers of technical assistance, in order to maximise its effectiveness while working within the established governance processes for provision of technical assistance that each body follows.