FSB consults on recommendations related to data flows and regulation and supervision in cross-border payments

- **FSB proposes recommendations to address frictions in data flows related to cross-border payments and to promote a level playing field between bank and non-bank providers of payment services.**

- **Proposals include the establishment of a forum for cross-sectoral collaboration on data issues related to cross-border payments to ensure that the recommendations are taken forward in a coordinated manner.**

- **Public consultations form part of the FSB’s efforts to prioritise work and strengthen private-sector participation under the G20 cross-border payments roadmap.**

The Financial Stability Board (FSB) published today, for public consultation, its proposed 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 reports take forward priority actions under the G20 Roadmap to address legal, supervisory and regulatory frictions in cross-border payments to help achieve the quantitative targets in 2027.

**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 the cross-border payments system. The FSB’s recommendations aim to address identified frictions from data frameworks (i.e. the range of laws, rules and regulatory requirements for collecting, storing and managing data) that pose significant challenges to improving the cost, speed, transparency and accessibility of cross-border payments, while maintaining their safety and security and upholding the objective of protecting the privacy of individuals. These frictions include the misalignment of data in payments that interferes 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 proposes the establishment of a forum comprised of public-sector stakeholders covering payments, anti-money laundering and countering the financing of terrorism (AML/CFT), sanctions, and data privacy and protection.
Policy recommendations to strengthen consistency in regulating and supervising banks and non-banks providing cross-border payment services

Advances in technology in the cross-border payments landscape have led to an increasing number and variety of payment services providers (PSPs) and the services they offer. In response to these changes, legal, regulatory and supervisory frameworks that govern PSPs have had to rapidly adapt and evolve. Due to 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. The proposed recommendations aim to ensure quality and consistency in the legal, regulatory and supervisory regimes for PSPs and to promote greater alignment between those applicable to banks and non-banks in their cross-border payment 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 treatment of payment services across PSPs supports an environment that reduces costs, increases delivery speed, and improves financial access and transparency.

The FSB is inviting comments on these consultation reports and the questions set out. Responses should be submitted through the respective online forms by 9 September 2024. For questions, please contact the FSB (fsb@fsb.org). Responses will be published on the FSB’s website unless respondents expressly request otherwise on the online form.

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. 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 move the Roadmap forward and achieve the quantitative targets by 2027. 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.