



# **SWIFT response to FSB consultation on Targets for Addressing the Four Challenges of Cross Border Payments**

**SWIFT**  
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**Confidentiality: Confidential**

SWIFT welcomes the FSB's consultation on Targets for Addressing the Four Challenges of Cross-Border Payments. As you will be aware, SWIFT strongly supports the FSB's ambitions in the cross-border payments area and we are focused on working together with regulators, policy makers and the wider industry to ensure the success of this workstream.

We remain at your disposal for any questions or comments and look forward to engaging further with the FSB on this important issue.

Kind regards,

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# Targets for Addressing the Four Challenges of Cross-Border Payments

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## *Response to FSB's consultative document*

- 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?

SWIFT fully supports the G20 Roadmap for Enhancing Cross-border Payments. Overall, we also support the design features applied in designing the targets and do not believe there is a need to add additional targets. In relation to timing, we agree with the ambition to meet these targets by 2027.

- 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 agree that the ecosystem supporting cross-border payments is diverse and multi-layered and that there is a need to differentiate between different types of payments. The distinction made between wholesale, retail and remittances payments is sensible but we also believe it would be beneficial to add business-to-business (B2B) payments as an additional separate segment.

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

We agree with the target metrics proposed and believe SWIFT may have meaningful data in relation to some of these, but only in segments where SWIFT operates. It is clear that current performance across these metrics differs geographically with some regions better than others, so targets should aim to bring all regions and country corridors up to the same level.

- 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?

In general, we agree with the distinction made. In relation to the type of data sources, SWIFT may be able to provide data on a corridors and/or end-to-end route basis. Frequently remittances use different solutions than other forms of retail payments so it will be important to be able to compile data from different sources and compare them on a like for like basis.

- 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?

In relation to speed and access, we believe that the numerical targets are fully objective and measurable and their evolution could be looked at over time. However, the targets in relation to transparency could be better defined, with specific SLAs. Having full transparency and predictability for payment cost and time are among the most important ways of achieving improvements.

- 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?

We have no comment on this topic. This is a matter for individual banks.

- 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 user will have different speed requirements, and the extent of improvements that can be envisaged from the actions planned under the roadmap?

Overall, we believe the targets around speed are realistic. SWIFT has made great strides in this area through the roll-out of gpi and we continue to seek improvements to increase speed yet further through our planned Transaction Management Platform.

There are however different factors which impact the speed of a payment. From experience with gpi we know that some of the most important factors are the regulatory controls, payment infrastructure (including data capability) and operating hours in the beneficiary bank country. As a direct result many corridors may already achieve these targets while many others will be slower. It will be important to reflect that in the outcome in some way to ensure a 'levelling up' of speed across different corridors

- 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?

For some targets, end-2027 is appropriately ambitious, yet still achievable. However, it is important to note that for some routes (e.g. those that entail capital/FX controls) the end-2027 date will be difficult to achieve. A potential way forward would be to define certain routes which are/have the potential to be fast in the short/medium term and differentiate these between routes which would be more cumbersome to make faster due to compliance and regulatory requirements. However, given the importance of the receiving country in determining speed then achieving these targets will require all the building blocks set out in the roadmap to progress successfully. From a SWIFT perspective, we see 2027 as entirely achievable in our current plans as long as the relevant building blocks can be delivered by then.

- 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?

SWIFT has some data points to support the metrics around speed, transparency and access. Mostly this relates to payments across SWIFT (but our tracking tool is also fed by information from other networks), which is not all international payments of course. Use of that data is subject to our data governance approvals process.

- 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?

In addition to the definitions and measurements of the targets proposed in the consultation we believe it would be valuable to add two additional measurements:

- Percentage of time of a transaction spent in receiving country at the beneficiary bank. This would be a useful metric to look at to see how speed is progressing from the domestic point of view. From our own measurements we observe that most time is spent in the receiving country. Understanding where time is spent in the path of a payment is crucial to improving speed.
- Adoption of ISO 20022 on sent messages. This metric would be useful to look at as the industry moves towards full adoption and how this affects other metrics.

Given the varying performance across a range of regions, it might be better to look at the median rather than averages.

- 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?

In addition to the quantitative targets already suggested, we believe there is merit in looking in at compliance as well as the take-up of instant payments and ISO 20022.

ENDS