

ENHANCING CROSS-BORDER PAYMENTS: A SNAPSHOT OF THE G20 ROADMAP

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What is the problem with cross-border payments?

Cross-border payments are often perceived to face challenges of high costs, low speed, limited access and insufficient transparency

Faster, cheaper, more transparent and more inclusive cross-border payment services, including remittances, would have widespread benefits for citizens and economies worldwide, supporting economic growth, international trade, global development and financial inclusion.

FSB (2020), "Enhancing Cross-border Payments. Stage 1 report to the G20"

High level political support (G20) to launch a comprehensive programme to improve the situation.

How can cross border services be improved?

A complete roadmap in three stages:

Stage 1: Where are the problems?

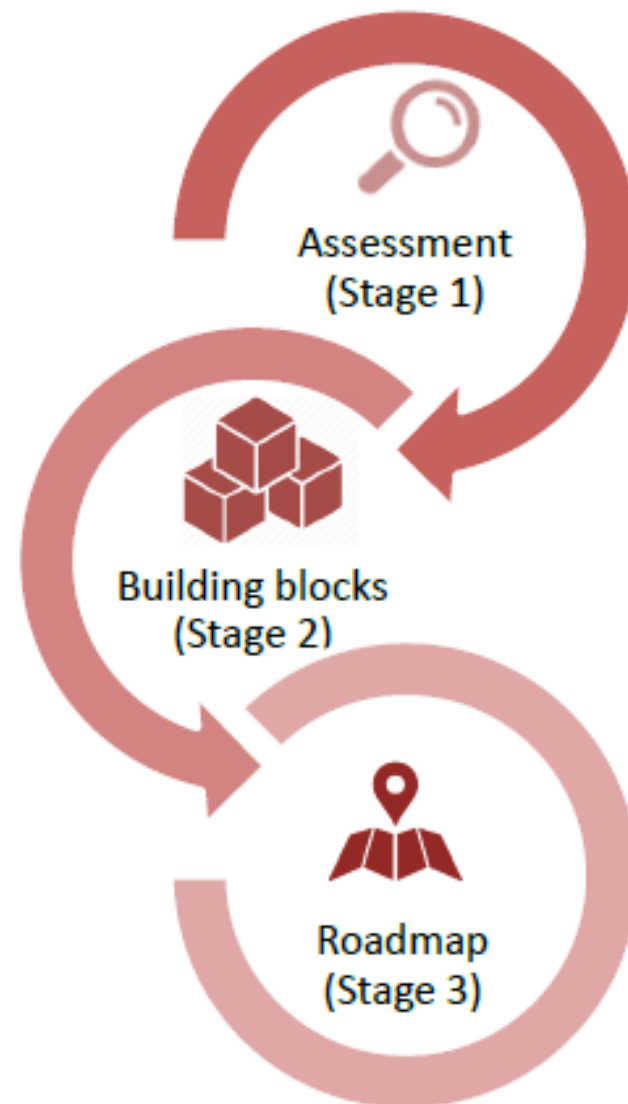
(FSB, April 2020, “Enhancing Cross-border payments. Stage 1 report to the G20”)

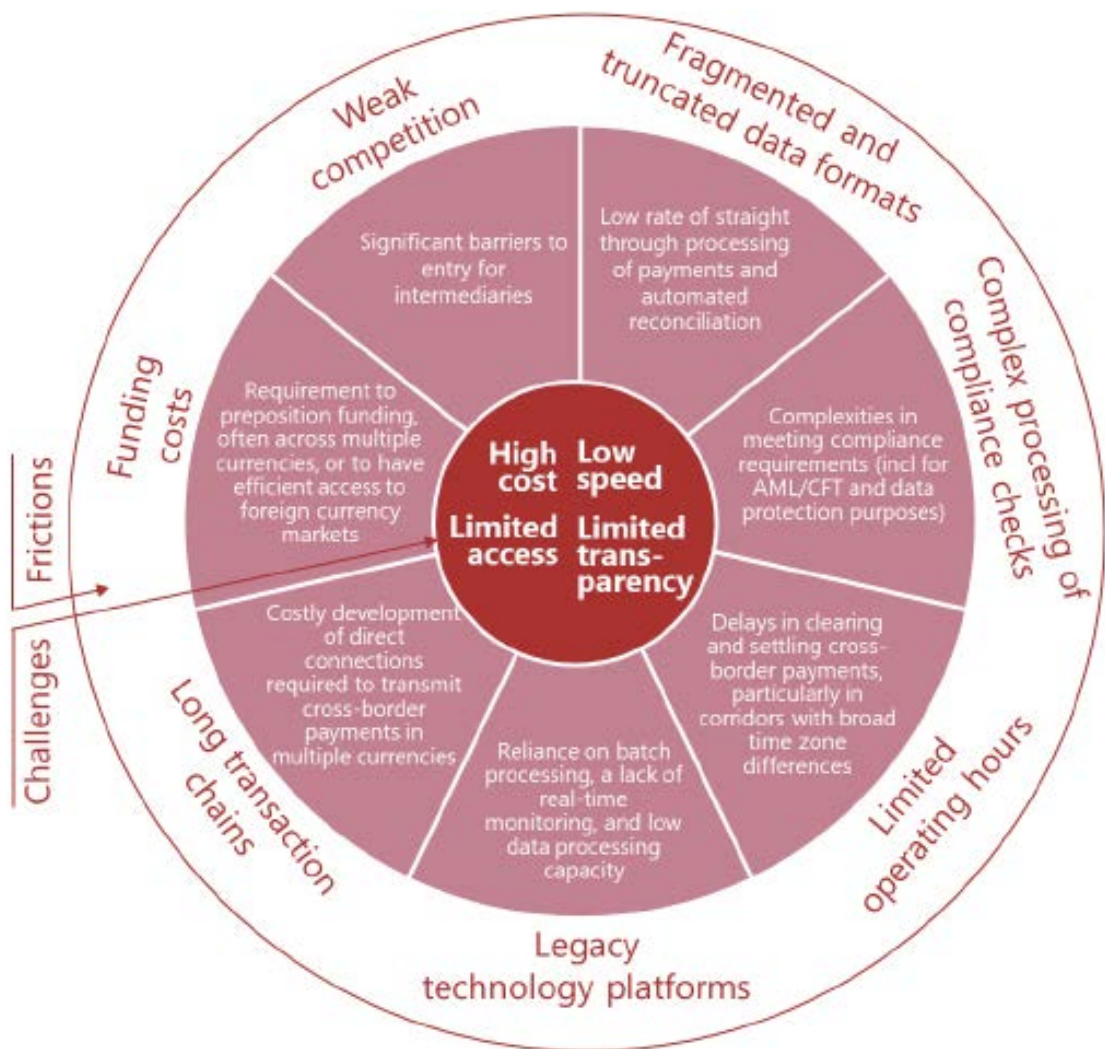
Stage 2: What can be done to address them?

(CPMI, July 2020, “Enhancing cross-border payments: building blocks of a global roadmap”)

Stage 3: Roadmap to implementation (FSB)

(FSB, October 2020, “Enhancing Cross-border Payments. Stage 3 roadmap”)





Stage 1: Where are the problems?

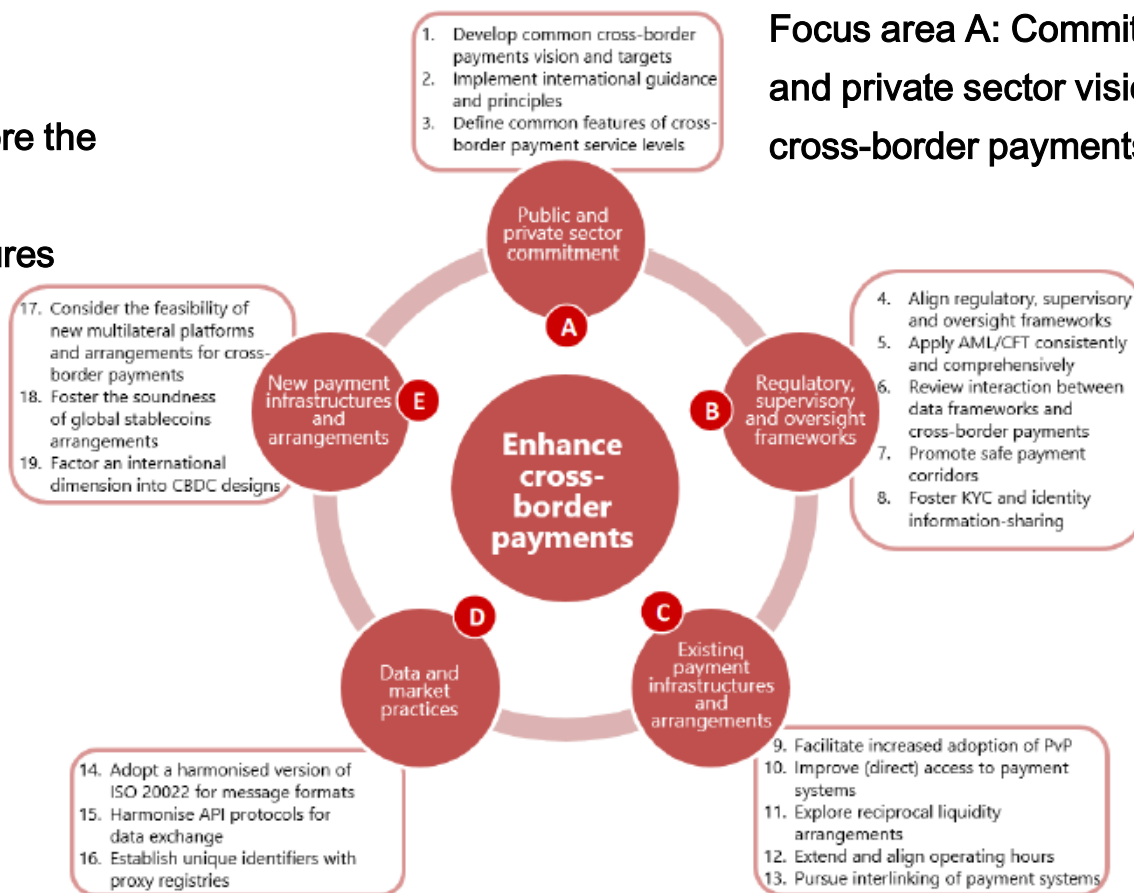
Four challenges and seven underlying frictions

Stage 2: What can be done to address them?

19 areas or Building Blocks identified



Focus area E: Explore the potential role of new payment infrastructures and arrangements



Focus area A: Commit to a joint public and private sector vision to enhance cross-border payments

Focus area B: Coordinate on regulatory, supervisory and oversight frameworks

Focus area D: Increase data quality and straight through processing by enhancing data and market practices.

Focus area C: Improve existing payment infrastructures and arrangements to support the requirements of the cross-border payments market

Stage 3: A roadmap to implementation

- *Each BB is led by a specific body or authority*
- *Specific actions identified*
- *High level implementation calendar*

An example

	Start	End	2020	2021				2022				2023			
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
BB12: Extending and aligning operating hours [CPMI]	Nov.20	Mar.23													
CPMI takes stock and identifies gaps.	Nov.20	Jan.21													
CPMI sets out potential targets, identifies risks associated and issues potential mitigation measures.	Feb.21	Sep.21													
CPMI develops guidance for each target.	Oct.21	Mar.22													
Central banks and operators wishing to align/extend operating hours consider targets and agree with system participants on the way forward.	Apr.22	Mar.23													

... and now the hard work: Implementation

- *Stocktakes*
- *Analysis*
- *Need to ensure the buy-in and involvement of multiple authorities, jurisdictions and stakeholders*
- *Monitoring framework*



Cost, speed, access and transparency targets for end users of wholesale, retail and remittances cross border payments

Table 1: Proposed targets for the Cross-Border Payments Roadmap

Challenge	Payment Sector		
	Wholesale	Retail (e.g. B2B, P2B/ B2P, other P2P ³)	Remittances
Cost	No target set ⁴	Global average cost of payment to be no more than 1%, with no corridors with costs higher than 3% by end-2027	Reaffirm UN SDG: Global average cost of sending \$200 remittance to be no more than 3% by 2030, with no corridors with costs higher than 5%
Speed	Large majority (e.g. 75%) of cross-border wholesale payments to be within one hour of payment initiation ⁵ ; by end-2027 and for the remainder of the market to be within one business day	Large majority (e.g. 75%) of payments to provide availability of funds for the recipient within one hour from the time the payment is initiated ⁶ ; by end-2027 and for the remainder of the market to be within one business day	Large majority (e.g. 75%) of remittance payments in every corridor to provide availability of funds for the recipient within one hour of payment initiation ⁷ by end-2027 and for the remainder of the market to be within one business day
Access	All financial institutions (including financial sector remittance service providers) in all payment corridors to have at least one option (in terms of infrastructures and providers) and, where appropriate, multiple options for sending cross-border wholesale payments by end-2027	All end-users (individuals, businesses (including MSMEs) or banks) to have at least one option (in terms of infrastructures and providers) for sending or receiving cross-border electronic payments by end-2027	More than 90% of individuals (including those without bank accounts) who wish to send or receive a remittance payment to have access to a means of cross-border electronic remittance payment by end-2027
Transparency	All payment service providers to provide at a minimum a defined list of information concerning cross-border payments to payers and payees (including e.g. total transaction cost (showing FX rate and currency conversion charges), time to deliver funds, funds tracking, and terms of service) by end-2027		

Summing up: A challenge and an opportunity to improve cross border payments for years to come in a truly GLOBAL effort

GRACIAS POR SU ATENCIÓN

