

G20 Cross-border payments roadmap: Overview, progress and next steps

Thomas Lammer, Deputy Head of Secretariat, CPMI

Advisory group on Market Infrastructures for
Payments (AMI-Pay), 4 May 2023

Agenda

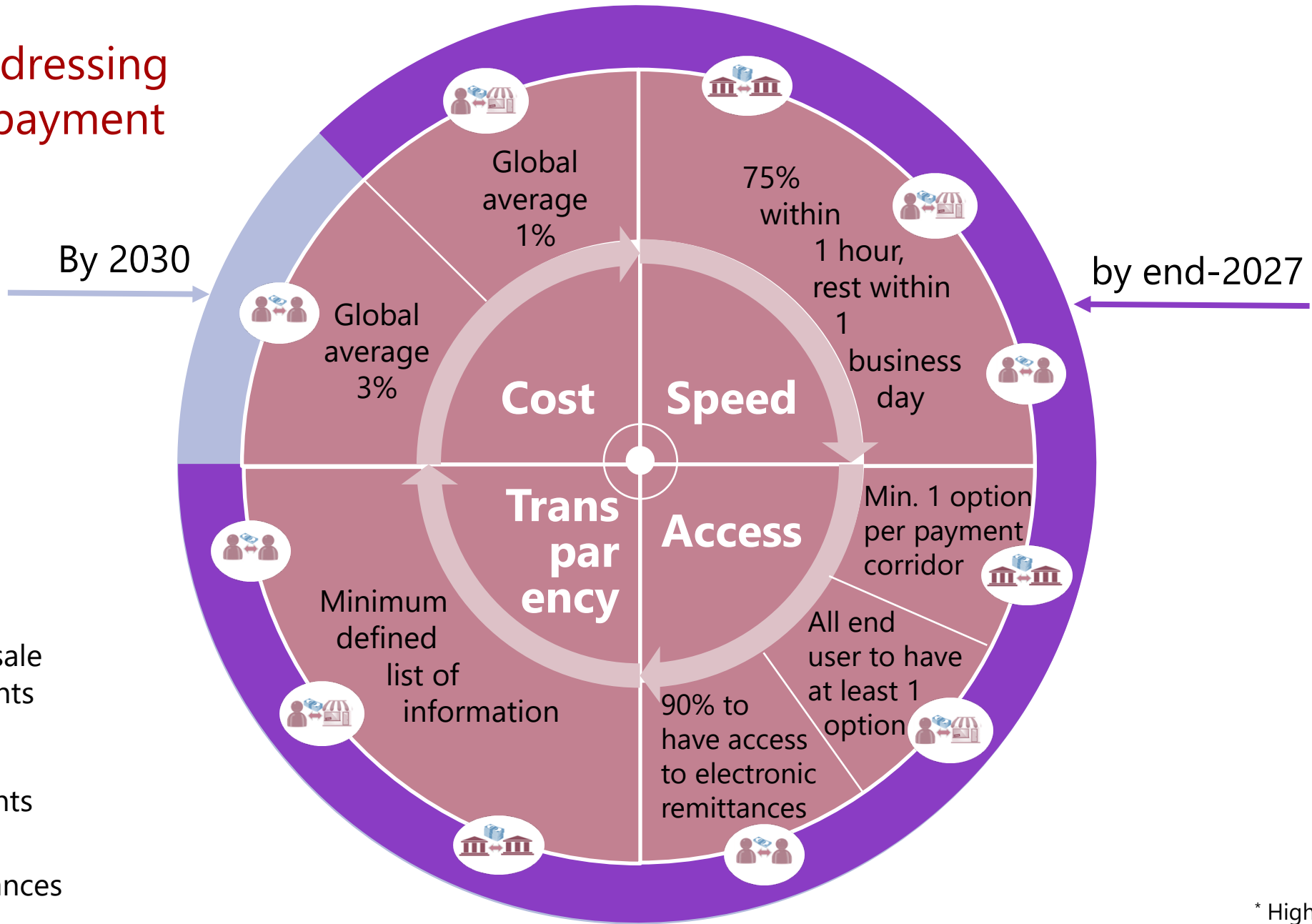
- Overview of the cross-border payments programme
- Major deliverables over the past months
- CPMI priorities for 2023-24

Work on 19 building blocks has laid the foundation for the implementation phase



Committee on Payments and Market Infrastructures | BIS Innovation Hub

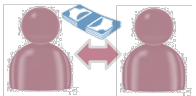
Targets for addressing cross-border payment challenges*



Wholesale payments



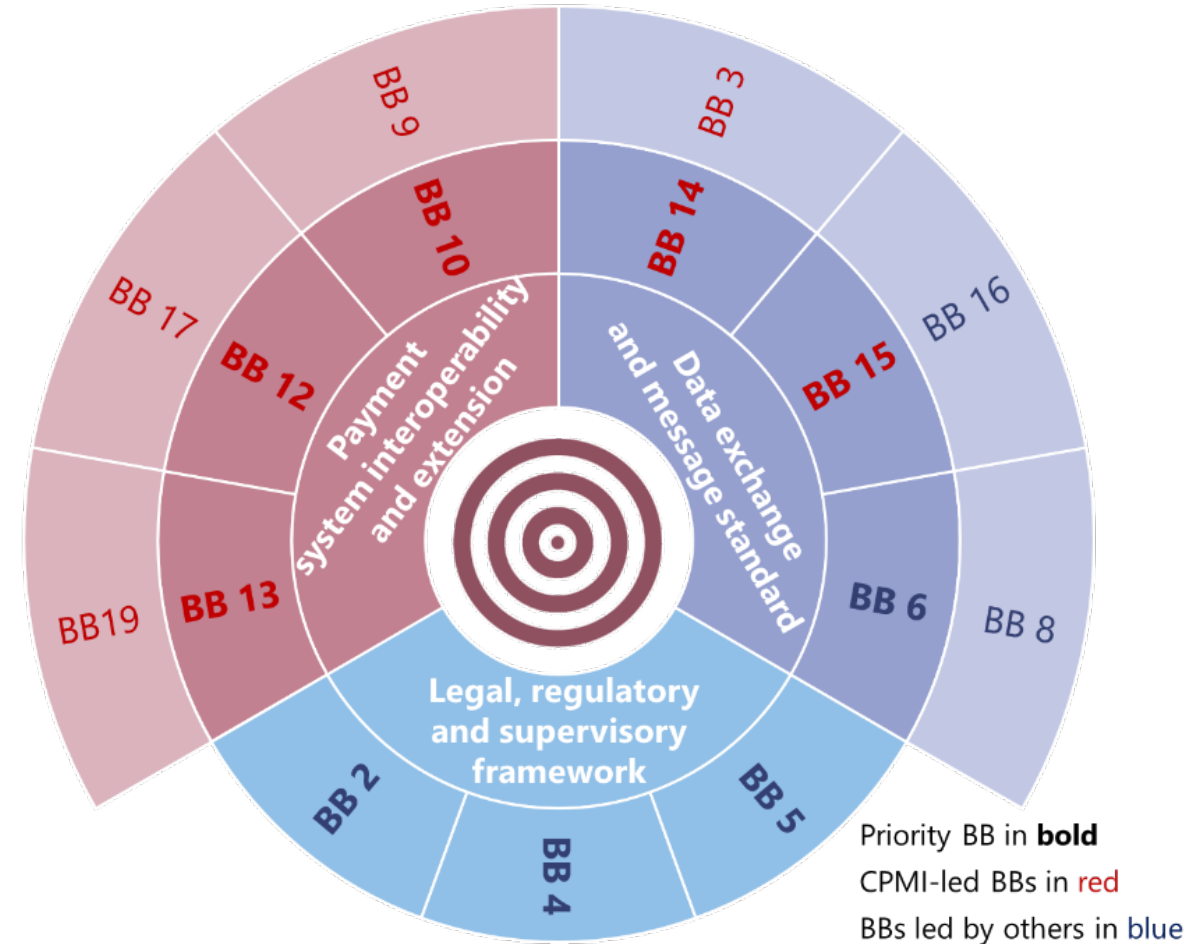
Retail payments



Remittances

* High level summary

Implementation phase will focus on 3 priority themes and 9 priority building blocks



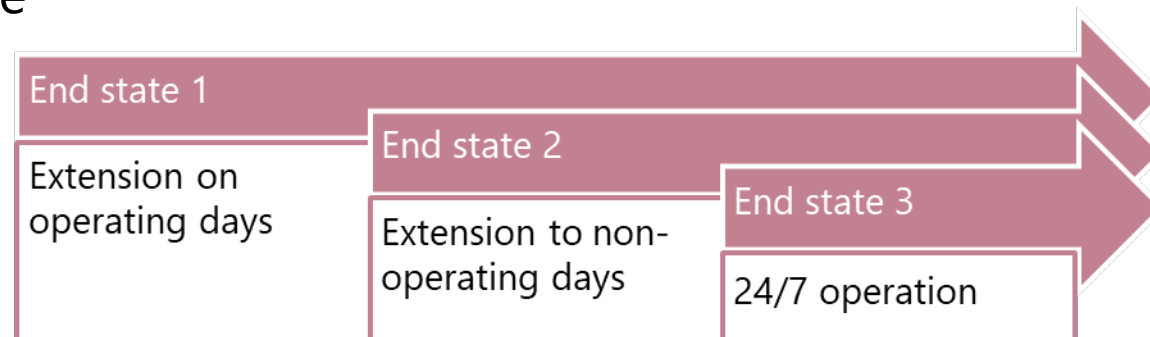
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Extending and aligning payment system operating hours (May 2022)

Report sets **out potential future operating hour “end states” to support enhanced cross-border payments, analysis of risks and policy considerations, and potential solutions to address them**

- Focus on RTGS systems as core infrastructures for current cross-border payments network
- Stocktake findings: operating hours vary significantly, and sizable gaps exist in daily operating hours
- “Global settlement window” as a useful tool or lens to measure the impact of individual decisions on the aggregate landscape
- Three potential high level end-states:



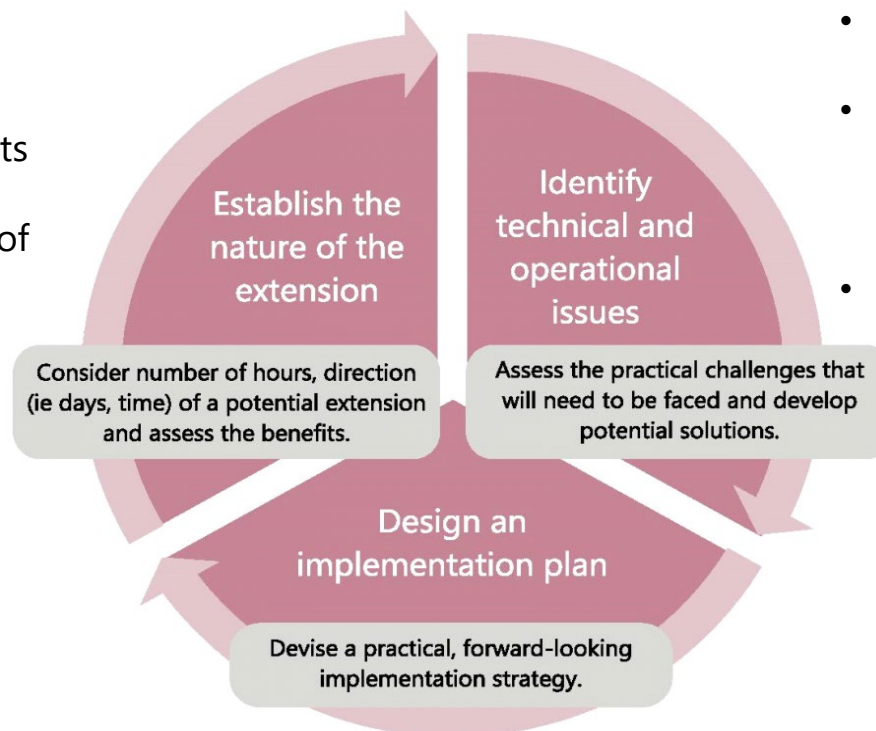
- End-states addressed to individual jurisdictions; non-prescriptive approach
- Operational, risk, and policy considerations related to the end states

Report available [here](#)



Operational/technical considerations for extending and aligning payment system operating hours: An analytical framework (February 2023)

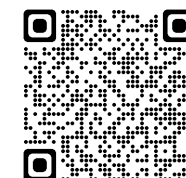
- Benefits for cross-border payments
- Benefits for domestic payments
- Number of hours and “direction” of extension



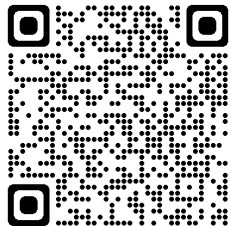
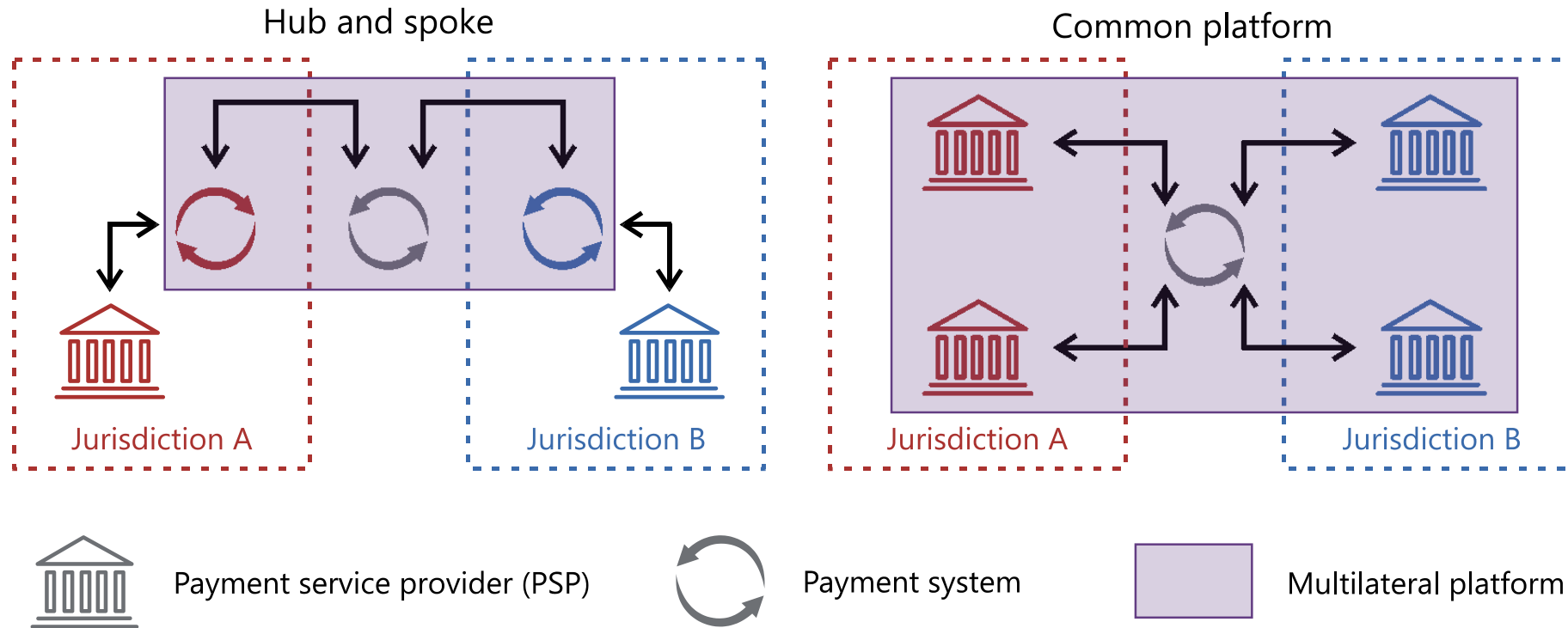
- Assess the necessary adjustments and related costs given extended operating hours scenario(s);
- Weigh how specific measures would affect the central bank as the operator, but also its implications for participants, ancillary systems and other stakeholders;
- Consider a forward-thinking approach for the possible scenario(s) in order to help avoiding unnecessary/duplicate efforts.

- Longer-term implementation considerations
- Stakeholder coordination and early engagement

Report available [here](#)



Exploring multilateral platforms for cross-border payments (January 2023)



Report available [here](#)

- An MLP is payment system for cross-border payments that is multi-jurisdictional by design.
- An MLP can be build from scratch (“greenfield approach”) or by expanding existing payment systems (“growth approach”).

Facilitating increased adoption of payment-versus-payment (PvP)

Existing PvP arrangements are available for the most-traded currency pairs, are resilient and reduce funding costs substantially, but users have additional needs that could be met by new solutions.

These needs include:

- Settling EMDE currencies using PvP
- Settling on the same day as trading (or even in real time) using PvP
- Initiating netting and settlement on demand
- Having multiple netting options (gross, bilateral, multilateral by currency pair)

Existing PvP arrangements and the proposed new solutions face similar barriers such as differences in national regulatory requirements (eg, around settlement finality and related protections).

Private and public sector stakeholders, including central banks, could take on various roles to reduce barriers and facilitate the increased adoption of PvP (next slide).

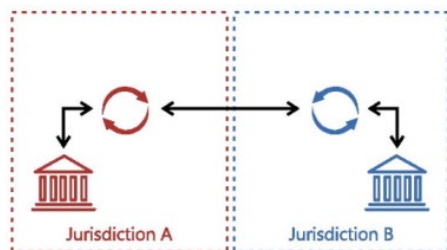


Report
available
[here](#)

Further 2022 key deliverables

13
Interlinking

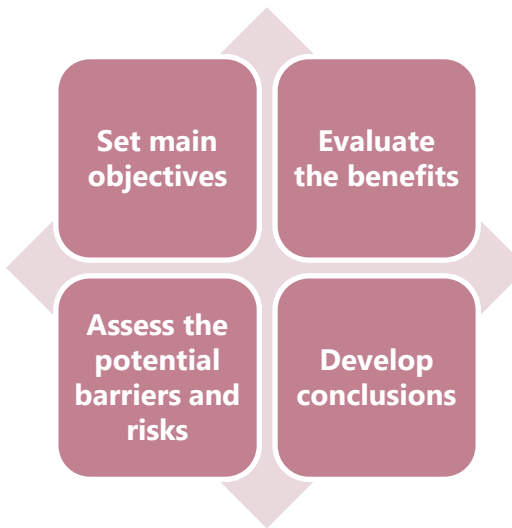
15
APIs



Framework for payment system interlinking and the role of application programming interfaces: a framework

19
CBDC

Report on the options for access to and interoperability of CBDCs for cross-border payments



Best practices framework for self-assessments of payment system access

10
Access

Framework for central bank liquidity bridges and analysis of their risks and benefits



11
Liquidity bridges

CPMI and IOSCO final guidance on the application of the Principles for Financial Market Infrastructures (PFMI) to stablecoin arrangements

18
Global stablecoins

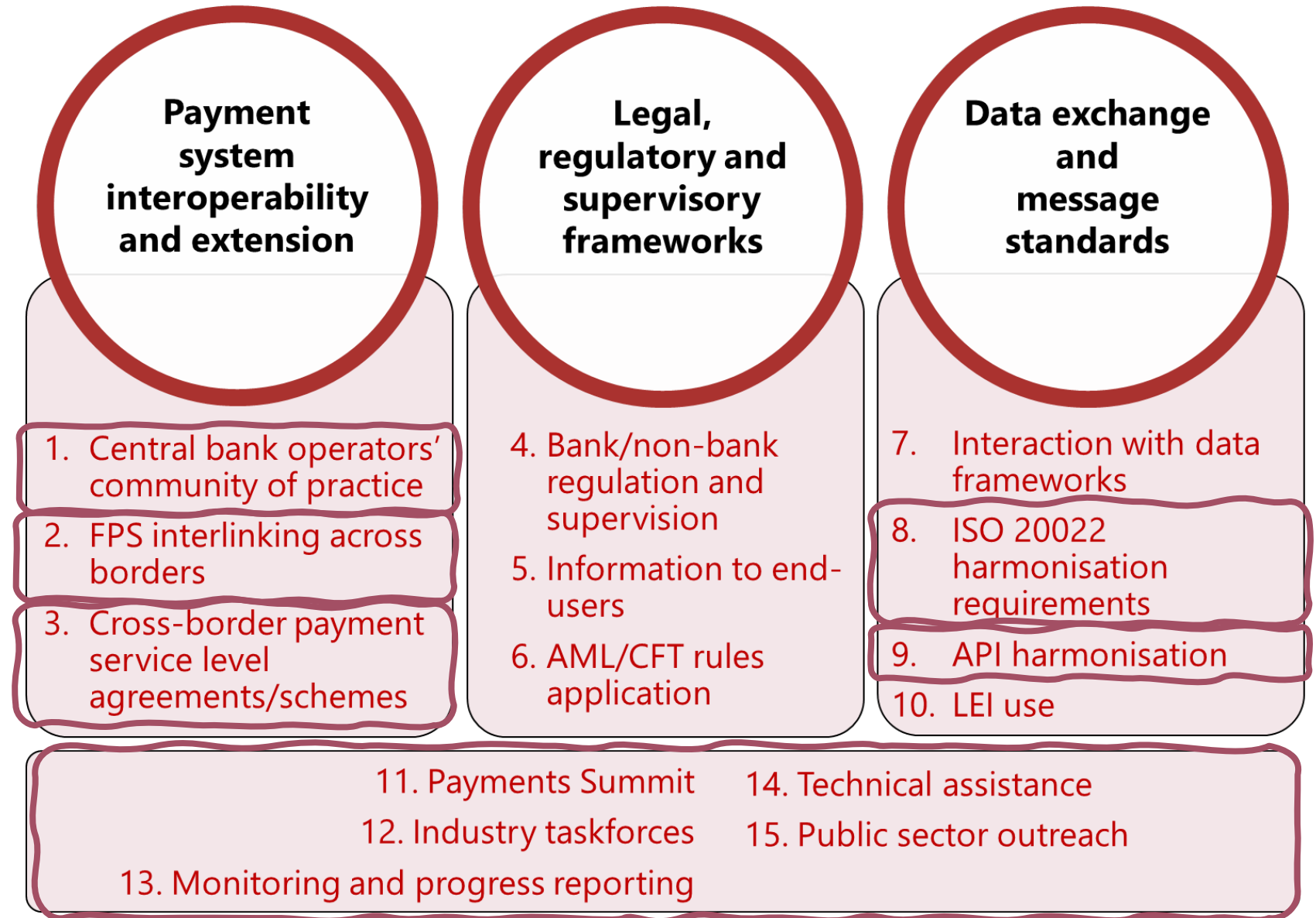


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- CPMI priorities for 2023-24

CPMI leads and/or supports 10 of the 15 priority actions for 2023-24

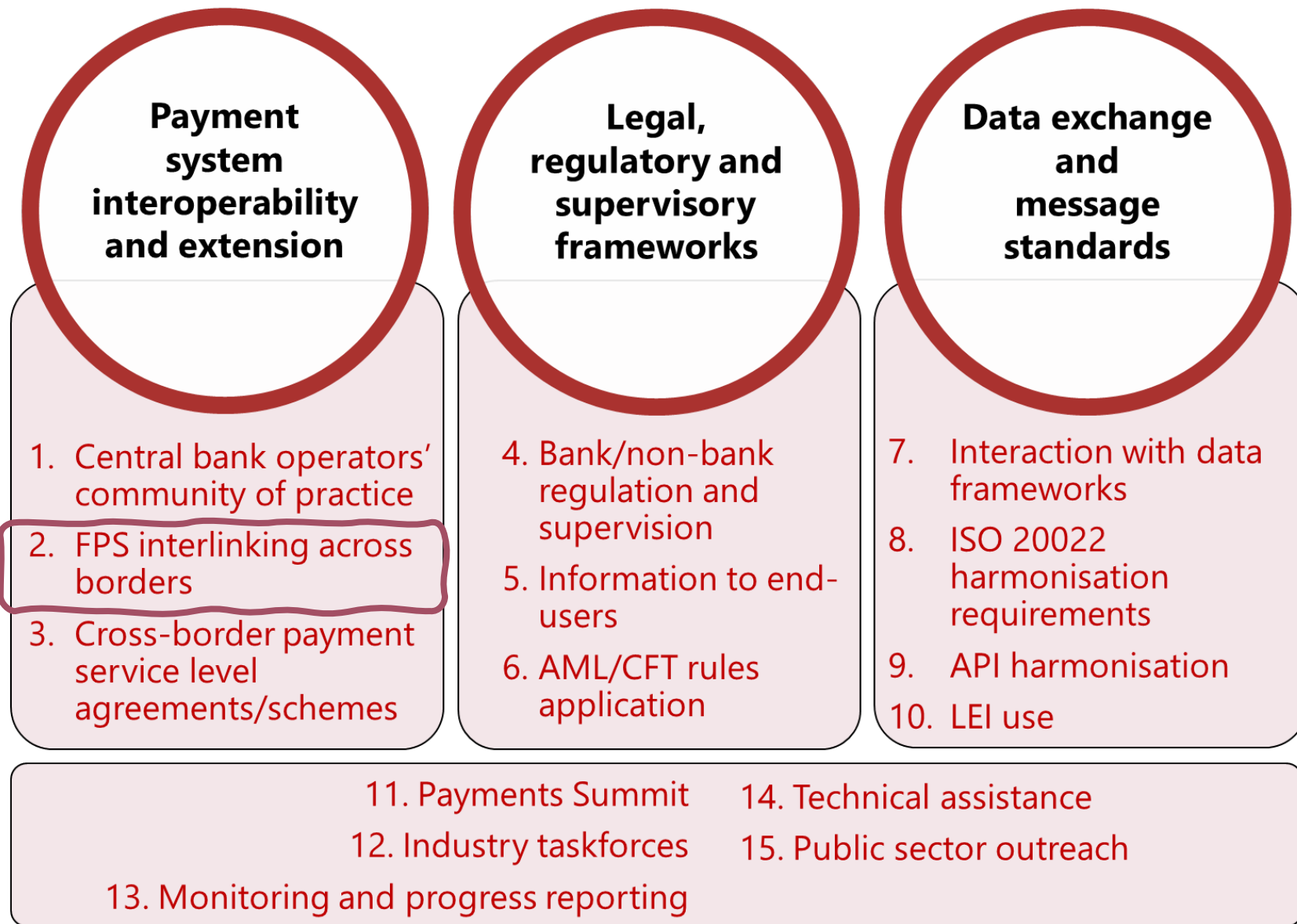
CPMI is in the lead of 5 priority actions and contributes to 5 more



FSB (2023): [G20 Roadmap for Enhancing Cross-border Payments: Priority actions for achieving the G20 targets](#)



Priority action: Fast payment systems (FPS) interlinking across borders

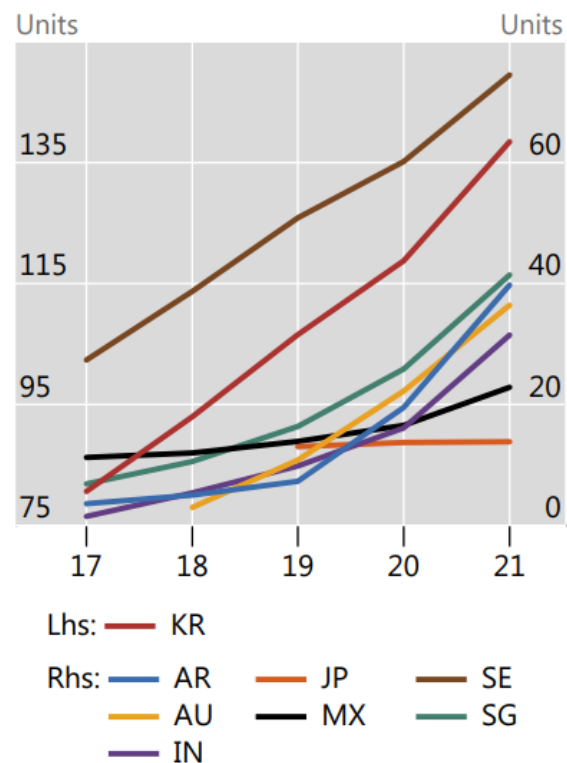


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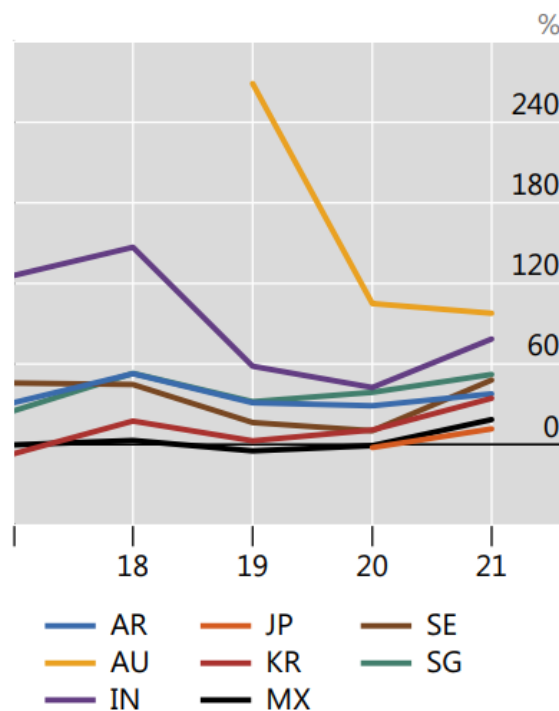


Priority action: Fast payment systems (FPS) interlinking across borders

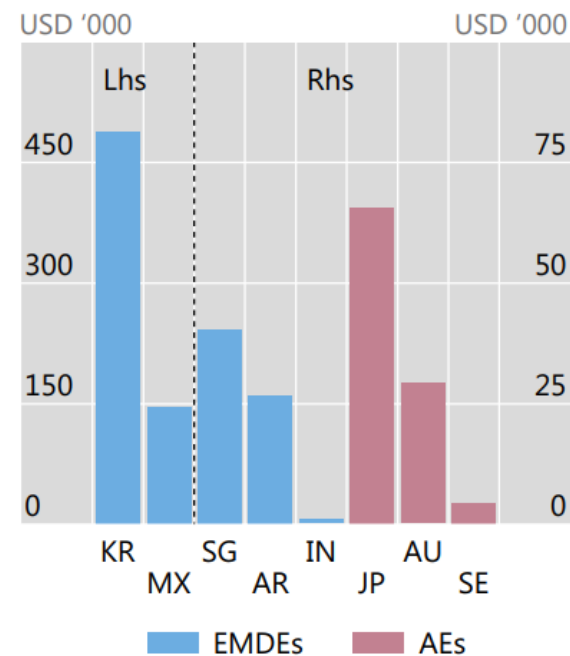
A. Average volume per inhabitant



B. Growth of average value per inhabitant²



C. Average value per inhabitant in 2021



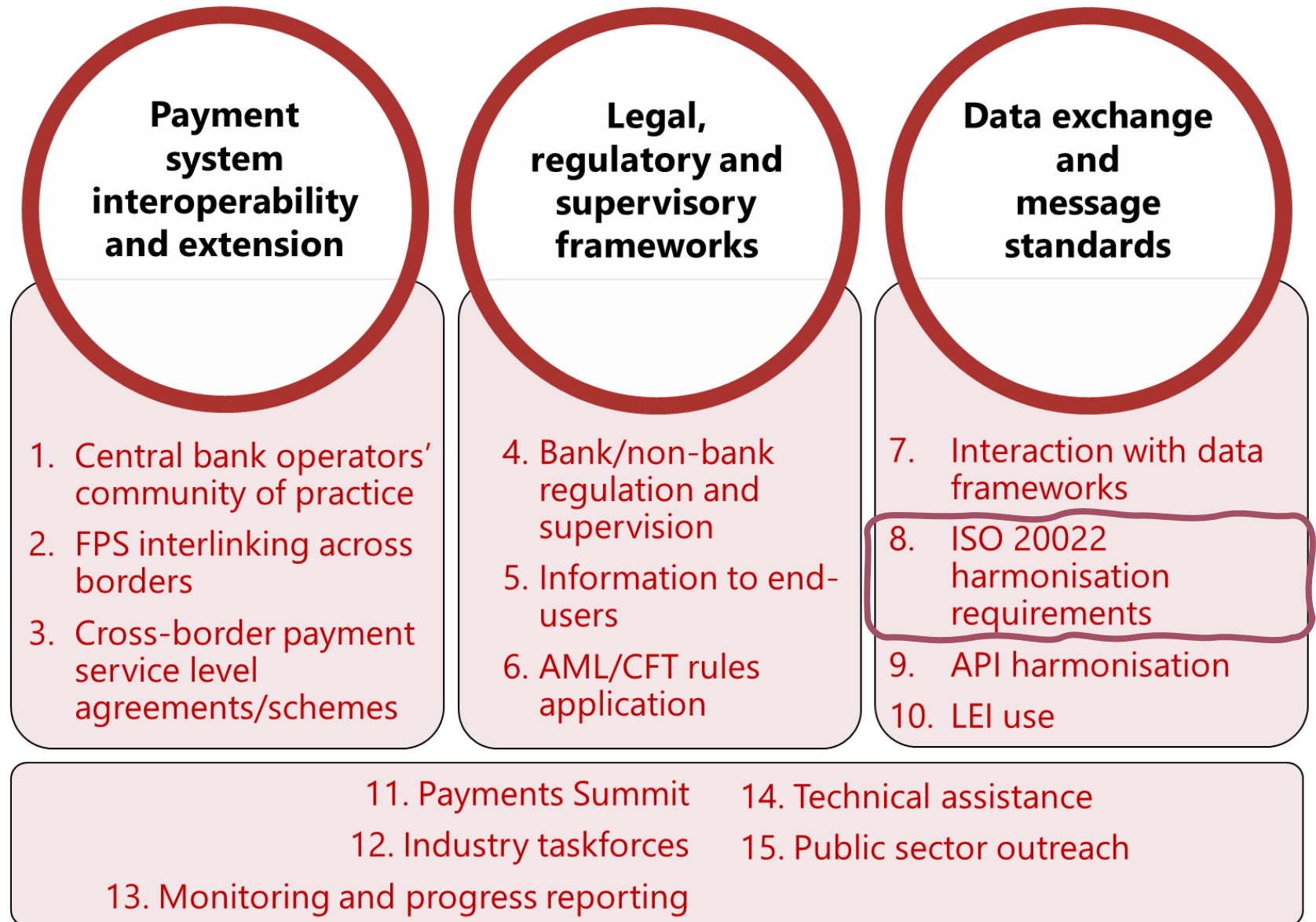
¹ Only countries are included for which the Red Book statistics contain data about fast payments since 2019. ² In domestic currency, adjusted by CPI inflation.

Source: CPMI Red Book statistics.

Next steps:

- **G20 workshop on interlinking of FPS**, to showcase existing arrangements and to discuss technical and operational aspects, and governance, risk management and oversight of interlinking.
- **CPMI interim report to the G20 on FPS interlinking** governance, risk management and oversight considerations.
- **Project Nexus - phase three:** finalisation of Nexus technical blueprint, governance and scheme arrangements for interlinking of FPS based on the Nexus model.

Priority action: ISO 20022 harmonisation



FSB (2023): [G20 Roadmap for Enhancing Cross-border Payments: Priority actions for achieving the G20 targets](#)

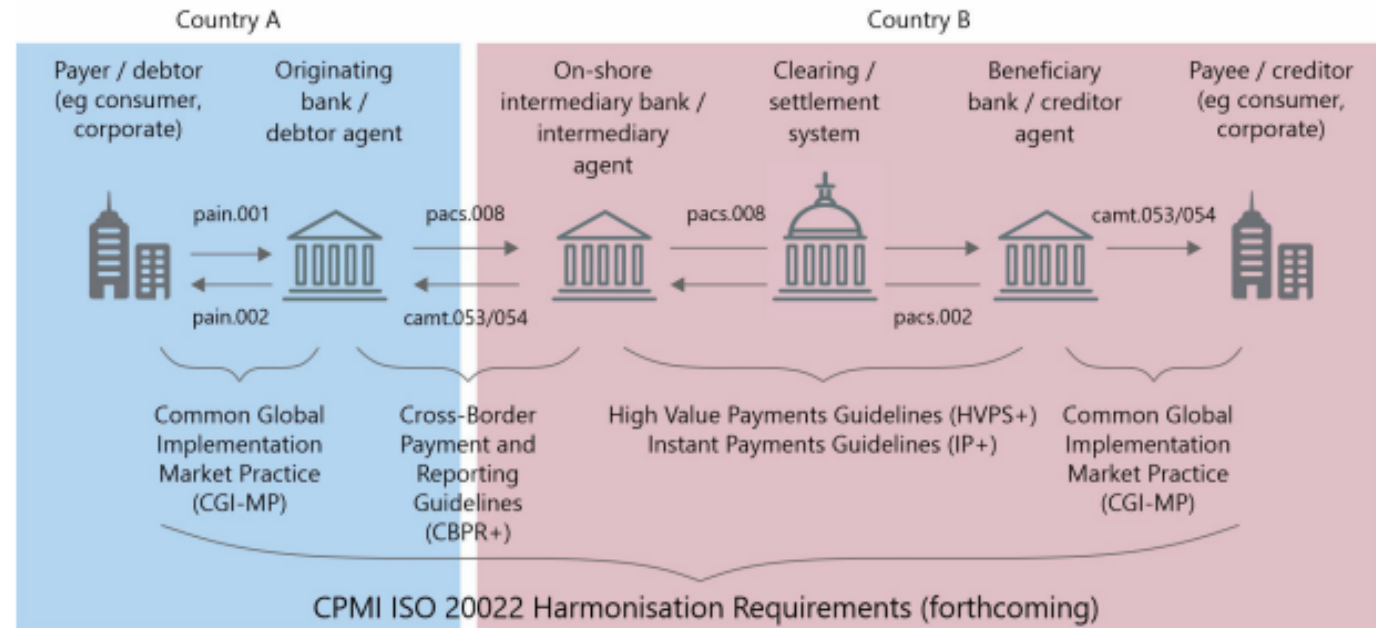


Priority action: ISO 20022 harmonisation

End-to-end cross-border payments chain and ISO 20022 usage guidelines¹

Next steps:

- Finalisation of ISO 20022 harmonisation requirements.
- CPMI to convene payment system operators and market practice industry groups to align market practice guidelines with the ISO 20022 harmonisation requirements.
- Payment system operators to set out publicly their commitment for adoption of a harmonised version of the ISO 20022 standard for cross-border payments.



¹ This is a stylised customer flow for a cross-border credit transfer in ISO20022 using a simplified traditional correspondent model. Some reporting/advice messages may differ or are not shown.

Source: CPMI.

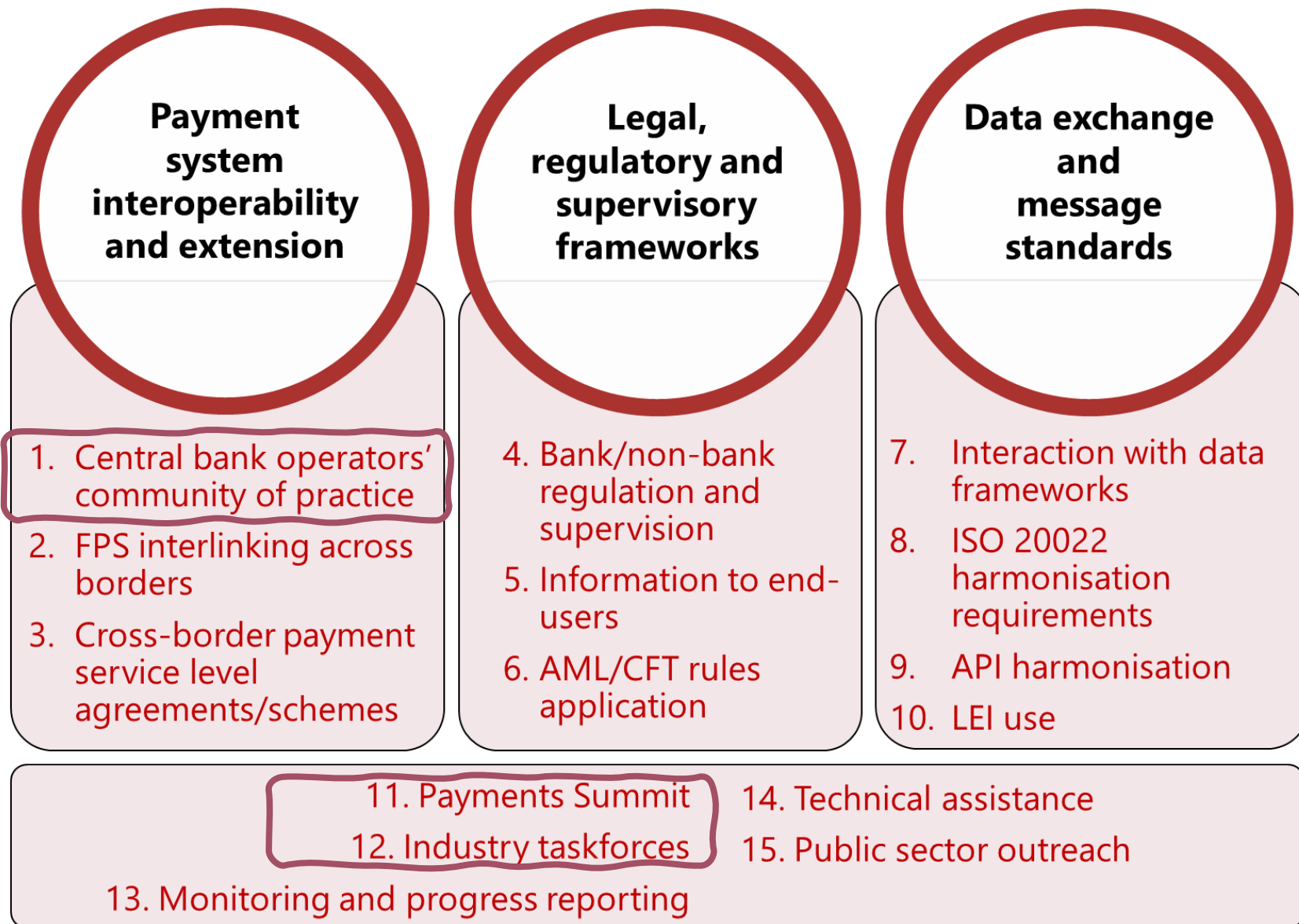


Public consultation until
31 May



Report available
[here](#)

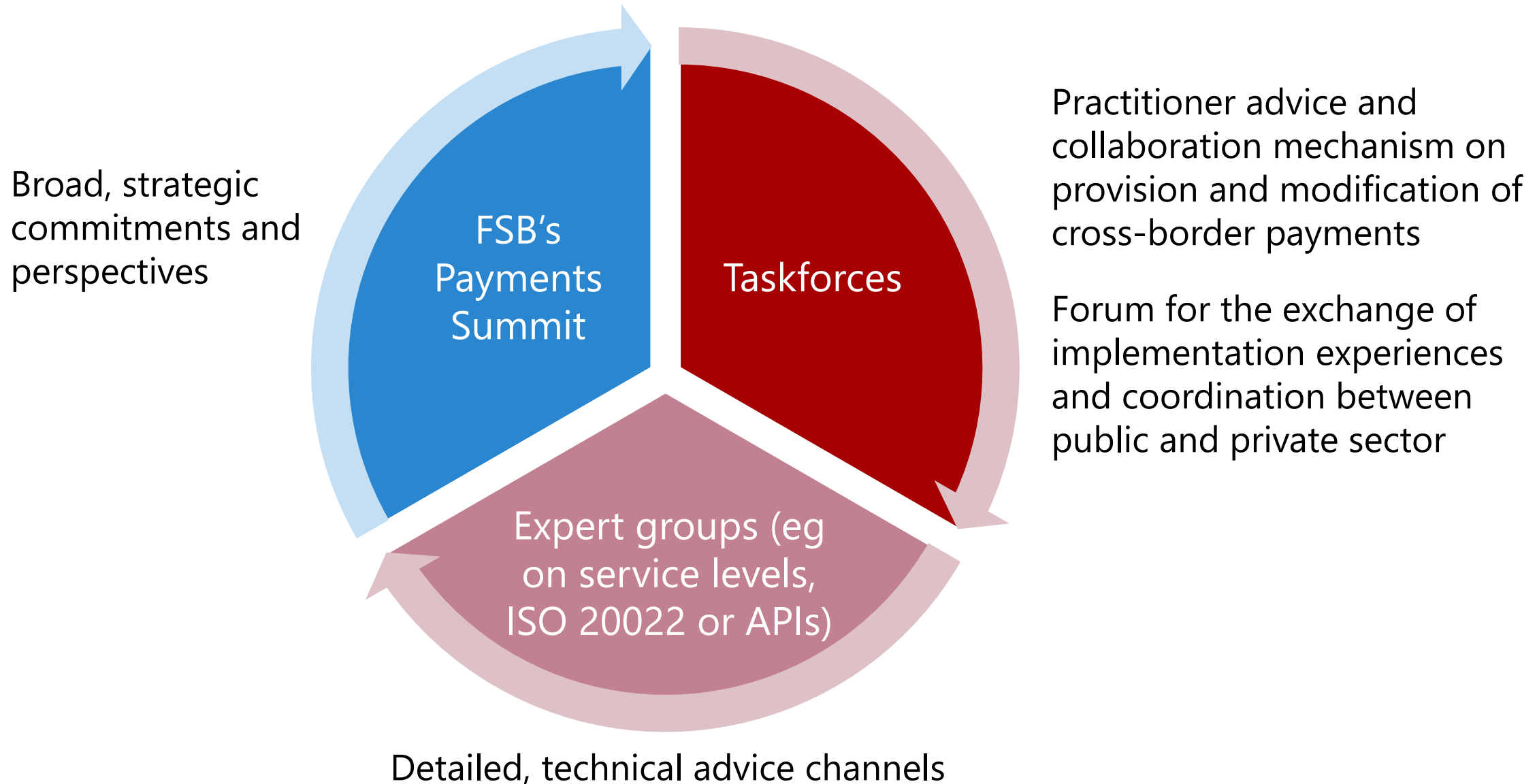
Priority actions focusing on increased external engagement



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Priority actions focusing on increased external engagement



Cross-border payments interoperability and extension (PIE) task force



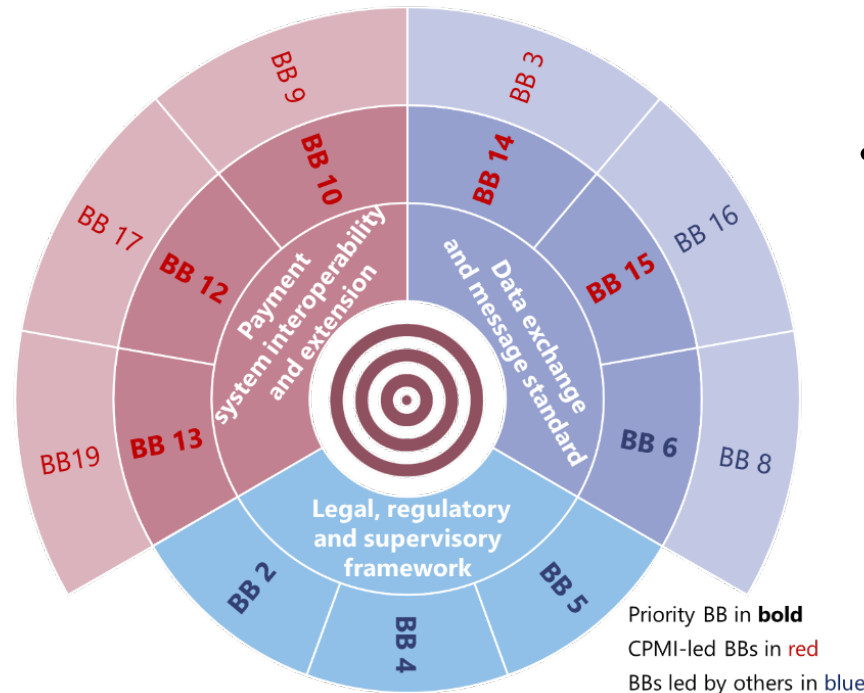
Industry



Central banks

Central bank operated payment systems (COPS) community of practice

- Call for nomination Feb/Mar
- Approximately 30 members from a wide variety of jurisdictions and regions and comprising private-sector institutional types and business models
- Quarterly meetings to bring together the strategic perspective and practical subject matter expertise required to implement cross-border payment enhancements



Focus on 5 priority building blocks led by the CPMI

- Forum for central banks to exchange information and experiences
- Focus on developing or upgrading their payment systems, factoring an international dimension into fast payment systems (FPS) and central bank digital currency (CBDC) systems, and considering other innovative developments (eg synchronisation)
- Complements private sector engagement



For further information, see [CPMI website](#)

