

Consultation questions

The FSB is inviting comments on this consultation document and the questions set out below. Responses should be sent to fsb@fsb.org by Friday 16 July 2021. Responses will be published on the FSB's website unless respondents expressly request otherwise.

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?

Given the various cross border options available today and their respective economics and target segments, how would these be implemented, and what are the role of the regulatory authorities , eg should regulators take an active role to drive such targets to have meaningful adoption.

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?

Agree.

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

Costs may not be a right word but rather the economics of payments, especially when there are multiple stakeholders / markets (e.g. merchant payments). Low cost does not necessary always benefit the customers and merchants (e.g. who is going to pay for innovation?) Broadly, the economics need to be sustainable and viable for the relevant participants, as well as infrastructure operators. Another factor that influence cost is the availability of price signal. In cross border transfer, the end-users are taker of the exchange rate set by the PSP. Cost will optimise if price discovery is readily available.

Speed – Speed may have effect on the pricing. If multiple transactions are bundled then the processing cost should be lower, having said that transaction bundling may introduce other consideration such as lack of transparency. Apart from speed, certainty of payments is another important factor to be considered.

Access – Access can be improved by allowing more PSP to operate in the lower tier markets which are the typical groups that are denied access. As the value of transfer is usually much lower for this group, a lightweight compliance regime may be more appropriate and it will drive down cost and improve access.

Transparency – Most systems and message formats (e.g. ISO20022) does carry information to facilitate transparency. Transparency appears more an enforcement issue as most if not all participants do have the information but may not be communicating these effectively.

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?

As payment system operator, BCS does not dictate the market segment for each transaction.

There should not be a need to differentiate the remittance from the cross border person to person payment since the payment rails would be similar. Regardless, there is no industry data points for this.

The logical split should be remittance payments and merchant payments; given that the economics are quite different given the nature of transactions: movement of payment vs payment for goods and services.

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?

Market segments and size matters. Suggest that this is set at domestic level defined by the respective countries.

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

Suggest that this is reviewed with the current market. Based on the PPPN project, our observation showed that there is more potential and growth compared to the standard remittance numbers provided. Cost cannot be the sole target. Economics of payments matters more than costs, eg driving innovation, etc.

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?

Speed targets are achievable and should be fit for purposes.

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?

No comments.

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?

Not able to share as the current contractual arrangement does not permit.

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?

No. Industry view to be taken onboard.

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?

No.