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Secretariat to the Financial Stability Board  
Bank for International Settlements  
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Switzerland

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**By electronic submission to [fsb@fsb.org](mailto:fsb@fsb.org)**

Dear Secretariat to the Financial Stability Board

**Comments from the Banking Association South Africa (“BASA”) on the targets for addressing the four challenges of cross-border payments.**

BASA and its members welcome this opportunity to respond to the FSB’s consultation on targets for addressing the four challenges for cross-border payments. We are pleased to offer our general comments and observations, as well as our recommendations which we believe would give some context and benefit the practical implementation of this work in South Africa, and the African continent.

We believe the targets set represent a worthy and necessary vision for the future of cross-border payments.

We have elected not to respond to the specific questions at this time but comment rather on the themes we believe are important. These comments are intended to be constructive to this process whilst noting the needs of the specific environment we have some direct perspective on, i.e., South Africa and as indicated below the African Union.

**Comments from the Banking Association of South Africa**

We have been guided by the submission of the International Institute for Finance (“IIF”) and align with many of the suggestions made, particularly around the need for *public-private-partnership* as the achievement of these targets represents a complex task for sovereign states and regions, many of whom have different infrastructure and developmental priorities. We believe such a *public-private-partnership* is crucial and should be led by the central bank. We support a soft target approach i.e. co-creation PPP versus a more directed central bank initiative, that is outside the control of the market, that may have unintended consequences.

There is limited attention given to the impact local exchange control requirements may have on cost and speed, and ultimately access, which may unintended consequences such as driving some flows underground thereby impacting transparency. We recommend greater focus and direction on this.

We believe there is a clear need for efforts to be *fit-for-purpose* and aligned to needs and capacity of individual countries and regions, to enable the country to balance the move towards a shared global vision against the needs of the country. In this regard, standardization and implementation across all countries is a complex undertaking.

South Africa has an important gateway responsibility in Africa as an established central bank, as member of the G20, and as an active voice in many international bodies such as the FSB, CPMI, FAT-F, IIF, to represent the needs of the region, in our case the South African Development Community (“SADC”) and other economic zones within the African Union.

Practically we need to consider both sides of remittance corridors to be able to set and achieve the targets, and we believe consideration should be given to the following points which are not limited to the G20 objectives: -

- The need for development of the corridors to stimulate trade flows as envisaged by the regions and the African Union,
- The development, alignment to, and implementation of supporting policy in the sovereign countries, and
- Practical roadmaps for targets in different sovereign states and regions to align that align to the international objectives appropriately and that sets milestones to enable continuous and informed improvement.

In terms of monitoring of the path to achieving the targets, we believe greater alignment between regulators is crucial, as this reduces layering and confusion which in turn impairs the ability of the market to provide the necessary solutions.

We finally note the priority placed on modernisation of domestic systems, that will be led by domestic regulators, but which will also need to be appropriately aligned to support regional and global standardization in pursuit of the target.

These are the views of the banking industry at this time, based on the information we have available. We request the opportunity to consult further after reviewing the outcome of the FSB process and engaging further with our regulator.

Yours sincerely,



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**Senior General Manager: Payments**

