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By email: fsb@fsb.org

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To whom it may concern,

FIS response to FSB consultation: Targets for Addressing the Four Challenges of Cross-Border Payments

Thank you for the opportunity to respond to the FSB's consultation "Targets for Addressing the Four Challenges of Cross-Border Payments".

FIS are a leading provider of technology solutions for merchants, banks and capital markets firms globally. Our more than 55,000 people are dedicated to advancing the way the world pays, banks and invests by applying our innovation, deep expertise and data-driven insights.

We provide a range of products and services to clients around the world across many different areas of the cross-border payment (CBP) value chain. For example:

- we provide banks with technology platforms that allow their customers to initiate cross-border payments
- we provide merchants with payment processing services that enable them to accept cross-border card payments
- we provide businesses and other end-users with services¹ that enable efficient initiation and routing of cross-border account-to-account (A2A) payments transactions (including over real-time payment networks)

Because of this, we have unique perspective on – and keen interest in supporting – the FSB's work on addressing challenges in cross-border payments. We recognise both the four challenges the FSB has identified (cost/speed/access/transparency) and the potential for the FSB's 19 identified building blocks to address these challenges. We recently met with the Bank of England to contribute to their work around building block 10 (improving PSP access to payment systems).

We provide our responses to the FSB's specific consultation questions in the remainder of this response. We would welcome the opportunity to discuss our response further with the FSB.

Sincerely,

Robert Sullivan
Director
Public Policy EMEA

¹ For further detail, please refer to the [press release](#) for the recent launch of our FIS RealNet™ proposition.

Responses to consultation questions

1. What are your comments on the key design features applied in designing the targets? Are there any design features that you consider are missing?

We broadly agree with the FSB's choice of design features. However, with respect to setting targets at a global level, we consider that the targets may be better segmented separately between (i) advanced economies (AEs) and (ii) emerging market and developing economies (EMDEs).² As described in more detail below, more ambitious targets could be set for CBPs between AEs to reflect that payment markets and infrastructures in these economies are generally more mature.

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?

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?

The retail segment as defined is very broad, capturing CBPs involving businesses ranging in size from very large non-financial multi-national corporations to small independent businesses. The CBP products and services available to these different end-users, and the challenges associated with their use, vary significantly. To reflect this, the FSB should consider breaking the retail segment down into (i) corporate and (ii) small-to-medium enterprise (SME) sub-segments.

Further, for us "other P2P payments" that are not remittances are in effect domestic P2P payments, and are thus outside the scope of this work. As such, for clarity we would suggest removing reference to "other P2P payments" in the retail segment.

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

Our comments on the target metrics proposed are largely provided in our responses to questions 5 to 8 below.

In addition to these comments, we note that:

- an important part of the FSB's next steps should be more robustly baselining the current levels of the target metrics. This is an important factor in accurately measuring progress going forward but also in understanding in greater detail how ambitious each target is.
- The FSB should consider whether it is appropriate for all its proposed target metrics to apply across all types of CBP within a given segment. For example, card payment systems are fundamentally based on a delayed batch settlement to the end user (i.e. a business will receive a single settlement payment at a set interval that aggregates individual payments taken from customers). In such a use case, we do not believe a one-hour fund availability end-user target to be appropriate or practical.

² We would propose CBPs with one leg in an AE and one leg in an EBDE be considered EBDE under this approach.

With regard to potential additional quantitative target metrics:

- The G20's stated goal is for "faster, cheaper, more transparent and more inclusive cross-border payment services, including remittances, *while maintaining their safety and security*"³ (emphasis added). While the FSB has proposed targets for speed, price, transparency and access, there are no proposed targets for safety and security. Given the critical importance of safety and security to overall trust in CBPs, we think it important that there are also targets in this area. Advances in speed, price and transparency must not come at the price of safety and security. Potential quantitative measures in this area could include reported levels of fraud on CBPs and the volume/severity of CBP-related cybersecurity incidents.
- In addition to the specific challenge-focused targets the FSB is proposing (i.e. speed/cost/transparency/access), we believe the FSB should also consider macro-level quantitative targets for measuring development in CBPs. These may include, for example, aggregate global investment in companies focused on CBPs and the total volume and value of CBPs. These types of measure could provide an indirect view of how progress towards the G20 challenges is being made. For example, a possible metric of this type could be the rate of growth in the global aggregate value of CBPs (perhaps normalized relative to global GDP growth).

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?

We provide below our comments on each of the numerical targets, broken down by the FSB's proposed segments.

Wholesale

Cost

We agree that average costs are difficult to measure in the wholesale segment. However, we still think it important to have an explicit target to measure progress against and to help drive efficiencies in this space. One approach to explore could be the use of central costs occurred through the SWIFT network. Although this would not capture the true full cost of wholesale payments, it is a potentially appropriate proxy of wholesale cross-border payments costs experienced by participants and, ultimately, end-users.

Speed

We think the one-hour target is not ambitious enough and suggest instead a target of 15 minutes for a large majority of wholesale CBPs in AEs by 2025. The infrastructures to achieve such a target are already largely in place and the AML/KYC issues that slow down many retail and remittance CBPs are less of an issue for wholesale CBPs.

Access

In our view, nearly all financial institutions will already have one option in terms of access to CBP, and so the access target should instead emphasise multiple providers and, for at least AEs, realised by 2025.

Transparency

As typically large, commercially-sophisticated entities, we don't believe transparency is a significant concern in the wholesale space. However, we recognise the need for all wholesale providers to provide transparency to their ultimate end-users.

³ FSB (2021) [Targets for Addressing the Four Challenges of Cross-Border Payments](#)

Retail

Cost

The FSB should consider a more ambitious timeline than end-2027 for the retail cost targets, at least for AEs. In many of these markets, competition (and downward pressure on cost) for CBPs is typically already strong and only increasing as a result of accelerating innovation and supportive regulation.

Speed

The FSB should consider more ambitious speed targets, at least for many AEs (where instant payment systems are already well established and widely used). In these markets and for mainstream cross-border corridors, a large majority of payments within 15 minutes by end-2025 may be a more appropriate target.

Access

For AEs, we think the target should be more ambitious and should instead look for end-users to have multiple options by end-2025.

Transparency

The transparency targets are appropriate given concerns in this area tend to manifest around retail and remittance CBPs. Specifically defining and measuring these metrics may be present unique challenges (see response to question 10 below).

Remittances

Speed

Similar to the retail segment, the FSB should consider more ambitious targets for mainstream corridors in AEs. In these markets and for mainstream cross-border corridors, a large majority of payments within 15 minutes by end-2025 may be a more appropriate target.

Access

We would again encourage the FSB to consider more ambitious targets for AEs, potentially for 90% individuals in these markets to have access to multiple means of remittance by 2025.

Transparency

See comments on transparency for retail segment above.

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?

See response to question 5 above.

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?

See response to question 5 above.

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?

See response to question 5 above.

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?

We do not believe any appropriate global data source currently exists for measurement of the targets the FSB are considering. Elements of some of the required data may exist in sources such as the World Bank remittance price database. However, it is likely that a significant primary data collection exercise is required, across a range of different stakeholders and sources, and potentially using multiple different methods (e.g. end-user and PSP surveys, querying of payment system data warehouses). The FSB should consider leveraging existing methods of collection of payment statistics (e.g. the European Central Bank payment statistics collection).

Depending on the final metrics the FSB decides upon, FIS potentially has data that may be relevant for future monitoring. We are happy to engage in exploratory discussions around the supply of appropriate data on an anonymised and aggregated basis.

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?

Cost

Coming to an appropriate aggregate measure of cost will be particularly challenging. We would encourage the FSB to undertake additional detailed work to address these challenges, which may include:

- **Dealing with different charging structures:** The charging of cross-border payments varies widely across providers and markets segments and may include, for example, ad valorem fees (i.e. a percentage of the payment value), fixed fees per transaction, and fixed recurring fees (e.g. a monthly charge for a cross-border payment account). The cost implied by the specific exchange rate used for a CBP will also need to be factored in. How these various fees are captured and then reflected in an aggregate cost measure will require careful consideration.
- **Averaging costs:** Given the segmental aggregation the FSB is proposing, an approach to averaging costs across an entire segment will need to be adopted. There are various measures of central tendency the FSB could choose to adopt e.g. an unweighted mean, a mean weighted by a measure such as share of total transactions or median. Each approach will provide different insight into overall costs (e.g. measures could be skewed by the impact of a small number of large players).

Transparency

To be measured effectively, the transparency metrics will require careful definition of what a “minimum” required amount of information is. Given the diversity of segments and CBP types captured by the FSB scope, the complexity of this exercise should not be underestimated. For example, an appropriate set of a minimum information for a large corporation making a high value CBP is likely very different to that for a consumer making a small value CBP.

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?

A survey of end-user views, potentially including measures around overall CBP satisfaction, could be a potentially appropriate set of additional qualitative targets (e.g. it could include questions such as “on a scale of 1-10, how satisfied are you available with the level of transparency in cross-border payments?”). Such a survey could be run across the different segments and repeated over time to monitor changes in end-user views.
