

Dear G20 Leaders

In 2020, the G20, under the Saudi Arabian Presidency, recognised the urgent need to reform cross-border payments. In doing so they highlighted the benefits that this would create for economies, businesses and citizens worldwide, particularly with respect to remittance payments.

G20 Leaders tasked the FSB, CPMI and other international bodies to implement a Roadmap to address the underlying challenges in this area. The Italian, Indonesian and Indian Presidencies have continued to make this a priority topic for the G20.

We have made good progress. The first phase of work developed detailed stocktakes of key focus areas, identified clearly the existing cross-border frictions, and developed best practices in a number of operational aspects. Most significantly, this work led to the agreement by G20 members of specific quantitative targets to be achieved by 2027 for better outcomes for those making and receiving cross-border payments.

This first phase was essentially completed last year – the initial set of actions set out in the 2020 Roadmap have now largely been completed - and in the second phase we have set our sights on achieving the 2027 targets. This year, the authorities and standard setters have focussed their efforts on the determination of and support for concrete projects that will make a difference across various parts of the cross-border landscape and on developing further the partnership with the private sector to work to achieve the Roadmap goals.

We set out three priority themes for this second phase: payment system interoperability and extension; legal, regulatory and supervisory frameworks; and cross-border data exchange and message standards. Examples of specific projects include the development of harmonised ISO 20022 data requirements, work underway in various jurisdictions to link up domestic faster payments systems and the deployment of new tools in the correspondent banking network, allowing for greater transparency and efficiency.

Building on the platform we have established and making the improvements necessary to meet the 2027 targets will require further political support and sustained effort by the public and private sectors across a wide range of actors. Change is needed across many technological, regulatory and institutional elements. To support this current phase of work, two new public-private sector taskforces have been established focussed on i) practical changes that can reduce unnecessary legal, regulatory and supervisory frictions and ii) projects to enhance payment systems. These taskforces are accompanied by a range of public sector groups looking at practical actions for enhancing cross-border payments, such as the adoption of ISO

messaging standards, the updating of the FATF recommendation on wire transfers, and the sharing of best practices on operating central bank payments systems.

Leadership from the G20 has energised the public and private sectors and provided the political impetus, without which change will not happen. I attach to this letter the detailed update on next steps submitted to the G20 Finance Ministers and Central Bank Governors in February. A further progress report, setting out in detail the substantial progress already on these next steps, will be submitted to the October G20 Ministers and Governors meeting.

I look forward to the continuing support of G20 Leaders, which will be crucial to achieving the outcomes agreed for this work.

Yours sincerely,

A handwritten signature in blue ink that reads "Klaas Knot". The signature is written in a cursive style with a horizontal line underneath the name.

Klaas Knot