

# G20 Roadmap for Enhancing Cross-border Payments

Consolidated progress report for 2023

9 October 2023



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## Executive summary

The cross-border payments programme has moved into the next phase of action and practical improvements. For the first time, we now have the data to measure how far we need to go to achieve the 2027 targets that G20 Leaders have endorsed for material improvements in the speed, cost, accessibility and transparency of payments across borders.<sup>1</sup> There are encouraging signs of progress, and the data provide some clear indications of where investment and action by the public and the private sector could make the most significant contribution to achieving the targets. We have also made good progress at putting in place the structures we need to encourage and facilitate the necessary action by both the public and private sectors, without which the targets will not be met. But there is a considerable distance to go and more needs to be done across all of the key areas for action. The picture varies considerably by region and by type of payment – the data shows where we need to foster the greatest improvement, which will be the priority for future work.

This report sets out the key insights from the Key Performance Indicators (KPIs) monitoring report<sup>2</sup> that is being published alongside this report; the progress that has been made on priority actions set out in the update of the Cross-border Payments Roadmap endorsed by the G20 earlier this year; and some examples of concrete improvements that have been made or that are in progress.

A key theme in the KPI monitoring report is that, across all market segments, user experiences differ substantially across regions. For example, payments involving some, typically lower income, regions tend to be among the furthest from the cost and speed targets across market segments. However, the extent to which this is the case can differ very materially depending on whether the region is the sender or the receiver of payments. Furthermore, whereas in the retail segment, foreign exchange (FX) costs seem to be the largest component of total costs, the degree to which this is true differs across regions and use-cases, and by contrast, in the remittances segment, other fees tend to be larger than FX costs.

Action is in train on the relevant priority areas. Examples include: developing the capabilities of central payment and settlement infrastructures, supporting the move to common data standards for payments messages, delivering the tools needed for harmonised application programming interfaces (APIs) in the payments industry, and providing a vehicle for the investigation of the legal, regulatory and supervisory frameworks that govern cross-border payments.

We have already seen some progress aligned with this approach. More than 100 jurisdictions are already actively using the ISO 20022 payments messaging standard and ISO 20022 payment messages are being received by institutions from over 200 countries and territories worldwide. Action by the Bank for International Settlements' Committee on Payments and Market Infrastructures (CPMI) in partnership with the private sector has headed off the risk of inconsistent implementation of the key ISO standard for different payments uses, by setting out

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<sup>1</sup> End-2027 has been set as the common target date across the individual targets, with the exception of the remittance cost target, where a 2030 date has already been set as a United Nations Sustainable Development Goal (UN SDG) and endorsed by the G20.

<sup>2</sup> FSB (2023), *Annual Progress Report on Meeting the Targets for Cross-border Payments: 2023 Report on Key Performance Indicators*, October.

specific, harmonised data requirements for payments messages.<sup>3</sup> More than a dozen countries are also developing and upgrading their real-time gross settlement (RTGS) systems, for instance by expanding access or extending operating hours. And we are starting to see wider experimentation with, and establishment of, interlinking arrangements between national (and regional) fast payment systems (FPSs), with some pilot projects now graduating towards live adoption.

While the configuration of responsibilities between the public and private sector varies across jurisdictions, both have an essential role if the targets are to be met. In light of this, two taskforces have been established to provide the basis for coordinated action on the infrastructure needs and regulatory considerations to help to achieve the targets. These taskforces will provide a means to coordinate action and change.

The CPMI payment interoperability and extension (PIE) taskforce is focussed on collaboration between the private and public sectors, which is essential to unlocking the benefits of enhancements to public payments infrastructure (such as longer opening hours) and delivering the improved user experiences expected by the G20 targets. Bringing the public and private sectors together is necessary, given both manage and operate some of the biggest payment and settlement infrastructures. An individual cross-border payment will often involve systems operated by both public and private sector institutions. As such, the group aims to coordinate plans for the necessary improvements and ensure they coalesce around best practices.

Equally, if not more, important, the public sector sets the legal, regulatory and supervisory frameworks for cross-border payments. The FSB Legal, Regulatory and Supervisory (LRS) Frameworks taskforce that has been established aims to give the public and private sectors a vehicle to investigate the key regulatory frictions and suggest where improvements can be made that remove unnecessary frictions, while maintaining or, if possible, strengthening the effectiveness and implementation of necessary regulation.

As an outcome from the taskforces, as well as other implementation initiatives, the actions taken under the Roadmap may, where needed, be further refined and targeted over time in order to sharpen the Roadmap's focus on meeting the targets.

Achievement of the targets will require collaboration and engagement between and beyond the G20. In 2023, the CPMI established a community of practice for central banks as payment system operators, with more than half of members being central banks from beyond the G20. The International Monetary Fund (IMF) and World Bank have also enhanced their technical assistance (TA) programme to support the cross border payments roadmap.

In sum, the Roadmap's actions are focused on practical projects to reach the G20 targets, which are ambitious but achievable. If the relevant actors take the necessary actions, through the public and private sector working together the Roadmap goals can be achieved and we can realise the broad benefits that will come from enhanced cross-border payments.

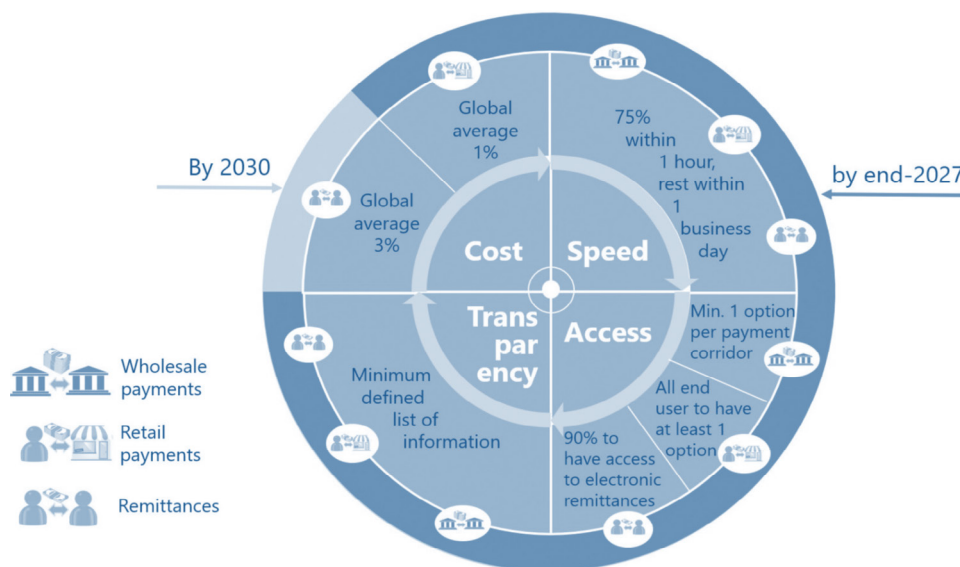
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<sup>3</sup> CPMI (2023), *Harmonised ISO 20022 data requirements for enhancing cross-border payments*. October.

# 1. Introduction

The G20 Leaders endorsed the Roadmap for enhancing cross-border payments at their November 2020 Summit to address the challenges that cross-border payments face relative to domestic payments: high cost, slow speed, and insufficient access and transparency.<sup>4</sup> Over the subsequent two years, the work undertaken has examined the full range of approaches and models to address the frictions underlying the challenges in cross-border payments. Across the 19 building blocks originally identified in the Roadmap, a wide range of issues, technologies, and arrangements (current and future) were closely examined. The various workstreams conducted stocktakes, developed analyses and recommendations in the form of best practices and updated guidance, and explored both improvements in existing arrangements and the development of potential new arrangements (including interlinking arrangements and multilateral platforms). In addition, the FSB developed and the G20 endorsed a set of quantitative targets to be achieved by 2027 that define the Roadmap’s ambition for achieving cheaper, faster, more transparent, and more accessible cross-border payments, and that create accountability (Graph 1).<sup>5</sup> In 2022, the FSB set out the key performance indicators (KPIs) for monitoring progress against the targets.<sup>6</sup> In conjunction with this progress report, the FSB this October has published the first annual update on progress made toward achieving the targets, using KPIs.

**High-level overview of the G20 targets** Graph 1



Source: Lammer, T, T Rice (2022): The G20 cross-border payments programme: A global effort. Journal of Payments Strategy & Systems Vol. 16, No. 3 2022, pp. 1–12

<sup>4</sup> G20 (2020), 2020 Riyadh Summit Leaders’ Declaration (paragraph 16), 21 November. FSB (2020), *Enhancing Cross-border Payments - Stage 1 report to the G20*, April. CPMI, *Enhancing cross-border payments: building blocks of a global roadmap*, July. FSB (2020), *Enhancing Cross-border Payments - Stage 3 report to the G20*, October.

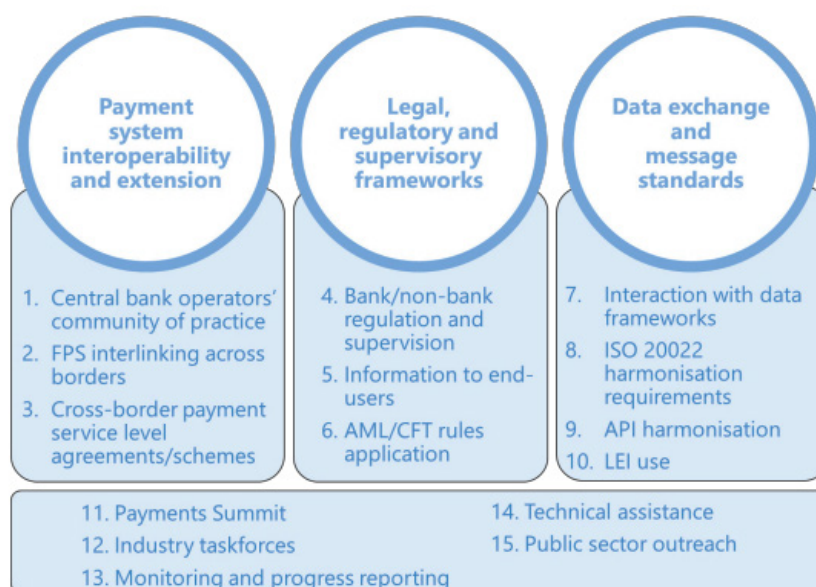
<sup>5</sup> G20 (2021), 2021 Rome Leaders’ Declaration (paragraph 41), 31 October.

<sup>6</sup> FSB (2022), *Developing the Implementation Approach for the Cross-Border Payments Targets: Final report*, November.

Building on the foundational work over the first two years of the Roadmap, the FSB published a prioritisation plan and engagement model for taking the Roadmap forward, in October 2022. In February 2023, the FSB published a detailed updated and prioritised Roadmap centred around 15 priority actions. The plan and priority actions reflect the Roadmap’s transition from analyses and stocktakes to the implementation of those practical projects that will best help to achieve the G20 targets. Priority actions 1 to 10 are organised into three themes, while actions 11 to 15 provide cross-cutting contributions across the themes (Graph 2).

## Overview of the priority themes and actions for achieving the G20 targets

Graph 2



Source: FSB: Priority actions for achieving the G20 targets (February 2023)

Making cross-border payments, including remittances, faster, cheaper, more transparent and more inclusive, while maintaining their safety and security, will have widespread benefits for citizens, businesses, and economies worldwide, supporting economic growth, international trade, global development and financial inclusion.

### 1.1. Levers for supporting collective action

The priority actions reflect the levers available to the FSB, CPMI and their partner organisations. These levers foster and support the collective action that is needed to achieve the targets:

- Channelling high-level political support for the Roadmap as well as the targets and actions to encourage the relevant actors to take the necessary measures.
- Reviewing and publicly reporting progress on measures that have been taken in the priority areas that have been identified, and on where challenges persist.
- Engaging with the private sector, through both existing and new fora, to encourage action in key areas.
- Convening relevant bodies within the public sector to help address relevant regulatory frictions and enhance central-bank operated payment systems.



- Providing TA and actively reaching out to help non-G20 jurisdictions tackle their most pressing cross-border payment challenges.
- Promoting the analytical, technical and policy work on new payment arrangements and assessing the technical improvements they bring, challenges they face and risks they pose to the payments ecosystem.

## 2. Progress on the prioritised roadmap in 2023

This section provides an update on progress across the three priority themes and the cross-cutting actions.

### 2.1. Priority actions cutting across the three themes

At a high level, there are two types of ongoing actions that operate across all three priority themes – stakeholder engagement and progress monitoring. Improvements in cross-border payments require commitment from a wide range of public-sector authorities and private-sector stakeholders, as well as global coordination. The FSB, the CPMI and other partner organisations are bringing together strategic perspectives and subject matter expertise via fora such as joint working groups, taskforces, workshops, public consultation reports and surveys.

#### 2.1.1. *Regular engagement with private-sector stakeholders*

Significant engagement with private-sector stakeholders at a variety of fora have occurred during the year. Two new taskforces were established in 2023 to strengthen private-sector participation in pursuing the key objectives of the G20 cross-border payments programme. The FSB established a taskforce on legal, regulatory and supervisory matters (the “LRS taskforce”). In parallel, the CPMI established a taskforce on cross-border payments interoperability and extension (the “PIE taskforce”). The LRS taskforce focuses on providing input and contributing analysis about how differences across legal, regulatory or supervisory frameworks related to the provision of cross-border payments create frictions and the potential areas for action that could address those frictions. The PIE taskforce focuses on improving access to payment systems, extension of operating hours and interlinking payment systems across borders, particularly of FPSs. The PIE taskforce also discusses approaches for the implementation of harmonised message formats and protocols, such as ISO 20022 and application programming interfaces (APIs).<sup>7</sup> In addition, the CPMI has existing expert groups on service level agreements and ISO 20022 harmonisation and has recently launched one on API harmonisation. All of them are described in more detail under each priority action. These fora provide a strong foundation for robust and sustained engagement between public- and private-sector stakeholders, facilitating the sharing of perspectives and fostering a shared commitment to improving cross-border payments.

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<sup>7</sup> APIs provide the technical means for a software application to request a specific piece of data from one or more other software applications, and for data transfer from the data-providing application(s) back to the requester, provided the original request was valid. In essence, they support the interoperability of different software applications or technology systems, allowing the cross-leveraging of functionality without the need for development of entirely new systems.

Further, in November 2023, the FSB will host its second annual Payments Summit, which is an opportunity for senior policymakers to engage with senior executives from across the payments industry to discuss issues related to enhancing cross-border payments at a strategic level.

### *2.1.2. Engagement focused on authorities beyond the G20*

The G20 targets are global in nature and can only be achieved if authorities from across the globe take actions in support of the three priority themes. Hence, the FSB, the CPMI and other partner organisations have further increased their engagement with authorities beyond the G20. The CPMI, for example, has established a community of practice<sup>8</sup> for central banks in their role as payment system operators. Around 40 central banks from all over the world have already joined this community of practice (for more details see the Action 1 discussion in Annex 1). In addition, the CPMI hosted two senior-level roundtable discussions, focusing on emerging markets and developing economies (EMDEs). Around 60 senior central bank officials, many of whom were Governors or Deputy Governors, attended those discussions held on the side-lines of the IMF-World Bank Spring Meetings and the BIS Annual General Meeting.

The FSB and the CPMI consider regional engagement as central to the success of the G20 cross-border payments programme because jurisdictions within the same region often share similar experiences or develop common approaches and solutions. Therefore, the FSB, the CPMI and other partners regularly participate in regional fora<sup>9</sup> and organise sessions on the side-lines of major conferences or events (such as Sibos). During the Global Payments Week in May 2023, the World Bank invited the CPMI to join the regional sessions for discussions of the cross-border payments programme. The CPMI has also started to work on regional analyses of cross-border payment developments.<sup>10</sup> In addition, the FSB Regional Consultative Group (RCG) for the Americas held a seminar bringing the public and private sectors together to discuss experiences in the region with cross-border payments, implementation of the Roadmap, and steps that can be taken to reduce frictions across the region.

Engagement with public-sector authorities through TA is also being enhanced to promote practical change. Under priority Action 14, the IMF and World Bank have completed a joint stocktake and analysis of relevant ongoing and planned TA activities to identify priorities and opportunities to support cross-border payments consistent with their TA frameworks, member countries' demand, funding arrangements, and governance models. The IMF and World Bank will publish a report outlining their TA approach in October 2023 completing Action 14b.

Establishing cooperation among financial and non-financial authorities (e.g. data protection agencies) is also an essential step to achieving progress in reducing frictions coming from the wide range of data frameworks (such as privacy laws or data localisation requirements) that may affect cross-border payments.

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<sup>8</sup> Communities of practice are organised groups of people who share an interest in a defined area and want to coordinate efforts to achieve specific goals. They collaborate regularly to exchange information, learn together, improve their skills, and advance the general knowledge of the area (Source: World Bank, 2021).

<sup>9</sup> For example, the Arab Committee on Payment and Settlement Systems (ACPSS), the SEACEN Conference of Directors of Payments and Settlements Systems and the Eurosystem Advisory Group on Market Infrastructures for Payments.

<sup>10</sup> The first output of the CPMI's regional analyses will be a joint paper with the Arab Monetary Fund (AMF) on cross-border payment developments among AMF member jurisdictions.

### 2.1.3. *Monitoring of progress in cross-border payments*

Focused and effective progress monitoring plays a crucial role in the G20 cross-border payments programme because it informs the direction of the Roadmap, helps to maintain momentum provides accountability. In addition to this Progress report, the FSB published its first estimates of KPIs for monitoring progress toward the G20 quantitative targets for cross-border payments. The KPIs are measured at the global level and are accompanied by more granular breakdowns (where available) to promote a fuller understanding of where, and to what degree, challenges remain.

#### **Box 1: Key initial findings from 2023 KPI report**

The analysis in the Annual Report on Meeting the Targets for Cross-Border Payments, published in parallel with this report, helps guide the Roadmap programme by informing stakeholders about the progress and remaining challenges in meeting the cross-border payments targets, and where those challenges may be most acute.

Overall, at the global level, the KPIs indicate that progress under the prioritised Roadmap will be needed to meet the targets across all the market segments. A key theme in the KPI report is that across all market segments user experiences differ substantially across regions. Nevertheless, some, typically lower income, regions tend to be among the furthest from the cost and speed targets across market segments. However, the extent to which this is the case can differ depending on whether the region is sending or receiving of payments.

Below are some highlights for each of the market segments from the analysis contained in the KPI report. The KPI report provides a more comprehensive description.

#### *Wholesale segment<sup>11</sup>*

- When looking at correspondent banking in-flight processing time over the Swift network in isolation, 89% and 99% of wholesale payments going from the originating bank to the beneficiary bank within one hour and within one day, respectively.
- However, the final, “beneficiary”, leg takes longer. In addition to the duration of the in-flight processing time, and after being received by beneficiary banks (having left the Swift network), only 60% of wholesale payments are then credited to customer accounts within one further hour. The proportion rises to 93% for payments credited to customers within one further day.
- The overall result is that, globally, 54% of wholesale payments go from the originating bank to being credited to end-customer’s accounts within one hour, and 93% within one day, with most of the time spent between the beneficiary bank receiving a payment and the end-customer account being credited.
- In 92% of the world’s countries and territories, three or more financial institutions made cross-border payments on the Swift network during Q1 2023. We use this measurement as a proxy for the access target to estimate whether each domestic payment service provider (PSP) within a jurisdiction would have at least one option to send or receive a wholesale cross-border payment.

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<sup>11</sup> For the purpose of the KPI report, wholesale payments are defined as payments with a value of at least USD 100,000. There is no cost target for the wholesale segment and the FSB does not have any data about transparency in the wholesale segment.

### *Retail segment<sup>12</sup>*

- The global average total cost of sending retail payments exceeds the target of 1% of the transfer amount across all use-cases, and range from 1.5% for B2B to 2.5% for P2P.
- The G20 targets aim for no country corridor to have costs greater than 3%. Approximately 25% of corridors have average total costs that exceed this target.
- Globally, FX costs constitute more than 50% of total cost for all use cases, ranging from 60% for P2P transactions to 97% for P2B transactions on average, with significant differences across regions.
- Globally, the proportion of retail services that make funds available to the receiver in one hour is 42% (versus target of 75%) and the proportion that do so in one business day is 76% (versus target of 100%), with significant differences between regions and use-cases.
- Globally, the average proportion of payment services that are transparent to the customer about the cost and speed of cross-border payments is 57%, compared with a target of 100% of payment service providers providing the wider information listed in the target.
- As an approximation to the access target for the retail segment (which calls for 100% of end-users having at least one option for sending and receiving cross-border electronic payments), the report looks at the percentage of Micro, Small and Medium-size Enterprises (MSMEs) and adults, respectively, with a transaction account at a regulated financial institution, and both these KPIs are below the target (at 89.8% and 76.0%, respectively).

### *Remittances segment*

- The global average and the World Bank's Smart Remitter Target (SmaRT) average cost of sending a \$200 remittance is 6.3% and 3.5%, respectively, both of which are above the target of 3%.<sup>13</sup>
- The G20 targets aim for no cross-country remittance corridor to have costs greater than 5%. Globally, 20% and 13.7% of corridors have SmaRT average costs greater than 5% for sending \$200 and \$500, respectively.
- Globally, the proportion of remittances services that make funds available to the receiver in one hour is 53% (versus target of 75%) and the proportion that do so in one business day is 77% (versus target of 100%).
- 98% of remittances services in the dataset are transparent about total fees and FX margin for senders.
- As a broad approximation to the access target for the remittances segment (which calls for more than 90% of individuals who wish to send or receive a remittance, including those without bank accounts, to have access to a means of cross-border electronic remittance payment) the report looks at the percentage of adults with a transaction account at a regulated financial institution, which equals 76%.

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<sup>12</sup> For the purpose of the KPI report, retail payments are defined as payments less than USD 100,000 not including remittances. Retail payments use-cases include business-to-business (B2B), business-to-person (B2P), person-to-business (P2B), and non-remittance person-to-person (P2P).

<sup>13</sup> SmaRT indicators are calculated as the simple average of the three cheapest qualifying services for sending remittances in each corridor.

In addition to measuring progress toward the G20 targets, monitoring progress of the supply-side changes is equally important and can also provide insights into the current status of improvements achieved as well as the challenges faced. Comprehensive and timely information from central banks and other authorities about the global state of play also helps to identify actions and issues that may require greater attention, allowing the programme to be adjusted as needed. The CPMI, with support of the FSB, the IMF, the World Bank and regional organisations,<sup>14</sup> conducted a survey from May to August 2023 to help inform this work. The survey focused on the priority themes of (i) payment system interoperability and extension; (ii) cross-border data exchange and message standards; and (iii) legal, regulatory and supervisory frameworks. This survey complements the FSB monitoring of progress towards the G20 quantitative targets. Selected preliminary findings have been included in this report (see Boxes 2-4). The detailed and final results will inform the work on the priority actions and will be published early 2024, ahead of the next iteration of the monitoring survey.

## 2.2. Priority theme on payment system interoperability and extension

Work on this priority theme focuses on the improvement of payment system interoperability and interlinking, the extension of RTGS system operating hours and payment system access policies. Interlinking arrangements can shorten transaction chains, reduce overall costs and increase the transparency and speed of payments. Expanding access to key payment systems can level the playing field for payment service providers (PSPs) and foster greater competition and innovation. Extending and aligning the operating hours of key payment systems across jurisdictions could speed up cross-border payments, improve liquidity management and reduce settlement risk.

RTGS systems are key components in the payments ecosystem, that are often used to effect final settlement of cross-border payments in the sending and receiving jurisdictions. Furthermore, RTGS systems are typically used for liquidity transfers resulting from interlinking or correspondent banking arrangements. Increased RTGS system operating hours contribute to the speed of cross-border (wholesale) payments and the use of ISO 20022 can support increased transparency. Hence, the extension of payment system operating hours and expanded access to them can contribute to enhancing cross-border payments. Over the past year, several central banks have renewed their RTGS systems and private payment system operators often followed suit by upgrading their platforms. As part of this renewal, several public and private-sector operators have migrated (or are in the process of migrating) to ISO 20022 messaging formats (discussed under the priority theme on cross-border data exchange and message standards) and have implemented further enhancements (such as extended operating hours).

When it comes to retail cross-border payments and remittances, FPSs can play an important role in meeting the G20 targets. In 2023, FPSs have shown continued growth in terms of number and usage, adding to the already more than 60 jurisdictions worldwide with FPSs in place in 2022. Most of these FPSs operate on a continuous basis by design and are available near 24/7, but mostly cater to domestic payments. A growing number of FPSs are considering establishing

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<sup>14</sup> For instance, the Arab Monetary Fund (AMF), the South East Asian Central Banks (SEACEN) Research and Training Centre and the Center for Latin American Monetary Studies (CEMLA).

bilateral or even multilateral links with other FPSs abroad that would allow PSPs in different jurisdictions to send cross-border payments directly to each other. Based on initial findings<sup>15</sup> from established FPS interlinking arrangements, cross-border payments processed via the interlinked FPSs are processed within seconds or, at most, minutes, thereby easily meeting the G20 target on speed. In addition, they seem to contribute to reduced prices, increased non-bank access and enhanced transparency.

**Box 2: Progress and selected practical projects related to payment system interoperability and extension**

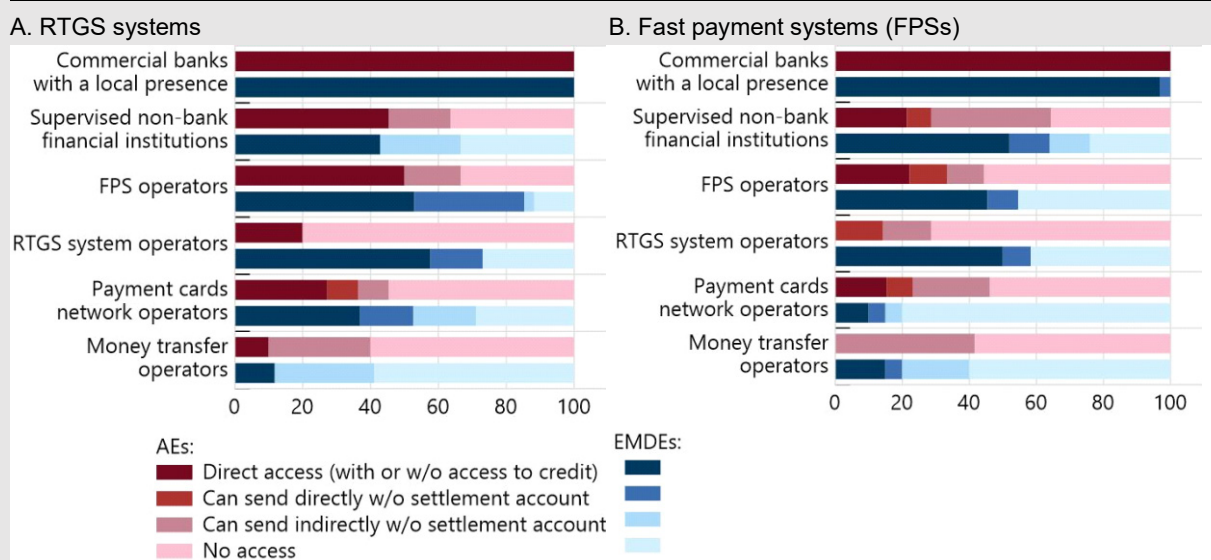
**Payment system access**

The types of entities that are eligible for direct access at domestic level differ across jurisdictions. Almost all existing and planned payment systems, both in advanced economies (AEs) and EMDEs, allow the direct participation of commercial banks with a local presence. There are fewer jurisdictions where other types of entities, such as supervised non-bank financial institutions or payment card network operators, are eligible for direct access. Direct access by other payment system operators, such as FPSs, RTGS systems, payment network card or money transfer operators, is not possible in most of the payment systems reported (see Graphs 3.A and 3.B).

**Type of access which is currently allowed domestically<sup>1</sup>**

As a percentage of payment systems

**Graph 3 1**



<sup>1</sup> For selected types of entities and after excluding "Not applicable" and those that did not provide an answer.

Source: 2023 CPMI survey on cross-border payments progress (preliminary results as of 31 July 2023).

Access to payment systems has been successfully expanded in several jurisdictions, such as India, Japan, Singapore, Switzerland and the United Kingdom.<sup>16</sup> Based on the findings of the monitoring survey, 21% of the RTGS systems and 27% of the FPSs plan to expand participation within the next five years, with 10% (RTGS systems) and 6% (FPSs) planning to do so after five years.

<sup>15</sup> For example the costs for cross-border payments sent from Thailand to Singapore have come down from \$12-30 to \$5 and speed has increased from two days to two seconds, according to Bank of Thailand (See: [Central Banking](#)).

<sup>16</sup> CPMI (2022), *Improving access to payment systems for cross-border payments: best practices for self-assessments*, May.

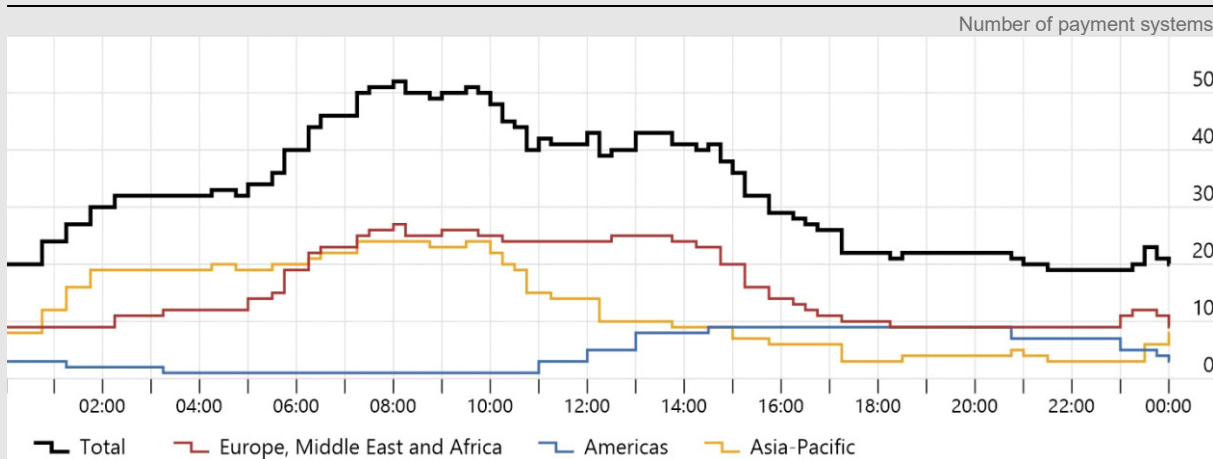


## Payment system operating hours

While FPSs typically operate close to 24/7, there are only a handful of RTGS systems operating around the clock. Among those are the RTGS of India, Mexico, South Africa and Switzerland.<sup>17</sup> This year, one additional 24/7 RTGS system has been launched, the one operated by the Central Bank of Oman. **Based on the monitoring survey, only 10% of the RTGS systems plan to extend operating hours to close to 24/7 within the next 5 years.**

## Number of RTGS systems operating simultaneously on a standard working day

Graph 4



<sup>1</sup> The sample includes 62 RTGS systems.

Source: 2023 CPMI survey on cross-border payments progress (preliminary results as of 31 July 2023).

While 24/7 operation of RTGS systems will remain the exception in the foreseeable future, 14% of the RTGS systems plan to extend operating hours on existing operating days (but not to 24/7) and 16% plan to extend operating hours to include non-operating days (but not to 24/7) within the next 5 years. The Eurosystem, for example, has extended the operating hours of its T2 platform by 4.5 hours for customer/interbank payments processing in 2023. T2 now opens in the evening of the previous day at 19:30 (GMT+1) and closes on 18:00 the next day. T2 operates five days a week. The longer individual RTGS systems operate per day, the greater the overlap in their operating hours with other RTGS systems is likely to be (see Graph 4), enabling cross-border payments to be processed faster.

## Payment system interlinking

Several FPS interlinking projects have made noticeable progress in 2023, many of these in the Asia/Pacific region. In November 2022, five Asian central banks signed a Memorandum of Understanding (MoU) to, among other things, link their FPSs.<sup>18</sup> Within the region, several bilateral links have already been established and multilateral interlinking based on the Nexus concept is currently being explored. In Australia, the Reserve Bank of Australia (RBA) and industry are exploring the issues associated with potentially directly linking Australia's FPS with those in other jurisdictions in the future.

Since February 2023, Singapore's PayNow has been linked with India's Unified Payments Interface (UPI). Furthermore, RBI has signed a MoU with the Central Bank of the United Arab Emirates (UAE) to link UPI with UAE's Instant Payment Platform (IPP). Buna, launched its FPSs in April 2023, and plans to establish links with payment systems outside the region.<sup>19</sup>

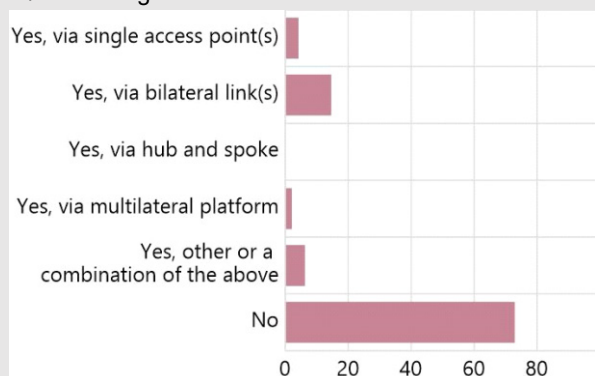
About 1 out of 4 FPSs enable their participants to send/receive payments to/from foreign PSPs. This number is very likely to increase considerably in the near future, given that over 40% of the FPSs surveyed plan to establish some form of interlinking within the next two years.

## Current and future interlinking for FPSs

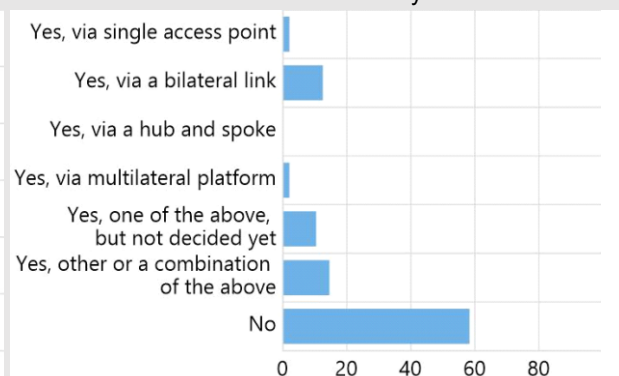
As a percentage of FPSs

Graph 5

A. Can FPSs participants send/receive payments to/from foreign PSPs?



B. Are there any plans of the FPS to establish [additional] cross-border links within the next two years?



Source: 2023 CPMI survey on cross-border payments progress (preliminary results as of 31 July 2023).

### 2.3. Priority theme on legal, regulatory and supervisory frameworks

Work under this priority theme focuses on the promotion of an efficient legal, regulatory and supervisory environment for cross-border payments while maintaining their safety, efficiency, and integrity. Inconsistent or unaligned legal, regulatory and supervisory frameworks can be a significant source of frictions in cross-border payments. For example, reducing actual or perceived differences in the scope and application of regulation and supervision between banks and non-banks can support non-banks' access to payment services. Additionally, consistent implementation of Anti-Money Laundering / Combatting the Financing of Terrorism (AML/CFT) controls, including customer due diligence (CDD) requirements, across jurisdictions could increase the speed and reduce the cost of cross-border payment services.

The FSB, in 2023, established a working group on bank versus non-bank supervision (BNBS) to develop recommendations, as needed, to promote supervision of banks and non-banks that is consistent with the differences in risks that they pose. In addition, since the 2022 Progress report, the FSB has engaged with various international standard-setting bodies and organisations to evaluate ways in which transparency in cross-border payments could be effectively incorporated into standards, frameworks, or guidance covering consumer protection, payments, or both. For example, the FSB worked with the G20/OECD Task Force on Financial Consumer Protection to introduce specific references to cross-border payments into the G20/OECD High-Level Principles on Financial Consumer Protection.

<sup>17</sup> CPMI (2022), *Extending and aligning payment system operating hours for cross-border payments*. May.

<sup>18</sup> Bank Indonesia (BI), Bank Negara Malaysia (BNM), Bangko Sentral ng Pilipinas (BSP), Monetary Authority of Singapore (MAS) and Bank of Thailand (BOT). See: Central Banks of Indonesia, Malaysia, Philippines, Singapore and Thailand Seal Cooperation in Regional Payment Connectivity (mas.gov.sg)

<sup>19</sup> Buna is the cross-border payment system operated by Arab Regional Payments Clearing and Settlement Organization, owned by the AMF. While expanding within the region, Buna has already signed several MoUs with other payment systems, several of which are located outside the Arab region. Examples are the MoU with National Payments Corporation of India (NPCI), the Pan-African Payments and Settlement Systems (PAPSS), the Jordan Payments and Clearing Company (JoPACC) and Raast (Pakistan).



Updating the application of AML/CFT rules under priority action six is an important part of the work under this theme. The Financial Action Task Force (FATF) is moving this work forward along several dimensions, including adopting revised standards on beneficial ownership of legal arrangements and developing guidance and implementation monitoring on those standards. To promote consistent and effective implementation of global AML/CFT standards by national authorities and the private sector, the FATF is enhancing its Mutual Evaluation Programme to ensure that future assessments are timelier and more risk based.<sup>20</sup> In addition, the FATF is promoting awareness of emerging technologies, information sharing and data privacy and protection in relation to AML/CFT and is reviewing its Recommendation 16 (on wire transfers) to take account of recent and upcoming developments in the payment systems architecture, including adoption of ISO 20022 messaging standards to facilitate more efficient AML/CFT checks.<sup>21</sup>

### **Box 3: Progress and selected practical projects related to legal, regulatory and supervisory frameworks**

Globally, jurisdictions are evaluating and implementing a variety of changes to their legal, regulatory and supervisory frameworks that will affect the payments ecosystem within the jurisdiction. Current work focuses on reducing legal and regulatory barriers to non-bank PSPs' direct participation in payment systems, which complements efforts underway related to the priority theme on payment system interoperability and extension.

- The European Union is conducting a review of its Directive on settlement finality in payment and securities settlement systems. In June 2023, the European Commission put forward a [proposal](#) for a Directive on payment services and electronic money services (PSD3) to harmonise the framework for non-banks PSPs. Without prejudice to the broader review of the EU Settlement Finality Directive (SFD), this proposal includes a targeted amendment to allow such PSPs access to all EU payment systems, with appropriate safeguards. At the same time, a report on the SFD review was published.<sup>22</sup>
- In Australia, work is underway to develop a set of “common access requirements” to help facilitate access to Australian payment systems for non-bank PSPs. Lowering the barriers to entry faced by PSPs seeking to directly participate in payment systems through the introduction of appropriate risk-based regulation is intended to support a more diverse and competitive payments ecosystem in Australia.
- In the United States, there are ongoing legislative efforts at the Federal level to establish a framework for payment stablecoins and, at the state level, there are ongoing efforts to harmonise regulatory requirements for money transmitters.
- The South Africa Reserve Bank is currently in the process of [amending](#) the National Payment System Act to allow non-bank PSPs direct access to the national payment system.
- In India several initiatives are envisaged under the “Payments Vision 2025” roadmap, including increasing proportionate oversight of payment system operators.

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<sup>20</sup> <https://www.fatf-gafi.org/en/publications/Mutualevaluations/More-about-mutual-evaluations.html>

<sup>21</sup> The FATF recommendations are available online at <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html>

<sup>22</sup> Relevant documents (PSR/PSD3 and the SFD review) are available at [https://finance.ec.europa.eu/publications/financial-data-access-and-payments-package\\_en](https://finance.ec.europa.eu/publications/financial-data-access-and-payments-package_en).

- In Canada, draft regulations for the RPAA regime (Retail Payment Activities Act) to expand the financial sector regulatory perimeter to non-bank PSPs were released for public comment in February 2023.

## 2.4. Priority theme on cross-border data exchange and message standards

Work under this priority theme focuses on facilitating cross-border data exchange and increasing the use of standardised message formats for cross-border payments. Enhancing and harmonising the data carried in most cross-border payment messages can support increased straight-through processing, automated reconciliation and more efficient AML/CFT checks. If payment systems support international message standards, they may be better able to interoperate and can more easily interlink with each other. Furthermore, PSPs can more easily connect to or switch between payment systems that use consistent international standards.

The transfer of data across borders is essential to the functioning of the cross-border payments ecosystem but depends on several national and regional data frameworks with different purposes and characteristics. Under Action 7, the FSB is actively working with industry participants to identify frictions, including through specific case studies and mapping differences in approaches that necessitate bespoke or manual solutions that create friction. The FSB is also engaging with relevant authorities and standard setters, including data protection and privacy agencies, domestically and internationally, to promote cooperation.

Efforts are underway globally to implement the ISO 20022 message standard. This widespread attention on ISO 20022 presents an opportunity to promote the consistent implementation and use of harmonised ISO 20022 data requirements across jurisdictions. More than 100 jurisdictions worldwide are already actively using ISO 20022 messages.<sup>23</sup> The co-existence between ISO 20022 and Swift's legacy message text (MT) standard is expected to last until November 2025, allowing time for jurisdictions and users to either migrate or map to the new standard. The CPMI undertook joint technical work with industry experts on development of harmonised ISO 20022 data requirements (and the accompanying data model) for cross-border payments. The CPMI's harmonised ISO 20022 data requirements complement existing market usage guidelines, with the aim of ensuring that the benefits of ISO 20022 can be optimally leveraged for cross-border payments. Realisation of the benefits of the harmonisation, however, will depend crucially on their widespread uptake and operators and market practice groups will be encouraged to align their ISO 20022 guidelines with the CPMI's harmonised data requirements. The proposed requirements and data model were presented for public consultation in early 2023. The final report to the G20 presents the CPMI's harmonised ISO 20022 data requirements for cross-border payments and will be published in October 2023.

APIs are currently being used for, among other things, account validation, compliance screening, message repairs and investigations. They can facilitate more efficient and faster cross-border payments by reducing manual intervention and fostering more timely data exchange across the payments chain. As APIs gain wider adoption, greater international harmonisation of API

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<sup>23</sup> Swift (2023), [ISO 20022 for Payments for Financial Institutions](#).

protocols should allow users to leverage the full implementation benefits. If successful, the processing of cross-border payments could become much more efficient and interoperability could be considerably improved. The CPMI established an API panel of experts with the participation of central banks, payment system operators, commercial banks, non-bank PSPs and others. The panel is currently evaluating APIs to develop recommendations for greater harmonisation of APIs in cross-border payments.

In addition, the FSB continues to help realise the potential benefits of the Global Legal Entity Identifier (LEI) in strengthening data standardisation, supporting straight-through-processing (STP), CDD processes and sanction screening, including through pilot projects on these themes coordinated by the Global LEI Foundation (GLEIF) with the involvement of industry participants.

**Box 4: Progress and selected practical projects related to cross-border data exchange and message standards**

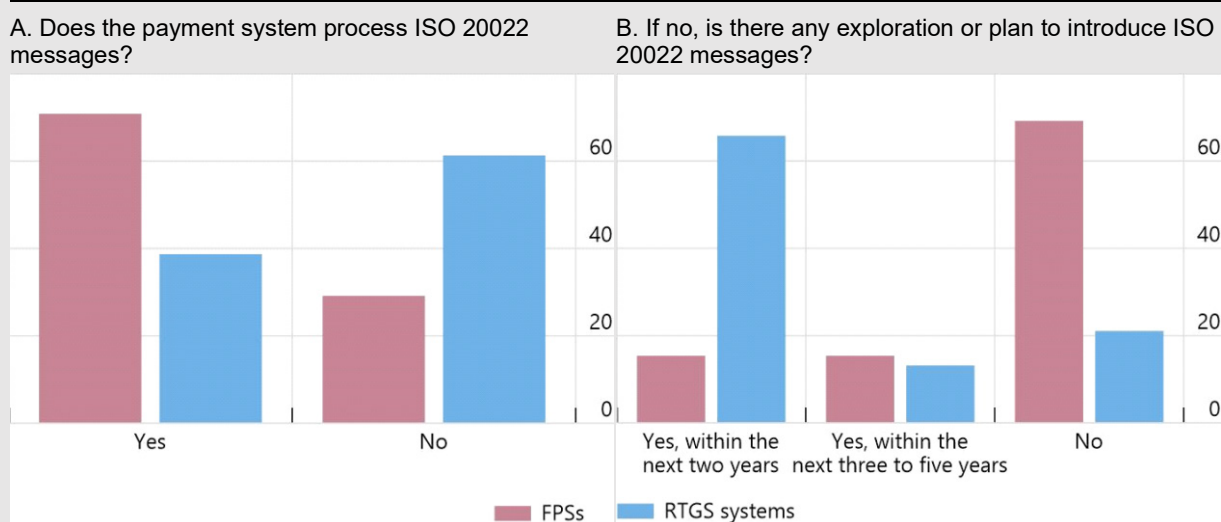
**ISO 20022**

Within the euro area, the two major payments systems – the Eurosystem’s TARGET and EBA CLEARING’s Euro1 – successfully migrated to ISO 20022 in March 2023. Simultaneously, Canada’s Lynx and Australia’s RITS started the co-existence period between MT and ISO 20022 message formats. Bank of England’s CHAPS and RTGS system migrated to ISO 20022 in June 2023. CHIPS, which operates in the United States, is expected to follow in April 2024. With the increasing number of RTGS systems processing ISO 20022 messages and many more planning to do so, it can be expected that the current gap between FPSs and RTGS systems processing ISO 20022 message formats will narrow in the years to come. The monitoring survey results indicate that currently 39% of RTGS systems process ISO 20022 messages, compared to 71% of FPSs (Graph 6.A). Within the next two years, 66% of those RTGS system which do not process ISO 20022 message formats plan to introduce them, compared to 14% of FPSs (Graph 6.B).

**ISO 20022 harmonisation<sup>1</sup>**

As a percentage of payment systems

**Graph 6**



<sup>1</sup> Not all respondents in graph 6.A gave further details on the exploration or plans to introduce ISO 20022 messages.

Source: 2023 CPMI survey on cross-border payments progress (preliminary results as of 31 July 2023).

## API harmonisation

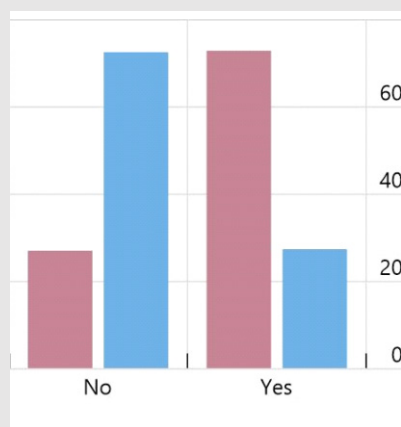
Payment systems increasingly rely on APIs for data exchange. This is especially the case for newly established payment systems and particularly FPSs. More than seven out of ten FPSs make use of APIs, compared to less than three out of ten RTGS systems (Graph 7.A). However, harmonisation and interoperability between the APIs used remains an issue: only half of the payment systems making use of APIs indicate that their APIs are based on harmonised/standardised frameworks (Graph 7.B). The most common use cases for APIs are currently the submission/amendment of payment instructions, transaction notifications and accessing transaction/statement data (Graph 7.C).

### API harmonisation<sup>1</sup>

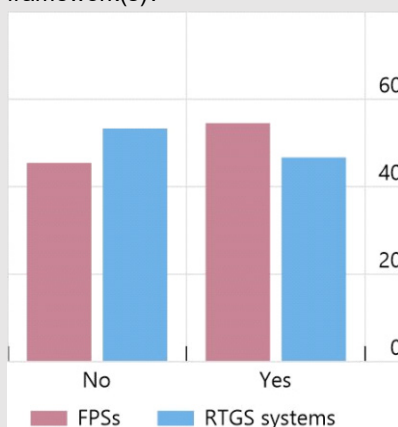
As a percentage of payment systems

Graph 7

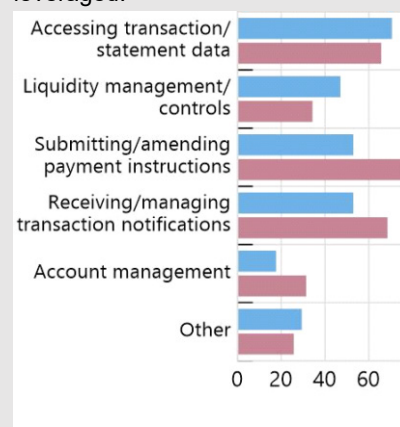
A. Does the payment system itself make use of APIs?



B. If yes, are the APIs based on harmonised/standardised framework(s)?



C. If yes, please select the use cases for which the APIs are leveraged.



<sup>1</sup> Not all respondents in graph 7.A gave further details on harmonised/standardised framework(s) and use cases for which APIs are leveraged.

Source: 2023 CPMI survey on cross-border payments progress (preliminary results as of 31 July 2023).

## 3. Potential implications for the priority actions

The KPI monitoring report and this consolidated progress report, including the CPMI's survey based on the priority themes, provide an opportunity to reflect on whether there are aspects of the Roadmap programme might be refined or refocused. Based on the learnings from these reports and the preliminary results from the CPMI's survey, the FSB, CPMI and other partnering organisations will:

- Strengthen work on transparency, outlining what further steps are needed, in light of the findings of the KPI report.
- Place additional focus on technical assistance and outreach to the regions and jurisdictions shown to be furthest from the targets (recognising that the provision of technical assistance is driven by demand from jurisdictions). At the same time, opportunities for enhancements in jurisdictions with currencies, infrastructures, and financial institutions that often serve as intermediaries in cross-border payments will not be overlooked.

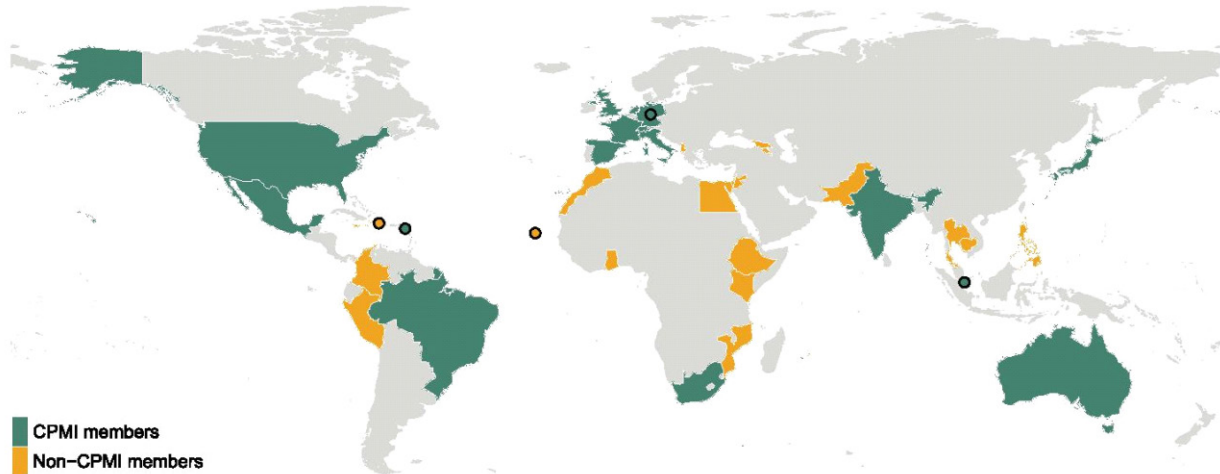
- Consider whether to define a new Priority Action to address the frictions created in the application of currency and capital controls to cross-border payments and potential ways to streamline these processes, including through new technologies.
- Consider what further practical steps can be taken to support and increase the momentum behind interlinking as a means of facilitating more efficient cross-border retail and remittance payments, especially in the P2P segment.
- Seek to focus engagement activities (action 15) in those topics and regions that are furthest from the targets.

## Annex 1: Detailed updates on individual priority actions

### Priority theme on payment system interoperability and extension

#### *Action 1: Convening central bank operators in a community of practice on payment system interoperability and extension*

The CPMI successfully launched the community of practice on central bank-operated payment systems with a view to strengthen the involvement of both G20 and non-G20 central banks in the cross-border payments programme and to support their implementation of payment system enhancements. The community of practice met three times by October 2023. It will focus initially on building relationships, sharing experiences, and learning on an ongoing basis, with a view to identifying shared solutions to shared problems (generally for subsets of members) where practicable. It will be expanded over time; As of September 2023, it was comprised of representatives from around 40 jurisdictions (more than half of which were from non-G20 jurisdictions) as well as from international organisations such as the IMF and the World Bank (see Graph 8). By end 2023, the community of practice will agree on the practical tasks it will work on in 2024-25. The focus of the community of practice will be on the operational aspects of payment systems access, operating hours, interlinking and the harmonisation of ISO 20022 messaging formats for central-bank-operated RTGS systems and FPSs. Innovative developments and new functionalities (e.g. synchronisation) will be considered to the extent they have an impact on the payment systems operation by central banks. The community of practice will organise itself around sub-groups to conduct specific work, such as Action 1b (operators' self-assessment of payment system operating hours) and Action 1c (development of technical and operational approaches for aligning/extending operating hours). While central banks can take these actions forward at their own discretion and speed, the community of practice aims to be a sounding board and resource to central banks considering these actions. In doing so the community of practice will inform and coordinate with other relevant groups, such as the industry taskforces (Action 12).



The circles represent central banks from Cabo Verde, the Dominican Republic, the European Central Bank, the Eastern Caribbean Central Bank and the Monetary Authority of Singapore.

The use of this map does not constitute, and should not be construed as constituting, an expression of a position by the BIS regarding the legal status of, or sovereignty of any territory or its authorities, to the delimitation of international frontiers and boundaries and/or to the name and designation of any territory, city or area.

Source: CPMI.

### *Action 2: Fostering fast payment system (FPS) interlinking across borders.*

The CPMI has established a workstream to develop a governance and oversight framework for payment system interlinking across borders. Together with the Indian G20 Presidency, the CPMI held a senior-level flagship event on FPS interlinking arrangements in India in July 2023. The event was held on the side-lines of the July G20 meetings and aimed to facilitate interlinking by showcasing existing or planned interlinking arrangements and taking forward the conversation on governance and oversight of interlinking arrangements.

The findings from the flagship event as well as further industry engagement have informed an interim report to the G20 on FPS interlinking governance and oversight considerations, which will be published in October 2023. The report considers the conceptual differences, and interdependencies, between governance and oversight and their relevance to FPS interlinking. The interim report includes questions for which the CPMI is seeking stakeholder input to develop the final report. Building on this feedback, the CPMI will develop the final report by end-2024. The final report will seek to be an aid to practitioners engaged in interlinking initiatives and authorities overseeing them.

In addition to the CPMI workstream on governance and oversight framework, the Bank for International Settlements' Innovation Hub (BISIH) completed, in 2022, a successful proof-of-concept on interlinking FPSs, which connected the Eurosystem's TARGET Instant Payment Settlement (TIPS), Singapore's FAST and Malaysia's Real Time Payments Platform. BISIH Singapore are now working with the central banks of Indonesia, Malaysia, Singapore, the Philippines, and Thailand (ASEAN-5), to develop a comprehensive blueprint for connecting the ASEAN-5 instant payment systems. The parties involved in phase three aim to ensure the model remains scalable and can be interoperable globally.

The BISIH's work is structured around three workstreams: Business and commercial adoption, Scheme and governance, and Technology and operations.



- The work on Scheme and governance will develop a governance framework for the Nexus scheme, and the potential corporate structure and home jurisdiction for the entity that would act as the owner for the Nexus scheme. It will also develop the scheme rulebook and an oversight framework to ensure effective supervision of the Nexus scheme.
- In the Technology and operations workstream, the team are building on the output from the 2022 proof-of-concept, improving the APIs and ISO 20022 message guidelines so that they can support a much wider range of instant payment systems and local requirements.
- Under the Business and commercial workstream, the team have commissioned research and data analysis to understand the cross-border payment flows between the ASEAN-5 (and to the rest of the world), and the size of flows by use case. The team are engaging with banks and non-bank financial institutions to ensure that incentives for participants are aligned, and that Nexus would be commercially viable. The team will also develop an initial product roadmap and adoption strategy.

### *Action 3: Finalisation of recommendations for cross-border payment service level agreements/schemes*

The CPMI worked with a group of industry experts to find out how service level agreements/schemes in cross-border payments can help remove frictions. The group was comprised of international and domestic payment schemes, payment infrastructures, messaging service providers, banks and industry associations. This expert advice informed the CPMI's recommendations and key features for cross-border payment service level agreements/schemes ("payment arrangements"), which will be published in the fourth quarter of 2023. The recommendations should inform existing and new cross-border payment arrangements when reviewing their existing agreements, changing them or establishing new ones. They cover the main elements of payment arrangements (i.e. the legal, regulatory and oversight framework, governance, participation, risk management, interoperability, processing, clearing and settlement). The key features are a set of practical considerations to illustrate each recommendation and identify aspects that are relevant for the respective payment arrangement. In addition, the report includes questions that can help governance entities or payment arrangement participants in identifying the elements relevant for their respective payment arrangements. Going forward, the recommendations will inform ongoing work on governance and oversight of interlinking arrangements (Action 2) and the PIE taskforce (Action 12).

## Priority theme on legal, regulatory and supervisory frameworks

### *Action 4: Improving consistency of bank and non-bank regulation and supervision*

Establishing a level regulatory and supervisory playing field between bank and non-bank PSPs is important for ensuring that entities involved in similar business activities and offering the same payment services are subject to the same or similar rules and supervision ("same activities, same risk, same rules"). At the same time, the application of regulation and supervision to non-banks should be proportionate to the risk they pose. If standards are not proportionate to risks,



or implementation is inconsistent, it is more likely that non-bank entities providing cross-border payment services may not have appropriate controls in place (for instance for AML/CFT), leading to blind spots about potential risks or risk management gaps within the financial system. Promoting consistent supervision of banks and non-banks while accounting for the differences in risks can foster greater competition and innovation in the cross-border payments market.

To take forward the work, the FSB in 2023 established a working group on bank versus non-bank supervision (BNBS). Reflecting the delayed initiation of the working group due to resource constraints, the FSB has amended the timeline for the BNBS to develop final recommendations, as needed, from February 2023 – February 2024 to September 2023 – December 2024, with an interim report for public consultation to be published in June 2024.

#### *Action 5: Enhancing information to end-users*

The FSB has committed to coordinate with SSBs and international organisations to identify approaches for enhancing the information provided to end-users about their cross-border payments. Transparency has long been recognised as important to promoting efficient markets and consumer protection, including in the payments space. Specifically, the G20 quantitative targets aim to have all PSPs provide a minimum list of information to end-users, including total transaction costs with relevant charges broken out - sending and receiving fees, FX rate and currency conversion charges; the expected time to deliver funds; tracking of payment status; and terms of service. The KPI Report underlines that currently many PSPs do not provide the full set of information that is targeted.

Since the 2022 Progress report, the FSB has engaged with various SSBs and international organisations to evaluate ways in which transparency in cross-border payments could be effectively incorporated into standards, frameworks, or guidance covering consumer protection, payments, or both. For example, the FSB worked with G20/OECD Task Force on Financial Consumer Protection to introduce specific references to cross-border payments into the G20/OECD High-Level Principles on Financial Consumer Protection. [In the coming months,] the FSB will consider whether there are further steps that could be taken to close the gap to the targets that the KPI Report shows.

#### *Action 6: Updating the application of AML/CFT rules*

This priority action focuses on addressing points where AML/CFT rules, or their implementation, cause friction for cross-border payments, and considering how these could be addressed. Progress made on this priority action includes,

- The FATF adopted revised standards on beneficial ownership of legal arrangements in February 2023 to ensure greater transparency on the ultimate ownership and control of arrangements and to mitigate the risks of their misuse. In March 2023, the FATF also published Guidance on Beneficial Ownership of Legal Persons (adopted in March 2022). The FATF is currently developing guidance relating to legal arrangements and updating the assessment methodology to evaluate the implementation of the new obligations.

- Promoting consistent and effective implementation of global AML/CFT standards by national authorities and the private sector remains an area of focus. The FATF strengthened its Mutual Evaluation Programme, which promotes consistent and effective implementation of global AML/CFT standards by national authorities and the private sector, to ensure that the future assessments are timelier and more risk-based, with targeted focus on implementation of preventive measures, including CDD obligations and supervisory processes. The next round of evaluations will commence in 2024.
- The FATF continued to develop awareness of emerging technologies, information sharing and data privacy and protection in relation to AML/CFT. For example, the FATF Private Sector Consultative Forum in May 2023 included thematic discussions between public- and private-sector experts on payment transparency and use of SupTech for supervisory purposes and RegTech for more effective and efficient compliance by the private sector.
- Finally, the FATF, as part of its efforts to ensure that the AML/CFT rules are applied consistently, proportionately, and without generating unnecessary friction for payment systems is reviewing its Recommendation 16 (on wire transfers) to take account of recent and upcoming developments in the payment systems architecture, including adoption of ISO 20022 messaging standards to facilitate more efficient AML/CFT checks.

## Priority theme on cross-border data exchange and message standards

### *Action 7: Enhancing the interaction between data frameworks and cross-border payments*

The transfer of data across borders is essential to the functioning of the cross-border payments ecosystem but depends on several national and regional data frameworks with different purposes and characteristics, ranging from data protection to data localisation and AML/CFT data requirements. Industry outreach confirmed that there is a tension between regulatory requirements, including data protection and AML/CFT rules, on the one hand, and restrictions on cross-border data flows, on the other. Action 7 seeks to assess frictions that could arise from these frameworks and consider recommendations that could contribute to achieving the G20's quantitative targets. The workplan for Action 7 develops around two main workstreams: (i) further in-depth analysis of frictions created by data frameworks; and (ii) engagement with industry and relevant Authorities and standard-setting bodies.

Work with industry participants aims to identify frictions, including through specific case studies and mapping differences in approaches that necessitate bespoke or manual solutions that create friction. Discussion with industry is ongoing, including an outreach event in July 2023, to inform the development of recommendations, for public consultation, for promoting alignment and interoperability across data frameworks applicable to cross-border payments, including data privacy, operational resilience, AML/CFT compliance, and regulatory and supervisory access requirements. The FSB amended the timeline to publish its public consultation report from December 2023 to early-2024 and its final report to September 2024.

The second line of action relates to the engagement with relevant authorities and standard setters, notably the FATF, which is currently reviewing its Recommendation 16 (on wire transfers), and the Global Privacy Assembly (GPA). Meaningful progress will only be achieved through establishing strong cooperation among financial authorities and data protection and privacy agencies, domestically and internationally. Contacts with both the FATF and GPA have been established to start this dialogue, but a concrete joint effort has yet to be agreed.

#### *Action 8: Finalising the ISO 20022 harmonisation requirements and promoting their real-world implementation*

Over the past year the CPMI, together with industry, has finalised harmonised ISO 20022 data requirements for enhancing cross-border payments. The 12 requirements focus on a core set of ISO 20022 messages commonly used for cross-border payments. The CPMI engaged in a three-month public consultation<sup>24</sup> on the requirements earlier in 2023, during which the CPMI hosted a webinar on the consultative report (the webinar recording can be found [here](#)). The consultation yielded a broad and diverse range of responses from over 50 stakeholders which were reflected in the final report on the CPMI's harmonised data requirements. In general, market stakeholders evaluated the proposed requirements favourably and believed they would contribute to the achievement of the G20 targets. However, many market stakeholders expressed reservations regarding the proposed effective date of November 2025 and indicated significant challenges, including inter alia costly implementation, in adopting new data elements to implement some of the proposed requirements. The CPMI requirements will be published in a report in October 2023. The next stage of this ISO 20022 harmonisation initiative will involve a multi-year effort where operators and market practice groups are encouraged to align their ISO 20022 guidelines with the CPMI's harmonised data requirements to ensure that the benefits of ISO 20022 can be optimally leveraged for cross-border payments.

#### *Action 9: Improving API harmonisation for cross-border payments use*

Since the last progress report, the CPMI has established an API panel of experts involving both public- and private-sector representatives. The panel comprises representatives from cross-border PSPs, financial infrastructures, relevant industry associations and central banks with strong technical knowledge and experience of API development, open banking and (cross-border) payments, as well as familiarity with API standardisation initiatives at the jurisdictional or multilateral level. The panel commenced work in September 2023. Its initial focus is on evaluating API protocols used in existing or planned payment systems or pilot platforms. Based on the API protocol evaluation the panel plans to develop recommendations that ensure interoperability of cross-border data exchange and review the desirability and feasibility of cross-jurisdictional/global coordination. The recommendations will promote API harmonisation in cross border payments. The panel plans to issue a report in 2024.

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<sup>24</sup> CPMI (2023), [ISO 20022 harmonisation requirements for enhancing cross-border payments](#), March

### *Action 10: Exploring enhanced use of the LEI in cross-border payments*

The FSB July 2022 report Options to Improve Adoption of the LEI, in Particular for Use in Cross-border Payments noted that both authorities and market participants recognise the potential benefits of the LEI in strengthening data standardisation as well as assisting and supporting STP, CDD processes and sanction screening. To further investigate these potential benefits, Action 10 asks the Regulatory Oversight Committee, GLEIF and relevant SSBs, to explore in detail the role the LEI might play in assisting entities with CDD and sanctions screening when used in payment messages.

Concrete initiatives taken over the last year include: (i) the set-up of pilot projects on these themes coordinated by the GLEIF with the involvement of industry participants; (ii) engagement with CPMI on its ISO 20022 harmonisation requirements for enhancing cross-border payments to understand the benefits that could come from the use of structured identifiers within message standards; (iii) participation in the FATF's work to revise Recommendation 16 (on wire transfers) where the possible role of identifiers (including LEI) in AML/CFT is being discussed; and (iv) exploratory dialogue on themes of common interest with work under Action 2.

### **Actions being undertaken on cross-cutting themes**

#### *Action 11: Payments Summit with senior industry representatives*

The FSB's payments summit is an opportunity for senior policymakers to engage with senior executives from across the payments industry to discuss at a strategic level, issues related to enhancing cross-border payments. The FSB held its first payment summit in October 2022, in which approximately 50 senior representatives from the public and private sectors participated. Among other topics, summit participants discussed evolving business models and strategies in the payments space; practical actions on which the public and private sector could work together; and how the public and private sector could efficiently collaborate to take forward the Roadmap.

The FSB will host its second summit later this year.

#### *Action 12: Industry taskforces for ongoing industry engagement*

In 2023, the FSB and the CPMI established two industry taskforces as fora for robust and sustained engagement to discuss the priority themes.

The FSB-led Legal, regulatory, and supervisory matters (LRS) taskforce focuses on providing input and contributing analysis about how differences across legal, regulatory or supervisory frameworks related to the provision of cross-border payments create frictions and the potential areas for action that could address those frictions. For example, such differences include those related to standards or their regulatory implementation, and the lack of harmonisation between data frameworks. The LRS taskforce consists of 20 private-sector members and 10 public-sector

members, and held its first meeting in July 2023. Information about the taskforce, including a list of its members, is available on the FSB's website.<sup>25</sup>

The CPMI has sought to ensure that the PIE taskforce has a membership representing diverse geographic and business backgrounds and which will complement the membership of the LRS taskforce. The PIE taskforce comprises of around 30 senior representatives from various regions and jurisdictions, diverse private-sector institutional types, business models and international associations, that responded to a public call for nominations issued in February 2023. The selected PIE taskforce members have significant professional experience and hold direct responsibilities related to operational cross-border payments aspects, product development, business models, standards, interoperability technologies and/or policy issues (the composition can be found CPMI website). Meeting agendas, summaries and presentations are made publicly available on the CPMI website. By December 2023, the PIE taskforce plans to finalise a list of practical actions to help banks, other PSPs and payment system operators fully realise the benefits of longer operating hours, expanded access, harmonised message standards and improved interoperability between payments systems.

### *Action 13: Monitoring and progress reporting.*

The FSB has committed to providing two annual updates to the G20 and the public. The first is this progress monitoring report that provides an update on the progress being made on the G20's priority actions and some of the public and private sector projects underway globally to enhance cross-border payments. This is the third year in which the FSB has published this report.

The other is the FSB's annual KPI monitoring report. In 2021, the G20 Leaders endorsed the Targets for Addressing the Four Challenges of Cross-Border Payments: Final Report (Targets report), which established 11 global targets across three market segments: wholesale payments, retail payments and remittances, to monitor progress toward the targets, and to report to the G20 and the public. To operationalise the targets, the FSB developed and the G20 endorsed KPIs that either directly or indirectly measure the extent to which the targets are being met, where progress is being made, and where challenges remain.<sup>26</sup> The FSB, together with this report, has published its first estimation of the KPIs. Nevertheless, data gaps remain, and the FSB will continue to work to enhance the data available and, where possible, fill the gaps. Going forward, the FSB will publish annual estimates of the KPIs.

In 2023, the CPMI together with partner institutions conducted for the first time a monitoring survey. Central banks, in coordination with other relevant authorities, were asked to report on progress across all three priority themes. The survey explores the current state and expected development of RTGS system, FPS and deferred net settlement system features, that have been identified to be important for enhancing cross-border payments. In total around 70 central banks responded to the survey, which will be repeated annually until 2027. The aggregated findings will be published in early 2024.

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<sup>25</sup> Available [here](#).

<sup>26</sup> FSB (2022).

#### *Action 14: Technical assistance to help take forward priority themes*

Work under this action is underway and the IMF and World Bank have completed a joint stocktake and analysis of relevant ongoing and planned TA (Action 14a). The IMF and World Bank launched stocktakes in March 2023 aiming to identify TA priorities and opportunities to support cross-border payments. The scope of the stocktakes were broad, including bilateral country TA, regional seminars, workshops and training as well as encompassing TA that included a cross-border aspect, often alongside domestic payments. Other related TA that is relevant to cross-border payments and the Roadmap were also covered.

The IMF has identified a number of focus areas under the three priority themes of the Roadmap for new, continued and increased TA over the coming years. The IMF will concentrate on these focus areas while strengthening complementary work with the World Bank by taking due account of the two institutions' mandates, expertise, capacity, and resources. The IMF will take concrete steps in 2024 and 2025 to bring forward TA on the focus areas identified, both under the priority themes and under non-priority themes.

The World Bank has also identified opportunities to strengthen TA links to the Roadmap, and avail of additional TA tools and resources for cross-border payments work. The World Bank provides extensive payment system TA, covering both domestic, regional, and cross-border payments, within a holistic approach to payment system development as well as global knowledge and convening. In addition, the World Bank has extensive TA engagements on related topics such as AML/CFT, digital ID and digital economy. The Bank's forward-looking approach on cross-border payments TA is premised on this foundational work on payments and other related areas and will leverage this work for TA on the priority themes and the roadmap in general.

The IMF and World Bank delivered their approach to cross-border payments TA to the FSB CPC in September 2023. They will publish the paper outlining this approach in October 2023 completing Action 14b. Drawing on the KPI report to target those regions that would be most likely to benefit, cross-border payments TA will be delivered in a manner consistent with both institutions' TA frameworks, member countries' demand, funding arrangements, and governance models.

#### *Action 15: Public sector outreach through engagement at the global and regional levels.*

Successfully moving the priority actions forward requires engagement with a wide variety (in terms of geography, payment sector and business model) of public- and private-sector stakeholders who can affect the programme's outcomes in different ways. In addition to the systematic engagement mechanisms that have been established (Community of practice (Action 1), Payments summit (Action 11), Industry taskforces (Action 12), and TA (Action 14)), the FSB has developed a broader strategy to leverage a wide variety of fora for engagement across all relevant jurisdictions and stakeholder groups. Responsibility for developing and implementing this strategy resides with the FSB's CPC Delivery Group (CDG), which was established in 2023 to operationally coordinate the work underway across the Roadmap. Since the 2022 Progress report, the FSB, CPMI and other implementing partners have participated in numerous public and private sector conferences and established local level engagement groups to discuss the nuances of moving the Roadmap forward in different jurisdictions. Engagement with the private



sector and jurisdictions outside of the G20 will continue to be an essential element of the Roadmap. The KPI report offers some important insights into the regional corridors that have been identified as being furthest away from the targets and so serves as a useful guide as to where best to focus further efforts on this action.

In 2023, cross-border payments were the focus of several international conferences – from the World Bank's Global Payments Week in Morocco (May 2023), to the Central Bank Payments Conference and Global Payment Summit in South Africa (June 2023) and Swift's Sibos conference in Canada (September 2023), to name a few. On the occasion of the IMF-World Bank Spring meetings in Washington DC (April 2023) and the BIS Annual General Meetings (June 2023), senior roundtable discussions were held. Around 70 central bank governors, deputy governors and other senior officials from emerging market and developing economies discussed challenges and opportunities as well as TA needs when it comes to enhanced cross-border payments.

The FSB, the CPMI and other partner organisations continued the close cooperation with regional organisations, such as the AMF, the SEACEN Research and Training Centre and CEMLA and contributed to their meetings and capacity building activities throughout the year.

## Annex 2: Completion of remaining deliverables from the original Roadmap

This section of the progress report provides an overview of the remaining deliverables from the original Roadmap that were completed after publication of the 2022 consolidated progress report (and that do not form part of the 2023 priority actions under the Roadmap).

### Facilitating increased adoption of PvP

A cross-border payment often involves a foreign exchange (FX) trade to exchange two currencies, exposing the counterparties to settlement risk. Payment versus payment (PvP) mechanisms help mitigate this risk, and, depending on their design, substantially reduce funding costs by offering functionalities such as netting to reduce participants' liquidity obligations. In March 2023, following public consultation, the CPMI published the report on facilitating increased adoption of PvP to reduce FX settlement risk and improve cross-border payments.<sup>27</sup> It analysed the causes of non-PvP settlement, takes stock of existing and proposed new PvP solutions and suggests roles for the private and public sectors to facilitate increased adoption of PvP. In cooperation with other public stakeholders and relevant international committees, the CPMI will continue to monitor the evolution of FX settlement risk and PvP adoption with the aim of reducing settlement risk and enhancing global cross-border payments.

### Extending and aligning operating hours of key payment systems to allow overlapping

Extended and aligned RTGS operating hours are important for cross-border payments, as discussed earlier, and hence are the focus of a number of actions of the prioritised Roadmap. The technical report<sup>28</sup> published in February 2023 presents a systematic three-step approach for extending and aligning payment system operating hours for cross-border payments. The report proposes an analytical framework for central banks and RTGS system operators to help determine the most appropriate approach to extending operating hours, evaluating related technical and operational issues and designing an implementation plan. It focuses on approaches to increasing operating hours on current operating days as the most achievable option in the short term, while considering the extension to current non-operating days and to full 24/7 operations as part of a medium to long-term strategy. The report will be an important input for the work of the community of practice and the PIE taskforce going forward.

### Considering the feasibility of new multilateral platforms and arrangements for cross-border payments

Multilateral platforms – cross-border payment systems that are multi-jurisdictional by design – could enhance cross-border payments by reducing the need for intermediaries and allowing

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<sup>27</sup> CPMI (2023), *Facilitating increased adoption of payment versus payment (PvP) – final report*, March.

<sup>28</sup> CPMI (2023), *Operational and technical considerations for extending and aligning payment system operating hours for cross-border payments: An analytical framework*, February.



PSPs in different jurisdictions to transact directly with each other. The CPMI, together with the BISIH, the IMF and the World Bank, published a report<sup>29</sup> that identifies approaches to establishing a multilateral platform. The report has been informed by a survey of central banks and through discussions with existing platform operators. It offers key insights for payment system operators and authorities contemplating the expansion or establishment of multilateral platforms. This report analyses the potential costs and benefits of multilateral platforms and how they might alleviate cross-border payments frictions. Two paths for establishing multilateral platforms can be followed – the growth approach and the greenfield approach. The growth approach involves expanding existing multilateral platforms to additional jurisdictions, currencies and participants. The greenfield approach involves building a new, potentially global, infrastructure for cross-border payments. This work will feed into the ongoing work on interlinking of FPSs.

## Factoring an international dimension into CBDC design

Over the past year, work on central bank digital currencies (CBDCs) has gained further momentum. Many central banks are developing a CBDC or running concrete experiments with one of the important use cases being cross-border payments.<sup>30</sup> As highlighted by the CPMI, BISIH, IMF and World Bank in their joint G20 report on options for access to and interoperability of CBDCs in 2022, central banks across the globe would need to collaborate in the early stages of CBDC design to fully harness the potential of CBDCs for enhancing cross-border payments.<sup>31</sup> In the spirit of fostering international collaboration, in May 2023, the CPMI, BISIH, IMF and the World Bank hosted a virtual conference for central banks from across the globe to stimulate discussion, share ideas, and encourage collaboration on cross-border payments with CBDC. The conference examined the lessons learnt in using retail and wholesale CBDCs across borders and explored governance and economic considerations for cross-border CBDC arrangements.

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<sup>29</sup> CPMI, BISIH, IMF and World Bank (2023), *Exploring multilateral platforms for cross-border payments*, January.

<sup>30</sup> Kosse, A., I Mattei (2023), *Making headway - Results of the 2022 BIS survey on central bank digital currencies and crypto*, July.

<sup>31</sup> CPMI, BISIH, IMF and World Bank (2022), *Options for access to and interoperability of CBDCs for cross-border payments*, July.