



Committee on Payments and Market Infrastructures Conference

Pushing the frontiers of payments: towards a global payments area

CALL FOR INDUSTRY EXPERT RESPONSES

Submission deadline: 8 February 2021
Conference dates: 18 and 19 March 2021

Over the past few decades, domestic payment systems have undergone a radical transformation. New payment methods and interfaces have taken shape, and many more innovations are under way. The Covid-19 pandemic has further accelerated the shift to digital payments. Yet cross-border payments are still in many cases very slow, expensive, opaque, and for many users not easily accessible.

Improvements in cross-border payments would make a real difference to many of the poorest and most vulnerable who disproportionately bear the cost of the frictions and shortcomings of the current systems. These are not new issues, but the improvements that have been made in domestic payment systems, and new approaches aiming to leverage radically different technologies, have pushed cross-border payments up the political agenda. As a result, the G20 finance ministers and central bank governors, a year ago, tasked the Financial Stability Board (FSB) together with the Committee on Payments and Market Infrastructures (CPMI) and other international bodies to develop a roadmap to improve cross-border payments.

In October 2020, the G20 endorsed a [roadmap](#) to enhance cross-border payments. It builds on an FSB [report](#), setting out the challenges and the frictions in cross-border payments that contribute to them, and a CPMI [report](#), describing the necessary elements of a response, in the form of a set of 19 building blocks.

Following the roadmap endorsement, the work has moved to advancing and implementing the building blocks outlined in the CPMI report. The CPMI, the international standard setting body that promotes, monitors and makes recommendations about the safety and efficiency of payment, clearing, settlement and related arrangements, will lead more than one half of this ambitious cross-border payments agenda.

In the initial phase of this work, the CPMI will host a conference to bring together market participants, authorities and academics to share research and policy analysis in the field of cross-border payments. The conference seeks to identify future developments and dynamics that will facilitate cross-border payment enhancements, taking into account the global perspective.

Areas of interest

The CPMI invites the private sector to submit answers to those questions that are most relevant to their business (see detailed questions in the annex). These answers should clearly focus on cross-border payments. They should cover one or more questions of the following themes:

- Making existing payment infrastructures and arrangements fit for cross-border purpose
- Streamlining data exchange to improve cross-border payments
- Exploring the international dimension of new payment infrastructures and arrangements

Submission guidelines and use of information

All submissions should be in English and ideally not exceed 10 pages. Each submission should clearly mention the question(s) addressed, as well as the name and email address of a contact person for inquiries.

The information provided will help ensuring that the respondents' perspectives will be taken into account in the implementation of the roadmap going forward. It will also frame the discussion at the conference and inform a written summary of industry perspectives, without associating it to specific firms. Individual responses will not be published without prior consent.

The deadline for submissions of papers is 8 February 2021. Papers should be sent by email in PDF format to the following email address: cpmi-conference@bis.org. For any questions, please contact Thomas Lammer (thomas.lammer@bis.org) and Tres Wehrli (tres.wehrli@bis.org).

Annex: Questions

Theme 1: Making existing payment infrastructures and arrangements fit for cross-border purpose

1. While there is a broad agreement that cross-border payments should be improved, agreed targets currently focus mainly on remittance costs and do not include other challenges, such as access to and speed and transparency of cross-border payments. Furthermore, other retail payment use cases, beyond remittances, or wholesale payments lack common targets. **What targets seem to be reasonable when it comes to enhancing cross-border payments and how can geographic and use-case specific differences be addressed? How can it be ensured that the targets are realistic, while at the same time ambitious? How can progress be monitored and assessed?**
2. Allowing new cross-border payment service providers (PSPs) and payment infrastructures to participate in domestic payment systems with settlement in central bank money can lower market entry barriers for those providers. **What should central banks consider when expanding access to central bank money settlement to non-banks?**
3. Genuine 24/7 operation of real-time gross settlement (RTGS) systems is not feasible for many jurisdictions in the near future because it typically requires significant technical changes to both payment infrastructures and participants' platforms. However, fast payment systems are implemented in an increasing number of jurisdictions. **How can operating hours be expanded for the benefit of cross-border payments, even if 24/7 operation cannot be achieved in the near term? What might be the risks and costs associated with it?**
4. Links between payment infrastructures are more likely to be established between countries with considerable economic activity and/or migration flows. The level of complexity supporting this arrangement can range from simple agreements to full technical integration and harmonisation. Furthermore, some interlinking models that rely on a central settlement infrastructure could eliminate the need for bilateral links and improve payment flows for channels with low to medium economic activity. **What role can interlinking play for improved cross-border payments and how can it be achieved? What are existing operational, technical, legal and/or commercial barriers and what are possible downsides?**
5. Central banks can have reciprocal arrangements whereby direct participants in large-value payment systems (LVPSs) in different jurisdictions can post cash in one LVPS and use it as collateral to generate central bank money liquidity in a foreign LVPS. **What aspects need to be considered if central banks were to offer reciprocal liquidity bridges in multiple LVPSs?**
6. At present, the majority of foreign exchange (FX) settlement is not conducted on a payment versus payment (PvP) basis: in 2019, about 60% of FX trades (after bilateral netting) were not settled with PvP protection using CLS or a similar settlement system, which represents an estimated USD 8.9 trillion worth of FX payments at risk on any given day. **How can the availability of PvP to a wider range of transactions and actors be expanded? What is the associated potential to remove risks, and thereby ultimately lower costs?**

Theme 2: Streamlining data exchange to improve cross-border payments

7. Promoting the adoption of common standards and message formats, such as a harmonised version of ISO 20022, can play an important role in payment system interlinking and, more generally, addressing data quality and quantity restrictions in cross-border payments. Harmonised application programming interfaces (APIs) can enhance data exchange throughout the cross-border payment process. **What are the main challenges in agreeing on and implementing common message formats and API protocols for cross-border payments and how can we overcome them?**
8. Closed-loop solutions often do not see an economic incentive to adopt international standards and PSPs typically face coordination and competition challenges if they want to adopt international standards. **What are the main technical, operational, legal and business implications of standardisation in cross-border payments (or a lack thereof)?**
9. Cross-border service levels on aspects such as data standards, message formats, fee arrangements, processing timelines, error and exception handling, and dispute resolution are often inferior to domestic ones. Often agreed service levels establishing a commonly binding framework for all participants are missing entirely in cross-border payments. **How can the use of agreed frameworks with a built-in enforcement mechanism based on both automated rules and institutional and contractual arrangements be agreed upon? What lessons can be learned from international card schemes and initiatives such as SWIFT gpi?**
10. Data frameworks, ranging from data protection to data privacy and data localisation requirements, interact and sometimes conflict with information needs in the cross-border payment context. In some cases, there is real or perceived tension between regulatory requirements, including banking regulation and AML/CFT rules¹, on the one hand, and restrictions on cross-border data flows and data storage, on the other. Sharing of information across borders is required for cross-border supervision and oversight as well as more effective risk management within those cross-border PSPs that are incorporated in multiple jurisdictions. **Where do conflicts between data frameworks and cross-border payments emerge and how can they be addressed?**

¹ To provide detailed input on AML/CFT related aspects, please answer the online survey the Financial Action Task Force (FATF) in collaboration with the Basel Committee on Banking Supervision (BCBS) has launched as part of the effort to enhance cross-border payments. The deadline for that survey is 15 January 2021 and it can be found here.

Theme 3: Exploring the international dimension of new payment infrastructures and arrangements:

11. New payment infrastructures and arrangements, such as central-bank digital currencies (CBDCs), stablecoins and multilateral platforms come with a variety of opportunities and challenges for cross-border payments. **What are the relevant technical, legal/regulatory and/or business considerations when it comes to the design and implementation of these new payment infrastructures and arrangements to make them a suitable option for cross-border payments? What are the main operational considerations to shorten transaction chains and achieve a transparent payments process?**

As regards stablecoins and multilateral platforms:

- a. **What aspects need to be considered to deal with a plurality of legal systems and regulations? What needs to be taken into account to foster competition and efficiency, without compromising on safety, compliance, reliability and resilience?**
- b. **To what extent do new payment infrastructures and arrangements rely on interoperability with existing payment infrastructures and how can interoperability be achieved?**

As regards CBDCs:

- c. **What do central banks need to do in order to obtain buy-in from the private sector and ensure widespread adoption?**

Please answer the questions (up to 10 pages in total) and send your responses to the CPMI Secretariat: cpmi-conference@bis.org