SPEECH

The quest for cheaper and faster cross-border payments: regional and global solutions

Speech by Piero Cipollone, Member of the Executive Board of the ECB, at the BIS Annual General Meeting

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Cross-border retail payments are the subject of increasing attention. This is for two main reasons.

First, they play a growing role in the world economy, as international transaction volumes have been increasing at a faster pace than GDP growth. However, despite some improvements in recent years, many payment corridors remain poorly served, which results in slow transaction times and high costs and ultimately hinders economic growth and social cohesion. Moreover, this inefficiency undermines the benefits of globalisation, as the economic gains from lower trade barriers are diverted into rents within cross-border payment markets, rather than benefiting the businesses and households that make use of them.

Second, new risks are emerging. Geopolitical tensions, for instance, could lead to further fragmentation of global payment systems. Moreover, the expansion of stablecoins could introduce several additional challenges, including currency substitution risks and over-reliance on a limited number of dominant private issuers.

This is not a situation we can accept passively. We need continuous efforts to enhance cross-border payments, in line with the G20 Roadmap.[1] And central banks, given their role in ensuring the smooth functioning of payment systems, have a major role to play. Significant work has already been undertaken at international level, notably by the Bank for International Settlements (BIS) and the Financial Stability Board (FSB).

Today, I would like to share our experience with cross-border payments from a regional perspective, emphasising how regional payment infrastructures can be part of the solution. I will then discuss our vision for advancing cross-border payments at the global level.

The case for enhancing cross-border retail payments

Let me begin by underscoring the costs and risks of inaction.

Over the past few decades, the world has witnessed a surge in cross-border payments, driven by the globalisation of trade, capital and migration flows. According to some estimates, the value of cross-border retail payments could grow from close to USD 200 trillion last year to USD 320 trillion by 2032. [2]

Yet, the average cost of international retail payments remains high. For nearly one-quarter of global payment corridors, costs exceed 3%. And in too many cases, they are slow – one-third of retail cross-border payments took more than one business day to be settled in 2024.[3]

Worryingly, there are signs that progress is stalling. The FSB's 2024 progress report revealed no improvements in costs and noted a deterioration in both costs and speed compared with 2023.[4]

Geopolitical tensions further compound these challenges, as they risk fragmenting global payment systems and undermining the rules-based international order. This could challenge established correspondent banking networks and lead to greater complexity, higher costs and, in a worst-case scenario, the splintering of the global payment system into multiple, non-communicating blocs.

This raises three pressing issues.

First, high costs and slow transaction times are hampering economic integration and growth, with small and medium-sized enterprises (SMEs) bearing the brunt. For SMEs operating on tight margins, exorbitant fees discourage them from participating in cross-border trade.

Second, the world's most vulnerable groups – such as migrant workers sending remittances home – shoulder a disproportionate share of these costs. In many regions, sending money internationally remains prohibitively expensive. For example, the average costs of remittances to sub-Saharan Africa and South Asia stand at 7.7% and 6.2% respectively.[5] As it stands, the global Sustainable Development Goal target of lowering remittance costs to 3% remains a distant goal. The impact that reducing these fees would have on financial inclusion and well-being cannot be overstated.

Third, inefficiencies in cross-border payments have created a gap that alternative players, particularly in the crypto-asset space, are eager to fill. However, many of these solutions come with significant risks. Unbacked crypto-assets, for instance, are highly volatile and speculative in nature, creating risks for unsuspecting households and businesses and lending themselves to illicit activities.[6]

Furthermore, stablecoins come with their own set of challenges, which the BIS described in detail in a special chapter of its Annual Economic Report published this week.[7] Stablecoins carry credit risk, making them susceptible to runs, and pose fragmentation risks due to the multitude of stablecoins being issued. Some of these could end up trading at a discount, undermining the singleness of money.[8] Moreover, because a small number of issuers currently dominate the market, this could also give rise to concentration risks. Lastly, a key concern is the prevalence of US dollar stablecoins, which currently account for 99% of the global stablecoin market.[9] These stablecoins provide an easy way to store value in dollars, considerably increasing the risk of currency substitution in the form of "digital dollarisation".[10] This phenomenon could have destabilising effects, particularly on emerging markets and less developed economies by impairing the effectiveness of domestic monetary policy. It may also increase the risk of capital flight in response to adverse economic shocks.

Enhancing cross-border retail payments at the regional and global level

To address inefficiencies in cross-border payments, we must offer an alternative that connects various parts of the global payments system and delivers tangible benefits in terms of speed and cost. At the same time, this solution must respect the integrity, sovereignty and stability of all countries involved.

At the ECB, we are pursuing this on two levels – regional and global.

Regional cross-border payments: the European experience

At the regional level, Europe serves as a compelling example of what an interconnected payments landscape might look like.

Of course, this has been facilitated by the creation of a single European market and the establishment of a monetary union. One of the key reasons for creating the euro was to support trade and investment by facilitating cross-border transactions. And the launch of our single currency offered a first solution to pay throughout the euro area – in the form of euro cash.

The logical next step was to develop European instruments for electronic euro payments. The Single Euro Payments Area (SEPA) emerged from close cooperation between the public and private sector to harmonise electronic euro transactions. As a result, individuals and businesses can make payments across the euro area at very low costs using credit transfers or direct debit.

The success of SEPA led to its expansion beyond the euro area and even beyond the European Union. Today, customers in 41 European countries can make euro payments quickly, safely and efficiently via credit transfer and direct debit, just as they would for domestic transactions.

We have also developed the TARGET Instant Payment Settlement (TIPS) service, which enables the settlement of instant payments across the euro area. Instant payments are further supported by a payment scheme– the SEPA Instant Credit Transfer scheme – that provides harmonised rules, standards and protocols. Moreover, EU legislation has made it mandatory for banks to allow their customers to send and receive instant payment at low cost.

A key feature of TIPS is that it’s a multi-currency platform. Taking advantage of this, Sweden and Denmark are using TIPS to facilitate fast payments in their respective currencies.[11] Norway will do the same as of 2028.[12] Furthermore, we are implementing a cross-currency settlement service that will allow instant payments initiated in one TIPS currency to be settled in another. Initially, this service will support cross-currency payments between the euro area, Sweden and Denmark.[13]

Within Europe, we are also supporting the Western Balkans in developing a regional fast payment system.[14] As a service provider for TIPS, the Banca d’Italia is collaborating with the central banks of Albania, Bosnia and Herzegovina, Kosovo and Montenegro to develop an instant, multi-currency payment system based on TIPS software. North Macedonia may join the initiative at a later stage.[15] The new platform will facilitate instant payments both within each participating country and across borders.

Going global: interlinking fast payment systems

This shows the potential for strengthening regional integration in payments. However, let me be clear: regional integration must not come at the expense of global connectivity. It should not be used as a means to sever ties with global payment networks.

Our approach is that regional and global integration can go hand in hand through the interlinking of fast payment systems across regions and countries. Today, over 100 jurisdictions worldwide have implemented their own fast payment systems.[16] Interlinking these systems has the potential to address inefficiencies and build lasting connections that are rooted in trade openness and balanced relationships between partners.

This approach offers several advantages. It would reduce costs, increase the speed and transparency of cross-border payments and shorten transaction chains. It would also enable payment service providers to conduct transactions without having to use multiple payment systems or a long chain of correspondent banks. Moreover, it would ensure that the platform for connecting and converting currencies is managed as a public good, thus avoiding closed loops and discriminatory pricing. Accordingly, the G20 Roadmap for Enhancing Cross-border Payments has identified interlinking as a key strategy for enhancing cross-border payments.[17] In this respect, the excellent work the Committee on Payments and Market Infrastructures (CPMI) is carrying out on payee verification could make a significant difference.

Last October, the ECB's Governing Council decided to take concrete steps towards interlinking TIPS with other fast payment systems to improve cross-border payments globally.[18]

We will implement a cross-currency settlement service for the exchange of cross-border payments between TIPS and other fast payment systems worldwide.[19] This will allow us to explore interlinking TIPS with fast payment systems that have a compatible scheme, are interested in being involved and fully comply with the standards set by the Financial Action Task Force for combating money laundering and terrorist financing.

In addition, we are exploring the possibility of creating bilateral and multilateral links with other fast payment systems.

One possibility under consideration is connecting TIPS to a multilateral network of instant payment systems through Project Nexus, led by the BIS.[20] By joining Nexus, TIPS could serve as a hub for processing instant cross-border payments to and from the euro area and other countries that use TIPS.[21]

We are also currently assessing the feasibility of creating a bilateral link between TIPS and India's Unified Payments Interface[22], which handles the highest volume of instant payment transactions in the world[23].

Interlinking fast payment systems has the potential to solve the shortcomings related to the messaging leg of cross-border transactions, by facilitating the message that the payer's bank in country A sends to the payee's bank in country B about the incoming transfer of funds. This would already go a long way towards improving the efficiency of cross-border payments.

However, what interlinking does not fully resolve is the settlement leg, through which money moves from the payer's to the payee's account. This still requires a bank that has access to both payment systems that are interlinked, or a credit relationship between a bank in country A and a bank in country B. This is particularly challenging, given the increasing retrenchment of the correspondent banking model.

In this context, we need to collectively exercise our creativity. I do not envisage a solution that could cover all possible corridors and use cases: there may be scope for tokenised forms of money, as well as a revival of the correspondent banking model, especially if we can reduce the associated risks.

In the realm of sovereign money, jurisdictions could agree to use their respective central bank digital currencies as settlement assets. In this respect, the current draft legislation on the digital euro provides for an approach that respects the sovereignty of non-euro area countries and mitigates potential risks for them. It does so by opening the possibility for residents of a partner country to use the digital euro, subject to an agreement with that country, complemented by an arrangement between the ECB and the respective central bank.[24]

Appropriate safeguards – such as individual holding limits for users – would ensure that the digital euro is used primarily as a means of payment and does not fuel currency substitution. Furthermore, the digital euro's design would include multi-currency functionality, similar to that of TIPS. In practice, this means that non-euro area countries could use the digital euro infrastructure to offer their own digital currencies, thereby facilitating transactions across these currencies.

Conclusion

Let me conclude.

We find ourselves at a pivotal moment for cross-border payments. If we want to make decisive progress and increase their efficiency, we need to work together to develop new solutions. We must, however, be aware of the risks that some of the alternatives on offer may pose.

I would like to thank the BIS – and in particular the CPMI – for the active role they play in this area, not least by bringing us all together today, with representatives from A (Angola) to Z (Zambia). Each of us brings different needs and circumstances to the table. This raises two fundamental questions. What do we have in common? And what principles can guide our collective efforts?

First, we must harness responsible innovation to solve persistent challenges while mitigating the risks I have noted today. Central banks – by ensuring the safety and integrity of payment systems – play an important role in this regard. And by interlinking fast payment systems and exploring the use of central bank digital currencies, we can address settlement inefficiencies while safeguarding monetary sovereignty and financial stability.

Second, regional solutions can serve as a foundation for global progress. I have argued that regional payment integration can be an important part of the solution – provided it remains open to, and actively facilitates, interlinking at a global level. We firmly believe that this open, multi-currency interlinking approach can lay the groundwork for cheaper, faster and more transparent cross-border payments – without compromising the integrity, stability or sovereignty of the countries involved. By designing payment systems that are open, interoperable and multi-currency ready, we can ensure that regional initiatives contribute to global integration rather than fragmentation.

Finally, collaboration is central to our collective success. Forums such as the CPMI community of practice, as well as today's workshop, provide valuable opportunities for sharing knowledge and experiences. We will continue to find ways to work together to build resilient, inclusive and interconnected payment infrastructures that meet the needs of our people and economies. And we at the ECB remain committed to sharing our expertise and collaborating wherever we can add value.

Thank you for your attention.

1.

See paragraph 16 in G20 (2020), *G20 Riyadh Summit Leaders' Declaration*, 22 November; Financial Stability Board (2020), *Enhancing Cross-border Payments – Stage 1 report to the G20*, 9 April; Committee on Payments and Market Infrastructures (2020), *Enhancing cross-border payments: building blocks of a global roadmap – Stage 2 report to the G20*, Bank for International Settlements,13 July; and Financial Stability Board (2020), *Enhancing Cross-border Payments – Stage 3 roadmap*, 13 October.

2.

FXC Intelligence, *Cross-border payments market sizing data*. The estimates relate to cross-border retail transactions. When wholesale transactions are included, the total value of cross-border payments is estimated to have reached around USD 1 quadrillion in 2024. See Cerutti, E. M., Firat, M. and Hengge, M. (2025), "Global Cross-Border Payments: A $1 Quadrillion Evolving Market?", *International Monetary Fund Working Papers*, No 2025/120, 13 June.

3.

Financial Stability Board (2024), *Annual Progress Report on Meeting the Targets for Cross-border Payments – 2024 Report on Key Performance Indicators*, 21 October.

4.

ibid., p. 2-4.

5.

ibid., p. 4.

6.

Panetta, F. (2022), "For a few cryptos more: the Wild West of crypto finance", speech at Columbia University, 25 April.

7.

Bank for International Settlements (2025), "The next-generation monetary and financial system", *BIS Annual Economic Report 2025*, 24 June.

8.

Eichengreen, B. (2025), "The Genius Act Will Bring Economic Chaos", New York Times, 17 June.

9.

Stablecoins could rapidly gain traction and scale as big tech companies utilise their existing user base and data to promote and market them. See Committee on Payments and Market Infrastructures (2023), "Considerations for the use of stablecoin arrangements in cross-border payments", *CPMI Report*, Bank for International Settlements, October; and Panetta, F. (2021), "Stay safe at the intersection: the confluence of big techs and global stablecoins", speech at the UK G7 Presidency Conference on "Safe Openness in Global Trade and Finance", 8 October.

10.

See Brunnermeier, M., James, H. and Landau, J-P. (2021), "The digitalisation of money", *BIS Working Papers*, No 941, Bank for International Settlements, 19 May.

11.

ECB (2024), "Sweden joins TIPS – Eurosystem instant payments platform also settles in kronor", *MIP News*, 27 February; and ECB (2025), "Danish krone now available in all TARGET Services", *press release*, 23 April.

12.

ECB (2024), "Norway joins TIPS, adding Norwegian krone to Eurosystem's instant payment service", *press release*, 29 November.

13.

ECB (2024), "TIPS to include cross-currency instant payments service", 21 October.

14.

The National Bank of Serbia already operates a fast payment system: Instant Payments Serbia – NBS IPS system.

15.

ECB (2025), "Roll-out of instant payment settlement service in Western Balkans", *MIP News*, 17 January; and Banca d'Italia (2025), "Agreement for the creation of an instant payment system in the Western Balkans", 10 January.

16.

See BIS (2024), "Fast payments: design and adoption", BIS Quarterly Review, 4 March, and the World Bank's Project Fast Global Tracker.

17.

Financial Stability Board (2024), G20 Roadmap for Enhancing Cross-border Payments - Consolidated progress report for 2024, 21 October.

18.

ECB (2024), "Eurosystem launches initiatives to improve cross-border payments by interlinking fast payment systems", *MIP News*, 21 October.

19.

This will be based on the European Payments Council's One-Leg Out Instant Credit Transfer scheme.

20.

Bank for International Settlements (2024), "Project Nexus: enabling instant cross-border payments", 5 November.

21.

Nexus, a project run by the BIS Innovation Hub Centre in Singapore, will initially connect the fast payment systems of Bank Negara Malaysia, Bangko Sentral ng Pilipinas, the Monetary Authority of Singapore, the Bank of Thailand and the Reserve Bank of India.

22.

Unified Payments Interface is an instant payments system developed by the National Payments Corporation of India and regulated by the Reserve Bank of India.

23.

Close to 500 million transactions per day. See Cornelli, G., Frost, J., Gambacorta, L., Sinha, S. and Townsend, R. M. (2024), "The organisation of digital payments in India – lessons from the Unified Payments Interface (UPI)", *BIS Papers*, No 152, December.

24.

See European Commission (2023), *Proposal for a Regulation of the European Parliament and of the Council on the establishment of the digital euro*, recital 49 and Chapter VI.

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