

G20 Cross-Border Payments Project: Staying Ahead of the Curve & Driving Global Change

Webinar: January 14, 2025

AGENDA

- What is G20?
- What is the G20's cross-border payment project and its goals?
- Why is the project important to the industry?
- What could US domestic payment providers do to support the 2027 and 2030 targets?

G20 Cross-Border Payments Project: Staying Ahead of the Curve & Driving Global Change

January 14, 2025

Panel of Speakers



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The views expressed during this discussion are those of the panelist
and do not necessarily represent those of the Board of Governors or the Federal Reserve System.

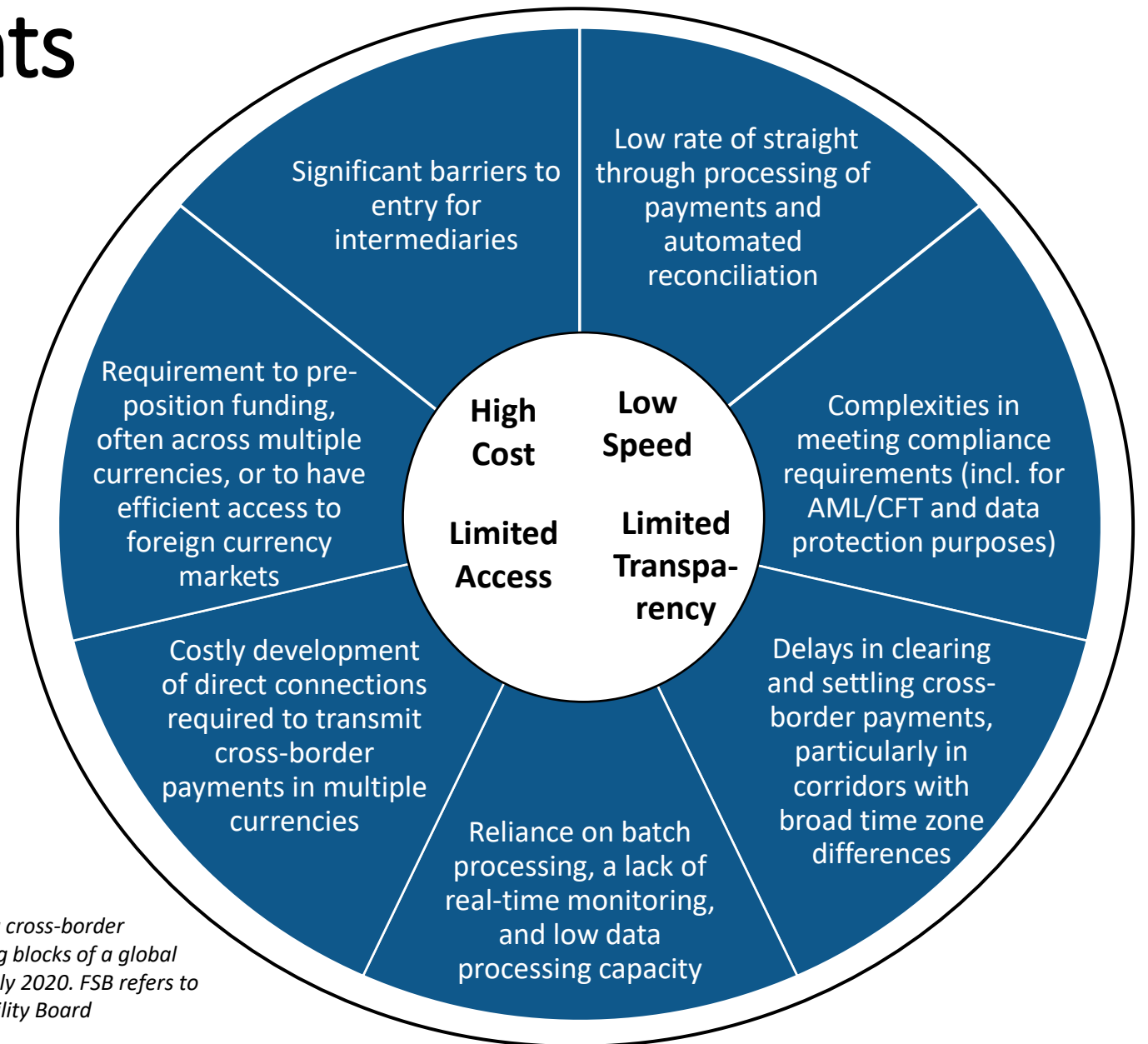
Pre-2020 Environment in Payments

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- Prior to 2020, efforts internationally to address shortcomings in cross-border payments were focused on specific issues while the problem is multidimensional
- Observed disparity across jurisdictions with respect to legal frameworks, states of implementation of relevant standards, maturity of banking systems, availability of payment services, and pace of change, among other key features
- The challenges associated with cross-border payments were widely known, yet collective and coordinated action was a missing link
- Innovations in payments were on the rise, with 2019 a pivotal year
 - New entrants were “filling the space” where traditional payments arrangements were lacking
 - Facebook’s announcement of Libra - a multicurrency stablecoin for cross-border payments use – was a call to action for the public sector
- 2020 Saudi Arabian G20 Presidency announced enhancing cross-border payments as a key priority

Cross-border Payments Landscape

- Faster, cheaper, more transparent and inclusive cross-border payments would have widespread benefits for supporting economic growth, international trade, global development and financial inclusion.
- The [FSB identified seven underlying frictions](#) that together contribute to the challenges faced by cross-border payments with regards to cost, speed, access and transparency.



Source: Enhancing cross-border payments: building blocks of a global roadmap, CPMI July 2020. FSB refers to the Financial Stability Board

The G20 Roadmap

- The Financial Stability Board (FSB), in coordination with The Committee on Payments and Market Infrastructures (CPMI), developed a [Roadmap](#) consisting of [19 building blocks](#) and associated actions.
- The first three years of the program focused on establishing the foundational elements of the Roadmap.
- The CPMI and FSB completed over 30 consultation reports, stock takes and publications. This body of work helped to inform the strategic priorities for the next phase of the program.

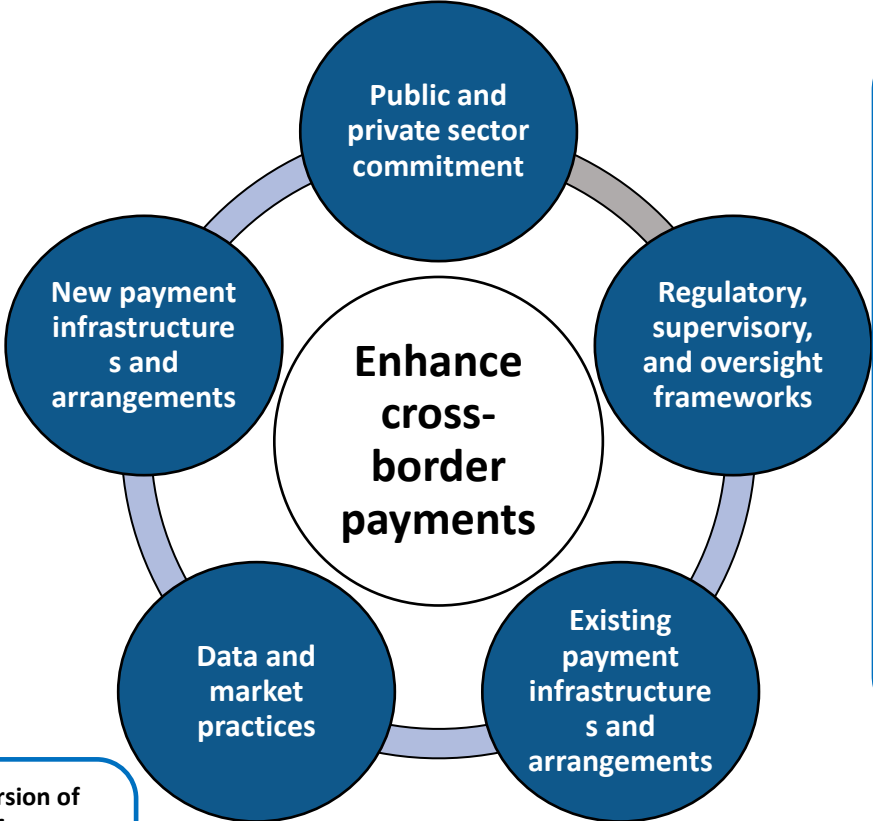
Source: Enhancing cross-border payments: building blocks of a global roadmap, CPMI July 2020

17. Consider the feasibility of new multilateral platforms and arrangements for cross-border payments
18. Foster the soundness of global stablecoin arrangements
19. Factor an international dimension into CBDC design

14. Adopt a harmonized version of ISO 20022 for message formats
15. Harmonize API protocols for data exchange
16. Establish unique identifiers with proxy registries

1. Develop common cross-border payments vision and targets
2. Implement international guidance and principles
3. Define common features of cross border payments service levels

4. Align regulatory, supervisory, and oversight frameworks
5. Apply AML/CFT consistently and comprehensively
6. Review interaction between data frameworks and cross-border payments
7. Promote safe payment corridors
8. Foster KYC and identity information-sharing

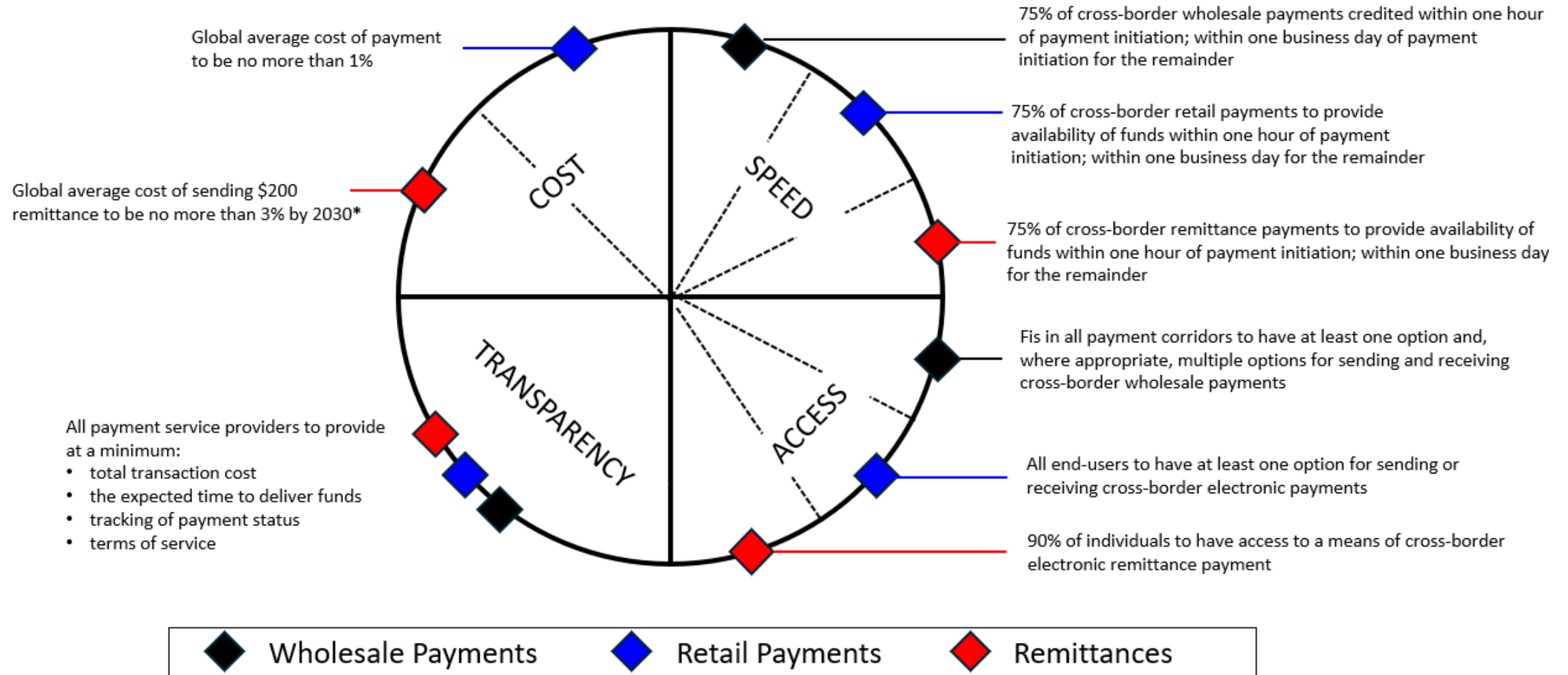


9. Facilitate increased adoption of PVP
10. Improve direct access to payments systems
11. Explore reciprocal liquidity arrangements
12. Extend and align operating hours
13. Pursue interlinking of payment systems

What should the US market be looking at?

High-level Overview of the G20 Targets

To support 2027 – 2030



*Remittance cost target end-2030; all other targets end-2027

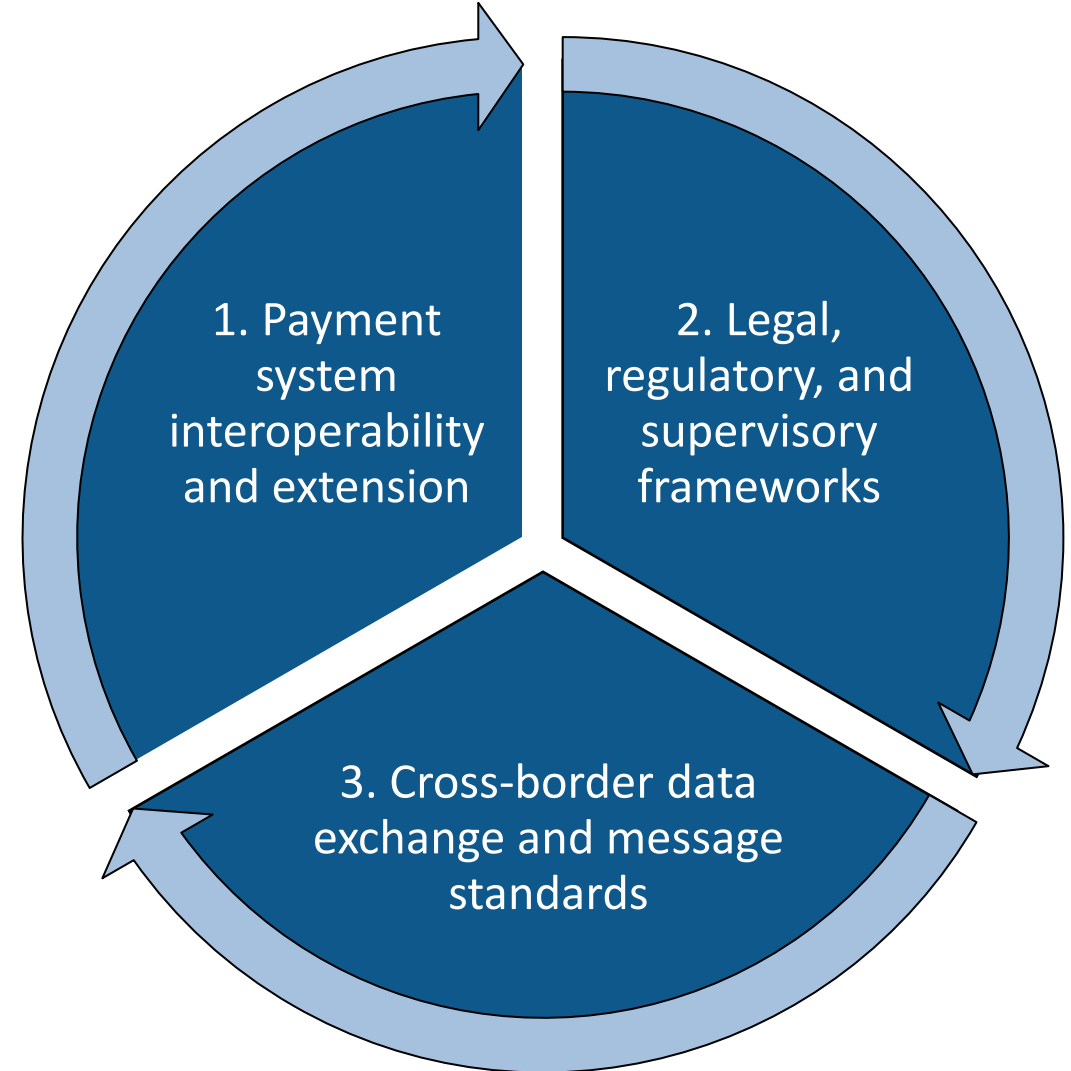
Measuring progress toward the targets

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- The G20 set global quantitative targets for the four challenges (cost, speed, transparency, access) across market segments (wholesale, retail, and remittances).
- To measure annual progress, the FSB developed key performance indicators (KPIs) for each target based on mathematical formulas.
- A working group engaged with different data providers to measure the KPIs.
 - Swift, FXC Intelligence, and the World Bank are the main data providers.
 - As necessary, data is supplemented by focused outreach and data collection efforts.
- The annual progress reports provide geographical breakdowns of the global KPIs.
 - The reports include regional analyses to help identify success stories/pain points.
- Further engagement with non-G20 jurisdictions, including through boots-on-the-ground events, may inform us on any particular obstacles hindering progress.

Evolution of Cross-border Payments Program

- In October 2022, the FSB published a [prioritization plan and engagement model](#) for taking the Roadmap forward, reflecting the need to move to implementing practical projects to [achieve the targets by 2027](#).
- FSB, CPMI and partner organizations identified 3 interconnected themes for orienting and focusing the next phase of the roadmap.
- Along with work across these themes, the prioritization plan highlighted areas for interaction with public and private sector and jurisdictions beyond the G20.



Source: G20 Roadmap on enhancing cross-border payments: Priority actions for achieving G20 targets, FSB February 2023

Total Addressable Market of Cross-border payments

January 14, 2025

\$34 TRILLION

Total Addressable Market
of X-border payments

\$3T - person to person
\$15T - small businesses
\$16T - enterprises

Total Addressable Market of Cross-border payments

January 14, 2025

3% of \$3 trillion?

A lot of money not sitting in
the sender or receiver's
account.

What could US Domestic Payments Providers do to support the G20 2027 and 2030 Targets

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To support the G20 targets for improving cross-border payments by 2027 and 2030, U.S. domestic payment providers can align with the goals of enhancing **cost, speed, accessibility, and transparency** in cross-border transactions.

Accelerate ISO 2022 Adoption

- The ISO 2022 messaging standard facilitates richer, structured, and interoperable data for seamless cross-border payments.
- Complete ISO 2022 migration by aligning with SWIFT's timelines and ensuring readiness for coexistence with legacy systems.

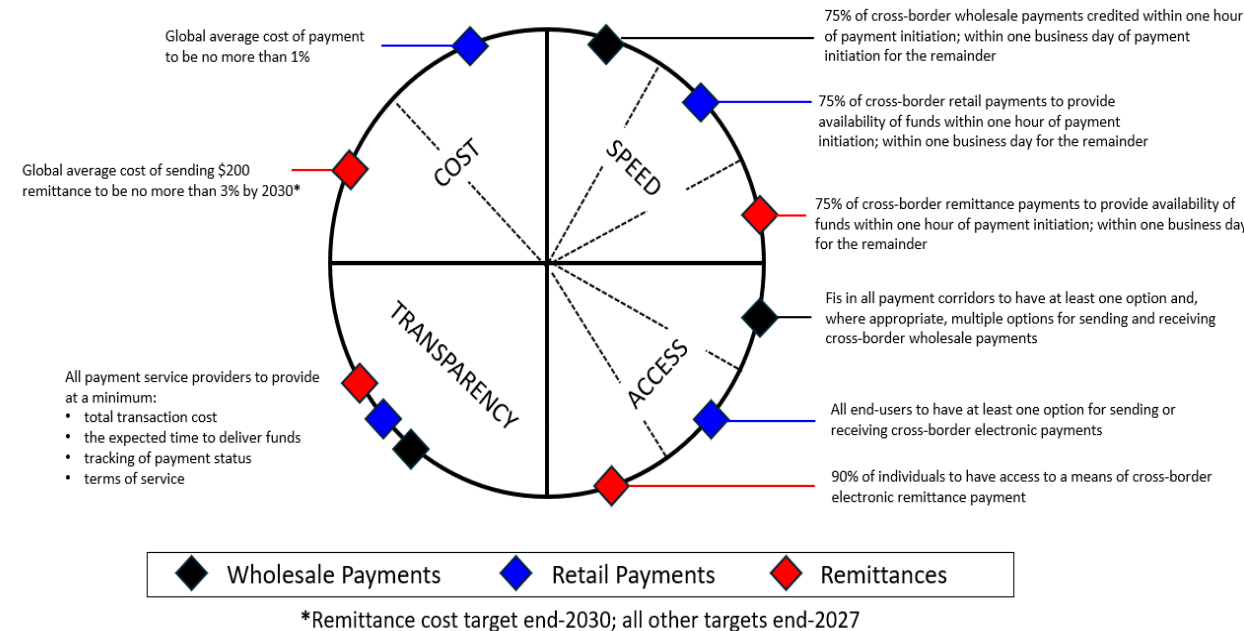
Collaborate on Instant Payment Systems

- Interlinking domestic real-time payment systems with international ones is central to the G20's vision of faster, 24/7 cross-border payments.
- Work with organizations like The Clearing House (RTP®) and the Federal Reserve (FedNow®) as they consider cross-border compatibility.

Improve Interoperability

- Fragmented systems impede seamless cross-border transactions.
- Standardize APIs and payment infrastructure to enable connectivity with global payment systems.

High-level Overview of the G20 Targets



What could US Domestic Payments Providers do to support the G20 2027 and 2030 Targets

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Reduce Costs and Enhance Efficiency

- The G20 targets call for reducing the average cost of cross-border transactions to below 1%.
- Leverage blockchain and distributed ledger technologies (DLTs) to minimize intermediary costs and reduce friction.

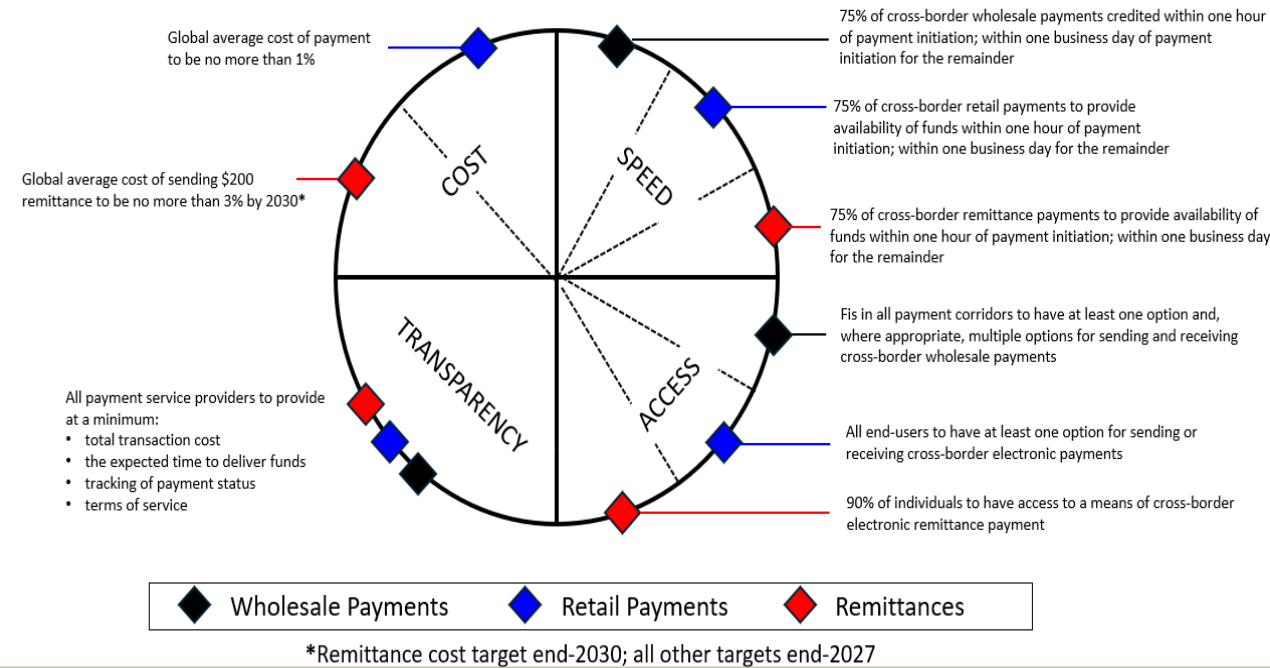
Focus on Financial Inclusion

- Broadening access to affordable payment services for underserved markets is a priority for the G20.
- Expand services to smaller financial institutions and non-bank payment providers to reach underserved communities.

Enhance Compliance and Risk Management

- Regulatory alignment is critical to prevent fraud, money laundering, and terrorism financing in cross-border transactions.
- Ensure compliance with global frameworks, such as the FATF's AML standards and GDPR for data protection.

High-level Overview of the G20 Targets



What could US Domestic Payments Providers do to support the G20 2027 and 2030 Targets

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Improve Transparency

- Lack of transparency in cross-border payments leads to unpredictable costs and delays.
- Offer real-time tracking of cross-border payments via solutions like SWIFT GPI and blockchain and provide customers with upfront visibility of exchange rates, fees, and delivery times.

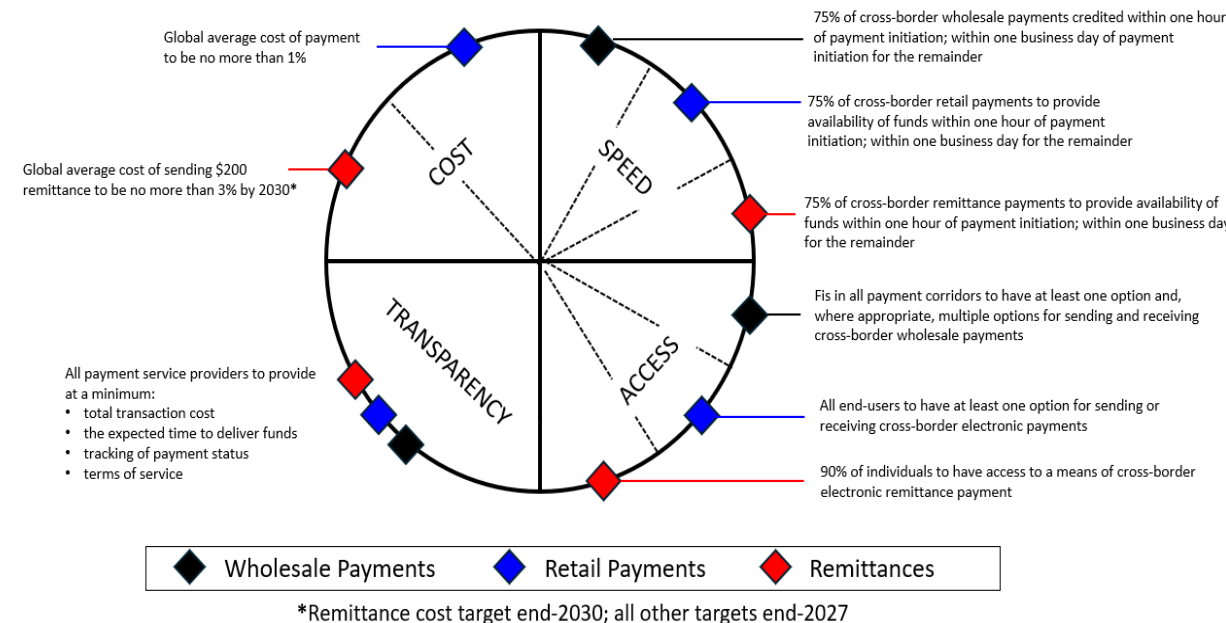
Promote Inter-Industry Collaboration

- A collaborative ecosystem ensures alignment with global initiatives and technological advances.
- Partner with fintechs and startups innovating in cross-border payments, such as RippleNet and Stellar.

Educate and Engage Stakeholders

- Stakeholder alignment is critical for achieving widespread adoption of improved systems.
- Educate corporate clients and end-users on the benefits of modernized cross-border payment solutions.

High-level Overview of the G20 Targets



Ranking of G20 Nations - Price Transparency

France	4/5
Germany	4/5
Italy	4/5
United States of America	4/5
European Union*	4/5
Brazil	3/5
United Kingdom	3/5
Argentina	2/5
Australia	2/5
Canada	2/5

Indonesia	2/5
Mexico	2/5
Republic of Korea	2/5
Saudi Arabia	2/5
Türkiye	2/5
China	1/5
India	1/5
Japan	1/5
South Africa	1/5

Source: <https://wise.com/p/g20-report>

Ranking of G20 Nations - Direct Access

Brazil	5/5
China	5/5
Indonesia	5/5
Mexico	5/5
Republic of Korea	5/5
Türkiye	5/5
United Kingdom	5/5
Australia	4/5
Canada	4/5
France	4/5

Germany	4/5
Italy	4/5
Japan*	4/5
European Union**	4/5
India	3/5
South Africa	3/5
Argentina	2/5
United States of America	2/5
Saudi Arabia	1/5

Source: <https://wise.com/p/g20-report>

Wrap Up

The presentation materials and recording of today's webinar will be available in the FPC Member Portal.

www.fasterpaymentscouncil.org