

Box A

The G20 Roadmap to Enhance Cross-border Payments

Globally, cross-border payments lag significantly behind domestic payments in meeting user expectations for services that are cheap, fast, accessible and transparent. In October 2020, the G20 endorsed an ambitious 'Roadmap' to enhance cross-border payments around the world.^[1] The Roadmap was developed by the FSB in coordination with the Committee on Payments and Market Infrastructures (CPMI) and other international bodies. It sets out a five-year program to address various frictions in retail and wholesale cross-border payment arrangements that contribute to the challenges of high cost, low speed, limited access and insufficient transparency (Figure A.1).

The Roadmap aims to address these inter-related problems through 19 'building blocks' (i.e. work streams) run in parallel over the course of the plan by the relevant international organisation. The building blocks fall into five focus areas:

1. committing to a joint public- and private-sector vision to drive change
2. coordinating regulatory, supervisory and oversight frameworks to identify gaps or areas for further alignment, where appropriate
3. improving existing payment infrastructures and arrangements, with a focus on widening availability,

strengthening links between payment systems and reducing settlement risks

4. increasing data quality and straight-through processing by enhancing data and market practices
5. exploring the potential role of new payment infrastructures and arrangements.

The G20 has requested the FSB monitor progress and report annually, with the first progress report expected to be published in October 2021. In addition, individual jurisdictions or operators of payment systems and arrangements are encouraged by the FSB to set out publicly the actions they intend to take to contribute to meeting the overall Roadmap goals. The FSB also highlights the need for the private sector to be involved in the Roadmap work through sharing insights and expertise, and implementing change.

The first major action in the Roadmap has been the release of the FSB's global quantitative targets for cost, speed, transparency and access.^[2] The targets are intended to act as a foundation for the work on the subsequent building blocks, and generate momentum and accountability for overall outcomes. Performance indicators will

[1] See Financial Stability Board (2020), 'Enhancing Cross-border Payments: Stage 3 Roadmap', 13 October. Available at <<https://www.fsb.org/wp-content/uploads/P131020-1.pdf>>.

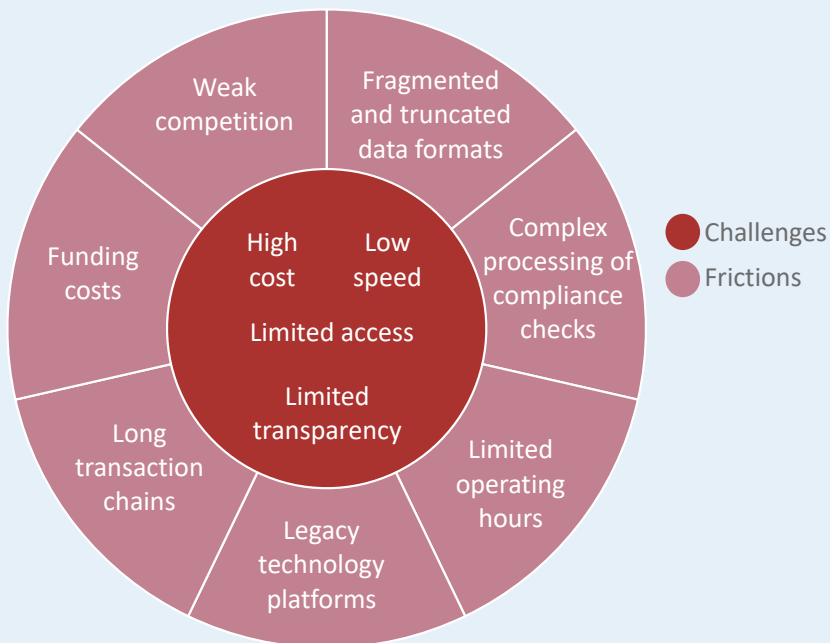
[2] For the proposed targets, see Financial Stability Board (2021), 'Targets for Addressing the Four Challenges of Cross-Border Payments: Consultative Document', 31 May. Available at <<https://www.fsb.org/wp-content/uploads/P310521.pdf>>. The final targets are expected to be published by the FSB in October 2021.

be developed and data collected to measure progress.

The Bank is actively involved in the international work on the Roadmap. The staff are contributing to a number of international working groups, including those focused on improving access to payment systems for new cross-border payment service providers, standardising payment messaging practices,

and exploring issues presented by possible new infrastructure for cross-border payments (e.g. global stablecoins and CBDCs). The Bank has also been coordinating with other Australian policy and regulatory agencies, and discussing the work with industry stakeholders, in order to progress Australia's contribution to the Roadmap. ✎

Figure A.1: Challenges and Frictions in Cross-border Payments



Source: CPMI (2020), 'Stage 2 Report to the G20 – Technical Background Report', July