

# G20 Cross-border Payments Roadmap:

## *Overview & PvP solutions*

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March 2023

Presentation to CFEC



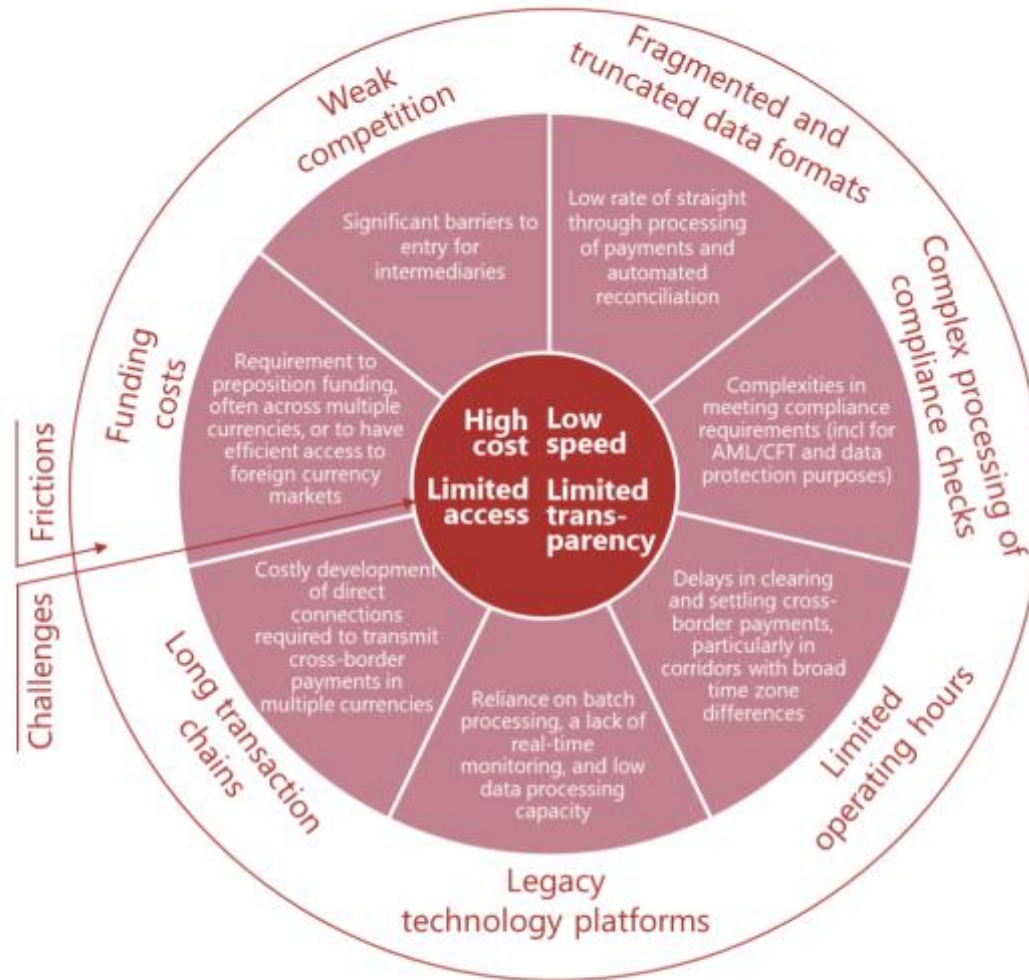
# Outline

- **Overview of the G20 cross-border payments Roadmap:**
  - Context: What is being done and why?
  - Milestones to-date and remaining work
- **CPMI's work on increasing the adoption of PvP solutions for cross-border payments.**
  - What is being done and how does it link with GFXC?
  - Next steps
- **Questions**



# G20 cross-border payments Roadmap

Cross-border payments are typically slow, costly and opaque. In some cases, access to these services is also limited.

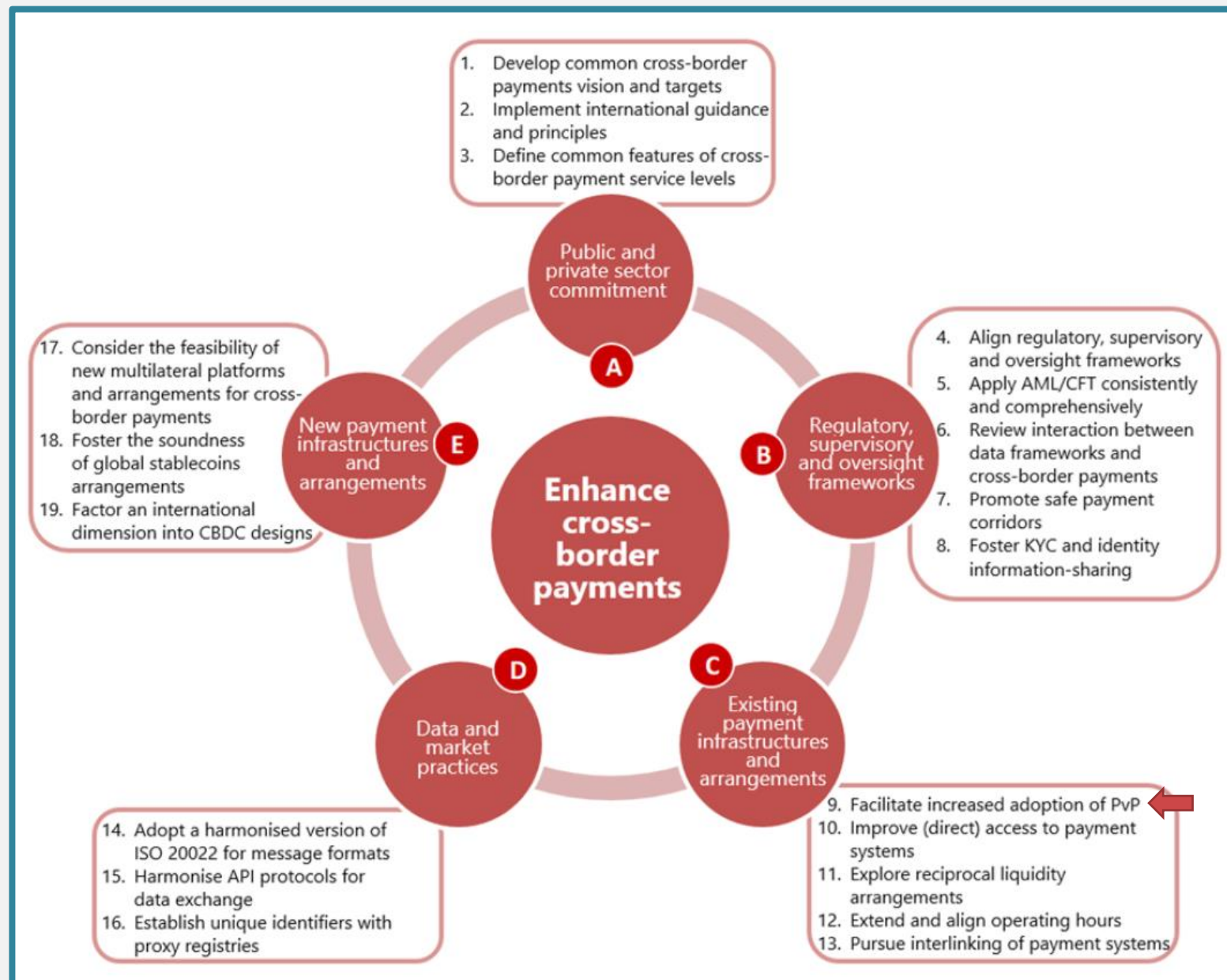


Source: CPMI based on FSB (2020b).

# G20 cross-border payments Roadmap

The Roadmap has 19 building blocks and aims to address all the key frictions and challenges associated with cross-border payments.

Source: <https://www.fsb.org/wp-content/uploads/P131020-1.pdf>



# G20 cross-border payments Roadmap

Milestones in 2022: Most of the analytical/conceptual work has been completed by standard setting bodies

## BIS/CPMI publications

22 items

01 Mar 2023	<a href="#">ISO 20022 harmonisation requirements for enhancing cross-border payments</a> CPMI Papers
17 Feb 2023	<a href="#">Operational and technical considerations for extending and aligning payment system operating hours for cross-border payments: An analytical framework</a> CPMI Papers
18 Jan 2023	<a href="#">Exploring multilateral platforms for cross-border payments</a> CPMI Other
09 Sep 2022	<a href="#">Harmonisation of ISO 20022: partnering with industry for faster, cheaper, and more transparent cross-border payments</a> CPMI Other
07 Sep 2022	<a href="#">Liquidity bridges across central banks for cross-border payments</a> CPMI Papers
29 Jul 2022	<a href="#">Facilitating increased adoption of payment versus payment (PvP)</a> CPMI Papers
21 Jul 2022	<a href="#">Can multilateral platforms improve cross-border payments?</a> CPMI Other
14 Jul 2022	<a href="#">Central bank liquidity bridges for cross-border payments</a> CPMI Other
11 Jul 2022	<a href="#">Options for access to and interoperability of CBDCs for cross-border payments</a> CPMI, Innovation Hub Other
08 Jul 2022	<a href="#">Interlinking payment systems and the role of application programming interfaces: a framework for cross-border payments</a> CPMI Papers
12 May 2022	<a href="#">Improving access to payment systems for cross-border payments: best practices for self-assessments</a> CPMI Papers
12 May 2022	<a href="#">Extending and aligning payment system operating hours for cross-border payments</a> CPMI Papers



### G20 Roadmap for Enhancing Cross-border Payments: Priority actions for achieving the G20 targets

23 February 2023

This report details the specific actions that will be taken under the three priority themes to move forward the Roadmap and achieve the targets by the 2027 target date.

### Developing the Implementation Approach for the Cross-Border Payments Targets: Final report

17 November 2022

This report provides an update on the FSB's development of a framework for monitoring progress toward meeting the quantitative targets for the G20 Cross-Border Payments Roadmap.

### G20 Roadmap for Enhancing Cross-border Payments: Priorities for the next phase of work

10 October 2022

This note outlines the FSB's prioritisation plan and engagement model for taking the cross-border payments roadmap forward.

### Options to Improve Adoption of The LEI, in Particular for Use in Cross-border Payments

7 July 2022

This report sets out recommendations and options for promoting the use of the Legal Entity Identifier (LEI) in cross-border payments.

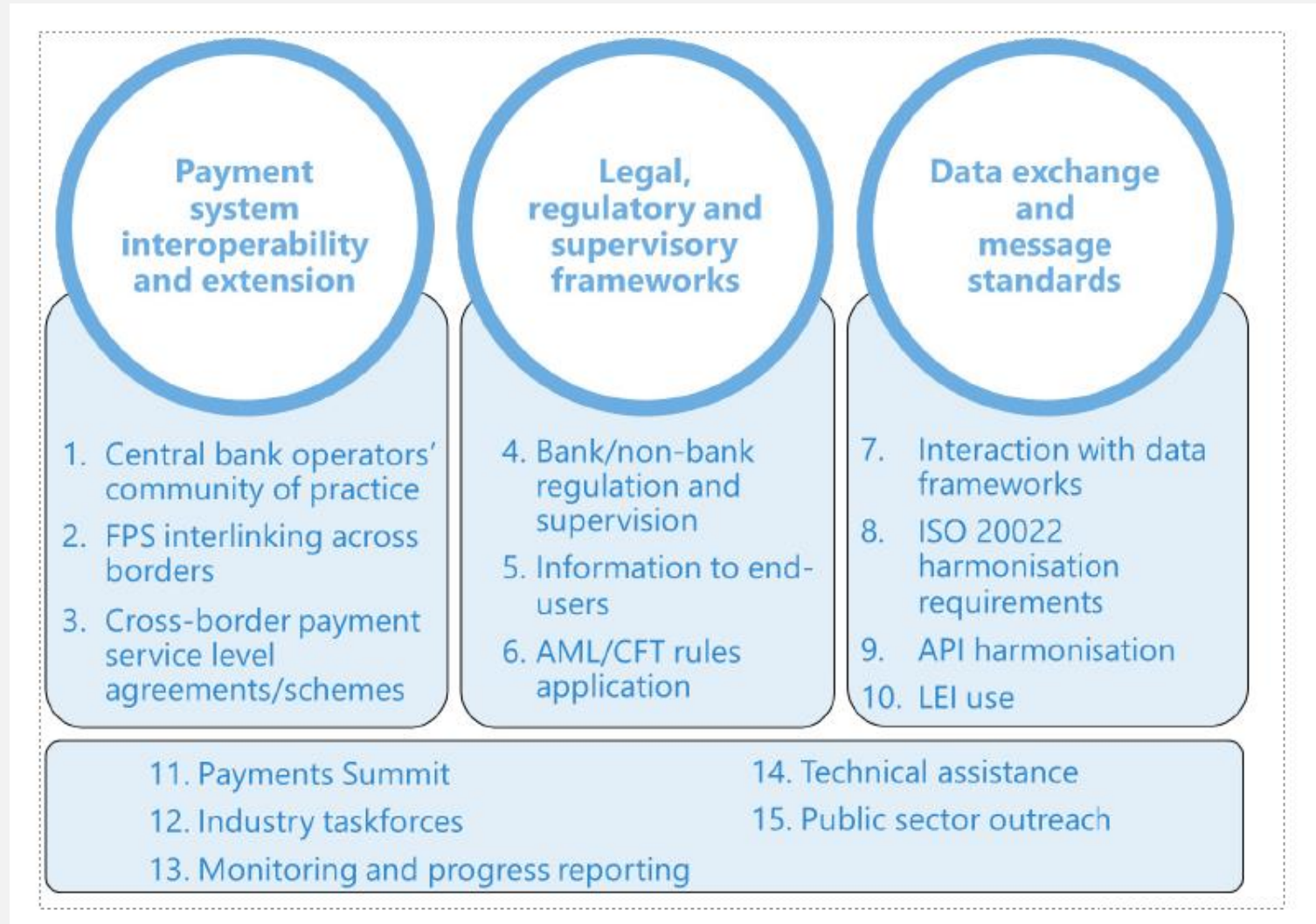
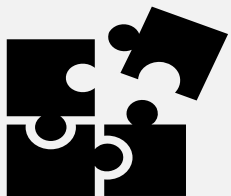
### Targets for addressing the four challenges of cross-border payments: Final report

13 October 2021

Global quantitative targets for addressing the challenges of cost, speed, transparency and access faced by cross-border payments.

# G20 cross-border payments Roadmap

International work has pivoted from analysis to implementation.



Source: <https://www.fsb.org/wp-content/uploads/P230223.pdf>

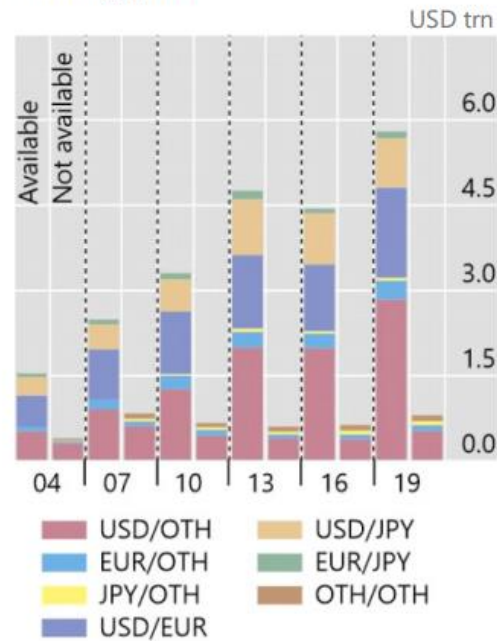


# PvP: widely available for FX transactions

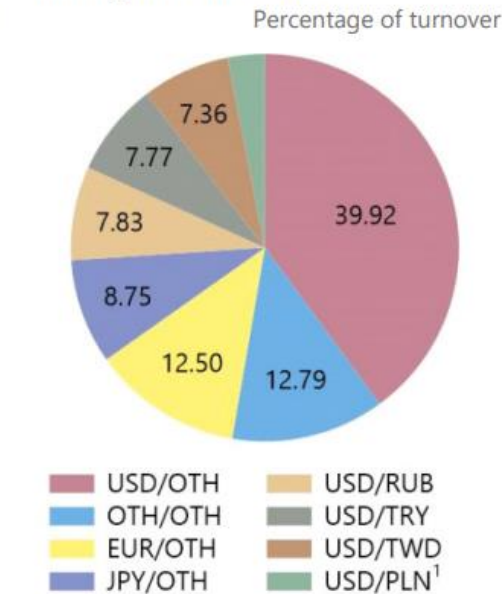
Availability of PvP settlement with respect to currencies and FX products

Graph A1

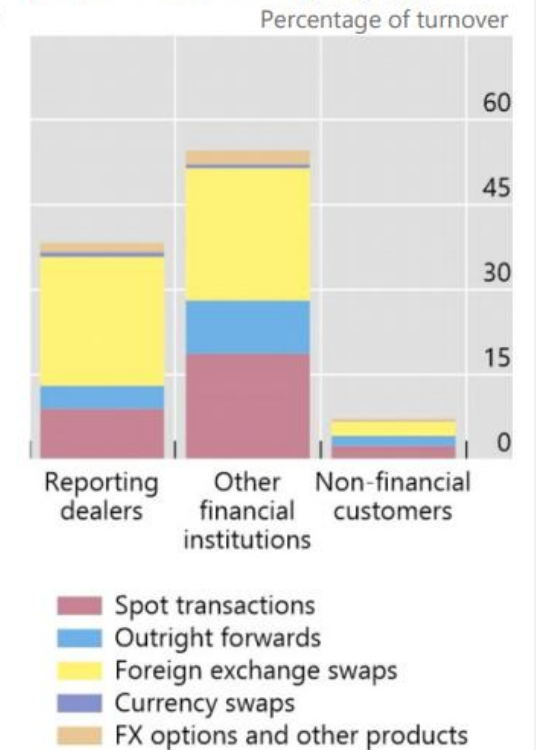
PvP is available for the largest currency pairs



Where PvP is not available one leg is often against the USD



PvP is available for the major products and counterparty types



<sup>1</sup> The percentage of turnover for USD/PLN is 3.1%.

EUR = euro; JPY = Japanese yen; OTH = other currencies; PLN = Polish zloty; RUB = Russian rouble; TRY = Turkish lira; TWD = New Taiwan dollar; USD = United States dollar.

Sources: 2019 Triennial Survey; BIS calculations

Source:  
<https://www.bis.org/cpmi/publ/d207.pdf>

# PvP: What is the issue?

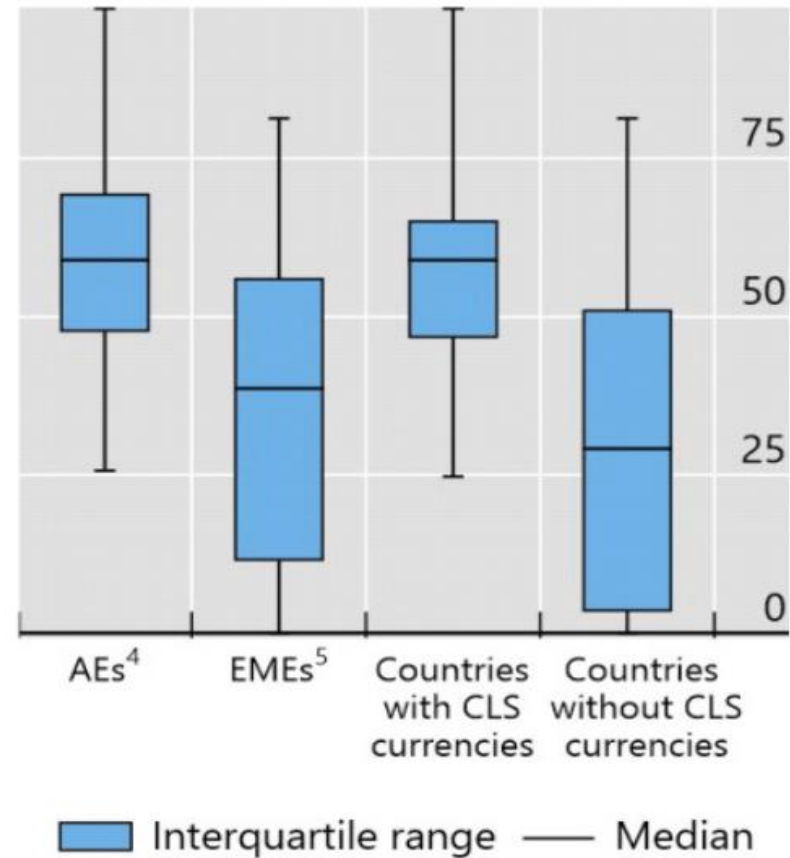
Even where PvP solutions are available, these are not always used.

Non-PvP settlement (without mitigants) can lead to:

- Accumulation of FX settlement risk in the system
- Slower, more expensive cross-border payments

Source:  
<https://www.bis.org/cpmi/publ/d207.pdf>

Proportion of settlements with PvP protection<sup>3</sup>





# PvP: New proposed solutions

New initiatives tend to offer:

- More currency coverage
- 24/7 availability
- Netting
- Automation/STP

Source:  
<https://www.bis.org/cpmi/publ/d207.pdf>

Overview of responses

Table 3

Abbreviation	Full name <sup>1</sup>	Geographical scope	Substance	Maturity
9th Gear	9th Gear	Global	Concrete Solution	In development
AusPayNet	Australian Payments Network	N/a <sup>2</sup>	Industry view	N/a
Baton	Baton Systems Core FX	Global	Concrete solution	Live
Buna	Buna Payment System	Regional	Concrete solution	Live <sup>3</sup>
Citi	Citi Regulated Liability Network	Global	Conceptual proposal	N/a
CLSAlt	CLS Alternative PvP Service	Global	Concrete solution	In development
Finality	Finality International Limited	Global	Concrete solution	In development
FX Shield	FX Shield	Global	Concrete solution	In development
GFMA	Global Financial Markets Association	N/a	Industry view	N/a
IZZI	Project IZZI	Global	Concrete solution	In development
Jura	Project Jura <sup>4</sup>	Regional	Concrete solution	Prototype
Meridian	Project Meridian <sup>5</sup>	N/A	Concrete solution	Prototype
RTGS.global	RTGS Global Limited	Global	Concrete solution	In development
SC	Settlement Circle	Global	Concrete solution	In development
SWIFT	SWIFT	Global	Enabling service	N/a
Vanini	Luca Vanini	Global	Conceptual proposal	N/a

<sup>1</sup> The full name links to further details about each respondent if such information is publicly available. <sup>2</sup> Not applicable to all conceptual proposals, industry views and enabling services. <sup>3</sup> The Buna platform is live but its FX service and PvP mechanism are still in development as of July 2022. <sup>4</sup> Jura's contributors include Banque de France, the Swiss National Bank, the BIS Innovation Hub Swiss Centre and a private sector consortium. <sup>5</sup> Meridian's contributors include the Bank of England and the BIS Innovation Hub London Centre.

Source: CPMI survey.

# PvP: way forward

Increased use of PvP solutions for FX transactions will require effort from both public and private sector stakeholders

Source:  
<https://www.bis.org/cpmi/publ/d207.pdf>

## Potential roles for private and public sector stakeholders to facilitate PvP adoption

Table 1

Stakeholders	Potential Roles
Private sector entities	<ol style="list-style-type: none"><li>1. Exploring potential changes to conventions for an international value date.</li><li>2. Aligning nostro operating hours and processes.</li><li>3. Promoting integration and interoperability between legacy and emerging systems</li></ol>
Central banks and other public authorities	<ol style="list-style-type: none"><li>4. Addressing regulatory barriers and sharpening regulatory incentives.</li><li>5. Addressing central bank operational barriers.<ol style="list-style-type: none"><li>a. Holistically assess the benefits, risks and barriers for expanding access to central bank accounts for PvP providers (BB 10).<sup>1</sup></li><li>b. Consider extending and aligning RTGS operating hours in support of PvP arrangements (BB 12).</li><li>c. Explore functionalities in RTGS platforms and interoperability where practical.</li><li>d. Explore easing liquidity constraints on PvP settlement where practical (BB 11).</li></ol></li><li>6. Catalysing private sector engagement and innovation.</li></ol>

<sup>1</sup> Roles 5a, 5b and 5d are covered by other building blocks (BBs) of the G20 cross-border payments programme.



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# Quantitative targets for cross-border payments

Challenge	Wholesale payments	Retail payments	Remittances
<b>Cost</b>	--	By end-2027: ≤1% (global average) ≤3% (any corridor)	By 2030: ≤3% (global average) ≤5% (any corridor)
<b>Speed</b>	By end-2027: 75% of payments credited ≤1 hour	By end-2027: Funds available ≤1 hour for 75% of payments	By end-2027: Funds available ≤1 hour for 75% of payments
<b>Access</b>	By end-2027: All FIs have at least one option for access	By end-2027: All end-users have at least one option for sending/receiving	By end-2027: 90% of individuals to have access to a means of cross- border electronic remittance
<b>Transparency</b>	By end-2027: Minimum disclosures	By end-2027: Minimum disclosures	By end-2027: Minimum disclosures

Source: Oct 2021 FSB report, available at [www.fsb.org/wp-content/uploads/P131021-1.pdf](https://www.fsb.org/wp-content/uploads/P131021-1.pdf)