

Bank of England

Global action to enhance cross-border payments

*The Silk Road Cash & Payments
Conference*

29 March 2023

**Victoria Cleland
Executive Director Payments**



The cross-border payments market is significant, and growing in importance in an ever more interconnected global economy



The value of cross-border payments is forecast to increase from almost **\$150tr** in 2017 to over **\$250tr** by 2027 ^[1]



Global corporates move nearly **\$23.5tr** across countries annually, equivalent to about 25% of global GDP ^[2]
87% of merchant executives see cross-border online sales as their biggest growth potential ^[3]



Remittances to low and middle income countries are estimated to have increased 10.2% in 2021, and a further 4.9% in 2022 to reach **\$626bn** ^[4]
Remittances inflows can be as high as **50% of GDP** for some countries ^[4]

The G20 identified enhancing cross-border payments as a priority in 2020 and set out a Roadmap of actions

Challenges

Many, but not all, cross-border payments face challenges:



High costs: remittance payments can cost more than 10% of transfer value [5]



Slow speeds: payments can take up to 10 days to transfer between some jurisdictions [6]



Limited Access: 29% of adults in developing economies don't have a financial account [7]



Insufficient transparency: costs and speed are often not known upfront and payments cannot always be tracked



Actions

A number of Roadmap actions have already been met



- Agreed **global quantitative targets** and an implementation approach to monitor progress in the speed, cost, access and transparency.

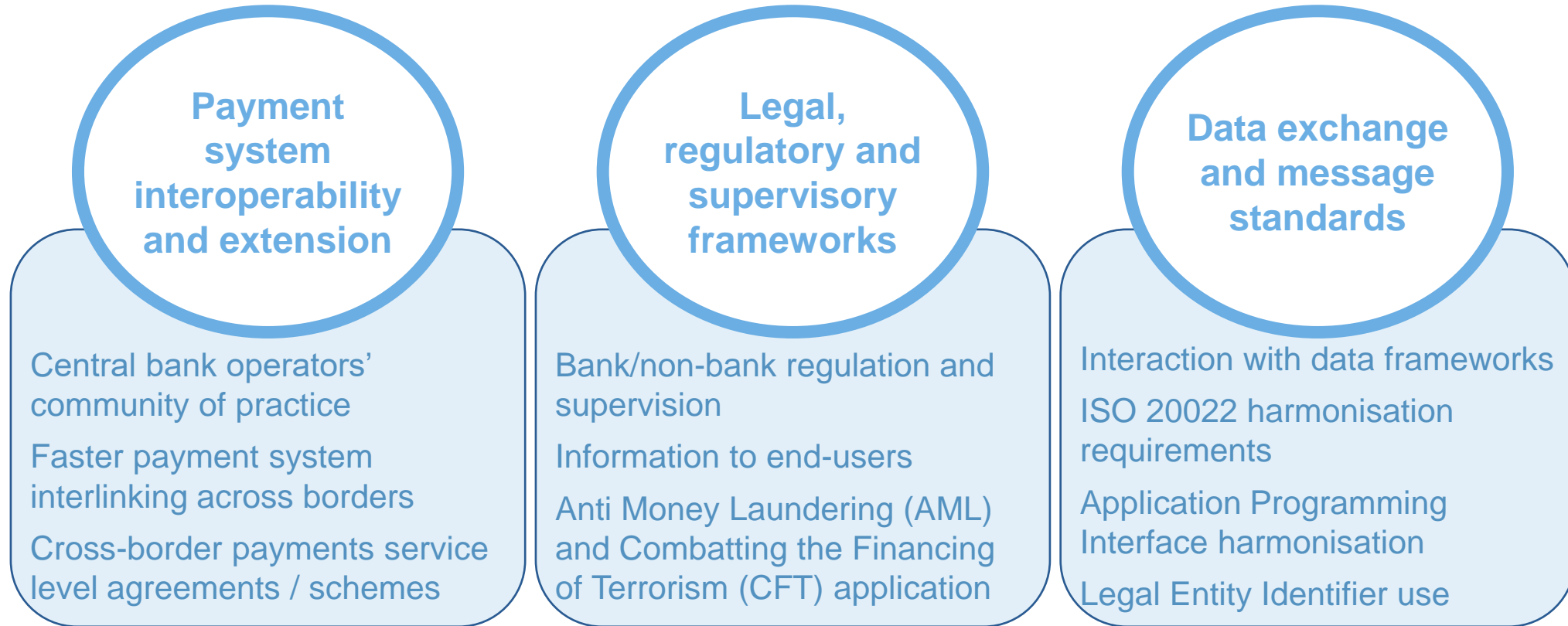


- **Stocktakes and analyses** of existing payments systems / arrangements to lay foundations for further work.



- Published **proposals, best practices, guidance and frameworks** across numerous wide-ranging building blocks.

In 2023, the Financial Stability Board announced an updated Roadmap of priority actions to help meet the Targets by 2027



Actions being undertaken across all priority areas

Payments Summit

Industry taskforces

Monitoring and progress reporting

Technical assistance

Public sector outreach

Now is the time for public and private sector action to implement practical projects and changes to processes and approaches

We need to work together globally to develop the vision and tools

and domestically to determine where progress is needed and how best to implement it

Is there a case to expand the access to or operating hours of key payment systems?

Are there opportunities for interlinking

Could we amend data standards / formats to better align internationally?

How do our legal, regulatory and supervisory frameworks compare to others?

How can I help to achieve cheaper, fast, more accessible and more transparent cross border payments?

In the UK, the Bank of England is renewing the Real-time Gross Settlement (RTGS) service

- The new RTGS core ledger and settlement engine will be introduced in Summer 2024, with a strong focus on resilience, competition and innovation – and benefits to cross-border payments



ISO 20022 adoption

- CHAPS migrates to ISO20022 on 19 June 2023
- The Bank of England will mandate use of structured data from 2025



Expanded Access

- Making onboarding easier to increase access to new participants
- Policy changes to include Non Bank Payment Service Providers and Omnibus accounts, already made



Enhanced user functionality e.g. APIs

- Enhanced, more flexible functionality



Capability to Extend Service Availability

- Technical capability to support 22x5 operation with settlement windows on weekends, and no technical barriers to moving to near 24x7 operation in the future.

- The [Roadmap for RTGS beyond 2024](#) sets out further enhancements and a range of potential new features that could benefit cross-border payments (synchronisation, extended operating hours)





Annex

References

- [1] BCG. **Payments and Transaction Banking.**
 - [2] JP Morgan and Oliver Wyman, 2021. **Unlocking \$120 Billion in Cross-border Payments**
 - [3] Visa, 2020. **Global Merchant eCommerce Study.**
 - [4] World Bank, 2022. **Migration and Remittances Data** *(updated as of Nov 2022)*.
 - [5] The World Bank Group, 2021. **Remittance Prices Worldwide Quarterly,** *(Issue 40 – December 2021)*.
 - [6] FT Op-Ed by Jon Cunliffe, 13 July 2020. **“Cross-border payment systems have been neglected for too long”**
 - [7] Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, and Saniya Ansar, 2021. **The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19.** Washington, DC: World Bank.
-

Key Committee on Payments and Market Infrastructures (CPMI) and Financial Stability Board (FSB) documents and publications

Author	Title	Date of Publication	Link
Financial Stability Board	Enhancing Cross-border Payments Stage 1 Report to the G20	9 April 2020	https://www.fsb.org/wp-content/uploads/P090420-1.pdf
Bank for International Settlements (CPMI)	Enhancing cross-border payments: building blocks of a global roadmap Stage 2 report to the G20	13 July 2020	https://www.bis.org/cpmi/publ/d193.pdf
Financial Stability Board	Enhancing Cross-border Payments Stage 3 roadmap	13 October 2020	https://www.fsb.org/wp-content/uploads/P131020-1.pdf
Financial Stability Board	G20 Roadmap for Enhancing Cross-border Payments: First consolidated progress report	13 October 2021	https://www.fsb.org/wp-content/uploads/P131021-1.pdf
Financial Stability Board	Targets for Addressing the Four Challenges of Cross-Border payments	13 October 2021	https://www.fsb.org/wp-content/uploads/P131021-2.pdf
Bank for International Settlements (CPMI)	Improving access to payment systems for cross-border payments: best practices for self-assessments	12 May 2022	https://www.bis.org/cpmi/publ/d202.pdf
Bank for International Settlements (CPMI)	Extending and aligning payment system operating hours for cross-border payments	12 May 2022	https://www.bis.org/cpmi/publ/d203.pdf
Financial Stability Board	G20 Roadmap for Enhancing Cross-border Payments: Consolidated progress report for 2022	10 October 2022	https://www.fsb.org/wp-content/uploads/P101022-1.pdf
Financial Stability Board	G20 Roadmap for Enhancing Cross-border Payments: Priority actions for achieving the G20 targets	23 February 2023	https://www.fsb.org/wp-content/uploads/P230223.pdf
Bank for International Settlements (CPMI)	ISO 20022 harmonisation requirements for enhancing cross-border payments	1 March 2023	https://www.bis.org/cpmi/publ/d215.pdf