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Taking the cross-border payments roadmap forward

Cross-border payments, which sit at the heart of international trade and economic activity, have been for long facing a number of shortcomings that hamper their efficiency, in terms of cost, delay, transparency and accessibility. These frictions encompass a wider array of aspects, from fragmented data standards, lack of interoperability, complexities in meeting compliance requirements, data protection purposes or outdated legacy technology platforms. This multi-dimensional set of issues is by far not new but have recently been given a strong political impetus in view of materializing significant progress.

The work done last year under the aegis of the G20 is the first global and comprehensive initiative to firmly improving cross-border payments. The ambitious roadmap agreed in October 2020 indeed aims at addressing all the various pain points mentioned above, from all the perspectives at stake, within a delimited time-frame, under the close scrutiny of the FSB and, ultimately, of the G20. This decisive policy step in the landscape of payments, which implies not only public authorities but also and foremost the private sector, is highly promising. **However much will depend on our collective willingness and ability to deliver.**

It is in this regard pivotal that the implementation of this roadmap remains overtime tied to the initial ambition. This stresses the critical importance of targets, mostly quantitative, that will be set - in terms of price, delay, transparency and accessibility - as part of the roadmap. Indeed, this will help ensure that the various “building blocks” of a response, whatever their nature and features, be operationalized in a way that will eventually fix the frictions. The endorsement of targets by the G20, in the last quarter of 2021, will be hence essential, as will be the ongoing monitoring of their implementation over the following years.

Central banks have to play an important role in this setting. As overseers of payments infrastructures, they will have to contribute to the design and implementation of the revised frameworks that will result from the need to increase the convergence of regulatory and supervisory approaches between jurisdictions. As operators, their support to solutions designed to interconnect payments system, wherever needed and possible, will be essential, as will be a number of targeted measures including for instance the extension of operating hours; some

more forward looking initiatives, such as the potential issuance of central bank digital currency in the context of cross-border payments could also be considered. And as catalyst, they will have to stimulate and create a conducive environment for innovative solutions, which may encompass new platforms or some forms of appropriately designed digital payments.

All in all, the G20 roadmap offers a unique collective opportunity to prepare and improve the future of cross-border payments. It success relies on the steady commitment of all stakeholders.