Cross-border payments

1. Progress on payment systems infrastructure: extending operating hours, direct access to non-banks and ISO 20022 migration

A regulator observed that the current complexities around cross-border payments and rapid evolution in the field make it difficult to predict future developments. Authorities will need a full and clear understanding of the present situation in order to achieve the G20 goals. The J-FSA will prioritise close engagement with relevant industries as it explores how to meet these objectives. Each jurisdiction faces unique challenges around cross-border payments and there is no one-size-fits-all solution. Although the approach of one country may not be directly applicable elsewhere, other countries can learn from the policy measures implemented.

1.1 Operating hours of RTGS systems have expanded, with two-thirds of jurisdictions either having extended hours or concrete plans to do so

An official reported that operating hours of real-time gross settlement (RTGS) systems have expanded, with a number of RTGS systems already operating 24/7 or contemplating doing so. In those that are not operating 24/7, extended operating hours increase the likelihood of overlapping operating hours across jurisdictions.

1.2 Direct access by non-banks to payment systems is expanding, with up to two-thirds of all fast payment systems and RTGS systems potentially offering this access soon

An official noted that progress has been made on direct access by non-banks to payment systems. At present, around one-third of fast payment systems and one-quarter of RTGS systems offer direct access to non-banks. If current plans materialise over the following years, up to two-thirds of all fast payment systems and RTGS systems will offer direct access to non-banks.

1.3 ISO 20022 migration will be key to improvements in communication, with eight out of 10 RTGS systems planning to align with harmonised data requirements

An official commented that the ISO 20022 migration will be key to improvements in communication.

An industry representative observed that the new ISO 20022 messages will be an important milestone in cross-border payments, with the use of a single language reducing inefficiencies.

2. A strong foundation has been laid, but G20 roadmap targets remain unmet in key areas

The Chair explained that the ambitious G20 roadmap sets clear quantitative goals to make cross-border payments faster, cheaper, more transparent and more inclusive by 2027. Although some progress has been made on the 19 building blocks of the roadmap, there are some outstanding issues. Resolving these will require collaboration from the public and private sectors.

An official explained that the cross-border payments roadmap is a joint initiative of several international organisations, including the Bank for International Settlements (BIS), the Financial Stability Board (FSB), the International Monetary Fund (IMF) and the World Bank.

2.1 Costs remain stubbornly high in some corridors despite global improvements

An official noted that global efforts have already resulted in significant improvements. For example, wholesale payments are moving faster, and account ownership is increasing, as reported in the recent World Bank fintech survey. Transparency on sender fees has improved. Costs are trending down, especially in corridors where fast payment system interlinking is present. However, remittance costs are sometimes in the double digits in regions such as sub-Saharan Africa, against the 3% target for 2030. Retail payment costs tend to be higher than the 2027 target of 1%.

2.2 Speed is still a concern, with retail payments often taking hours or days to reach a beneficiary, while transparency requires more work on FX margins and receiver-side charges

An official observed that there are major gaps in account access in regions such as sub-Saharan Africa, the Middle East and northern Africa. Transparency requires more work. For example, FX margins or mark-ups are sometimes opaque to the end user. Receiver-side charges and intermediary fees are not always transparent for the end user from the outset.

A regulator commented that, although cost is reducing globally, due in part to new technologies, speed remains a challenge. Time zone differences are a natural barrier, particularly for countries such as Japan, which is geographically distant from countries it has strong economic ties with.

2.3 Wholesale transfers between G10 countries are not a problem, but effective solutions are not always in place for emerging market and developing economy currencies

An industry representative stated that the FX market is the world's largest financial market and is clearly systemically relevant. Efficient processes and robust risk mitigations are therefore vital. In the wholesale area, transfers between G10 countries are not a problem as solid links and processes are in place. These links have not yet been created with most emerging markets and developing economies. The Chinese renminbi will likely feature very prominently in the BIS tri-annual survey results due to be published in September, but effective solutions are not always in place for emerging market and developing economy currencies. Strong growth in this area means that the segment of the market that is not fully risk-protected and not running efficiently remains stubbornly high.

However, the situation is improving through a number of public-private sector partnerships.. In March 2025 the payment interoperability and extension taskforce under the umbrella of the CPMI published reports on FX settlement risk and operating hours, which included a list of concrete actions needed for further progress. The global FX Code standards best practices is another valuable public-private sector partnership initiative which was strengthened earlier in 2025.

An industry representative explained that Swift processes trillions every day and is a wholesale network.

3. Many of the significant issues are concentrated in the 'last mile', not bank to bank or on the Swift platform

An official suggested that building links between payment systems can be compared to building a bridge: a solid foundation and proper cooperation will be needed and the larger the gap the more difficult the task will get.

3.1 Technology issues and the lack of real-time, 24/7 infrastructure, combined with heavy regulation and local market practices, drives delays in less developed countries

An industry representative shared that Swift has already significantly upgraded its platform. Currently, 90% of all transactions on Swift are processed within an hour, which is above the G20 target. This demonstrates the efficiency of the bank-to-bank rail. The global payments innovation (GPI) tracker tracks payments and increases transparency. The back end of the platform is very efficient. Many of the remaining impediments are situated in the 'last mile', for example with delays between a payment arriving at the bank of the beneficiary and being credited to the beneficiary. Swift has carried out intensive work to explore the reasons for this delay and will be publishing a paper shortly. BIS has taken a similar approach to the market infrastructures. A review of the top 40 countries that send and receive payments on Swift reveals that payments are more efficient, with regard to both speed and transparency, in advanced economies than in less developed countries.

One driver of delays is technology issues and the lack of real-time, 24/7 infrastructure. Some banks, even in advanced economies, are still using non-real time legacy systems. Opening hours of banks or market infrastructures can be limiting. Operational processes may involve manual intervention. Some countries impose heavy regulation in terms of risk control, currency and capital control, regulatory reporting and requiring purpose codes for payments before acceptance. Additionally, local market practices can go beyond regulation. For example, in some banks it is still common practice to contact a beneficiary to ask them to explain the purpose of the payment. Some large retail banks, including in Europe, do not have a centralised process, so a retail branch needs to validate an international payment.

A central bank official confirmed that many of the significant issues are concentrated in the 'last mile'.

3.2 Banks need to upgrade their front end so that the end client is aware of when the payment will arrive and what the fees will be

An industry representative shared that, after discussions, 400 banks have acknowledged the need for front-end improvements and 200 have already implemented an upgrade.

A regulator observed that transparency, particularly around retail payments or remittances, is closely linked to consumer protection and will require cooperation among the service providers involved. The fourth principle of the fiduciary duty introduced by Japan in 2017 requires financial services providers to clearly disclose all fees borne by customers and explain what services those fees correspond to. Amendments to Japan's Act on the Provision of Financial Services explicitly extended this principle to providers of cross-border payment services.

3.3 Country and bank action plans for automation are needed, focusing first on the G20 countries

An official reported that the Committee on Payments and Market Infrastructures (CPMI) and FSB have been conducting the input factor monitoring survey to explore changes in areas such as payment system interoperability and extension, data exchange and messaging standards.

An industry representative stated that Swift is working with key stakeholders, including regulators and banks, to develop country and bank action plans for automation, focusing first on the G20 countries. Transparency is monitored not just from the perspective of costs, because Swift does not necessarily have an overview of all the costs, but also trustworthiness. Most countries track payments through the GPI and this has increased efficiency globally.

A regulator emphasised that Japan is committed to improving cross-border payments, not only due to the international agreement in this area but also the strong belief that it is essential for the sound functioning of the domestic financial system. Requiring all financial institutions to operate 24/7 systems could result in the smaller banks that cannot afford the development costs exiting the cross-border payment market, with the unintended consequence of limiting access.

4. Technology is never the barrier to improving cross-border payments; legal frameworks and regulatory compliance are the problem

4.1 Experiments conducted by the BIS innovation hub have concluded that technology is not a significant block to implementing solutions

A regulator commented that technology is not a barrier to cross-border payments. New services made possible using technology benefit end-users, but new risks will also emerge. Rather than focusing on the technology, regulators should focus on the risk and apply the same rules to activities that carry the same risk. Technology should be assessed based on its contributions to financial stability, consumer protection and financial integrity. Japan is an active participant in FSB discussions and BIS innovation hub projects and is committed to attracting fintech firms.

An industry representative confirmed that technology is not the barrier to improving cross-border payment solutions, as confirmed by the BIS innovation hub experiments. The primary barriers is instead the legal frameworks, with regulatory compliance and geopolitics also slowing progress. Enhancing cross-border payments is a multi-year endeavour. When it was established, CLS settled seven currencies. 23 years later, it settles 18. This does not seem like a large increase, but adding a currency takes a significant amount of time. Many stakeholders are involved and a number of legal and operational frameworks must be complied with. Unfortunately, this slow progress, due to the multidisciplinary nature of the challenge, can make discussions feel repetitive.

4.2 The potential advantages of well-regulated stablecoins and tokenised deposits must be explored, while ensuring interoperability within an appropriate regulatory framework

A central bank official shared that the Bank of England is positive about the potential of well-regulated stablecoins and tokenised deposits. Despite the measurable progress against the roadmap, the present position remains underwhelming. There may be drawbacks to stablecoins that prevent their use, but it is possible that they offer advantages that the current system does not. Although unconstrained and poorly governed innovation is not desirable, aiming for 'more of the same' will not achieve the necessary progress. Progress is needed, but also honesty about how difficult it will be in an area where a 'move fast and break things' approach is not appropriate.

The advantages of stablecoins must be explored to identify which functional technology aspects could be learned from and used in the existing system. The BIS Project Agorá is a good example of an exploration of tokenised deposits and programmability being used to modernise central bank and commercial bank money. Some of the sources of advantage for stablecoins could in fact be related to concerns, such as the lack of proper regulatory frameworks or sufficient anti-money laundering/countering the financing of terrorism (AML/CTF) legislation. Currency substitution will have implications, particularly in weak and fragile states. Previous concerns in the retail space around the emergence of non-interoperable big tech money fragmenting the monetary system could also be an issue in the area of stablecoins, where individual stablecoins can become extremely dominant.

An industry representative explained that the stablecoin sandwich is a new concept involving converting fiat into stablecoin, transferring it across a blockchain and transferring it back into fiat on the receiving end. Although the transfer process might be efficient, on-ramping and off-ramping the stablecoin is likely less efficient. Whether this can work in a wholesale space with high volumes and values is questionable and its use may be more limited at present. In addition, different stablecoin architectures and legal frameworks cause fragmentation.

An industry representative reported that Swift has participated in a number of experiments to demonstrate that the banks can use Swift infrastructure to connect to different platforms, such as a distributed ledger technology (DLT) platform or fiat systems and that these platforms are then interoperable. However, if someone sends a stablecoin and the recipient does not have a stablecoin, they need to receive a normal euro or dollar. As a result of these experiments, a connector orchestrator has been developed and will be presented to the market next year. Swift is exploring the use of digital assets with banks. Progress is now accelerating in Europe and there have already been significant developments in the US, such as the GENIUS Act.

4.3 Speed must be balanced with AML requirements and regulators should focus on the risk and apply the same rules to activities that carry the same risk

A regulator noted that prompt completion of payments reduces settlement risk and contributes to financial system stability, but neglecting to perform thorough know your client (KYC) procedures could undermine this. Some financial institutions in Japan have historically been excessively compliant due to fear of regulatory penalties. The Japanese Government has responded to the Financial Action Task Force (FATF) advocating for a risk-based approach to improve cross-border payments by clarifying supervisory expectations for AML.

An industry representative highlighted that settlement cycles are an area of change. In addition to the move towards T+1 in the securities space, there are now also advocates of same-day settlement. Similar discussions are ongoing in the FX world. Liquidity efficiency is a focus in wholesale. It is too costly to settle trillions without netting or other arrangements in place. Progress towards same-day and even instant settlement in the wholesale space will need to be balanced against potentially losing these netting benefits.

5. Enhancing cross-border payments is a multi-year endeavour requiring continued cooperation and intensified efforts towards 2027 and beyond

5.1 Although not all of the G20 targets will be met by 2027, this should not be an excuse to stop working but to continue and intensify efforts

An official emphasised that efforts should intensify towards 2027 and beyond to improve cross-border payments. Cooperation will be key. Swift and CLS, along with over 40 other private sector stakeholders, are part of the CPMI payments interoperability and extension taskforce. The roadmap is global and jurisdictions beyond the G20 will need to be involved. The community of practice on payment systems is made up of over 60 central banks that are keen to learn from each other. Monitoring of input factors, such as financial infrastructure developments and technical standards, and output factors, such as the key performance indicators reviewed by the FSB, needs to continue. Safety and efficiency cannot be compromised on. Although wholesale payment improvements are important, the end user should remain the primary focus.

5.2 International coordination will be vital going forward, particularly with respect to operating hours, ISO and the role of institutions such as CPMI, BIS, IMF and World Bank

An industry representative stated that, through its engagement with banks worldwide, Swift is focusing on constant improvement of its rails and network. Banks are motivated to ensure that the end-to-end journey from the payment being sent to being credited is transparent, traceable and fast.

A central bank official noted that the primary measures of outcome are around transparency, speed and cost. In addition, some of the advanced forms of programmability will potentially move functionality closer to instant settlement. There will be questions around netting and liquidity saving. Solutions have been proposed in the current infrastructures and elements such as stablecoins and DeFi will contribute to these solutions going forward. Medium-term goals should be set, using similar scorecards and measures as in the G20 roadmap. The aim is to create an interoperable world where money is uniform and single, and people feel confident that the ways that they make and receive payments are secure.

A viable tokenised deposit option would be a major development, at least in the UK. Cross-border fast payment systems need to be interlinked. There are potential opportunities around retail CBDC, such as the digital pound, but significant progress is not expected soon. Project Nexus has explored options around interlinking fast payment systems. Although the UK had one of the first fast payment systems, it is now outdated and cannot be interlinked. Remediating this older system is a priority.

The role of wholesale CBDC is uncertain. The Bank of England has published clear guidance on markets it expects to see settle in central bank money and markets where commercial bank money settlement is likely. Central bank money for systemically important markets can provide the functionality to support a more digital economy by upgrading the existing infrastructure with a synchronisation layer. This has been explored domestically in the UK and with BIS through Project Meridian. However, if this plan is successful, the additional value-add of wholesale CBDC is more questionable. There is a conflict at present where, after upgrading the RTGS service, many market participants in core markets have stated that wholesale CBDC is not needed, but there are an uncomfortable number of use cases where the current system is not providing the central bank money settlement leg.