CROSS-BORDER PAYMENTS

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Beyond 2027: the future of G20 cooperation on cross-border payments

As the 2027 deadline for the G20 roadmap targets to enhance cross-border payments approaches, the G20 faces a crucial decision on how to proceed. While the roadmap aims to make payments faster, cheaper, more transparent, and more accessible, it is becoming increasingly clear that the ambitious targets set in 2021 are unlikely to be met by the end of next year.

Nevertheless, it would be wrong to consider the roadmap a failure. Thanks to productive cooperation between private and public actors, significant progress has been made, including the harmonisation of ISO 20022 messages, higher service levels of RTGS systems, and interlinking initiatives for fast payment systems (FPS). Payments are now processed much faster than before the start of the roadmap, and payment system operators (including the Eurosystem) have begun opening access to their RTGS systems and investigating the extension of opening hours.

However, the lack of progress in some areas partly reflects shifts in the geopolitical landscape. The G20 must therefore consider how to continue with the roadmap, given the changed political environment and the looming deadline.

Given the progress achieved so far in cross-border payments, it would be unwise to abandon the path started in 2020 simply because the ambitious targets have not been fully reached. Calls to develop an entirely new roadmap without building on current successes should not be followed, as this would waste valuable experience.

This leaves us with two options. Either the G20 is content with the achievements of the roadmap and continues to work towards the current targets, which were very ambitious from the start. Or the G20 adjusts its roadmap, incorporating the experiences of the past six years, building on successes, and specifically addressing remaining and potential new frictions, by setting new, less ambitious targets.

While the first solution may seem tempting — and is not an admission of defeat — it must be acknowledged that much has changed since the G20 began working on the roadmap. It may therefore be time to re-evaluate certain issues.

First, we must recognise that there are changed political priorities in the field of payments that central banks cannot ignore or even overcome. Nevertheless, we can aim to work around these new frictions and assess how we can continue to enhance cross-border payments.

Second, we need to examine the current governance structure to determine whether it is adequate to fulfil its tasks. Experience from past work on the roadmap shows that involving private actors is key and works best when addressing concrete technical issues. While their input remains valuable, understandable competition concerns may hinder more concrete interoperability initiatives, such as interlinking closed-loop infrastructures. Furthermore, the central bank Community of Practice (CoP) has contributed significantly to improving RTGS service levels. Looking ahead, a Community of Practice for FPS interlinking could facilitate the exchange of experiences on a topic that will be crucial for achieving the G20 goals.

Finally, the G20 should decide how to handle the governance of innovative solutions going forward. While it may be tempting to separate the old from the new, it is necessary to integrate the governance of innovation into the current structure to ensure a holistic vision of the global cross-border payments market, as is the approach used today by the Future of Payments Working Group of the CPMI.

Looking back, I'm convinced that — while not all targets have been reached — the path the G20 took was the right one. It created momentum. Cross-border payments are now faster, cheaper, more transparent, and more accessible than they were seven years ago. While counterfactuals are always difficult to analyse, it is doubtful that such significant progress would have been achieved without the G20 taking a leading role in improving cross-border payments.

> **The G20 should adapt to new realities and apply past lessons when moving the roadmap forward.**

Looking forward, there are good reasons for optimism: FPS interlinking is only just beginning and will have a significant impact on the speed and cost of retail transactions, and potentially remittances. Cross-border wholesale CBDC platforms could also be a game changer. And the private sector always holds potential for innovation.

However, frictions remain, especially in the regulatory landscape. This calls for the continuation and adaptation of work on the roadmap. Additionally, innovation will continue to open up new potential solutions to address current and emerging frictions. The journey is far from over, but by learning the right lessons from the past six years, further progress in cross-border payments is not only necessary but also highly achievable.

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Europe's path to better cross-border payments

Cross-border payments are moving in the right direction, supported by the G20 roadmap and interoperability initiatives such as the European Payments Alliance (EuroPA). At the same time, frictions still persist: cross-border payments are often slow, too costly and insufficiently transparent – especially for cross-currency transactions, both within Europe and globally. Addressing these challenges is essential to ensure resilient, efficient and low-cost payments for European citizens and businesses.

TARGET Instant Payment Settlement (TIPS) is a pan-European platform for instant settlement developed and operated by central banks. From its go-live in 2018, TIPS was designed as a multi-currency service. That allowed Swedish and Danish kroner to join the euro in settling instant payments within each currency. The logical progression in TIPS evolution will be to make it cross-currency. For this reason, the TIPS cross-currency initiative enables payments initiated in one participating currency to be settled in another, also in central bank money. Currently, the European Central Bank (ECB), Sveriges Riksbank and Danmarks Nationalbank are in dialogue with their banking communities to participate in the initiative. Moreover, central banks joining TIPS have the possibility to opt in at a later stage.

Facilitating the use of shared platforms across multiple currencies such as TIPS cross-currency may help realize network effects and economies of scale. A common settlement infrastructure for cross-currency transfers can reduce complexity, enhance efficiency and mitigate the risk of fragmentation between euro and non-euro payment solutions in Europe.

Shared settlement infrastructures operated by central banks can also contribute to resilience and trust in the payment system. By relying on central bank money, such arrangements reduce settlement risk and support stable and predictable payment processing across market conditions.

Beyond instant payments, account-to-account solutions are increasingly relevant for the development of cross-border retail payments in Europe. Account-to-account models build directly on bank accounts and shared settlement infrastructures, offering an alternative to card-based and closed-loop solutions for everyday cross-border use cases. When supported by interoperable standards and common platforms, account-to-account payments can facilitate more integrated payment flows across currencies and jurisdictions.

In this context, infrastructures such as TIPS cross-currency may provide an important foundation for cross-border account-to-account payments by enabling settlement across multiple European currencies in central bank money. By offering a common settlement layer, TIPS cross-currency can help improve resilience of payment systems while supporting competition and choice in the retail payments market.

A coherent multi currency framework could improve cross border payments in Europe.

Regulatory and operational alignment remains critical for the development of effective cross-currency payment solutions. A coherent legal framework is necessary to support seamless settlement across all European currencies. Divergent national implementations, scheme-specific rules and currency-dependent settlement requirements may increase costs, introduce legal uncertainty and constrain scalability, thereby limiting innovation not for technical reasons, but due to the design of the existing regulatory framework.

Against this backdrop, it is important that European legislation enables innovative cross-currency solutions and supports integration across participating currencies.

Realizing the benefits of instant cross-currency payments requires broad and sustained engagement from the private sector. Payment service providers need to connect to and actively use the underlying infrastructure, while front-end interoperability and reachability are essential to ensure that end users can benefit from instant payments across borders and currencies. Without sufficient adoption at scale, even well-designed infrastructures will have limited impact.

User-facing innovation is another key factor. Simple, transparent and predictable user experiences – particularly regarding FX pricing, fees and execution certainty – will be decisive for adoption. Market participants play a central role in translating infrastructure into products that are intuitive and trusted.

In conclusion, Europe has taken important steps, notably through the IPR for euro instant payments. With strong private-sector participation and coordinated implementation, TIPS cross-currency can play a central role in enabling faster, cheaper and more transparent cross-border payments in Europe.

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Transforming the last mile to unlock the potential of cross-border payments

Cross-border payments are evolving, with ISO 20022 playing a central role by enabling richer data, reducing data frictions, and strengthening interoperability. This evolution is being accelerated by the increasing availability of domestic instant payment systems. The Eurosystem is actively expanding interoperability between various payment systems, and TIPS is now live with cross-currency services across multiple Nordic markets. At the same time, the coexistence of tokenised and traditional money adds further opportunities and considerations for settlement. Together, these factors make the final stretch of the payment journey both complex and promising.

The financial industry sends billions in value across the Swift network every day. Currently, 75% of these payments reach beneficiary banks in under ten minutes, and our network accounts for less than 20% of total payment time. However, more than 80% of delays occur in the last mile. In this stage, gaps in data, processes, and behaviours continue to affect automation and transparency. As a result, final crediting can take over 24 hours depending on the market.

As part of the move towards instant payments, the European Payment Council introduced the One-Leg-Out Instant Credit Transfer scheme (OCT Inst), which enables payments to and from Europe to be processed 24/7, improving the customer experience for both senders and receivers. Crucially, we see the interconnection of market infrastructures as key to achieving the G20's targets for faster, transparent, cost-effective, and accessible cross-border payments.

Paving the way for cross-border payments

In September 2025, Swift launched a new retail payments framework to provide customers with peace of mind when sending money internationally. The rules will ensure upfront transparency on payment costs, guaranteed full value delivery, end-to-end visibility and a commitment to instant settlement where available.

At the time of writing, more than 40 banks have signed up, demonstrating the impact of industry-wide collaboration. The scheme is designed to extend these enhanced capabilities to the four billion accounts, across more than 200 countries and territories, that can be reached via Swift – turning improved practices into shared, enforceable network behaviour.

> Transforming the last mile sets the course for the future of cross-border payments.

Meanwhile, the addition of a shared, blockchain-based ledger into Swift's infrastructure stack addresses both existing frictions and the emergence of tokenised money. Conceived as a coordination layer sitting alongside existing payment rails, it is designed to close automation and transparency gaps at a global scale. The ledger will provide a synchronised view of payment and settlement positions across participating institutions, enabling 24/7 cross-border payments with instant visibility on status and obligations.

Payments is a team sport, and progress depends on developing a shared understanding of where friction points arise, how they interact, and the best ways to address them. To support this, we've developed a data-driven assessment of the structural friction points that affect cross-border payment speeds: the Payment Optimisation Index. The index provides a global benchmark quantifying how structural frictions affect cross-border payment speed. It groups observable market conditions into five priority categories –regulatory requirements, capital & FX environment, adherence to standards, risk & control factors, and domestic infrastructure– and shows how they relate to beneficiary-side crediting time. By linking these conditions to payment speed, the index explains why payments are faster in some markets than others and highlights where targeted changes could have the greatest impact on crediting speed.

Coordination is the catalyst

The coexistence of tokenised and traditional forms of money presents three primary challenges: technical integration, regulatory uncertainty, and the risk of siloed innovation.

From a technical perspective, banks must reconcile positions across multiple ledgers and legacy systems, enable atomic settlement between DLT platforms and RTGS or instant payment rails, and address the lack of common standards for identity, smart contract events and messaging.

From a legal perspective, jurisdictions differ in how they classify tokens, define final settlement on-chain, and apply AML/CFT, sanctions and data protection rules. These differences make seamless cross-border movement of tokenised value both complex and uncertain. Finally, siloed innovation – where pilots and proofs of concept are developed within individual institutions or schemes without shared rulebooks or infrastructure– risks creating isolated pockets of progress rather than systemic improvement.

At Swift, we see interoperability as the multiplier. By aligning on market realities and addressing structural frictions collectively as an industry through concerted efforts across the ecosystem, we can accelerate progress towards a faster, more predictable, and more inclusive cross-border payment experience for all.

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The world is changing. FX settlement risk shouldn't be an afterthought

Even appreciating its focus on worst-case scenarios, the World Economic Forum's (WEF's) Global Risk Report 2026[1] makes for sobering reading. The WEF finds that the world is entering a new phase of "geoeconomic confrontation," as long-standing post-Bretton Woods geopolitical and economic assumptions are challenged. The defining feature of the risk outlook for this year and beyond is uncertainty — around trade policy, economic protectionism and global conflict.

As these risks proliferate, the world is becoming more interconnected, the report says. For financial market participants, asset classes are increasingly entangled, with reactions to global uncertainties rippling almost instantly across markets.

Volatility is now the norm rather than the exception, and multi-asset diversification is becoming as much about managing shocks as seeking returns.

This environment has, to some extent, accelerated a shift away from G10 economies, especially amid dollar weakness in 2025. Emerging market and developing economies (EMDE) equities have outperformed those of developed economies for the first time since the Covid-19 pandemic, reflecting investor demand for faster-growing, less policy-constrained markets.

In FX, turnover in EMDE currencies continues to rise, driven by structural shifts, deeper integration of these economies into the global financial system, and improved access as automation and transparency expand.

The Chinese renminbi is a bellwether of this transition. According to the 2025 BIS Triennial Central Bank Survey, it now appears on one side of 8.8% of global FX trades, up from 7% in the previous survey published in 2022.

In parallel, liquidity provision is changing as non-bank financial institutions (NBFIs) — such as investment funds and algorithmic market-makers — as well as banks outside major economic centers are increasingly active in FX.

Indeed, NBFIs are now significant drivers of EMDE currency turnover. BIS research shows that NBFIs account for much of the recent growth of the FX market, while interdealer trading, once the backbone of the market, has declined. These NBFIs are more likely to settle bilaterally. Together, these trends point to a more distributed, diverse and complex liquidity landscape with greater potential for settlement risk.

PvP settlement remains the de facto market standard for mitigating FX settlement risk.

Settlement risk

Amid this evolving risk landscape, payment-versus-payment (PvP) settlement remains the de facto market standard for mitigating FX settlement risk.

CLS estimates that it settles 90% of the CLSSettlement-addressable market with PvP, and values continue to grow. In 2025, CLSSettlement settled an average daily value of over USD8 trillion for 18 of the world's most traded currencies, including a record USD22.9 trillion in FX payment instructions settled in a single day in December 2025.

But the trends outlined above mean that FX market participants should not be complacent. The volume of non-CLS-eligible currencies grew from USD0.2 trillion in average daily turnover in 2010 (around 5.5% of trades on a global scale) to USD0.7 trillion in 2022 (around 8.5%), according to the 2022 BIS Triennial Central Bank Survey. Settlement data from the 2025 survey is not yet available, but preliminary estimates indicate approximately 15% of the FX market still settles without risk mitigation.

As a public-private partnership, CLS focuses on identifying these risks and working with its members and the wider ecosystem to expand services that meet changing market needs. CLS also contributes to initiatives such as the G20 Roadmap for Enhancing Cross-Border Payments and the FX Global Code, both of which recognize PvP as a central tool for improving safety and efficiency in wholesale FX settlement.

In an environment defined by geopolitical tension, shifting capital flows and market structure change, organizations with exposure to FX markets – across both the public and private sectors – must remain focused on expanding settlement risk mitigation. These risks are not diminishing, and neither should our vigilance.

1. *https://www.weforum.org/publications/global-risks-report-2026/*

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Europe led on crypto but resting on its laurels is not an option

When the European Union passed Markets in Crypto-Assets (MiCA) regulation in 2023, it moved decisively and became one of the first of the world's economic powers to set clear rules for crypto companies to comply with. It gave the world's largest single market a unified framework for digital assets and sent a clear message: Europe is open for business.

But a first mover advantage does not guarantee long-term leadership.

Today, the global competitive landscape is shifting fast. The United States and United Kingdom have launched a Transatlantic Taskforce for Markets of the Future to coordinate policy around digital assets and market structure. The UAE and Singapore have built clear, industry-informed but consumer-first regulatory regimes that attract founders and capital at pace. Meanwhile, while MiCA was a huge moment for the single market, its lack of evolution is starting to catch up with it.

Europe's share of global fintech funding has slipped in recent years, and its crypto startup formation lags behind North America and most of the developed economies of Asia. Venture capital in European fintech has fallen materially from peak levels, and founders increasingly cite regulatory complexity, and a framework that doesn't evolve at the pace of technology it is designed to regulate as reasons to scale elsewhere.

MiCA was necessary. Debates that will shape MiCA 2.0 and its stated goal of reducing regulatory burden and complexity - while enshrining consumer protections - will determine whether Europe converts regulatory clarity into economic scale.

The next phase of MiCA reform, alongside the evolution of its sister framework, MiFID, designed specfically to accommodate tokenised markets, and crypto derivatives, must focus on harmonisation. Not deregulation. Not dilution. Harmonisation that encourages innovation, and reduces the regulatory complexity facing crypto plaforms of all sizes today.

Digital assets are inherently cross-border. Stablecoins power trade and remittances across continents, and have reduced trade settlement time from the traditional "T+2" in the U.S. to a day or less. Tokenised funds move 24 hours a day. Developers build globally from day one. When the EU, UK, and US classify products differently, impose divergent custody rules, or interpret marketing standards inconsistently, the result is friction. Friction raises costs. Costs drive capital and talent elsewhere.

Three areas stand out.

First, stablecoins. The EU has set strong prudential standards. But inconsistent treatment across major jurisdictions creates unnecessary duplication. Aligning baseline requirements around reserves, redemption, and safeguarding with other G7 markets would accelerate cross-border payments without compromising consumer protection.

Second, market structure and derivatives classification. As MiFID adapts to tokenised securities and crypto derivatives, making them at once more accessible and more safe for the average investor, Europe has an opportunity to align core principles with the UK and US. Divergent definitions of products such as perpetual swaps or tokenised securities risk regulatory arbitrage and reduced liquidity in European markets.

Third, cross-border recognition. MiCA passporting is a strength within the Union. Europe should explore structured equivalence or streamlined recognition mechanisms with trusted jurisdictions. This would reduce fragmentation while preserving supervisory sovereignty.

Harmonisation must also happen internally. MiCA's credibility depends on consistent enforcement across Member States. A single rulebook, inconsistently enforced, does not a single market make.

None of this requires lowering standards. Europe's consumer protection framework should remain robust. Prudential safeguards, transparency requirements, and financial crime controls are essential. But competitiveness and stability are not opposites. In fact, predictable and aligned regulation reduces systemic risk by discouraging shadow activity and encouraging compliant scale.

Europe leads in crypto, but staying ahead demands continued action.

The reality is that digital capital is mobile. Startup founders are mobile. Engineers are mobile. If Europe's frameworks remain precise but isolated, it will continue to watch others capture disproportionate market share in digital finance.

MiCA was Europe's opening move. The next phase of crypto regulation must be its strategic consolidation, allowing the EU crypto ecosystem to innovate and grow.

If the EU coordinates with the UK, US, and other G7 partners while maintaining high standards, it can accelerate trade, simplify supply chains, attract fintech and crypto talent, and preserve the bloc's position as a standard bearer for responsible innovation.

The question is no longer whether the EU can regulate crypto. It can.

The question is whether the EU can regulate it in a way that allows it to win.