

Cross-border payments

1. The G20 roadmap: significant momentum but end-user benefits still falling short — redesigning KPIs and deepening public-private collaboration are the way forward

1.1 Measurable progress on RTGS, fast payment systems and ISO 20022, but only 35% of retail payments credited within one hour: the delivery gap is real

An official noted that the G20 roadmap aims to make payments faster, cheaper, more transparent and more inclusive by 2027. Real gains have been achieved: RTGS operating hours have been expanded, access to payment systems is opening to non-banks, and wholesale payment rates are meeting several targets. Yet results remain uneven — particularly in retail payments, remittances and emerging markets — where costs remain high and transparency insufficient.

A Regulator confirmed the roadmap's momentum, evidenced by the recent FSB Cross-Border Payments Summit in London. A CPMI survey of more than 80 central banks showed concrete progress: interoperability is being embedded in RTGS systems, around a dozen already operate 24/7, more than 90 fast payment systems are in operation, and the CPMI's updated ISO 20022 harmonisation report is advancing standardisation. Yet only 35% of retail payments are credited within one hour — well short of the 75% target. A representative from a global infrastructure confirmed the gap: while 75% of payments traverse inter-bank infrastructure in under 10 minutes, no country is meeting G20 targets over a sustained period. The bottleneck lies not in the inter-bank infrastructure but in the last mile.

1.2 KPIs are proving difficult to meet: clearer linkages between policy actions and genuine user-centred outcomes are essential to ensure that the same failures are not repeated

A Regulator, as an FSB plenary member acknowledged that while the FSB's October 2025 report confirms substantial co-policy work is complete, tangible improvements for users remain elusive and meeting each KPI by 2027 will be challenging. Understanding why KPIs are falling short is essential to avoiding repeated failures. KPI design must be fundamentally rethought: linkages between policy actions and expected outcomes need to be far more explicit — even a rough estimate of ISO 20022's contribution to measurable KPI improvement would enable more evidence-based discussions. KPIs must genuinely reflect user needs: some prioritise speed; others value lower cost. A diversity of payment options is therefore valuable in itself. T. Miyoshi stressed that public-private dialogue

must deepen at an earlier stage, including in the design of KPIs, given the costs and burdens many actions impose on the private sector. The FSB's recent efforts to strengthen private sector engagement are welcome.

1.3 Beyond 2027: jurisdictional and regional action plans, a granular user-focused approach and complementary innovation strategies are key to delivering real benefits to users

A Regulator identified two priorities for the next phase: encouraging public authorities to develop jurisdictional and regional action plans to drive domestic and regional implementation; and promoting private sector action and closer public-private collaboration, with industry playing a decisive role. T. Lammer added that innovative payment rails require significant lead time and careful risk management; more immediate gains from leveraging existing systems must not be overlooked. Both approaches should complement rather than compete.

A Regulator added that the post-2027 framework should shift from uniform international implementation towards granular, user-focused objectives and tailored solutions. Per-country or regional workplans are likely to be the most effective vehicle for ensuring that improvements genuinely reach end users, rather than remaining abstract policy achievements.

2. Persistent frictions keep the last mile long and costly — coordinated action from regulators, market infrastructure and institutions is required

2.1 80% of end-to-end payment time lies beyond the cross-border infrastructure: structural frictions and market behaviours, from RTGS operating hours to risk-averse over-screening, must be tackled

A Central Banker illustrated the problem: even between highly integrated European economies, cross-currency retail payments remain slow and inefficient. The TIPS cross-currency service — operated by central banks and covering the euro, Swedish krona and Danish krone — is designed to close this gap. Its success will depend on private sector uptake, regulatory alignment and user-facing solutions.

A representative from a global infrastructure anatomised last-mile frictions. The end-to-end cross-border journey comprises three portions — the first mile, the inter-bank mile and the last mile — with the last mile accounting for 80% of total journey time. Structural and behavioural frictions both apply: outdated batch-processing practices, RTGS operating

hours that leave liquidity locked overnight, and bank over-screening beyond regulatory requirements are the main culprits. ISO 20022 could eliminate many of these, but adoption remains insufficient. Swift is developing a new retail payments framework in partnership with more than 50 banks. 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.

A Regulator added that risk-based STP, supported by J-FSA guidance issued in July 2025, is a key lever. However, user preferences vary: some clients value detailed bank engagement throughout the payment process, and both senders and recipients must be taken into account.

2.2 AML/CFT and speed are mutually reinforcing, not competing: harmonised rules, improved data standards and embedded controls can deliver both security and efficiency

A Central Banker argued that sustainable cross-border payments must also be transparent and secure. Four elements are needed: harmonisation of rules to reduce duplication; improvement of data standards to enable both speed and traceability; embedding AML and CFT controls directly into payment infrastructure; and strengthening supervisory coordination at national and supranational levels. The revised FATF standards confirm that speed and security are mutually reinforcing.

Two developments illustrate this. The revision of FATF recommendation 16 now extends to fintechs and crypto asset service providers, standardising identifying information on both parties and reducing friction while strengthening traceability. The new European AML/CFT package — comprising the AML regulation, the sixth AML directive, the AMLA regulation and the recast fund transfer regulation — moves towards a single rulebook with centralised supervision, reducing fragmentation historically responsible for cost and delay, and providing for direct supervision of high-risk entities.

2.3 More than \$2 trillion in daily FX exchanges unprotected from settlement risk and smaller institutions facing structural barriers: extending PVP protection and inclusive access to cross-currency services are essential

A representative from a global infrastructure drew attention to the wholesale dimension. In a market where \$9.5 trillion is exchanged daily, PVP — which synchronises the settlement of both currency legs — is the de facto risk mitigation standard, recognised in roadmap building block 9. Yet, according to 2022 BIS data, more than \$2 trillion in daily FX transactions still lack risk mitigation. Emerging market currencies are the primary driver: onboarding them is complex, involving multiple stakeholders and legal, regulatory, operational and technical considerations, compounded by geopolitical fragmentation. The CPMI's PIE taskforce is mapping existing risk and PVP solutions available.

A Central Banker highlighted that TIPS also addresses the structural disadvantages of smaller banks and PSPs. Under current correspondent banking, such

institutions face high costs and weak bargaining power. Under TIPS, settlement takes place in central bank money on a shared platform, allowing smaller institutions to use domestic currency liquidity at the central bank rather than pre-funded nostro accounts, enabling them to offer cross-currency instant payments without correspondent networks and preserving competition in the European market.

3. Tokenisation holds transformative potential for last-mile frictions — integration into the mainstream financial system is the essential condition for success

3.1 Tokenised infrastructure can reduce settlement friction, unlock trapped liquidity and enable programmable compliance: but only if integrated into the mainstream at scale

An industry representative argued that last-mile friction resides not only in moving money but in fragmented compliance checks, pre-funding requirements, operating hour mismatches and real-time communication failures. Tokenised infrastructure addresses these by enabling value transfer, compliance and reconciliation to occur on the same infrastructure layer simultaneously. Three benefits stand out: settlement friction is reduced, as tokenised payments settle in near-real time on a shared, synchronised ledger; transparency and predictability are enhanced through clearer status tracking and immediate settlement confirmation; and capital efficiency improves, as tokenised forms of money reduce the need for pre-funded accounts across jurisdictions. Programmable compliance — automated, consistent and auditable — further strengthens controls. These benefits materialise only if tokenised rails are integrated into the mainstream at scale; fragmented ecosystems with separate rules and conventions would simply add new layers to an already balkanised global financial system.

3.2 Ensuring interoperability between tokenised and non-tokenised forms of money requires addressing three distinct layers: legal equivalence, institutional governance and technical standards

A representative from a global infrastructure identified three interoperability layers: the legal layer, establishing equivalence between tokenised and non-tokenised claims and preserving the singleness of money; the institutional layer, covering governance, risk management, liability and resilience; and the technical layer — where Swift plays a central role — ensuring today's messaging standards dovetail into the APIs and smart contracts of the future through a protocol-agnostic approach. Swift's vision is a multi-currency, business model-agnostic environment on multiple rails, with commercial bank money migrating to shared ledgers holding tokenised forms of central bank money.

A Central Banker stressed the need for a managed transition to avoid replicating today's walled gardens at greater scale. Key enablers include legal and regulatory clarity, settlement in central bank money and accountable governance. Beyond SEPA — where payments are already fit for purpose — real stablecoin use cases lie in global cross-border transactions and inflation hedges. The distinction between bank-issued and non-bank-issued stablecoins matters: the former preserves the credit creation channel as on-balance sheet liabilities; the latter carry different systemic implications at scale. Tokenised deposits — backed by traditional liabilities on distributed ledgers — offer a promising pathway preserving the two-tier monetary system and its protections.

3.3 Four conditions to avoid a parallel ecosystem: regulatory alignment, interoperability between forms of money, identity and compliance infrastructure, and institutional usability

An industry representative made clear that crypto-based infrastructure already exists and is used globally. The policy question is whether it will be integrated into the regulated financial framework or left to deepen fragmentation. Four conditions must be met: regulatory

alignment — operating within the same objectives of consumer protection, financial crime controls and market integrity; interoperability between forms of money, requiring common messaging standards and legal certainty on settlement finality; identity and compliance infrastructure connecting to trusted digital identities, reusable KYC models and clear wallet standards; and institutional usability, enabling banks, PSPs, corporates and market infrastructure to integrate the technology without overhauling their operating models.

A representative from a global infrastructure added the wholesale perspective. CBDCs remain the safest settlement asset but their global availability is uncertain, with the US and Europe taking markedly different approaches. Stablecoins — predominantly US dollar-pegged, with a \$300 billion market capitalisation against a \$9.5 trillion daily FX market — are currently limited to a niche wholesale role, with unresolved issues around liquidity optimisation and currency mix. For emerging market currencies unable to access traditional rails, tokenisation may nonetheless offer genuinely transformative solutions.