CROSS-BORDER PAYMENTS

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The end of the road? A lot done: more to do

In the middle of COVID, during the Saudi Arabian G20 Presidency, the FSB received one of the most ambitious requests it has ever received from the G20: to enhance cross-border payments.

The background of the Libra project and declining correspondent banking in the Pacific island and elsewhere is well known. The challenge of trying to improve a global network of different, two-sided payments markets, with signs of market power at every turn, is well understood. But how the FSB decided to tackle this issue is perhaps less well understood.

In retrospect, I can summarise the key ideas of this hugely complex roadmap:

This is not one problem; it's between ten and twenty different linked problems and we must tackle as many of them as we can;

The way forward has to be to first fix the global policy coordination issues and see if the industry responds to us reducing frictions by improving investment and service provision;

We must coordinate between a huge number of different global bodies (CPMI, OECD, World Bank, IMF, FATF) and we must bring in the private sector as much as possible;

We must reach out from the silo of financial services regulation to engage with data protection regulation issues;

We need to be the ones who set the standard of what good looks like by issuing global key performance indicators (KPIs) so that no one loses sight of the needs of the end users;

The many problems include technical coordination, cross-sectoral competition, legal issues and payments resilience concerns;

While focusing on the global issues, we know that many of the issues are regional and payment corridor specific;

All the time we are implementing this roadmap, technology will be evolving and we have no way of getting ahead of that.

The details of all the hard work and the milestones reached as part of this process since 2020 are now part of history. I have recently written about that in an article co-authored with a colleague in a forthcoming issue of the Journal of Payments Strategy & Systems. At a policy and coordination level, the achievements have been substantial. In terms of our KPIs – our indicators of whether the user experience is improving – the results have left a lot to be desired.

To summarise the results, we see very strong fragmentation across regions, with some regions achieving a much better quality of service than others. We also see strong fragmentation across different measures of service: speed is improving more quickly than cost. Transparency is lagging. Change is proving slow and uneven.

How do we interpret this? One way is to conclude that we have done the key work but that there is bound to be a lag – perhaps of years – before the benefits come through. A second view would focus on the costs involved in the so-called 'first' and 'last mile' issues. This is about the costs of sanctions and AML vetting, and implementing capital controls. Perhaps if we can simplify and standardise regulations across jurisdictions and make these requirements cheaper for incumbents, those incumbents will invest in and achieve better automated systems. But perhaps not. Another view would say that global policy work is not enough. There also needs to be regional coordination work to develop different cross-border payment rails. But is that the answer? Arguably, it doesn't matter how good the cross-border rails are if the domestic payment systems are not of a high quality. Could technological innovation bypass the whole issue?

Thinking about these issues, over the last two years of the Roadmap, the FSB has switched strategic direction. We have switched away from global policy making to promotion of better implementation. Having South Africa in the G20 Chair in 2025 with its focus on regional development was very helpful. So also was having the USA in the G20 presidency in 2026, given their focus on practical issues like opening hours and messaging standards.

A couple of lessons are already clear to us: strong regional governance structures matter. So too does central bank leadership. Given the central role of the ECB in developing the European payments architecture and reaching out to link with other parts of the world, this is not a difficult set of lessons for Europeans to understand.

In 2027, the Cross Border Payments Roadmap comes to an end. The UK will be the G20 President. Their commitment to cross-border payments is well known. With the goals of faster, cheaper, more transparent and inclusive cross-border payments not yet realised, what comes next? We are already aware of many initiatives among various stakeholders to begin debating the future. These initiatives are very welcome. If there is to be another Cross Border Payments Roadmap, it should be fully informed by the work of the first Roadmap. It should be ambitious and tech-friendly. It should never lose sight of the fact that what counts is the user experience of people and small companies trying to send and receive payments around the world. The discussion has begun!

IVAN ODONNAT

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Cross-border payments: from global targets to a targeted approach

With little more than a year remaining before the end-2027 deadline of the G20 roadmap for cross-border payments, the challenge is less to achieve all of the G20 targets -this seems unlikely at the current juncture- than to collectively build on the progress made since 2020 to continue to deliver tangible upgrades in the short term and more importantly prepare a new phase of reforms in the medium term.

Indeed, measurable results have been achieved overall. Wholesale cross-border payments have become faster on average, the share of high-cost corridors has continuously declined for retail payments, both access and transparency have improved across all segments (wholesale, retail and remittances). Important foundations have also been laid through the adoption of common standards, the promotion of instant payment systems and stronger cooperation between public authorities and the private sector.

Yet the progress made remains uneven across regions and business segments. Retail payment costs have largely stagnated, some remittance corridors continue to face significant obstacles, and the improvements recorded overall have not translated into a consistently better experience for end users.

Such a situation should not come as a surprise. Cross-border payments are ultimately a collection of thousands of corridors, each shaped by its own market structure, regulatory environment, infrastructure and business incentives. Global targets have played a useful role by creating a political momentum and providing common benchmarks. However, they are no longer sufficient on their own. Aggregate indicators can actually mask persistent bottlenecks affecting specific corridors, countries, communities and businesses.

These disappointing findings call for a renewed focus in the remaining stretch towards 2027. Rather than relying solely on global targets, we should now aim at delivering tangible improvements to users through targeted action. This means that we now need to identify corridors where improvements would generate the greatest benefits for households and businesses and direct resources to lift them. To do so, we also need to rely more heavily on cooperation between public and private stakeholders involved in these corridors, working together to identify and solve issues.

The last mile is the hardest to cover but it is also the most rewarding, isn't it?

We have everything at hand to head towards these targeted actions. Member countries of the Financial Stability Board (FSB) are developing jurisdictional action plans. We are also currently working on identifying corridors where most pressing obstacles remain with the help of private sector partners. We can rely on existing public-private fora within the FSB or within the Committee on Payments and Market Infrastructures (CPMI) to enhance cooperation between public authorities and private entities. At our disposal, we have a comprehensive policy toolkit and the set of guidance developed since 2020. Finally, we can benefit from a deep collective experience in technical assistance, which remains one of the most effective tools to reduce structural barriers.

Besides, we should also articulate these short-term ways of action with a more prospective agenda for cross-border payments beyond 2027. The payments landscape has changed dramatically since the inception of the roadmap, and the future agenda must take account of technological developments which have emerged in the meantime. Today's perspective of a greater interlinking of fast payment systems (FPS) offers one of the most practical and immediate paths to improving the speed, transparency and accessibility of cross-border payments. At the same time, tokenised central bank money could become an important component of the next generation of cross-border payment infrastructures. Their value lies in their ability to enable safer and more automated settlement processes, improve interoperability between platforms and support payment-versus-payment mechanisms across jurisdictions.

Europe has an important role to play in the next phase of cross-border payments reforms, with its experience in regional integration of payments through the Single European Payment Area arrangements and the Eurosystem Target services. Furthermore, it can contribute to the global efforts by promoting interoperable infrastructures and common standards. Whether through the interlinking of FPS or future tokenised settlement arrangements, the priority should remain interoperability across jurisdictions. The objective is not to multiply the number of platforms with a potential outcome in a world of competition, but to connect them effectively in order to avoid fragmentation. Otherwise, technological innovation risks reproducing the fragmentation that the G20 Roadmap was designed to overcome.

Will 2027 be a pivotal year for cross-border payments? Efforts are more needed than ever to reap the benefits of the steps already taken and prepare for the upcoming challenges. The last mile is the hardest to cover but it is also the most rewarding, isn't it?

ULRIK NØDGAARD
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The last mile: From infrastructure to end-users in the Nordics

The past few years have demonstrated both the progress and the challenges in improving cross-border payments. New infrastructures, common standards and instant payment systems have created opportunities for faster and more efficient international payments. Efforts to interlink global payment systems are therefore promising. Yet experience has shown that connecting infrastructures is only one part of the challenge. Delivering better outcomes also requires alignment of schemes and legal frameworks, which can be more difficult than the technical connection itself.

In Europe, TIPS provides a common multicurrency platform for settlement in central bank money and is open to both euro and non-euro currencies. It already settles instant payments in euro, Swedish kronor and Danish kroner, while Norway and Iceland have announced plans to join with their national currencies in the coming years. As more currencies become available on the same platform, opportunities emerge for instant cross-currency payments using existing infrastructure. TIPS x-ccy is one example of how these opportunities can be put into practice. In this sense, cross-currency payments between participating TIPS currencies can be seen as some of the low-hanging fruit in the broader effort to improve cross-border payments.

However, even low-hanging fruit may be difficult to harvest. The interaction between payment schemes, European legislation and market participants across countries is complex. Technical settlement is only one layer. Payment schemes and legal frameworks shape how infrastructures and PSPs operate. As a result, solutions such as TIPS x-ccy depend not only on technology, but also on how these layers fit together.

While TIPS x-ccy may improve the speed and availability of cross-border transfers across currencies, improved infrastructure does not automatically translate into lower costs for end users. The last mile is not only a question of connecting infrastructures and PSPs, but also of ensuring that the benefits reach households and businesses. The prices paid by end users are ultimately determined by the services offered by PSPs and the competitive conditions in the market. In the Nordic countries and other non-euro EU/EEA countries, the price of a cross-border transfer often depends more on the currency in which the payment is made than on the origin and destination country. It can therefore be cheaper to transfer, say, 1,000 Danish kroner from Copenhagen to Stockholm in euro rather than in Danish or Swedish kronor, even though the euro-denominated payment may require two currency conversions: from Danish kroner to euro when the payment is initiated, and from euro to Swedish kronor before the funds are credited to the recipient.

The last mile is also about turning better infrastructure into lower costs for end users.

This reflects the Cross-Border Payments Regulation (CBPR2). Under the regulation, which applies across the EU and EEA, charges for cross-border payments in euro must be the same as for corresponding domestic payments. No equivalent pricing rule applies to transfers denominated in currencies other than the euro. As a result, transfers in non-euro currencies, including the Nordic currencies, typically involve both a cross-border transaction fee and an FX margin. For smaller transfers, transaction fees often account for the largest share of the total cost, making euro-denominated transfers the cheaper option despite the additional currency conversion.

While TIPS x-ccy can improve the infrastructure for cross-border payments between participating currencies, lower costs for households and businesses are not guaranteed. Achieving that final step of the journey – the last mile from infrastructure to end users – also depends on market adoption, competition and the wider regulatory framework.

The importance of the regulatory framework is also illustrated by the Instant Payments Regulation (IPR). From 2027, its requirements for euro-denominated instant payments will apply to PSPs in non-euro EU Member States, including Danish banks offering euro payment services. Many PSPs are already adapting their liquidity arrangements, with some opening euro accounts at Danmarks Nationalbank to access central bank settlement[CB1] .

The notion of the last mile also applies to large projects. Once the infrastructure is in place, attention shifts to implementation: onboarding participants and ensuring operational readiness. The benefits will depend on how effectively the service is integrated into existing market arrangements and also whether improved infrastructure translates into lower costs for end users.

JAMES TALBOT

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Cross-border payments: Shaping the next phase of work

The international community's work on improving cross-border payments is at a pivotal moment: progress has been made since the G20 Roadmap was launched in 2020, but we are far from reaching the targets that were set for 2027. As Andrew Bailey put it at the FSB Payments Summit earlier this year: "we are not stopping until the job is done."

Cross-border payments are not a niche technical issue – they affect households sending remittances, small firms trading internationally, corporates managing global supply chains and financial institutions moving liquidity across markets. While persistent frictions can act as a source of fragmentation in the global financial system, faster, cheaper, more transparent and more accessible payments can support inclusion, growth and resilience.

On top of this, technological innovation has accelerated, placing further pressure on established cross-border payment arrangements. At the same time, there is growing recognition that a more targeted package may be needed to galvanise and focus support across both public and private sectors in order to deliver tangible improvements.

The US G20 presidency is focusing on tangible improvements, including extending operating hours, implementing ISO 20022 and reducing fraud in payments, and we are looking to build on these initiatives as the UK takes up the G20 presidency in 2027.

The next phase of the Roadmap can deliver better outcomes for end-users around the world. The barriers differ across wholesale, retail and remittance payments, and across corridors. Some problems reflect legacy infrastructure and limited operating hours, while others arise from inconsistent legal, regulatory and supervisory frameworks, fragmented data requirements, and growing fraud and illicit finance risks.

This points to three priorities for public authorities. First, authorities should translate global commitments into domestic and regional implementation. Jurisdictional Action Plans can help implement international recommendations domestically, recognising that cross-border payments depend on effective domestic rails at the first and last mile. Regional Action Plans can support implementation where regions start from different baselines and are progressing at different paces. This should include working with the World Bank and IMF to ensure that technical assistance programmes are effective.

We must target our efforts more effectively to translate global ambition into tangible improvements

Second, stronger public-private collaboration will be key. The investments and operational decisions required to improve cross-border payments sit largely with banks, payment firms, infrastructures and technology providers. Continued engagement and action by the private sector, both individually and collectively, plays an important role in supporting progress towards the cross-border payments goals. Further innovation will also be needed across both public and private sector infrastructure, building on progress on ISO 20022, APIs and extended RTGS operating hours while recognising that the most effective upgrades may differ across retail and wholesale systems.

Third, authorities should account for how the payments landscape has changed since 2020. Cross-border payments now sit in a rapidly evolving multi-money and multi-rail ecosystem. Innovations such as stablecoins and tokenised deposits could increase competition and improve user experience, but they could also create new fragmentation and financial stability risks. Adherence to the FSB's 2023 high-level recommendations would ensure that these new innovations create an interoperable, innovative and trusted global payments system.

Trust should be central to that agenda. Fraud and illicit finance risks are no longer peripheral to cross-border payments reform. Alongside improving and better aligning national AML/CFT frameworks, technology could help reduce the cost and friction of compliance without diluting standards.

Equally important will be ensuring that emerging payment arrangements can interact seamlessly across borders and technologies, avoiding the creation of parallel systems that create friction and reduce the efficiency gains that innovation promises.

The next phase of international work offers an important opportunity to sharpen the agenda on cross-border payments, bringing together industry, public authorities and international bodies to focus on actions that would genuinely move the dial for users. But progress will take longer than 2027, and sustained commitment across jurisdictions will be needed to keep cross-border payments high on the international agenda and to move us closer to the finish line.

JONATHAN COX
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Connecting today's payments with tomorrow's value

With the G20 targets for cross-border payments approaching in 2027, there is progress to point to. Payments travelling over Swift are moving faster than ever: 75% now reach the beneficiary financial institution within 10 minutes, and many arrive within seconds. That is a big step forward. In many cases, the core cross-border journey is starting to feel more like domestic payment.

But that is not always what customers experience. People and businesses still face delays, uncertainty over fees or timing, and limited visibility on where their money is. Much of that friction sits in the "last mile" - the point where funds are credited and information is shared with end users. Around 80% of processing time sits there.

That is what Swift's consumer payments framework is designed to fix. Launched in June, it gives participating institutions a set of rules for retail cross-border payments, so consumers get a clearer view of costs, receive the full amount intended, see funds credited faster and can track the payment from end-to-end. The goal is to bring a best-in-class consumer experience to the trusted rails banks already use every day - rails that connect more than 11,500 institutions across 200+ countries and move the equivalent of the world's GDP every few days.

We are seeing the impact in markets globally. The framework is now being used across 25 market corridors, with 26 institutions live and more than 70 committed to implementation by the end of the year. Eleven creditor markets are now active, helping consumers benefit from full-value transfers, clearer costs and better tracking when sending money internationally into markets such as India, China, the United States, the United Kingdom, Spain, Australia, Pakistan, Germany, Canada, Bangladesh and the Philippines.

And the difference is visible. Payments from Brazil to Germany have moved in 60 seconds, and payments from China to the United States in under a minute. But speed is only part of the story. What matters is the whole experience: knowing what the payment will cost, where it is, when it will arrive and that the right amount will get there.

The same applies to ISO 20022. Its value will only be fully felt if richer, structured data travels with the payment all the way from sender to receiver - and if every institution in the chain uses that data consistently. This is not just a technical migration. Used well, ISO 20022 can make payments more transparent, easier to track, simpler to reconcile and less likely to get stuck along the way.

Raising the standard for cross-border payments: faster, consistent, predictable, transparent.

But those benefits will not happen by default. The industry needs to move beyond being technically ready and focus on how ISO 20022 data is actually used. Data quality, common market practice and interoperability between correspondent banking, domestic systems and the final-mile experience all matter. When the right information is preserved and acted on from end-to-end, users get clearer updates, fewer exceptions and more confidence in when their money will arrive.

The same challenge applies as the industry moves into tokenised deposits and digital assets. These forms of regulated value will scale if they work with the systems, controls and settlement processes banks already trust. Digital finance cannot become another set of disconnected islands.

That is where Swift's approach comes in. The aim is to connect these worlds, not force a choice between them. The Swift ledger is now available for participating institutions to pioneer cross-border transactions using tokenised deposits. It acts as a secure orchestration layer for tokenised deposits issued on banks' own ledgers, allowing value to move for customers at any time - including overnight and at weekends - before final settlement takes place through existing systems such as RTGS or correspondent banking.

The aim is to extend the utility of proven infrastructure, so new capabilities can be adopted safely, compliantly and predictably. In payments, innovation only works if it can be trusted in the real world - by banks, by businesses and by the people depending on money to arrive when and where it should. That is the common thread across the consumer payments framework, ISO 20022 and tokenised movement: better rules, better data and better connectivity. Together, they close the gap between faster networks and better outcomes.

For Europe, that matters. A region that trades extensively across borders needs payment infrastructure that is open, resilient and globally connected. European businesses and consumers benefit when payment into and out of the region are faster, more transparent and easier to track.

The same principle applies as new forms of digital value emerge. The future will not be defined by one technology or one model, but by how effectively trusted systems connect - so value can move securely, transparently and without fragmentation. For Europe, the stakes are straightforward. A continent that trades across borders benefits when payment infrastructure is global in reach and built on trusted standards.

DIRK BULLMANN
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Settlement risk's next chapter

More than USD1 trillion of foreign exchange (FX) activity is fully exposed to settlement risk every day.[1] While significant, it sits in a market that has become dramatically safer over the past five decades.

The collapse of Bankhaus Herstatt in 1974 exposed the consequences when one side of an FX transaction is paid but the other never received. It prompted industry action, including the creation of CLS, widespread adoption of payment-versus-payment (PvP) settlement, and the development of standards and best practice like the FX Global Code.

Fast forward to 2026. Data from the Bank for International Settlements (BIS) shows how successful those efforts have been. According to the BIS, 90% of average daily settlement now takes place using methods that eliminate or materially reduce settlement risk.

The remaining risk reflects the evolution of the FX market more than shortcomings in market infrastructure.

The challenge now is extending proven solutions to a market that continues to diversify and grow.

A half-century of progress

The BIS 2025 Triennial Survey introduced a new methodology for assessing settlement risk, based on the settlement hierarchy established by Principle 35 of the FX Global. It found:

- USD5 trillion (36%) of average daily settlement used PvP arrangements such as CLSSettlement, eliminating settlement risk.
- USD7.6 trillion (54%) settled through methods such as pre-settlement netting that reduce settlement risk.
- Only USD1.4 trillion (10%) settled on a gross bilateral basis and remained fully exposed.

These results reflect decades of collaboration between central and commercial banks, regulators, market participants and infrastructure providers.

Broader participation

None of this argues for complacency. USD1.4 trillion remains a significant exposure.

The BIS identifies three reasons why some trades continue to settle outside PvP arrangements: broader participation by non-bank financial institutions (NBFIs); growth in currencies outside existing PvP arrangements; and transaction types that fall outside traditional settlement models.

The BIS found that 75% of bilaterally settled transactions were not eligible for PvP settlement, most commonly because one counterparty lacked access to a PvP system.

This reflects the growing role of NBFIs. Over the past 20 years, the FX market has expanded beyond dealer banks, with other institutional investors accounting for more activity.

Many of these institutions have not embedded settlement risk management into their operating models in the same way as dealer banks. Education, industry engagement and greater awareness of best practice can help bring more activity from these sectors into existing risk mitigation frameworks.

New currencies, new flows

The survey also highlights evolving currency flows. Thirty-six percent of gross bilateral settlement involved currency pairs that are not eligible for PvP settlement.

The renminbi is the most prominent example. According to the BIS, it appeared on one side of 8.5% of global over-the-counter FX transactions after 12 years of sustained growth. As renminbi and other emerging market currencies grow, risk mitigation tools must evolve alongside them.

CLS is developing a dedicated USD/CNH PvP settlement session. Operating separately from the main settlement session, it would extend CLS's risk mitigation and multilateral netting benefits to the USD/CNH market.

As with any new service, implementation remains subject to regulatory approvals, non-objection processes across multiple jurisdictions and settlement member readiness. CLS's priority is to ensure the service is implemented safely, efficiently and in line with supervisory expectations.

The challenge now is extending proven solutions to a market that continues to diversify and grow.

Complementary approaches also play an important role. Where PvP is not yet practical, bilateral netting can significantly reduce risk. CLS's bilateral payment netting calculation service, CLSNet, supports over 120 currencies, including CNH, THB, PLN, CZK and TRY. The BIS notes that pre-settlement netting nearly doubled between 2006 and 2025.

New markets create new settlement needs

Settlement risk also persists because certain transaction types fall outside existing PvP models. As settlement cycles shorten and demand for intraday liquidity grows, the industry must evolve without losing the benefit of multilateral netting.

Stablecoins, tokenized deposits and other forms of digital infrastructure could further improve intraday liquidity management and settlement where traditional processes are less effective.

The BIS findings do not point to a new settlement risk problem. Rather, they show that the next chapter will be about extending proven principles to an evolving market through resilient infrastructure, continued collaboration and broader adoption of best practice.

1. *BIS Quarterly Review, June 2026.*