Towards Borderless Payments: Best Practice Recommendations

A P20 Report

November 2022

Foreword

The inefficiency of cross border payments is well known and lags behind the improvements seen in domestic payments. This stifles global trade and particularly hurts SMEs who are the engine room of economic growth.

The value of cross border payments is estimated to increase from $150 trillion in 2017 to $250 trillion by 2027. The World Bank monitors the global average cost of sending a $200 international payment which in June 2022 stood at 6.01% and has targeted halving this to 3% by 2030. The G20 Roadmap sets out steps to enhance cross border payments which should help to meet this and other targets.

However, this needs to be implemented while not relaxing vigilance on money laundering, KYC, and the appropriate and accurate exchange of data.

Kristalina Georgieva, Managing Director of the International Monetary Fund, has talked of the effect of this high cost for low value transactions:

> *"Cross border payments today are often slow, expensive, opaque, cumbersome and for some people, inaccessible. Those who need them the most – the poor – are worst affected."*

Our report contains specific best practice actions to move towards borderless payments. But this can only be achieved through collaboration between governments, regulators and industry. This report is intended to add to conversations already taking place.

Some of the recommendations can be implemented individually but their collective impact would be significant. Others require greater collaboration but a potential roadmap is to focus on regional harmonization first and then look to expand that to a continental level before exploring linking continents.

I would like to thank all those who were interviewed for this report. They represent leading financial institutions, regulators, a central bank, a leading global law firm and a consulting firm.

I hope you find this report interesting, challenging and useful.

Duncan Sandys
CEO, P20

Recommendations

Overall

- Collaboration between the private and public sectors is crucial to delivering real improvements to the cost, speed, transparency and accessibility of cross border payments.

Improving Regulation & Standards

- Adopt ISO 20022 as the global messaging standard and implement changes to business applications to take advantage of the ISO standard.
- Improve collaboration between legislators and between regulators to move towards more co-ordination and harmonization of payments law and regulation.
- Harmonize approaches to data protection and privacy and adopt common data sharing standards.
- Standardize approaches to KYC / AML / CFT / sanctions to achieve similar high standards.
- Develop digital currency standards that ensure robust regulatory compliance, sacrosanct token integrity and consumer protection. Both New York's Part 200 and the UK FCA guidelines are models worthy of consideration for wider adoption.
- Build a Coalition of the 'Willing' on implementing agreed minimum standards.

Combating Financial Crime

- Educate, communicate and reinforce messaging to consumers about the creativity and persistency of fraudsters and highlight current threats.
- Educate consumers on the culture of Stop, Challenge and Protect, ie. taking a moment to stop and think about what they are being asked to do. Challenge it. Could it be fake? Remind consumers that it is okay to reject the request and say NO.
- Deliver standard key messages to consumers:
    - No financial institution will request personal information, your password or ask for money.
    - Public wifi networks risk your personal information being stolen.
    - Be alert to suspicious emails and calls and do not click on links or attachments.

> "Harmonizing cross border rules and regulations on interoperability, efficiency and cost while ensuring that there is a continuing decrease in fraud and money laundering is the major issue that needs to be solved."

    - Consider checking the authenticity of the request by another route, eg. calling the company to verify an invoice or speaking directly to your bank or payment provider.
    - When sending money to someone new, ask yourself the question: Have I thought about this enough?
- Identify, root out and prevent bad actors from using payment platforms and share that information across the industry. Accelerate the use of artificial intelligence to monitor for suspicious activity.
- Create an approved list of individuals who attain a certain KYC / AML level and explore how that information could be shared via a consensus / decentralized network.
- Examine the principles of New York's Part 500 cyber security regulation to determine how they might be applied more broadly to improve coordination between the authorities and financial institutions.

Improving Efficiency of Cross Border Payments

- Explore ways to reduce frictions by examining screening frequency, value thresholds, intermediary dependency, interlinking payment systems and reciprocal liquidity arrangements.
- Extend payments systems operating hours to create a golden 2-3 hours where the majority of systems in the world are open.
- Enable real time access to funds and immediate confirmation but without facilitating an increase in financial crime.
- Ascertain and implement best practice on standards and achieving interoperability on a regional level before finding the best way to create continental harmonization with the ultimate aim of linking continents.

Robert Ochola, CEO, AfricaNenda

"Moving to and using technology is fundamental to driving a more robust digital ID, especially for the continent of Africa."

Watch Robert's video interview here.

Is harmonization of global standards achievable and what should be the priority areas?

Technically, harmonization of global standards is achievable. There is an ongoing project to achieve technical harmonization through a single switch whose standards must be adhered to before transacting. Once authorized, access to everyone on the switch is given. From a regulatory perspective, that's where the heavy lifting is. The challenge is achieving collaboration to ensure that regulations and standards within payment systems achieve minimum standards.

Where should efforts be focused to reduce the estimated $40 billion per week that is laundered?

A top priority should be creating Know Your Customer (KYC) / Anti Money Laundering (AML) databases of people who have achieved a certain KYC/AML level, and then sharing those databases. The fraud experts are trying to move in this direction. So the critical pieces are sharing of clean information, creating an approved list, and ensuring you share lists of those who don't meet certain standards from a KYC/AML perspective. There's still much work to be done because conversations are not happening collectively.

What key messages should consumers learn to better avoid scams?

The challenge is fraudsters are keeping one step ahead. But, do the simple things: (1) Keep your password safe and make sure it's complicated enough; (2) Avoid phishing emails and things like that which allow people to steal your data; (3) Avoid using open wifi when you're doing financial transactions. But I'd go step further: Ensure that whenever you're sending money outside your usual payees, that you double, triple check what you're doing. The best advice is to keep things as tight as you can as a consumer.

What are the critical elements of identity and how can they be verified across jurisdictions?

I can only speak to the issues of identity from an Africa perspective. And unfortunately, in Africa, you have varying degrees of achievement and maturity. Rwanda, for example, achieves a good level as the government has a digital ID number for all citizens. Of course, that's kept in a very robust database and before you can do anything, you have to use that ID number. So, that's probably as advanced as I've seen. Other countries are still using physical ID. There's a lot we can learn from others without going on the journey alone. The sharing of best practice from fraud monitoring is valuable but, in Africa, we're still not there because you have systems which give out ID numbers that are still located on a paper system and therefore the ID numbers do not link. And then you find someone with the same ID number but a different name. These issues must be resolved before we have robust digital identity in Africa.

How can the payments industry realize the cost of $1 per cross border transaction?

We must drive interoperability by developing instant and inclusive payment systems that are scalable and talk to each other. Second, relates to cross border trade. Today, on the continent of Africa, the cost of a transfer varies. In East Africa, to send $100 costs about 12%. If you go down to southern Africa, it jumps to 22%. Why? Right now, there are multiple parties and correspondent arrangements. Trying to harmonize that and bringing those transactions within regional or continental economic communities could be a solution. Why can't corresponding banks come together to reduce the cost of transactions by considering a multilateral net settlement arrangement? And finally, countries should collaborate on building systems together to harmonize data sovereignty and data passporting under cloud arrangements. Building siloed systems then looking to make them talk to each other is costly. Tackling these issues is critical to driving down to that $1.

How can accessible and affordable low value cross border payments be achieved?

That's what keeps me up at night. We must harmonize regulations, develop governance models that are inclusive, drive innovation, break monopolies so platforms are open and interoperable. This then allows fintechs to fulfill the demands of consumers. This has been achieved in certain jurisdictions but only for domestic payments. Open platforms create competition but regulators need to move in this direction because we want to drive inclusivity at a low cost. Once they send this signal, business will innovate.

Is a single global payments area achievable?

Technology can achieve that today but that's not the problem. There are many other issues like sovereignty and control. So, the question is, how countries ensure that whatever technology they're looking to use still gives them the control that they would need to run monetary policies. But secondly, you need to ensure countries who are slightly behind today are fast tracked through a technology cycle so their systems can then plug into whatever arrangement exists. Work is underway to achieve this so I think that's really in play. The question is how do they pivot and move everybody in that direction? It's not a technology question, it's regulation, a willingness and a sovereign discussion to say, let's move. But do we need to go at it big bang? I don't think so. I think we need to look at it at a regional and a continental level, and then get continents to talk to each other.

Mark Monaco, Head of Enterprise Payments, Bank of America

"We have to educate consumers and constantly reinforce the messaging around the creativity and persistency of fraudsters."

Watch Mark's video interview here.

Is harmonization of global standards achievable and what should be the priority areas?

Harmonization of technology standards is achievable. The more substantive challenge is aligning or harmonizing schemes from a rules and regulatory perspective. The key items to focus on are Anti Money Laundering (AML) and Combating the Financing of Terrorism (CFT) rules, ensuring that those are applied consistently and comprehensively and sharing Know Your Customer (KYC) and identity information .

Is ISO 20022 a silver bullet?

ISO 20022 provides consistent rich structured data that can be used for all sorts of applications around payments. It allows for the easy exchange of data and facilitates straight through processing. It provides banks with much better quality reconciliation in real time and for automated payments and improves the level of consistency. ISO 20022 standards are being adopted worldwide with a degree of customization across jurisdictions. Every attempt should be made to increase the quality of data and its exchange, enhancing the quality of transaction processing.

What key messages should consumers learn to better avoid scams?

Increasingly, people are targeted and deceived by fraudsters and often induced to make a payment that they otherwise wouldn't. We have to attack this on multiple fronts. We have to educate and communicate more with consumers, making sure to constantly reinforce the messaging around the creativity and persistency of fraudsters. Consumers must realize that NO financial institution will ask them for personal information or to send them money. From our side, within our various payment systems we need to make sure that we identify, root out and prevent bad actors from getting onto the payment platforms. That involves strengthening KYC practices, making sure that we have really robust recipient controls and that we share data amongst each other and with different payment platforms.

Should all cross border payments be instant?

I would like to say Yes to instant, real time payments with finality, but customers don't necessarily need or want this, it depends on the objectives of the client. Many times they may not need instant settlement, in other cases it may be critical. My analogy is how we ship packages and letters: we make choices around speed, cost and receipt confirmation. There may also be security or transparency issues, alongside the need to interdict, recall or to comply with country regulations that affect settlement. Another key element to be considered is the level of trust between sender and recipient. The higher the degree of trust, the lower the friction. The more unknowns will generally necessitate more friction. This is not just on the payment platform but may be measures before the payment is initiated. On balance, I believe that instant payments will increasingly gain share as clients recognize the many benefits and payment system operators and members develop great experiences and manage risks.

How can accessible and affordable low value cross border payments be achieved?

This is an interesting and complex question. There's been a lot written and talked on impediments to cross border payments: high cost, low speed, limited access, limited transparency. Some of these frictions are the result of compliance complexities, some due to variations between payment systems across borders: limited operating hours, legacy technology platforms, or the result of lots of intermediaries. It is not all about technology. The alignment of rules and regulations to reduce some of these frictions is really critical. Key areas to consider include allowing cross border payments to be screened at fewer points, setting value thresholds, reducing our dependency on intermediaries, interlinking existing payment systems, introducing reciprocal liquidity arrangements, offering direct access to payment systems to third parties under very controlled and limited circumstances. This may involve cannibalization of legacy activity but with the long term goal of improving the client experience and the competitive position.

Does digital currency have a role to play?

I do not think that traditional cryptos have a mainstream role to play in payments but the potential use of digital assets such as stablecoin may improve settlement systems rather than replacing schemes. But it really gets back to developing the rules that govern these payments, the supervision, oversight and protection of the soundness and resiliency of payment systems. There's still a challenge for these solutions to clearly articulate the problem that they're trying to address. And then the bigger challenge may be to truly demonstrate how digital assets can be used to improve business processes and business outcomes. In other words, to demonstrate the promise of low cost, higher speed and greater resiliency. As we look at the application of digital assets for payments, we have to see how customers are going to be protected, particularly from a cyber standpoint. We have to make sure that the integrity of those tokens is sacrosanct and that these solutions are regulatory compliant, ensuring there is no negative impact on market integrity. These solutions must be scalable, secure and resilient.

What significant changes do you envisage by 2025?

The optimist in me expects continued progress on the digital journey. That's how customers want to interact, it adds value to their experience and hopefully allows us to optimize and simplify some of our operations. I'm optimistic that we will get some regulatory clarity around the use of digital assets, and am hopeful we will make progress on harmonizing rules and regulation for cross border payments. There's been great work by the international community on people identification but now we're at the point where we need to see implementation. Another great opportunity stems from the continued growth and the accessibility of digital connectivity and mobile phone technology across the world which will continue to bring more people actively into banking services and embracing payment solutions, including cross border.

Victoria Cleland, Executive Director for Payments, Bank of England

"There's a lot of work that needs to – and can only be – completed through public and private sector collaboration."

Watch Victoria's video interview here.

Is ISO 20022 a silver bullet?

I wish there was a silver bullet! In a world of increasing global trade, cross border payments are becoming far more important. Increased efficiency of cross border payments is vital but difficult to achieve – the frictions in cross border payments are many and deep. This is why the G20 published in 2020 a roadmap to enhance the whole cross border payment ecosystem. It doesn't just look at the core payment systems, or regulatory issues or data issues, but is instead holistic, with a focus on both improving the existing system and more forward looking initiatives. There are 19 different building blocks aimed at enhancing cross border payments by making them quicker, cheaper, easier to access and more transparent.

ISO 20022 is just one element of this but it's an incredibly important ingredient, allowing harmonization and enabling more systems "to talk" to each other. This will not just benefit cross border payments but also domestic payments. This open messaging standard enables richer and more detailed data in a structured format that will enhance benefits in areas such as straight through processing. It can also help increase resilience. But other steps are necessary too if we are to make a real difference to cross border payments, such as reviewing operating hours to increase the period in which payment systems in different jurisdictions are open simultaneously – and therefore available to talk to each other!

So while there are some real benefits in ISO messaging, it's not a silver bullet but I do think it's got some real benefits.

How can accessible and affordable low value cross border payments be achieved?

It is really important to look at how to enhance low value payments. Some remittance payments can take up to 10 days to arrive and be ten times more expensive than wholesale payments. And they can be complex, for example a payment from the UK to Vietnam might involve 16 different steps. The G20 has committed to the UN Sustainable Development Goal that, by 2030, the global average cost of sending $200 should be no more than 3% of the payment value. And by 2027, the G20 has set a target for 75% of cross border remittance payments to be received within an hour of initiation, and that more than 90% of individuals across the globe who want to make electronic remittances should be able to do that.

There are issues around access to different payment systems and improving access to domestic payment systems. There's work being done by central banks to look at their own access policies and operating hours. Think what a difference it could make if systems were all open at the same time or if there was a golden two or three hours where most of the payment systems in the world were open? There's work to be completed around greater standardization of approaches to anti-money laundering and sanctions. There is also a role for the industry to streamline their processes, charging structures, and creating Service Level Agreements (SLAs) around cross border payments.

In summary, action needs to be taken both by the public and the private sector and these actions will enhance both wholesale and retail payments.

What features from domestic payment systems should be incorporated into cross border payments?

It's not just core payment systems that are important but the whole ecosystem around it, including all of the different players and connecting points. To make cross border payments more effective, we need greater standardization to harmonize messaging and operating hours while thinking about how to link core payment systems together, for example, the Monetary Authority of Singapore's work to link to Thailand. With a bit more blue sky thinking, could you actually develop a core payment system that is designed specifically for cross border payments?

What should be focused on to deliver interoperability and compatibility across borders?

It's helpful to distinguish between technical interoperability (what is technically possible), and operational interoperability (the ability to take advantage of that). ISO 20022 is a key element of interoperability but it's not just about talking the same language and getting consistent data. Having systems open at the same time, thinking about access so that you enable the same players to be a member of systems in different countries, thinking about compatibility of data privacy, data sharing, digital identification, legal entity identifiers, it's these areas that will speed up cross border payments. By enhancing cross border payments, we mean removing these frictions so that end-users' experiences of sending and receiving cross border payments improve. More harmonization means greater commonality. That doesn't mean it has to be exactly the same but it needs to be consistent.

What significant changes do you envisage by 2025?

The Financial Stability Board (FSB) has thought long and hard about when is it realistic to expect significant change. The targets that have been set around speed, costs, transparency and access are mostly for 2027. Clearly, there's a lot of work that needs to be done before then and progress is already being made. Much of the analysis has been completed and guidance published, so we now need to see action in both the public and private sectors. One of the biggest tangible changes will be the transitioning to ISO 20022. By 2025, many central banks will have completed assessments around operating hours and access policies and some will have already started to change. We're seeing real examples of interlinking between payment systems and there's more for the industry to do as well like, adopting SLAs for cross border payments. Between now and 2025, much important groundwork will take place and we'll start seeing changes across some jurisdictions. In the UK we'll have introduced our new Real Time Gross Settlement (RTGS) system and this new core settlement engine will have much greater functionality, Application Programming Interfaces (APIs) and ISO 20022 messaging that will help us to connect more seamlessly with other central banks. Over the coming years, a lot can be achieved but there is a lot of work that needs to – and can only be – completed through public and private sector collaboration.

Christopher Woolard CBE, Partner, EY

"Money laundering is not a victimless crime. It funds organized crime, terrorism, people trafficking and other incredibly serious crimes."

Watch Christopher's video interview here.

Is harmonization of global standards achievable and what should be the priority areas?

There's a very good case for more global standards around payments because what we can see is that the global network definitely lags the performance of domestic payment networks. And there are real reasons linked to very large trade flows and very large efficiencies why that might be desirable. On the other hand, the fragmentation of regulation is growing. There are pressures driven by global tensions (eg. US/China relations) and real time events (eg. the war in Ukraine) but that doesn't mean that there are significant reasons against getting to the kind of international standards that are needed.

Is there any scope to achieve a minimum level of harmonization for regulation for cross border payments?

If we think a global standard might be quite hard to achieve, you could imagine some degree of harmonization between a coalition of the willing with a number of countries collaborating. There are huge amounts of money locked up in the global payments system at the moment. According to the Bank of England, the value of cross border payments was estimated to be $150 trillion in 2017 and it is expected to grow to $250 trillion by 2027. There's a real incentive to get some minimum standards around security, messaging and greater interoperability. And given the vast sums of money involved, even a partial improvement would still have a huge prize attached to it.

Where should efforts be focused to reduce the estimated $40 billion per week that is laundered?

Money laundering is not a victimless crime. It's not something that's done quietly in the background. It's something that funds a combination of organized crime, terrorism, people trafficking. and other incredibly serious crimes that have a real detriment for the world. And so, getting to the heart of this is vital for the payments industry. There's been a lot of work over the last few years but the key challenge is to improve information sharing across borders between entities, especially payment system operators, banks and law enforcement. This allows a joined up picture about who is moving what, where. But to make significant progress on this globally, a new level of international cooperation around information sharing is required.

What key messages should consumers learn to better avoid scams?

There are a few simple things that consumers can do to help protect themselves against payment scams: (1) Being alert to suspicious calls or emails; (2) Not sharing passwords with those who pretend to be calling from your bank or other payment provider; and (3) Stepping back and thinking, what's going on here? Is this too good to be true? Is someone trying to panic me into a decision? But we also need to consider what can payment providers and others in financial services be doing to help with real time fraud and scam prevention? What are their systems doing underneath the surface? Do they have built-in things like behavior biometrics, really analyzing geospatial data and other tools that are determining if someone might be under duress while they're trying to make a decision. And that does require industry collaboration amongst all the players in the ecosystem. If we can get a greater combination of industry progress with greater consumer awareness then the opportunity exists to start making inroads into scams and making life as difficult possible for fraudsters.

What are the critical elements of identity and how can they be verified across jurisdictions?

This is one of those areas where it's very easy to say the answer and actually very difficult to do it in practice. Ultimately what any financial services firm or any regulator is trying to do is to be able to say, Can I identify the end individuals in a transaction, be they individual human beings or the beneficial owner of a firm? The European Banking Association (EBA) is very clear about this idea of possession, knowledge and inherence. I've got a phone and there's a password to it and I've got a fingerprint that's inherently mine. And those kinds of standards can work across multiple jurisdictions but ultimately what they rely on is trusted reciprocal arrangements. For example, those arrangements exist with passports and proving our identity when we travel but ultimately, they rely on that kind of cooperation.

Does digital currency have a role to play?

We need to be careful to define what we mean when we talk about digital assets and digital currencies. If we're talking about stablecoin or Central Bank Digital Currencies (CBDCs) and some of the underlying technologies like blockchain, I think the answer is yes. An idea that's now beginning to gain some ground within the industry is a Regulatory Liability Network (RLN) which allows banks to achieve almost instant settlement and liquidity on demand by using tokenization and Distributed Ledger Technology (DLT).

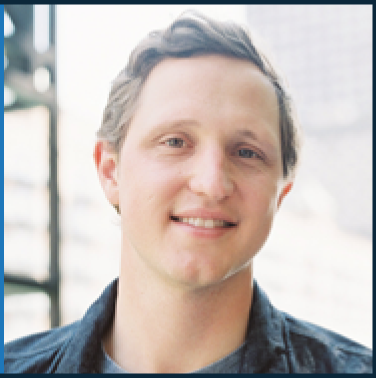
Is a single global payments area achievable?

We have to be realistic when we think about the idea of a single global payments area. In terms of global payments flows, having a single payments area would appear to be a desirable outcome. However, we also have to be realistic. There are geopolitical concerns that mean we won't see greater regulatory or government cooperation to enable a single global payments area. But, at the same time, that shouldn't stop us thinking about where the spaces for collaboration exist between those who are willing. The major economies of the world are beginning to take a lead here in order to increase the efficiency, security and convenience of the global payment system.

Eric Queathem, Executive Vice President, Strategy and Emerging Businesses, FIS

"Blockchain is going to play a major role from an infrastructure perspective and there's a huge opportunity in risk and KYC for decentralized networks."

Watch Eric's video interview here.



Where should efforts be focused to reduce the estimated $40 billion per week that is laundered?

Regulators are doing their best to stem money laundering but ultimately the crux of solving this issue is via data standards, data sharing and creating consensus networks. This would allow folks to leverage data at very low costs from some form of decentralized network. And so the problem could potentially be solved but it's a complex one because running Know Your Customer (KYC) for billions of people around the world is not an easy thing to do. But to solve the problem, it would have to be reliant on more data sharing and a joint collaboration across banks, financial institutions and players in the ecosystem.

Should all cross border payments be instant?

If we focus on the technical aspect of a cross border payment, the answer is yes because it's effectively data saying that money has moved. The accessibility and the ability to leverage those funds is another question but if you consider how blockchain technologies are enabling more efficient cross border transfers, the idea that those payments can become real time or close to that could certainly become a reality.

How can the payments industry realize a cost of $1 per cross border transaction?

Getting to low cost transactions on traditional banking rails is not possible. The players who have started to innovate around this space have begun to get to the root of how this could be solved. For example, you can move hundreds of thousands or millions of dollars across the Stellar network for fractions of a penny but what you get with that is a trade-off of security. And so, if the question is, can transactions being moved for low cost? I think the answer is yes, you could find solutions for that. Could it be done so in a compliant and a secure manner for that? I think that starts to become a different question. And so, it's really about the balancing of all of those different priorities. And so, I think if you were to look at a broad base of use cases, you could say you could get there but I think you would ultimately be trading off cost for other things along the way.

How can accessible and affordable low value cross border payments be achieved?

The movement of money across traditional banking rails is complicated. And so when you look at decentralized networks and blockchain players, that enables an opportunity to really exist at scale. And for low value transactions where security is a lesser priority, something like the Stellar network becomes a great set of infrastructure that can be leveraged.

Does digital currency have a role to play?

We are extremely bullish on the capabilities of blockchain infrastructure and what that can do for money movement around the world. We're just scratching the surface and finding ways for new solutions to be leveraged at scale and be accessible is the next horizon of how you unlock growth.

What significant changes do you envisage by 2025?

It's always hard to predict the future. If you look at the trends, the things with real tail winds for our industry and as a world, it is that globalization and global movement is becoming very real. The ability to transact or to interact with commerce across borders is becoming increasingly easier and with consumer behavior and the way businesses are operating and interacting globally, there must be solutions that enable that more easily. We see a lot of investment in cross border money movement. Blockchain is going to play a major role from an infrastructure perspective. There's a huge opportunity for decentralized networks to play a role in risk and KYC. If you think about some of the use cases that exist within the crypto space, like Coinbase's latest endeavor that PayPal has just joined, the ability to provide a consensus driven network for sharing information to support KYC and customer due diligence is really advanced in some of these spaces. And I would expect this to become more mainstream within traditional players like banks, where most cross border money movement takes place today.

Is a single global payments area achievable?

I think the answer is probably no because we don't see uniformity in other areas of the payments or the commerce ecosystem. A big driver of that is the way in which consumers and businesses leverage different payment tools which globally looks very different. Take the way wallets are leveraged throughout Asia versus the dominance of card payments in Western Europe and the United States. And even in markets where you have relative consistency in the way commerce is transacted, like Western Europe and in the US, you still don't have consensus across regulators. And therefore you don't get to a single global system but that's actually a good thing. The tension of competition and the ability for anybody to compete in the space has been instrumental in driving innovation around payments and banking tech globally. It's fostered some really good outcomes and I expect that to continue at an exponential rate as money capital and the ease of entry into the market continues.

Roger Tym, Partner, Hogan Lovells

"To better combat money laundering, I'd like to see richer databases with greater access and coordination between authorities and among financial institutions."

Watch Roger's video interview here.

Is harmonization of global standards achievable and what should be the priority areas?

To some extent, it is already happening for messaging. The new global payment messaging standard of ISO 20022 will officially become the standard. But it would be great if we could set standards for account access, data exchange, Application Programming Interfaces (APIs) and settlement arrangements, even if we just start with a common approach to documenting settlement flows.

Is there any scope to achieve a minimum level of harmonization for regulation for cross border payments?

Having to comply with rules in many different jurisdictions really adds a significant burden to anyone trying to improve cross border payments. If we could achieve some harmonization, it would significantly reduce the burden of setting up and running cross border services and support greater speed to market for new services. Looking at where we are now, we have a reasonable level of harmonization in Europe, although we now have the UK diverging. The US is still divided between federal and state regulation and the rest of the world is quite fragmented. On the other hand, we already have some elements of harmonization. For Anti Money Laundering (AML), we have the Financial Action Task Force (FATF) backed guidance which is implemented in most jurisdictions. Many companies observe the European Union General Data Protection Regulation (GDPR) standards for data protection and privacy.

Where should efforts be focused to reduce the estimated $40 billion per week that is laundered?

We continue to play leapfrog with those using our payment systems to launder their money. A couple of key development areas I'd like to see are richer databases with better access and better coordination between authorities and between financial institutions. If we get those going, we're well on the way to breaking that circle.

What are the critical elements of identity and how can they be verified across jurisdictions?

Obvious elements are name, date of birth, place of birth, your address, and some sort of unique, usually government-issued identity number. In terms of verification, although that can be achieved through proof of some factors like knowledge (what you know) possession (what you have) or inherence (what you are), the fact that I think uniquely identifies someone is their biological make-up. So, I'd focus on inherence. There are many devices and applications that can be used to identify a person within inherence, but there's a problem. If the verification will involve comparing the data received to some sort of sensor on a device with data that's held either on that device or centrally at a financial institution or on a shared database, and that data is then stolen, it can lead to the worst form of identity theft. So, there is a fair amount of work to do before this becomes a safe means of verifying identity across borders.

Does digital currency have a role to play?

We need the right infrastructure that allows interoperability between financial institutions and other parties in the ecosystem across borders, and which will allow use of Central Bank Digital Currencies (CBDCs), other digital currencies, and stablecoin. If we can achieve that, cross border payments could become virtually instant and potentially much cheaper. In my view, it's just a matter of time until it happens. There's a lot of effort being put into it already with great initiatives like the Multiple CBDC (mCBDC) Bridge through the Bank for International Settlements (BIS) Innovation Hub. And that's already identified many use cases and provides a base for exploration of all of the requirements, technical business rules, common language and other elements needed to develop the necessary infrastructure.

What significant changes do you envisage by 2025?

In one sense, that's not very long. In another, things happen over a course of days in this industry, so we should see some significant developments by then. Firstly, we'll be seeing the benefits of broad adoption of ISO 20022 and the BIS roadmap for cross border payments will have moved on a few large steps by then. In terms of radical changes, we might see a new regulatory framework for stablecoin and crypto. And we could have the EU Markets in Crypto-Assets (MiCA) framework and a new framework in the UK. By 2025, many more CBDCs should have launched. PWC recently estimated that more than 80% of central banks are considering launching or already have launched a CBDC. So, if we see digital currencies and, in particular, CBDCs really being launched, that could be a radical step forward.

Is a single global payments area achievable?

Yes, if we can add the following we will have the makings of a single global payments area: (1) Adoption of ISO 20022; (2) Harmonize standards for APIs for account access and data exchange; (3) Development of legal and regulatory framework for stablecoin and development of necessary infrastructure for CBDC and stablecoin payments across borders; (4) Harmonization of minimum requirements for payments and accompanying data protection and privacy; and (5) Better databases and sharing of information to prevent money laundering together with fully developed ID verification systems based on inherence. So, it's not an easy fix. It won't take a couple of days and maybe it's not just around the corner. And of course we will need to overcome political, technical and competitive hurdles. But I think every step towards it is a step that will improve cross border payments for wholesale and retail customers.

Sara Castelhano, Managing Director & Head of EMEA Payments & Commerce Solutions Product, J.P. Morgan

"Once you start thinking about setting the same standards and formats, you can start driving better governance when communicating and transferring data."

Watch Sara's video interview here.

Is harmonization of global standards achievable and what should be the priority areas?

We need to be realistic with our expectations: full harmonization is unlikely, if not impossible at a global level. National communities need to agree on scheme conditions that apply to cross border payments between two countries and we've seen success in achieving this in Europe. Multiple euro and non-euro currency denominated countries – 36 in total – have come together to create the Single Euro Payments Area (SEPA) with agreed rules for credit transfers, direct debits and instant payments. This was achieved by payments being processed under a defined and agreed set of standards to ensure operational consistency and higher data quality. Each member country agreed on ISO 20022 XML standards for their SEPA payments.

What key messages should consumers learn to better avoid scams?

It's vitally important for consumers to understand that the risk of fraud is still very prevalent in their transactions and phishing is the number one cause of fraud in payments. To ensure they understand whether an instruction that they have been given to follow is coming from a trustworthy party is vital. For example, Confirmation of Payee in the UK is really helping consumers to get more comfortable with understanding and confirming exactly who they are remitting funds to.

Should all cross border payments be instant?

End user requirements and expectations around cross border payments still need to be defined. There is a differentiation between the need for funds to arrive at a specific time with the challenge of managing their liquidity against the need for confirmation that payment will be made within a specific timeframe. Instant payments equals instant availability of funds equals instant liquidity. Therefore, it's extremely important to go back to the underlying need for that transaction. Similarly, there should also be greater clarity on the payment type and the evolving customer expectations in the retail space. For example, business to business and person to person payments have very different customer expectations, needs, and generally relate to very different values. The usually larger payments of business have specific liquidity requirements which should be looked at through a different lens.

How can the payments industry realize a cost of $1 per cross border transaction?

System transaction cost is not the only expense relating to a cross border payment. The routing of transactions to a third party in another country requires either a direct participation of the domestic payment scheme or a correspondent banking relationship with a partner who acts as a direct participant. Maintaining these relationships comes at a cost, aside from the transaction costs: regulatory compliance, supplier relationships, control of credit, operations, technology and cyber risk. All of these are underpinned by domestic requirements and regulations. Therefore, when evaluating the cost of an individual payment, it isn't just for the transaction but also the foundation and infrastructure that enables the payment. Having a dollar for a transaction may be an end goal but we must not lose the controls that provide transparency and combat fraud in cross border transactions.

What should be focused on to deliver interoperability and compatibility across borders?

Progress is being made in jurisdictions as they work on cross border data transfer mechanisms so that they become interoperable with other legal frameworks. For example, the European Union General Data Protection Regulation (GDPR) standard has contractual clauses and binding corporate rules for intragroup transfers. Regulators are encouraging mutual recognition amongst jurisdictions to reduce complexity in the cross border data transfer. However, constraints on financial institutions still exist and a unified governance framework with public and private sectors participating to address the various practices across different customer segments and markets is a significant building block. But to improve speed, evaluation is required in the ACH or domestic instant payment schemes so they can interoperate with other countries' domestic payment processing schemes such as EURO1 and US real time payments. Once you start thinking about setting the same standards and formats, you can start driving better governance and ensure that, essentially, everyone is transacting in the same language when communicating and transferring payments data.

What significant changes do you envisage by 2025?

By 2025, we will have successfully implemented ISO 20022 XML across multiple Financial Market Infrastructures and full adoption by the payments community providing enriched data in payment messages. This will have a positive impact to cross border payments as the structured data in the transaction is machine readable and financial institutions will have implemented better machine learning and artificial intelligence tools to move transactions faster and provide improved transparency and intelligence to the client.

Is a single global payments area achievable?

In my view I don't believe a single global payments area is achievable. But I do believe that, as a global payments industry, we can come together and agree on foundational information transfer between institutions and countries, such as using ISO 20022 and better interoperable standards across countries. That will ensure that transferring information becomes better, enriched and more secure.

Suren Nawalkar, SVP, UK & Ireland Business Development, Mastercard

"Over 90% of people said that they were likely to consider using at least one emerging payment type in the next year."

Watch Suren's video interview here.

Is harmonization of global standards achievable and what should be the priority areas?

Domestic payment systems have become a lot more inclusive, safe, efficient and fast. However, cross border payments still have challenges. There are many mismatches at the back end between inter-institutional systems but also on the front end in contractual relationships with clients. This layers much cost and increases legal risk at a global level. There are two elements to consider: on one side, there's interoperability and harmonization of standards – the technical element – but on the other side are the legal rules, regulation and compliance – the governance element – which is often underestimated. Adopting a common messaging standard for cross border does require migrating from legacy platforms. There's much work to be completed on the technical side as well as the regulatory and compliance pieces. Maybe,' a phased approach is better, domestic to regional first rather than going straight to global. Initiatives like the Single Euro Payments Area (SEPA) and the P27 initiative are the right path.

What key messages should consumers learn to better avoid scams?

UK consumers are offered simple guidelines and the industry is supporting this education process. They call it Stop, Challenge and Protect. So take a moment to stop and think about what it is you're about to part with, whether it's money or information. Challenge it. Could it be a fake? It's okay to reject and say no. Criminals will always try to pressurize you to change your mind. Contact your bank or payment provider if you think this is happening. Cross border scams tend to be payment in advance scams to release inheritance, lottery winnings, jewelry etc. All rely on the message that we've got valuable assets that can be claimed by paying an upfront fee to cover customs, taxes and fees. A key message for consumers is: "have I thought about it enough?" Remain active in that process of due diligence.

Does digital currency have a role to play?

Digital currency provides another means for cross border payments for businesses and for consumers. The concept of combining a messaging system, digital currency, blockchain and retail payments provides the opportunity for immediate transfer and settlement. This minimizes risks such as liquidity and FX. Stablecoin and Central Bank Digital Currencies (CBDCs) may play an important role in the future. In 2021, we released a new payments index report showing over 90% of people surveyed were likely to use at least one emerging payment type in the next year. That's not restricted to digital currency as there is an appetite to consider something new. And then four in 10 people across a number of different regions plan to use digital or cryptocurrency in the next year. The question is whether there is a compelling value proposition and end user experience to drive adoption. And that's a big focus for us.

What features from domestic payment systems should be incorporated into cross border payments?

Domestic needs to be fast, instant, seamless, predictable, transparent and cheap. Once achieved, you can look at the borderless and digital economy. We can't lose sight of the fact that with real time payments, there is always the issue of fraud risk.

Research we conducted showed that half of the people we surveyed had a fear of becoming a victim of fraud or human error. This is a domestic as well as a cross border issue but it becomes a lot more problematic at the cross border level. It is about choice, the choice of what that payout endpoint looks like: an account, mobile wallet, card or cash. So there is choice and flexibility in the payout endpoint.

What significant changes do you envisage by 2025?

The pandemic accelerated the adoption of and reliance on cross border payments. It disrupted the supply chain and forced people to adapt and become more reliant on new and unfamiliar things. That's set a trend which will continue. From our research, about two thirds of people around the world have now become more reliant on cross border payments. And three quarters of small businesses said that cross border payments have allowed their businesses to survive and grow. Even now, we're seeing a significant rise in the number of people using cross border services or payments to support their day-to-day activities. It's the adoption and continuation of a change coupled with the progress announced on the G20 roadmap. This cites quantitative targets to address the challenges with key themes of cost, speed, transparency and a key focus on enhancing the end user experience. It is an ambitious roadmap and will be challenging but the impact will be enormous.

Is a single global payments area achievable?

What you're seeing in the Nordics and Europe is effectively unification of payment systems into a single platform with embedded multi-currency modules. This has the capability of reducing cost and complexities as well as providing a number of different degrees of flexibility in billings. So I think this is a great stepping stone in demonstrating how we can get closer to the benefits of frictionless trade. Couple that with step building to a common and harmonized set of standards, legal rules, regulation and compliance and this is definitely a step in the right direction to enable this in other markets. But there's still the element of moving away from legacy platforms and all the investment that comes with that.

Simon Eacott, Head of Payments, NatWest

"ISO 20022 is not a complete silver bullet but it's building the rails and you need to put some carriages on the rails."

Watch Simon's video interview here.

Is harmonization of global standards achievable and what should be the priority areas?

The resounding first part of the answer is yes, and the good news is as an industry we've already achieved a great deal. However, it's important to recognize that programs like ISO 20022 are part of a wider process to harmonize formats, improve efficiency while reducing costs and exposure to risk, for both domestic and cross border payments. As a network business, standards help increase productivity and aid all network participants to develop better products and services and to access new markets. If history teaches us anything, the way SWIFT has linked so many banks globally on the back of standards, that's a really good starting point.

Is ISO 20022 a silver bullet?

I wish it was! The reality is there are no silver bullets: it's important to see ISO 20022 is part of a process to build the rails for others, banks and fintechs, to add carriages, the overlay services to simplify the management and utility of payments and the data generated for customers and banks alike. It's an important step on a journey which is to improve the linking together of different jurisdictions and clearing houses in a way that enables payments to flow seamlessly. But above all, it's a mindset, it's far more than a "change in the rules" and those who recognize this and act accordingly will see the greatest benefits.

Should all cross border payments be instant?

In time, all payments, domestic and cross border, will be instant or in near real time. But already a great deal of progress has been made, the days when a cross border payment could take days to arrive and required multiple banks with opaque fees are long gone. Today, most cross border payments arrive in less than 30 minutes, and the enhancements we have seen to country corridors and domestic infrastructures continue to improve transparency and speed. As initiatives such as SWIFT gpi and SWIFT go prove, no one is saying "that's fast enough, let's stop innovating now". I think the only question is how best to balance speed with the appropriate amount of friction within a payment. By appropriate, I mean the ability to intervene and protect customers to ensure that fraudulent transactions aren't being processed. For like "Silver Bullets", "friction free" is also a myth.

How can the payments industry realize a cost of $1 per cross border transaction?

I wish I knew the answer to that but if you look at cross border payments and the complexity that is attached to every single element, whether it's different currencies, legal jurisdictions, regulations, time zones, practices and FX risks, they impact cost and efficiency. It's a challenge that we both acknowledge but at times forget that cross border payments are by their nature of an order of magnitude more complex than domestic payments.

Does digital currency have a role to play?

Yes, but I always start from the point that says: start at the customer and move back into the transaction. What is the problem that we are trying to solve? Central Bank Digital Currencies (CBDCs) are being studied in many jurisdictions to address very specific domestic needs, ie. financial inclusion or to combat the decline in cash. We need to recognize that CBDCs are tools to solve unique individual national issues. If you don't have a problem, is a CBDC needed?

What should we focus on to deliver interoperability and compatibility across borders?

I think the key task is to implement ISO 20022: this is the route to standardization and interoperability. Embedding ISO 20022 in all of the key clearings and corridors will drive simplicity, efficiency and interoperability. Other factors which are going to help deliver enhanced customer outcomes are extending Real Time Gross Settlement (RTGS) opening hours and creating the necessary resilience to enable switching across different clearings. It's a big program of work for the industry that will take a few more years to fully deliver the benefits.

What significant changes do you envisage by 2025?

In some respects that feels a long way off but actually it's just around the corner. I think the main area is going to be richer data, linked to the underlying transactions, to both improve straight through processing and shared with customers to help improve their business operations. In the future, the payment will become almost incidental to the underlying transaction with incremental value in the "data exhaust". When you consider open banking, the proliferation of APIs along with the delivery of ISO 20022 we are entering an era that will see an explosion of payments data in the short term, it's this richer data feeding into proposition, enabling more effective management, and reducing a risk of financial crime that will be the dominant trend by 2025.

Adrienne Harris, Superintendent, New York State Department of Financial Services (NYSDFS)

"It's critical that we improve consumer disclosures and help consumers navigate the complexity of the payments system."

Watch Adrienne's video interview here.

Is there any scope to achieve a minimum level of harmonization for regulation for cross border payments?

Financial service providers operate across borders, they are borderless and it's essential for payments to flow. Harmonizing regulation is a key step to making sure that it is safe and secure. With our role as the regulator in the global financial capital, NYSDFS has been a leader in international coordination and are consistently working with our sister regulators overseas, especially where we have joint jurisdiction over international entities and those with a presence in New York State. We also lead conversations on cutting-edge issues that impact payments such as cyber security or virtual currency. We recognize and appreciate the work that has occurred on Anti-Money Laundering (AML) harmonization which is fundamental. The Financial Action Task Force (FATF) has a model for stakeholders, policymakers and market participants. Another key area is stablecoin where the market is quickly changing and evolving and where it's important to have harmonization and coordination.

Where should efforts be focused to reduce the estimated $40 billion per week that is laundered?

It's a staggering number and AML and cyber security remain our most valuable regulatory tools to reduce this number and ensure payment systems are safe and secure. We have a unique and essential tool in our Part 500 cyber security regulation which requires comprehensive programs for all our licensed and chartered entities. It includes a specific provision on transaction monitoring and is risk-based anti-terrorism, anti-money laundering regulation which requires our regulated banks, check cashers, money transmitters and others to maintain effective programs to monitor transactions for potential Bank Secrecy Act (BSA) and AML issues, and filter transactions to prevent sanctions violations.

What key messages should consumers learn to better avoid scams?

We can all acknowledge that it is a race to keep pace with cyber criminals and so protect our consumers and institutions. Consumers need to be equipped with knowledge of the threats that exist and protect themselves from social engineering and phishing attacks. They should be wary of public wifi networks or network touchpoints that may allow ransomware to be installed in their systems. Our Part 500 regulation is unique in that the cyber security expectations for our state registered entities – all businesses regardless of size – include requirements around multifactor authentication. Many of the general dangers of poor cyber security hygiene are applicable when we think about cross border payments on the retail side and so it's critical that we improve consumer disclosures and help consumers navigate the complexity of the payments system.

What are the critical elements of identity and how can they be verified across jurisdictions?

The critical elements of identity are certificates provided by an authority, a verification mechanism for that certificate and a willingness of counterparties to accept that verified certificate. But as we move toward the use of digital identities that work across jurisdictions, it will help to develop an infrastructure that is more suited to interoperability and standardization. Digital identities can be a key factor in improving BSA, AML and Know Your Customer (KYC) programs by reducing errors in identification and verification – and improving consumer experiences. Digital identity can lower privacy risks by reducing the total amount of sensitive personal information needed to identify individuals and can enhance financial inclusion by reducing our reliance on those traditional certificates that are not always available to under-served populations.

Does digital currency have a role to play?

It has a huge role to play and making stablecoin safely accessible may be one way to reduce settlement times, but safety, soundness and consumer protection are key. NYSDFS is really the only prudential regulator in the US for digital assets and we're committed to providing rigorous oversight and clear guidance to stablecoin issuers under our purview. What we've seen in New York, amid a proliferation of novel activities in the payment space, is a need for rigorous criteria to inform new activity requests and ongoing supervision that feeds into the overall examination processes. We have developed and produced tailored regulations, notably relating to the BSA, AML and cyber security for all of our licensed entities. And they're subject to robust controls that we here at the department have around penetration testing and vulnerability assessments, but as part of such developments, it's important to underscore management involvement, both for sign-off and accountability to verify appropriate staffing, resources and controls are in place.

Natalie Timan, Head of Strategy, Analysis & Monitoring, Payment Systems Regulator

"All of us have a duty to be aware that depending on its source, information may be untrustworthy – and to act accordingly."

Watch Natalie's video interview here.

Is harmonization of global standards achievable and what should be the priority areas?

Historically, there have been a number of approaches to this issue of making all payments more similar through global payment standards. Cross border payments are more complicated and dealing with the variety of currencies, languages, local laws and handling requirements, time zones and access has proven difficult. There's always a reason why an individual jurisdiction might want to adopt slightly different standards which means that while there might be a near global standard, it isn't quite there. Achieving further global alignment in standards will probably depend on the extent of the predicted benefits. If the goal is to have systems which interconnect and interoperate across the world by linking together national payment systems, either directly or through some sort of messaging exchange, then this could be achieved by ensuring all payment systems use the same messaging standard. The use of translators is a possible alternative approach but that might involve changing or moving information, which is undesirable from an anti-financial crime point of view. But the real advantage may be adopting international standards as the UK has done on a common credit message. This is based on an international standard for high value payments and takes another step forward towards interoperable credit transfers that support greater interoperability and measures to prevent and detect criminal activity.

Is ISO 20022 a silver bullet?

As a standard to define the language of payments, ISO 20022 is good but ultimately, it's only the quality of the data in the end user systems that solves the problems that we see today. For example, during the introduction of the Euro as a new currency, the key step which facilitated adoption wasn't updating the interbank systems but ensuring updates were made to end users' business applications where invoice amounts were stored so they could transact in the new currency. Until that happened, conversion between local currencies used in business systems and the Euro used in banking applications caused some issues. This meant businesses continued to transact only in the old currency. And it could be exactly the same with ISO 20022 if the data in business applications isn't ready for taking advantage of that standard. But ISO 20022 has the advantage of providing more structure for the data which must be carried between payer and payee and the message formats are well defined leaving less room for interpretation.

Is there any scope to achieve a minimum level of harmonization for regulation for cross border payments?

There's already a degree of harmonization that works at a regional level and this sort of alignment isn't new. One of the impediments to achieving even greater harmonization is supporting national legislation, and the degree to which payment systems are aligned to international conventions or agreements. For example, the recommendations of the Financial Action Task Force (FATF) on Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) guide countries decisions. But each country takes its own decisions on how to implement measures and this will necessarily lead to a patchwork of national requirements and systems.

What key messages should consumers learn to better avoid scams?

We all have a part to play here. The risk of being scammed exists for both businesses and individuals. Customers must be as aware that information may be untrustworthy so always consider how to check the authenticity of information or requests by going via another route to the source. For businesses, this is particularly the case with invoice fraud where a call to a supplier's accounts receivable department should easily confirm an account as valid or flag it as suspicious. Businesses must consider how they ingrain this critical thinking into staff with a responsibility for payments.

What features from domestic payment systems should be incorporated into cross border payments?

When dealing with remote counter parties, there is an increased risk caused by unfamiliarity with a foreign banking system and a lack of confidence in the counterparty's identity. Some countries have implemented either commercially or by regulation services to confirm the destination payment details are correct and this improves confidence in two ways. First, it helps to confirm the name of the recipient, and second, it gives confidence that the account details are valid and relate to the counter party. Further verification of business names using registers or more security encryption-based companies' certificates can provide additional safety. In the UK, the Payment Systems Regulator (PSR) has promoted Confirmation of Payee which allows a remitter to confirm via their bank that the payment is going to the right destination. It's these sorts of systems that increase confidence in an increasingly uncertain and remote world and would be transformational for cross border payments.

What significant changes do you envisage by 2025?

Many of the changes which need to happen are actually already in progress. The adoption of ISO 20022, the UK's upcoming New Payments Architecture (NPA), and initiatives like Fnality, a new addition to the regulated payment systems, will shape the future of cross border transactions.

Is a single global payments area achievable?

We can see the benefit of standards between multiple regional clearing systems but is a single global payment system possible or even desirable? It's unclear at the moment but improving reach and interoperability via local clearing systems will be a great step towards realizing a single global payments area.

Elena Whisler, Senior Vice President, Sales & Relationship Management, The Clearing House

"The goal is a better experience, a better cross border experience: faster, more accessible, more transparent and ensuring both safety and security."

Watch Elena's video interview here.

Is ISO 20022 a silver bullet?

ISO 20022 may not be a silver bullet for payments specifically or for others but, if utilized correctly, it does create an opportunity for more robust payment messages across different jurisdictions and even domestically will enable more information to be carried. So even though different systems may use ISO 20022 in slightly different ways and accommodating for local differences, a common standard allows for easier access and interoperability as the global environment becomes more concentrated and consolidated.

Should all cross border payments be instant?

There will always be a need for different types of payment networks and so maybe not all cross border payments will be instant. There are needs for batch systems, for high value systems, even for paper systems in certain cases. What is important to look at is the characteristics around what the instant payment brings to the table and how businesses and consumers might benefit from having instant payments. In our cross border pilot program, we're proving the benefits of instant cross border payments. The characteristics that are important for business to business (B2B) and retail transactions relate to instant funds availability and instant confirmation of receipt, allowing an individual or organization to go about their business uninterrupted. And we believe that this is where the transformation and modernization of cross border payments will take place.

How can accessible and affordable low value cross border payments be achieved?

Providing accessible and affordable low value cross border payments is really important for the banking community as well as to policymakers. Providing access to financial services is important and doing that through the banking system provides a secure and a low-cost method of achieving that. For example, remittances to Mexico from the United States alone surpassed $50 billion in 2021. That in itself is an opportunity to make sure that banking organizations and the banking system provides affordable access to those that need it, be it on the retail side or the business side. In looking at linking local real time payment networks in the US, Europe, Mexico, Canada and beyond, it is essential to look at how to benefit all financial institutions and all parties involved in those payments.

What features from domestic payment systems should be incorporated into cross border payments?

There are two key features that are really important and you would think that the first thing would be sending a real time payment. But actually what comes at the top when we look at what features of the domestic system should be incorporated into cross border payments to make them seamless and more transparent is the real time access to funds. And secondly, having real time confirmation or immediate receipt. So, when we look at linking cross border systems together, those two come to the top as important features in a cross border program.

What should be focused on to deliver interoperability and compatibility across borders?

For interoperability and compatibility across programs, one thing always to look at is the technical side. All programs look at technical compatibility and technical interoperability, and the industry has done a phenomenal job across multiple networks to achieve that. And so on the technical front there are options available. There also needs to be a focus on policies, programs and procedures. The G20 roadmap is looking beyond technical solutions to sanctions programs globally, to operations globally in terms of what people experience domestically and what they would like to experience internationally with the expansion of global commerce. And so it is important to consider both the technical and policy sides.

What significant changes do you envisage by 2025?

The goal is a better experience, a better cross border experience: faster, more accessible, more transparent and ensuring both safety and security. So that's the goal. And 2025 is not that far away. There's an opportunity in the technical connections: with The Clearing House and European Banking Association (EBA), we are proving that across borders you can link together domestic real time networks and highlight the benefits, have an immediate confirmation, immediate receipt and availability of those funds. And the industry is working hard with the Committee on Payments and Market Infrastructures (CPMI) at the Bank for International Settlements (BIS) and the Financial Stability Board (FSB) on the policies involved. We think by 2025 there'll be a huge push and transformation related to some of those cross border policies. We have the power and the ability to do a lot in three years that is critical to cross border payments.

Is a single global payments area achievable?

A single global payments area requires a lot more than just connecting systems together. And in the world that we live in, there will always be an ebb and flow related to moving towards one system and having more disparate systems. And so, I think we'll see more of that back and forth depending on what the global economy needs, what financial systems adapt and change to. So, it may be achievable but the question is, do we want the end result of that or do we want that flexibility to ebb and flow to meet the needs of global economies.

About P20

P20 convenes industry, government and regulators to accelerate progress on our 4 Pillars: Combating Fraud & Criminal Transactions, Cyber Security, Financial Inclusion and Environmental, Social & Governance (ESG).

P20 is a collaborative space for thought leadership, best practice and ideas for harmonizing global standards on these key non-competitive issues. P20 hosts forums for these conversations to flourish and regularly publishes thought leadership and best practice reports.

Our vision is to create a more accessible, secure and inclusive payments ecosystem in which commercial competition can thrive in a safer environment for the benefit of all.

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