



# **The Future of Cross-Border Payments**

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**“New Challenges in Digital Money and Payments”  
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# Contents

## Prepare and build

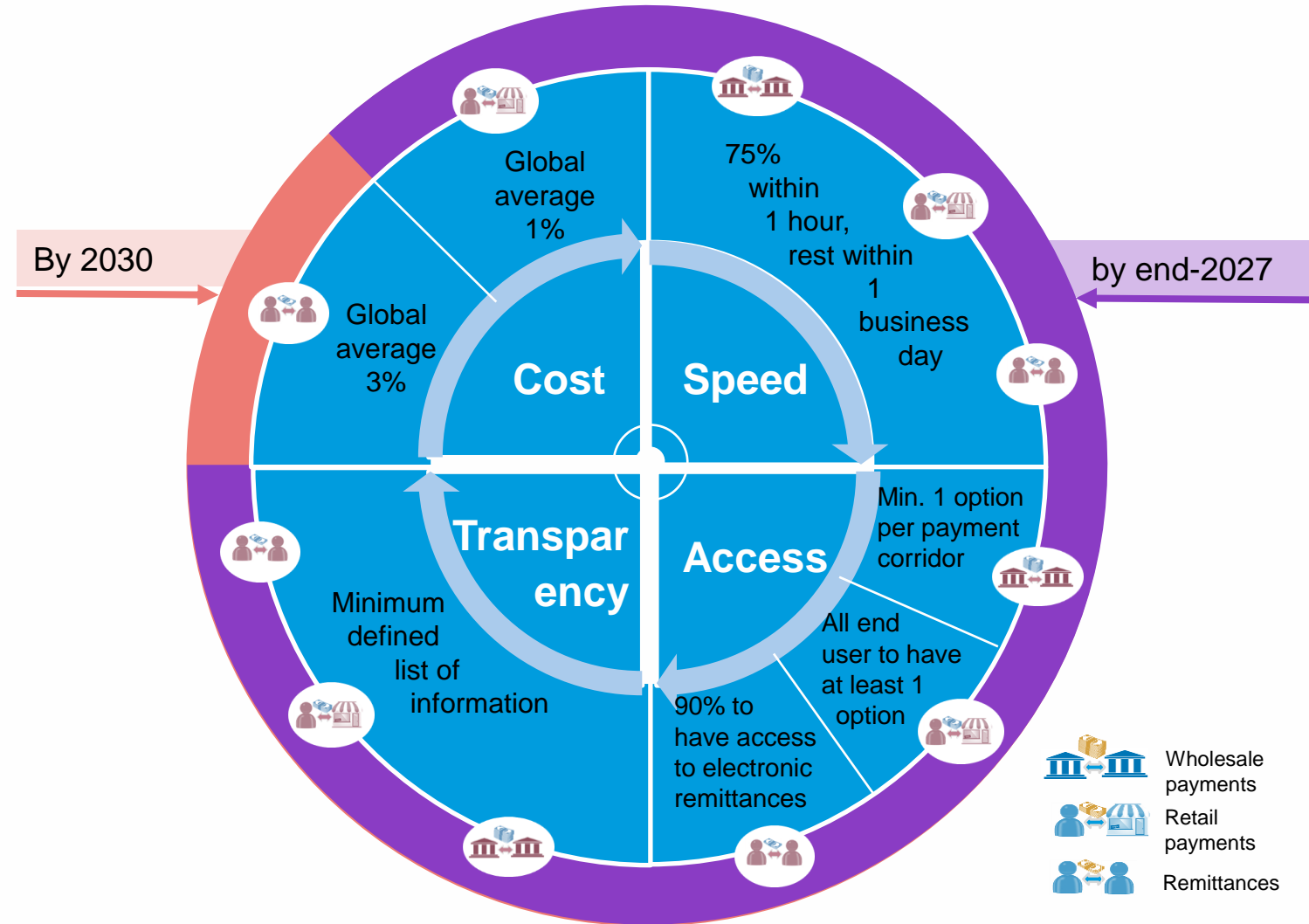
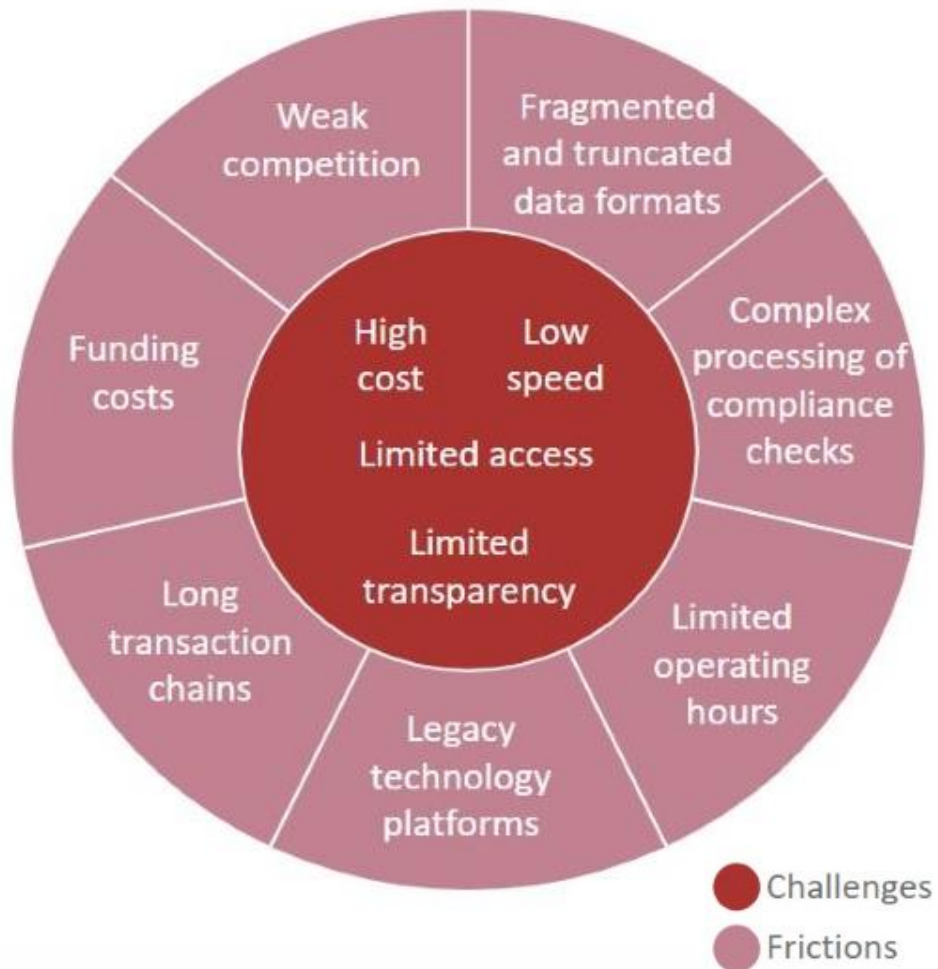
Improving cross-border payments from G20 targets to IMF technical assistance

## Evolve

Financial platforms – new technology but stable international monetary system

# **G20 objectives and IMF technical assistance**

# G20 Roadmap: From Challenges to Solutions and Targets



Source: FSB (Targets for Addressing the Four Challenges of Cross-Border Payments: Final Report, October 2021)

# IMF TA Key to Achieve Targets

- Global targets, beyond G20
- Low capacity, but urgent needs in many LICs and EMs
- Heterogeneity across countries and regions
- Coordination failures
- Vicious circles of slow progress
- Distractions from multitude of vendors

# Path Forward: 3-step approach

## Prepare

- Strengthen domestic payment systems
- Address regulatory challenges (AML/CFT)

## Build

- Allow non-bank access to payment systems
- Link Fast Payment Systems (FPS)

## Evolve

- Future proof and explore leapfrogging
- Leverage emerging technologies...
- ... and infrastructures (platforms, CBDCs)

# A Menu of Options for TA

Domestic payments Infrastructure

Legal, regulatory, supervisory frameworks

Faster payment system interlinkages

Information and awareness

Digital ID & e-KYC (Know Your Customer)

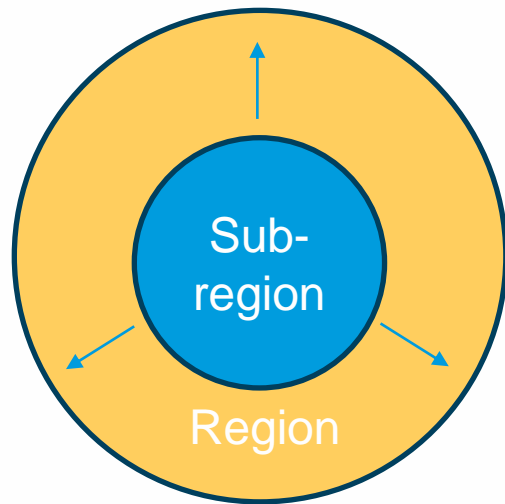
Incentives for digital payment usage

AML/CFT compliance

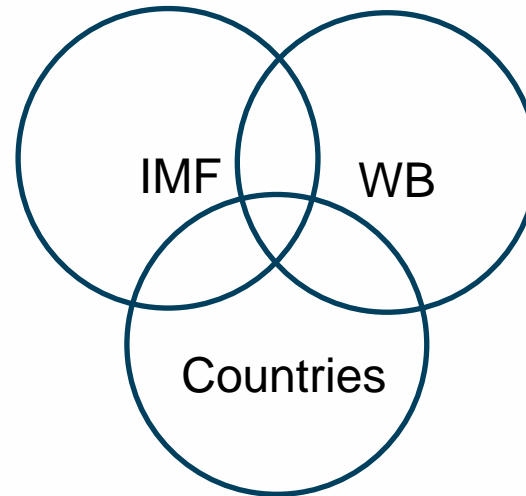
Cyber security and fraud

# Guiding Principles for IMF TA

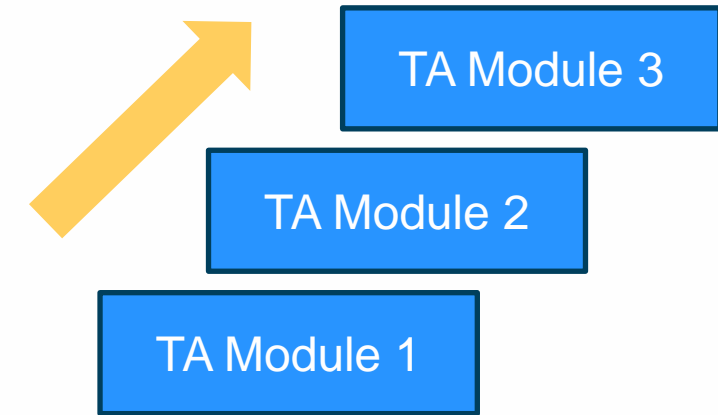
## (Sub) Regional Focus



## Team-work



## Quick wins to build momentum





# Financial Platforms

Source: IMF G-20 Note “*Financial Platforms: What are They and What are Their Macro-Financial Implications?*”, October 2024

# Platforms: Infrastructure for Interoperability with Macro-Financial Effects

Financial platforms are...

basic infrastructure

supporting the interoperability of assets (money and securities)

domestically and across borders

Platforms exist today

though value and services could improve with new technologies

Platforms could have macro-financial implications

# Three Models of Platforms, Still Needing Investigation

## Single ledger platforms

Money, securities, investors on same ledger  
E.g. CSD or DREX, Agora, Ethereum

## Compatible ledger platforms

Money, securities on separate ledgers with communication bridges  
E.g. T2S, Nexus or TIPS Hash Links

## Common ledger platforms

Money, securities transferred to intermediary's ledger and balance sheet  
E.g. RTGS, CLS or BOE Omnibus accounts, SNB's wCBDC

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Functionality

Ease of  
governance

# IF Widely Adopted Platforms Could Bring Benefits

*(especially Single Ledger)*

Lower transaction costs

Greater market liquidity

Greater competition



- Payment flows
- Firms entry
- Market integration
- Foreign exchange risk, liquidity
- Monitoring transparency
- Capital flow volatility?
- Currency substitution but better CFMs

# Potential Financial Stability Risks

- Usual operational risks
- Cyber
- Contract contingencies
- Wrapping complexity
- Code replication
- Transition in market structure
- Contagion

# The shape of the IMS Could Change

## - *Risks of Fragmentation*

Who

Access to payments and markets

What

Assets (currencies) available

How

Types of transactions, conditions, limits

# Five Action Items

1. **Further evaluate** macro-financial implications
2. Consider **who** should set the rules and **which rules** may best preserve IMS

	+	-
Public	Legitimacy	Feasibility
Private	Efficiency	Fairness
Open	Inclusion	Accountability



# Five Action Items

1. **Further evaluate** macro-financial implications
2. Consider **who** should set the rules and **which rules** may best preserve IMS
3. Decide **whether to build** platforms, **guide** technology, or **fill gaps**
4. Decide how to **issue** central bank money and how to potentially **improve** FX liquidity
5. Swiftly establish clear and comprehensive **legal foundations**

# Conclusion

- Technical assistance is critical to achieve the G20 cross-border payments targets.
- IMF ramping up to play a central role, and is seeking additional funding.
- IMF to help countries prepare, build, evolve.
- A menu of TA options exists to prepare and build – short to medium term focus.
- Longer-term, explore financial platforms...
- ... and ensure they are designed to support the stability of the IMS