



# G20 Roadmap for Enhancing Cross Border Payments

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Scorecard report on direct access  
and price transparency

November 2024

**7Wise**

# 1. CONTEXT

The **G20 Roadmap for Enhancing Cross-Border Payments** was created to address inefficiencies and challenges in the global cross-border payments landscape.

These challenges include high costs, low speed, limited access, and insufficient transparency for wholesale and retail payments, as well as remittances.

Improving cross-border payments is critical because it can support international trade, financial inclusion, economic growth and development.

The [G20 Roadmap for Enhancing Cross-Border Payments \(2020 - 2027\)](#) has five main priority focus areas, divided into 19 building blocks. Of these, this document will focus on building blocks 2 and 10:

## Building Block 2.

Implementing international guidance and principles (including transparency of information provided to end users about payment transactions)

## Building Block 10.

Improving direct access to payment systems by banks, non-banks and payment infrastructures

The four pillars of the Roadmap are access, transparency, cost, and speed. This report focuses on access and transparency, as progress in these areas is essential for reducing costs and increasing speed. Despite four years having passed since the launch of the Roadmap, there remains a significant imbalance in the information available to retail consumers, which impedes their ability to make informed decisions. This, in turn, affects the competitive dynamics necessary for market change. Consequently, there are still considerable additional costs that exceed what can be reasonably attributed to the value of the service, adversely affecting some of the world's poorest consumers.

Our critique of the Roadmap lies in Building Block 2, which encompasses all elements of transparency in cross-border payments, not solely cost, making it challenging to measure meaningfully. Therefore, this report will concentrate specifically on price transparency.

This report aims to identify the position of each G20 member—both individually and in relation to one another—regarding their commitments to enhancing price transparency in cross-border payments for end users and improving direct access to payment systems for non-bank institutions. We will assess progress using a scorecard developed for each pillar, as outlined below.

# 2. CRITERIA FRAMEWORK

## Direct Access

The Committee on Payments and Market Infrastructures (CPMI) Monitoring Survey provides a detailed analysis of RTGS (Real-Time Gross Settlement) payment system, Faster Payment System (FPS) and Deferred Net Settlement (DNS) system access across different organisation types and compares domestic and foreign entities. The CPMI has categorised various organisation types, which we have grouped together for simplicity in this analysis.

CPMI organisation categorisation	Alternative categorisation
Commercial banks with a local presence	Banks
Commercial banks without a local presence	
Banks other than commercial (e.g. investment banks, payment banks)	Non-bank PSPs (NBPSPs)
Supervised non-bank financial institutions	
Non-bank e-money issuers (including mobile money providers)	
Money transfer operators	Other
Post office (if not licenced as a bank)	
Central bank(s)	
DNS system operator(s)	
Faster payments system operator(s)	
RTGS system operators	
National Treasury	
Payment cards network operator(s)	

The 'other' category - public institutions and publicly mandated institutions or organisations, as well as card operators - are not a concern for the purposes of this analysis. It will focus on NBPSP access to domestic RTGS, DNS and FPS. The nuances within the NBPSP category, based on licensing regime, terminology and local requirements, will be explored in the analysis below.

Further, the CPMI Monitoring Survey categorises levels of access to a domestic RTGS, DNS and FPS, which again we have grouped together for simplicity in this analysis.

### CPMI organisation categorisation

### Alternative categorisation

Direct access to a settlement account and central bank credit

Direct access

Direct access to a settlement account but not to credit

Can send transactions directly to the system, without having a settlement account

Indirect access

Can send transactions indirectly to the system via a direct participant, without having a settlement account

No access allowed

No access

We have defined full direct access as a firm having direct access to the payment system and in control of its own settlement account at the central bank. Any other type of access that still requires working with a sponsor has been defined as indirect access.

### Scorecard

Based on the above, we have created the following 'scorecard' system, against which we will evaluate members of the G20 on their progress towards Building Block 10:

**"Improving direct access to payment systems by banks, non-banks and payment infrastructures".**

1/5

Only licenced banks are permitted to have direct access to payment rails.

2/5

Licenced banks and some other institutions are permitted to have direct access to payment systems, but this is not extended to NBPSPs.

3/5

Licenced banks and some other institutions are permitted to have direct access to payment systems, and authorities are currently considering widening access to NBPSPs.

4/5

Authorities are actively exploring widening direct access to domestic payment systems to include NBPSPs.

5/5

Banks and NBPSPs are permitted to have direct access to payment systems and it has been adopted by at least 1 NBPSP.

## Price Transparency

Transparency in cross-border payments is defined by the Financial Stability Board (FSB) as PSPs being required to provide a minimum list of information to end-users. The FSB outlines this as "including total transaction costs with relevant charges broken out - sending and receiving fees, FX rate and currency conversion charges; the expected time to deliver funds; tracking of payment status; and terms of service." As outlined above, this analysis will focus specifically on price transparency, i.e. FX rates and currency conversion charges (including FX margins).

Building on this framework, this analysis takes a more technical approach to how this is both achieved and enforced in domestic and regulatory environments, based on market research. This is because the [FSB's latest consolidated progress report for 2024](#) claims that "the percentage of services for which a breakdown of total fees and FX margin was provided by remittance service providers increased from 98% to 99% since 2023", with the caveat that "to be included in the dataset, a payment service must be transparent about its cost." We believe this dataset does not accurately reflect the true state of the market, and that the 99% claim significantly misrepresents what is the most common practice in industry, namely the padding of FX rates and the failure to disclose that up front, or at all.

The FSB's consolidated progress report does not consider whether FX fees are obscured in the payment process, or if domestic price transparency regulations exist but are ineffectively enforced across the G20. We suggest that the FSB should reevaluate the KPI methodology and data gathering process and in the interim, qualify the 99% claim with a cautionary note. Additionally, the FSB's Legal, Regulatory, and Supervisory (LRS) Taskforce should allocate sufficient resources to support an urgent review of price transparency as a priority.

We have conducted user market research across all G20 nations covered in this report. Our methodology involved analysing the payment flow of making an international transfer with both banks and non-bank

PSPs, and checking the exchange rate provided by the financial institution against the interbank mid-market exchange rate, provided by Google. We also checked through the payment flow for any tooltips or linked pages to see if any further information of FX margin padding was disclosed to the customer, up until the final execution of payment.

The country profiles in this report also feature examples of providers in each market, along with an assessment of their transparency regarding the pricing of international transfers. This evaluation employs a traffic light system based on the following definitions:

### RED

A financial institution conceals foreign exchange markups from the customer. These charges are not disclosed in the payment flow but are instead found outside of the customer experience, e.g. within the terms and conditions.

### AMBER

A financial institution obscures foreign exchange markups and/or other fees in the payment flow by promoting deceptive practices (e.g. "0% fee", "best rate"), and using tooltips or linked web pages that customers must click on to access this information and get an accurate idea of how much a transfer costs.

### GREEN

A financial institution communicates the cost of an international money transfer upfront, clearly displaying all fees, including any foreign exchange fees or mark-ups, to the consumer in a clear and comprehensible manner.

## Scorecard

We have created the following 'scorecard' system, against which we will evaluate members of the G20 on their progress towards Building Block 2:

**"Implementing international guidance and principles (including transparency of information provided to end users about payment transactions)".**

1/5

There are no requirements on all financial service providers to disclose all fees associated with a cross-border transfer, including FX markups.

2/5

There is existing regulation for price transparency in disclosing all fees associated with cross-border transfers, but does not specify FX markups as a fee or cost to the end user.

3/5

Existing regulation requires price transparency in cross-border payments, including FX markups, but this is not well enforced or the regulation is not strong enough to deliver price transparency for end users.

4/5

Authorities are actively exploring new action/rules on price transparency to strengthen end user understanding and force all financial service providers to disclose all cross-border payment fees, including FX markups.

5/5

All financial service providers are required to disclose the total cost up front to end users, including FX markups, when making a cross-border transfer.



# SOUTH AFRICA



## Direct Access



### Existing framework & access

South Africa's financial services landscape, traditionally dominated by banks, is undergoing significant change due to the emergence of non-bank entities providing payment services. This shift is driven by regulatory updates, technological innovations, and changing consumer demands. While the fintech sector in South Africa is still in its early stages, it is experiencing rapid growth, particularly in niche sectors.

According to the current regulations, a PSP must be either a bank or sponsored by a bank, with one significant exception. [Section 7 of the National Payment System Act \(NPS Act 78 of 1998\)](#) allows non-banks to act as third-party payment providers within the NPS if the payments are made to a third party and are not considered deposits. In cases where payments are 'not-due,' non-banks must obtain sponsorship from a bank. Both the sponsoring bank and the third-party payment provider must then apply to SARB for authorisation.

In support of these provisions, SARB issued Directives in September 2007 to establish minimum criteria for non-banks participating in the NPS:

- [SARB Directive 1 of 2007](#): This directive recognises that accepting payments to third persons under certain conditions provides value to NPS users while controlling the associated risks. It includes examples such as:
  - ◊ Payments accepted by a person (beneficiary service provider) regularly on behalf of a beneficiary from multiple payers, such as a retailer accepting utility bill payments.
  - ◊ Payments accepted by a person (payer service provider) to make payments on behalf of a payer to multiple beneficiaries, such as salary payments on behalf of employers to employees.
- [SARB Directive 2 of 2007](#): This directive acknowledges the value of services related to payment instructions provided by System Operators (SOs). An SO, as defined in the NPS Act, is an entity that facilitates payment instructions (acting as an intermediary for the receipt and/or delivery of payment instructions) for a bank or a payment clearing house (PCH) system operator. SOs function as intermediaries for various institutions, including banks, beneficiary service providers, payer service providers, and bank clients.

### Ongoing policy developments

The ongoing policy developments are geared towards addressing the limitations faced by non-bank entities. Specific recommendations from the [2018 Review of the National Payment System Act](#) of 1998 outline several transformative measures, including:

- Allowing both banks and non-banks to offer retail payment services (e.g., remittance, e-money).
- Permitting any entity to provide clearing services with appropriate settlement arrangements.
- Enabling any entity to settle in the SARB system if they meet risk reduction requirements.

These proposed changes aim to transform and enhance financial inclusion, improve access, stimulate competition, and reduce the cost of payment services within the NPS. Adopting these recommendations will be crucial for fostering innovation and providing end-users, particularly individuals and small businesses, with more diverse and accessible payment solutions. To date, these reforms have not been actioned, but are expected to be included in South Africa's [Conduct of Financial Institutions Bill \(COFI\) Bill](#) which has not yet received parliamentary approval.

Consistent with this, in a [media statement](#) released by SARB in March 2023 addressing the launch of Payshap, a low-value, real-time digital payment system, it states that even though in the initial phase it will only allow the participation of banks, SARB further expects the offering to be extended to service provision by non-banks as soon as it is practically possible.

### Scorecard

3/5

Licensed banks and some other institutions are permitted to have direct access to payment systems, and authorities are currently considering widening access to NBPSPs.

# Price Transparency



## Existing framework & regulations

At present, there is no regulatory framework specifically addressing transparency in cross-border payments within South Africa. The [Consumer Protection Act 68 of 2008](#), while aimed at establishing national norms and standards for consumer protection, enhancing standards of consumer information, and prohibiting unfair marketing and business practices, does not encompass transparency standards regarding fee disclosure, foreign exchange (FX) margin transparency, or the enforcement thereof.

The [World Bank's Remittance Prices Worldwide Quarterly](#) report confirms that South Africa has consistently remained the costliest G20 country to send remittances from. In Q1 2024, remitting from South Africa incurred an average cost of 13.18% - on an assumption that this figure is based on cash transactions that developing economics heavily rely on, which are not covered in this report.

## Customer experience

For the average South African consumer, the process of sending money abroad is generally complex and expensive. The costliness is predominantly attributed to Western financial institutions classifying the South African Rand (ZAR) as an exotic currency, thus imposing higher fees. Additionally, the competitive landscape is significantly limited due to stringent exchange control regulations in South Africa.

A consumer typically encounters various charges when transferring funds internationally through traditional banks, including commission fees, SWIFT fees, intermediary and beneficiary bank fees. These fees are often fixed and are not proportionate to the transfer amount, which makes sending smaller sums of money particularly expensive. While large banks do offer competitive exchange rates, the combination of high upfront fees and untransparent FX can detract from the overall customer experience. Many in South Africa also remit using cash-based services, which are not covered in this report.

Apart from these financial burdens, consumers must also navigate the complexities of exchange control limits and tax implications. This process is often compounded by the substantial amount of paperwork required, adding to the overall difficulty and administrative demands faced by South African individuals wishing to send money abroad.

## South African payment providers' cross-border payment hidden fees Based on customer payment journey data collected September 2024

Provider	Exchange rate markup/ hidden fee	Tranparency rating
Standard Bank	1.01%	●
Shyft (Standard Bank)	0.61%	●
Investec	0.67%	●
ABSA	0.71%	●

This information has been collected from each of the featured providers, by following their money transfer flows. This is a one-off snapshot from the provider's payment journey at a specific point in time. These payment flows are subject to change. The exchange rate markups may fluctuate.

## Ongoing policy developments

Following the Financial Sector Regulation Act of 2017 ("FSR Act"), the Minister of Finance published the [Conduct of Financial Institutions Bill](#) ("COFI Bill") in December 2018 for public consultation. The COFI Bill proposes to consolidate and refine the conduct requirements for financial institutions, which are currently fragmented across various financial sector laws. It plans to replace the conduct provisions with a robust, coherent, and consistent market conduct legislative framework for all entities engaged in financial activities.

The primary objective of the COFI Bill is to enhance the regulation of the financial sector, particularly concerning the treatment of customers and general market conduct. It mandates that financial institutions provide consumers with clear, comprehensive information about their services, associated fees, and product-related risks. Specifically, in relation to transparency, Section 58(1) of the COFI Bill stipulates that "A financial institution must ensure that financial products and financial services

are promoted and marketed to financial customers in a manner that is clear, fair, unambiguous, and not misleading." Additionally, the COFI Bill empowers the regulatory authority to prescribe conduct standards addressing the transparency of financial products.

The Financial Sector Conduct Authority (FSCA) initially released the COFI Bill for public comment in December 2018, followed by a revised version in September 2020, incorporating industry feedback. As of now, the Bill has not yet been submitted to Parliament for approval. It is anticipated that the COFI Bill will be promulgated in 2024, with a phased implementation plan to follow.

## Scorecard

1/5

There are no requirements on all financial service providers to disclose all fees associated with a cross-border transfer, including FX markups.

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