



Monetary Authority
of Singapore

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The Bank of Canada, Bank of England and Monetary Authority of Singapore share assessment on emerging opportunities for digital transformation in cross-border payments

Singapore, 15 November 2018... The Bank of Canada, Bank of England and Monetary Authority of Singapore (MAS) have today jointly published a [report](#) which assesses alternative models that could enhance cross-border payments and settlements. The report examines existing challenges and considers alternative models that could in time result in improvements in speed, cost and transparency for users.

2 The report, “Cross-border interbank payments and settlements: Emerging opportunities for digital transformation”, provides an initial framework for the global financial community to assess cross-border payments and settlements in greater depth. Specifically, it discusses how a variety of payment models could be implemented, from both a technical and non-technical perspective.

3 The report examines three models of cross-border payments. The first two are built on existing domestic interbank payment systems using traditional technology. The third model focuses on the use of Wholesale Central Bank Digital Currency and its various applications through Distributed Ledger Technology. The models could be used to improve access, speed and transparency of cross-border payments. However, the report finds that further work would be required, by both industry and regulators, if the models were to be developed further. Future areas of focus could include implementation and policy challenges.

4 The project involved collaboration among the three central banks, who were supported by a group of financial institutions led by HSBC. Contributors included Oversea-Chinese Banking Corporation (OCBC Bank), The Toronto-Dominion Bank (TD), United Overseas Bank (UOB) and Payments Canada. It builds on previous research projects such as Project Jasper by the Bank of Canada and Project Ubin by the Monetary Authority of Singapore, which explored tokenised forms of central bank liabilities for domestic transactions.

5 Scott Hendry, Bank of Canada Senior Special Director, Financial Technology, said, “There is significant room for improvement in the cross-border payments space. Major changes are being proposed by current service providers as well as start-ups that regulators

need to research to better understand. This project was a major step forward in international cooperation and in our understanding of the possible alternatives.”

6 Victoria Cleland, Bank of England Executive Director for Banking, Payments & Financial Resilience, said, “The ability to make secure and efficient payments is key to the strength of the financial system, and important for consumers and businesses. Many national payment systems are benefiting from considerable innovation and change. In this context it is important that cross border payments, which totalled 1.8 times global GDP in 2016, are enhanced too. They are at the centre of the international financial system; enabling trade, investment and money transfers. This report, which is itself a great example of international collaboration, provides a foundation that will enable further exploration of how innovation could improve this crucial aspect of finance.”

7 Sopnendu Mohanty, Chief FinTech Officer, the Monetary Authority of Singapore, said, “Payments infrastructure have rapidly improved over the last few years. Domestic transfers can now be completed almost instantly and at low cost. With this as an aspirational benchmark, there is a huge opportunity to improve cross-border payments. This collaborative effort by the central banks and financial institutions across the three jurisdictions helps us identify gaps and areas of improvements in cross-border payments, and sets the foundation for further technical experimentation.”

8 Diane S Reyes, Group General Manager and Global Head of Global Liquidity and Cash Management at HSBC, said, “HSBC is delighted to have led the banking community to discuss the challenges and opportunities to improve cross-border payments and settlement. We look forward to continuing the positive dialogue created through this project to ensure that, as a collective community, we harness digital technology to deliver practical benefits for international businesses.”

About the Bank of Canada

The Bank of Canada is the nation's central bank. Its principal role is "to promote the economic and financial welfare of Canada," as defined in the Bank of Canada Act. The Bank's four main areas of responsibility are: monetary policy—keep inflation low and stable; financial stability—promoting a safe, sound and efficient financial system; currency—designing, issuing and distributing Canada's bank notes; and funds management—acting as fiscal agent for the Government of Canada.

About Bank of England

The Bank of England is the central bank of the United Kingdom. The Bank of England's mission is to promote the good of the people of the United Kingdom by maintaining monetary and financial stability.

About the Monetary Authority of Singapore

The Monetary Authority of Singapore (MAS) is Singapore's central bank and integrated financial regulator. As central bank, MAS promotes sustained, non-inflationary economic

growth through the conduct of monetary policy and close macroeconomic surveillance and analysis. It manages Singapore's exchange rate, official foreign reserves, and liquidity in the banking sector. As an integrated financial supervisor, MAS fosters a sound financial services sector through its prudential oversight of all financial institutions in Singapore – banks, insurers, capital market intermediaries, financial advisors, and stock exchanges. It is also responsible for well-functioning financial markets, sound conduct, and investor education. MAS works with the financial industry to promote Singapore as a dynamic international financial centre. It facilitates the development of infrastructure, adoption of technology, and upgrading of skills in the financial industry.

About HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 3,800 offices in 66 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,603bn at 30 September 2018, HSBC is one of the world's largest banking and financial services organisations.

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