

# Borderless payments becomes reality

**IPFA aims to make global cross-border payments cheap, easy and standardised.**

A boundary-free global payments market in which international payments become as cheap, easy and standard as domestic ones, took a step closer to reality recently when 21 leading banks, clearing houses and payment service providers based in Europe, the US, Canada, Brazil and South Africa signed up to the International Payments Framework Association (IPFA).

By joining the IPFA, members agree to adhere to and apply a uniform set of business rules, standards and operating procedures to cross-border payments. The Association also announced that two founding members, the Federal Reserve Bank in Atlanta and Equens in Europe will begin processing USD and EUR payments between the USA and Europe in April.

The main thrust behind the IPFA is to create an integrated, standardised payments market capable of handling larger volumes of transactions at lower cost. According to Michael Steinbach, chairman



Michael Steinbach: Equens

of Equens and IPFA's newly elected vice chairman, as SEPA transactions rise, processing payments outside SEPA will become comparatively more and more expensive. "Given that the SEPA infrastructure is now in place and investments are being made in this mediating technology," he says, "why should payment providers not go ahead and start connecting with partners abroad and overseas to start leveraging on a global scale?"

The idea behind the IPF, he says, is to create seamless reach around the world starting with Europe and the US where the National Automated Clearing House Association (NACHA) is also breaking down the walls between national payment systems, adopting for example, the ISO 20022 standard used by SEPA, for financial messaging.

Over the next year, IPFA members are planning to bring the currencies of Brazil, Canada, Mexico and South Africa into the framework. Equens, for example, is already talking to financial institutions in Canada, South Africa and South America and is actively looking for partners in Asia and Australia

Steering IPFA'S new board, which comprises members of six banking institutions and three clearing houses, is Arthur Cousins of Standard Bank of South Africa who was elected chairman at the Association's inaugural meeting. ■

## Greater collaboration on reference data standards

Banks and their regulators must start working together if the industry is to develop a single, shared reference data infrastructure according to delegates attending the recent third Annual Reference Data Management for the Banking Industry conference in London.

Senior managers from a number of major banks as well as officials from the European Central Bank, the Committee of European Securities Regulators (CESR) and the regulatory think-tank, JWG-IT, warned that a "tsunami" of regulatory requirements will soon hit the banking industry but that many firms would be

unable to meet the new rules. "This was a real call to arms," says Julia Sutton, director, Global Reference Data, Royal Bank of Canada Capital Markets. "We've been talking about this long enough. We need the right people to set the benchmarks and time is of the essence."

Until recently regulators were reluctant to get involved in reference data issues, according to Arja Voipo, senior advisor to the Financial Supervisory Authority in Finland and chair of the CESR Technology Committee. "But regulators need to understand the urgency of these issues and it is refreshing to see the banks are

proactive on this front," he said.

According to PJ Di Giammarino, CEO of JWG-IT and chairman of the conference, the industry already has a template for developing standards. Its Customer Data Management Group (CMDG), comprising a cross-section of industry players, recently ended a 400-day collaborative exercise to produce industry guidance on the maintenance of wholesale customer data. The guidance is designed to help senior managers in banks as well regulators and the supply chain to understand the issues surrounding customer data and benchmark their practices. ■