Towards the holy grail of cross-border payments

Author:Ulrich BindseilGeorge Pantelopoulos

Date:2022-08-01

Keyword:NA

Url:[click here](https://www.ecb.europa.eu/pub/research/working-papers/html/papers-2022.include.en.html)

Attachment:[click here](https://www.ecb.europa.eu//pub/pdf/scpwps/ecb.wp2693~8d4e580438.en.pdf?972bbc119868c193467dc86f4a7cf706)

From:ECB-working\_paper

AbstractThe holy grail of cross-border payments is a solution allowing cross-border payments to be immediate, cheap, universal, and settled in a secure settlement medium. The search for such a solution is as old as international commerce and the implied need to pay. This paper describes current visions how to eventually find this holy grail within the next decade, namely through (i) modernized correspondent banking; (ii) emerging cross-border FinTech solutions; (iii) Bitcoin; (iv) global stablecoins; (v) interlinked instant payment systems with FX conversion layer; (vi) interlinked CBDC with FX conversion layer. For each, settlement mechanics are explained, and an assessment is provided on its potential to be the holy grail of cross-border payments. Several solutions are suitable for improving cross-border payments significantly, and some could even be the holy grail.JEL CodeE42 : Macroeconomics and Monetary Economics→Money and Interest Rates→Monetary Systems, Standards, Regimes, Government and the Monetary System, Payment SystemsE58 : Macroeconomics and Monetary Economics→Monetary Policy, Central Banking, and the Supply of Money and Credit→Central Banks and Their PoliciesF31 : International Economics→International Finance→Foreign Exchange