

The CPMI and financial market infrastructure

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The Committee on Payments and Market Infrastructures has a longer history than its present name suggests. Its origins lie in a group of experts on payment systems set up by the central banks of the Group of Ten in 1980. This group was transformed into the Committee on Payment and Settlement Systems (CPSS) in 1990. In September 2014, the Committee was renamed the Committee on Payments and Market Infrastructures (CPMI) to reflect its broader mandate covering all financial market infrastructures, among them central counterparties, central securities depositories, securities settlement systems and trade repositories.¹ Its members are senior officials of some twenty-eight central banks, and it reports to the Global Economy Meeting of the BIS governors.

The work of the Committee has deeply influenced the design of payment systems worldwide. In 1990, the report of the Committee on Interbank Netting Schemes of the G10 central banks, known as the Lamfalussy Report after its chair Alexandre Lamfalussy, set minimum standards for the design and operation of netting schemes.² Subsequent reports dealt with delivery versus payment in securities settlement, settlement risk in foreign exchange transactions and the core principles for systemically important payment systems of 2001. The work on foreign exchange settlement risk contributed to the establishment of CLS Bank in 2002, which settles foreign exchange transactions on a payment-versus-payment basis and has become one of the most important pieces of infrastructure in global finance.³

The central standard in this field today is the *Principles for Financial Market Infrastructures* (PFMI), published by the CPSS and the Technical Committee of IOSCO in April 2012.⁴ The PFMI consist of twenty-four principles for financial market infrastructures and five responsibilities for central banks, market regulators and other relevant authorities. They address legal certainty, governance, credit and liquidity risk, collateral,

margin, settlement finality, money settlements, default management, segregation and portability, general business and operational risk, access and transparency. Since the G20 had decided in 2009 that standardised over-the-counter derivatives should be cleared through central counterparties, the PFMI acquired great importance, because central counterparties became nodes in which risks of the financial system were concentrated. The CPMI and IOSCO, together with the FSB and the Basel Committee, subsequently developed guidance on the resilience, recovery and resolution of central counterparties.⁵

In Switzerland, the PFMI have been implemented through the Financial Market Infrastructure Act of 2015 and through the oversight of systemically important financial market infrastructures by the Swiss National Bank under the National Bank Act. The SNB oversees, among others, the Swiss Interbank Clearing system (SIC), which it operates through SIX Interbank Clearing, the central counterparty SIX x-clear and the central securities depository SIX SIS.⁶ In this field, the CPMI's standards reach the Swiss financial centre through the central bank, while FINMA supervises the infrastructures as institutions. The fact that the SNB is a member of the CPMI means that Swiss experience feeds directly into the development of the standards it then applies.

The most visible recent project of the CPMI is the G20 programme for enhancing cross-border payments. In 2020, the G20 made the improvement of cross-border payments a priority, because such payments remained slow, expensive, opaque and difficult to access, especially for remittances to developing countries. On the basis of a report by the CPMI, the FSB published in October 2020 a roadmap with nineteen building blocks for enhancing cross-border payments.⁷ In October 2021, the FSB set quantitative targets for 2027 concerning the cost, speed, transparency and access of cross-border payments, among them a global average cost of remittances of no more than three per cent and the crediting of most wholesale payments within one hour.⁸ The roadmap was reprioritised in 2023 around a smaller number of themes. According to the progress reports published since then, the targets are unlikely to be met in full by 2027. Status to be verified.⁹ The roadmap also provided the impulse for several projects of the BIS Innovation Hub, which the following sections describe.

1 Notes

1. On the history of the CPSS/CPMI, see BIS, CPMI website, "History"; BIS press release of 1 September 2014 on the renaming of the CPSS as CPMI. To be verified. ↩
2. BIS, Report of the Committee on Interbank Netting Schemes of the Central Banks of the Group of Ten Countries (Lamfalussy Report), November 1990. To be verified. ↩
3. CPSS, Settlement Risk in Foreign Exchange Transactions (Allsopp Report), March 1996; CPSS, Core Principles for Systemically Important Payment Systems, January 2001; on the launch of CLS in 2002, see CLS Group publications. To be verified. ↩
4. CPSS and IOSCO Technical Committee, Principles for Financial Market Infrastructures, April 2012. To be verified. ↩
5. CPMI-IOSCO, Resilience of Central Counterparties: Further Guidance on the PFMI, July 2017; FSB, Guidance on Central Counterparty Resolution and Resolution Planning, July 2017. To be verified. ↩
6. Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FinMIA), of 19 June 2015, SR 958.1; National Bank Act (NBA), Articles 19 et seq.; National Bank Ordinance (NBO), provisions on oversight. To be verified. ↩
7. CPMI, Enhancing Cross-border Payments: Building Blocks of a Global Roadmap, Stage 2 report to the G20, July 2020; FSB, Enhancing Cross-border Payments: Stage 3 Roadmap, 13 October 2020. To be verified. ↩
8. FSB, Targets for Addressing the Four Challenges of Cross-Border Payments: Final Report, 13 October 2021. Targets to be verified. ↩
9. FSB, annual progress reports and KPI reports on the G20 roadmap for enhancing cross-border payments (2023–2025). Status to be verified. ↩

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