Cross-border payment services and the GATS

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Cross-border payments matter...

- Cross-border payments are financial transactions where the payer and the recipient are located in different countries.
- There are two main types:
  - Wholesale
  - Retail
- Factors explaining the growth (and demand for) cross-border payments services:
  - Expansion of supply chains across borders
  - Global investment flows
  - Expansion of international trade (including e-commerce)
  - International remittances
But cross-border payments are subject to different barriers...

- Two main categories of barriers
  - Lack of interoperability across payment systems
  - Restrictions on cross-border data flows

- These restrictions add significant costs to business, trade and international transactions, such as...
  - Increased difficulties to settle not only cross-border but also domestic digital payments
  - Limits to the achievement of economies of scale by payment services providers
  - Reduced competitiveness of local merchants and exporters
Trade agreements, in particular the GATS, remain underutilized...

- GATS commitments provide a solid foundation for the reduction of unnecessary barriers to global cross-border payments...
  - However, the coverage and depth of commitments in the GATS lack geographical scope and binding force
- Specific commitments can be complemented with necessary domestic regulation principles

*EU25 = 1 schedule
THANK YOU