

To:

Committee on Payments and Market Infrastructure
Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel, Switzerland

Re: Consultation by the CPMI Payments Interoperability and Extension Taskforce to Seek Industry Views on Enhancing Cross-Border Payments

January 20, 2025

Coinbase Global, Inc. (together with its subsidiaries, **Coinbase**) welcomes the opportunity to respond to the call for comments on the consultation (the **Consultation**) with respect to enhancing cross-border payments published by the Payments Interoperability and Extension (**PIE**) taskforce of the Committee on Payments and Market Infrastructure (**CPMI**).

Coinbase started in 2012 with the idea anyone, anywhere, should be able to send and receive Bitcoin easily and securely. Today, we are publicly listed in the US and provide a trusted and easy-to-use platform relied on by millions of verified users in over 100 countries to access the broader crypto economy.

We appreciate the PIE taskforce's efforts to elicit industry input on how to enhance cross border payments in pursuit of G20 targets. As we discuss in our letter, we believe these goals can be met today, with stablecoins. This is a proven technology, implemented globally, that with adoption of appropriate regulatory frameworks, can provide any person with a phone and internet connection the ability to send money to anyone else in the world in one second and for less than a cent, far exceeding the G20 goals.

We strongly recommend adding stablecoins to the work programme. There is no faster or efficient solution to meeting G20 targets. We would be happy to discuss further how stablecoins can serve this purpose.

Yours sincerely,



Faryar Shirzad
Chief Policy Officer

I. Introduction

We applaud the CMPI efforts to implement G20 goals of faster and lower cost cross border payments. Unfortunately, progress to date has been slow, with legacy payment systems failing to meet established targets despite the fact that the enabling technology for electronic money transfers has been in place for decades. Fortunately, recent innovations in payment technologies offer solutions available today that not only meets the G20 targets, but far exceeds them.

Stablecoins that trade and transfer on open, permissionless blockchain systems is the enabling technology. They are already in use and proven. Jurisdictions around the world are establishing regulatory frameworks that can ensure their safe and efficient adoption. Stablecoins can be sent and received peer to peer without the need of an intermediary. They don't rely on bank payment rails and do not require a daisy chain of debits and credit to settle. And because users are not required to be banked, stablecoins increase financial inclusion, particularly in emerging and developing economies where the need for low cost, cross border payments is most acute.

Key to the success in achieving the G20 policy objectives is the adoption and use of permissionless systems. Doing so will promote widescale adoption by ensuring that anyone, anywhere can access and use those systems and the assets and stablecoins on them. Time and again, history has shown that open systems encourage innovation, create fair competition, and deliver benefits to everyone, just like with the protocols that underpin the internet. Blockchains based on distributed ledger technology (**DLT**) allow the peer-to-peer movement of value, mirroring how the TCP/IP protocol enabled the movement of data, and SMTP provided a universal “language” for global messaging and email. By keeping the system open, we ensure more opportunities for innovation, growth, and inclusivity along with significant improvements in both the cost and speed of payments.¹

II. Targeted Responses

Which private sector initiatives or solutions could help to support enhancing cross-border payments?

Stablecoins are a widespread, private sector innovation that can support each of the G20's targets for cross-border payments. During the calendar year 2024, stablecoins facilitated more than \$25 trillion in transactions² and excelled in each of the G20 targets categories: cost, speed, transparency and access.

¹ Coinbase Institute, [Why the Future of Finance Calls for a Permissionless Architecture](#), (January 2024).

² Visa On Chain Analytics, *Stablecoin Transactions*, <https://visaonchainanalytics.com/transactions>.

- **Cost**

Stablecoins can be sent anywhere in the world for *de minimis* cost. For example, users of Coinbase's layer 2 blockchain system Base can transfer and settle a stablecoin transaction for less than one cent and in one second. In contrast, the Financial Stability Board's (FSB's) 2024 report on progress against G20 targets found that the global average cost for traditional retail payments ranged from 1.6-2.6% (an increase from the year prior).³

- **Speed**

Stablecoins are able to confirm transfers nearly instantly, achieving transaction finality in a matter of minutes rather than days, which is the standard for traditional cross-border payments. One of the reasons for delays in traditional payments is the complexity of aligning the operations of multiple intermediaries spread around the globe. Stablecoins on permissionless blockchains operate 24/7 and without intermediaries, which eliminates the obstacles to settlement (and thus the delays) caused by time zones and operating hours. By contrast, among traditional payment systems, the FSB found in 2023 that only 10% of real time gross settlement systems planned to extend operating hours to 24/7 by 2028.⁴

- **Transparency**

Stablecoins operating on permissionless DLT systems offer unprecedented transparency. They allow users to access and analyze historical transaction data, specifically the entire transaction history of the blockchain and all fees associated with those transactions. This level of transparency allows users to estimate the total fees and time associated with settling a transaction on any particular blockchain, and thus the ability to set tolerances in terms of price and time beyond which a transaction will not be executed. Although stablecoins are already low-cost and settle near instantly, this additional functionality provides users further protection from unfair pricing and inefficient transactions.

- **Access**

Stablecoins and permissionless blockchains more generally are democratizing access to financial services. They do not require a user to have a bank account, which historically has been a barrier to entry for traditional cross-border payments. Users require only access to the internet through an appropriately enabled electronic device. Even in highly developed economies, bank access is not universal. The necessary electronic devices are now widely available and largely ubiquitous, including in emerging markets and developing countries. Permitting the use of stablecoins as part of a jurisdiction's payments ecosystem is therefore a

³ Financial Stability Board, *Annual Progress Report on Meeting the Targets for Cross-border Payments*, pg. 17 (21 October 2024).

⁴ Financial Stability Board, *G20 Roadmap for Enhancing Cross-border Payments*, pg. 11 (9 October 2023) (FSB 2023).

relatively straightforward way to meet the G20 target of all end users having at least one option for sending or receiving cross-border electronic payments.

What frictions or challenges do you think have not been sufficiently dealt with in the G20 cross-border payments programme?

The FSB's Consolidated Progress Report for 2023 referenced three organizing themes for the G20's priority actions for enhancing cross border payments:

- Payment system interoperability and extension;
- Legal, regulatory and supervisory frameworks; and
- Cross-border data exchange and message standards.⁵

The “last mile” problem is among the frictions most commonly cited by traditional financial intermediaries and banks. For example, SWIFT representatives have publicly stated that 90% of wholesale payments reach the end beneficiaries’ banks within one hour. But due to factors such as capital and currency controls, operating hours and batch processing, only 60% of payments are credited to customer accounts within that timeframe.⁶

Adoption of stablecoins can solve the last mile problem in traditional settlement systems using private market solutions already in use today. These solutions include adding a stablecoin leg to the wholesale settlement legs between financial institutions, and/or the final settlement leg crediting payments to the recipient’s accounts, where (if necessary) it is converted into the appropriate payment currency under established practices of that financial institution. When fully deployed across the payment value chain, the stablecoin legs create interoperable layers between systems used by financial institutions. This reduces the settlement times while not requiring customers to pay or receive stablecoins themselves – the process is entirely transparent to them.

Variations of this solution are live today and address numerous use cases safely and effectively.⁷ Further, this is an area where blockchain-native companies and traditional financial institutions are eager to work together. The principal reason these are not available to be used in connection with achieving the G20 goals is because stablecoins have been scoped out of the work program. We recommend changing this to allow stablecoin solutions to be used.

⁵ FSB 2023, pg. 4.

⁶ Deutsche Bank, *G20 Roadmap: Forging a Path to Enhanced Cross-Border Payments*, pg. 8 <https://corporates.db.com/files/documents/publications/DB-G20-Roapmap-WP-40pp-Web-Secure.d.pdf>.

⁷ Visa, *Coinbase to Integrate Visa Direct to Deliver Real-Time Account Funding for Customers*, (October 29, 2024) <https://usa.visa.com/about-visa/newsroom/press-releases.releaseId.20931.html>.

What do you see as priorities to achieve safer and more efficient cross-border payments?

The CPMI, its PIE taskforce, and jurisdictions globally should ensure that efforts to improve cross-border payments remain technology neutral and allow solutions outside of the traditional banking system. This is necessary for the kinds of innovation that can actually meet the stated G20 targets. Stablecoins were still in their infancy in 2020 when the G20 initiative began, so it is understandable that they were not considered at the outset, but their advantages are now clear, and it is time that they be included in the roadmap.

Of course, as we indicated above, we recognize that stablecoins are not the only solution to meeting the G20 targets. We support a mixed-payments ecosystem that provides for different forms of private money including improvements to the correspondent banking systems as it exists today. And as we also noted above, traditional bank rails and wholesale payments can also benefit from stablecoin innovations. Pursuing a mixed payments strategy provides the most space for innovation that will improve cross-border payments and for end users to make choices based on which payment method best suits their needs.

When implementing a mixed payments ecosystem that includes stablecoins as a component in the cross-border payment solution, the CPMI and jurisdictions globally should be mindful to ensure their other regulatory efforts do not unduly tip the payments playing field by incentivizing or disincentivizing one form of technology over another. For example, we do not support the Basel Committee's proposed 1250% risk weight, which imposes an unnecessary and harmful provision on banks holding digital assets operating on permissionless blockchains. If implemented, the recommendation would severely impact the adoption of stablecoins as part of the payments ecosystem by banks.⁸

III. Conclusion

We appreciate the PIE taskforce's continued efforts in pursuit of the G20's cross-border payments goals, and its outreach to industry soliciting feedback on how to enhance progress. Our message is simple – it is time for the programme to include stablecoins in its roadmap. It is a clear solution to the originally stated problem, and the solution is available today and simply waiting for endorsement by the global regulatory community.

⁸ Basel Committee on Banking Supervision, *Cryptoasset Standard Amendments*, pg. 11-12 (December 2023) <https://www.bis.org/bcbs/publ/d567.pdf>.