

Calls to ban Russia from SWIFT

Ukraine's government – and others in the West – have called for Russian institutions to be barred from SWIFT, the secure global payments system, seriously damaging Russia's ability to trade internationally

HOW DOES IT WORK?

SWIFT* enables fast cross-border payment orders – NOT money transfers

*Society for Worldwide Interbank Financial Telecommunication

1 Company A – in U.S. – wants to pay Business B in Russia

2 Business B has account at Russian bank

citibank

3 U.S. bank sends SWIFT message to Russian bank over secure network

БАНК РОССИИ

4 Each bank has account holding money on behalf of the other

U.S. BANK

RUSSIAN BANK

VOSTRO

"Your" money
Company A
money paid
into account of
Russian bank



SWIFT Code

ROSYRU21CNT

ROSY Rossiya Bank
RU Russia
21 Moscow
CNT Central branch



NOSTRO

"Our" money
Business B
receives funds
from account of
U.S. bank

5 Russian bank authorised to release funds to Business B
If two financial institutions do not have a direct relationship, intermediary banks are found to make connection – adding to cost

OPPOSITION TO A BAN

CIPS

Could turn to Chinese alternative **Cross-border Interbank Payment System** designed to boost use of yuan, damaging position of U.S. dollar as global reserve currency

Could use other channels including cryptocurrencies such as **Bitcoin**

Russia is main supplier of EU natural gas and fossil fuels

