

# Russia Sets Up A SWIFT Alternative With India, China, & Iran To Connect Over 40% Of World Population



With Russia and other countries planning a SWIFT alternative, will companies like Ripple see a boost in adoption for cross border payments or will the increased competition drive out these crypto projects?

Russia's SWIFT alternative (SPFS) is all set to connect both India and China. This system will connect more than 41% of the world's population that will be a big step towards a non-dollar world.

According to an RT report, members of BRICS trade bloc, India, Russia, and China decided on Monday to connect their financial messaging systems to bypass the SWIFT system. Belgium-based Society for Worldwide Interbank Financial Telecommunication (SWIFT) links over 11,000 financial institutions in more than 20 countries.

Parties plan to collaborate on a single platform without difficulties. Russia's financial messaging system SPFS will be connected with both India and China's interbank payments. While China's interbank payment system is CIPS, India's domestic service is still under development.

The development of SPFS by Russia began in 2014 amidst US threats to disconnect the country from SWIFT. In Dec. 2017, the first transaction was made on this new network that involved a non-banking enterprise.

Alla Bakina, the director of the Bank of Russia's national payment system, was quoted at that time as saying:

*"We have an opportunity to connect both foreign banks and foreign legal entities to the SPFS. Today, about 400 users are participating in the system. Agreements have already been concluded with eight foreign banks and 34 legal entities."*

## **Iran Joins Russia's Alternative SWIFT System**

It is reported that Iran, which joined Russia led the free-trade zone (EAEU) wants to make a joint alternative to SWIFT with the country as well.

Last year, SWIFT disconnected some Iranian banks from its system and now Moscow and Tehran are planning to use their own financial messaging systems — Russia's SPFS and Iran's SEPAM — to manage the trade after US President Donald Trump abandons the nuclear deal with the Islamic Republic and resumes US sanctions against Tehran.

Abdolnaser Hemmati, the governor of the Iranian central bank has been quoted as saying by Mehr News Agency on Tuesday:

*"Using this system for trade and business exchanges between EAEU [Eurasian Economic Union] member states can help develop and expand trade exchanges between the member states as well."*

SWIFT, a potential weapon used by the US to get an edge over other countries is

facing stiff competition not only from the systems created by countries to trade with other nations but also from companies like Ripple that use the latest technology, blockchain, to settle transactions at a faster speed and cheaper costs.

With Russia leading the de-dollarization and getting ready with this alternative SWIFT system, the US dollar is expected to lose its dominance and digital currencies and crypto-related companies to gain bigger market share.

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