



Central Securities Depositories - overcoming challenges by using SWIFT

Ekaterina Kalinina

Head of Russia, CIS and Mongolia

AECSD Conference in Tashkent, Uzbekistan

27 September 2018

Agenda

Post-trade landscape: diversity and fragmentation

Overcoming challenges by using SWIFT:

- **Time for SWIFT gpi**
- **The power of ISO20022**
- **New approach towards CSD communities: CSD Community Offering**



Post-trade landscape: diversity & fragmentation

Financial markets barriers:

- Geopolitical uncertainty
- Regulatory burden
- Variety of taxation regimes
- Differences in IT and market practices
- Operational barriers

Diversity & Fragmentation => inefficiency & risks

Way to overcome => harmonisation & standardisation

Right communication channel – one of the key elements for x-border business development.



Overcoming challenges by using SWIFT

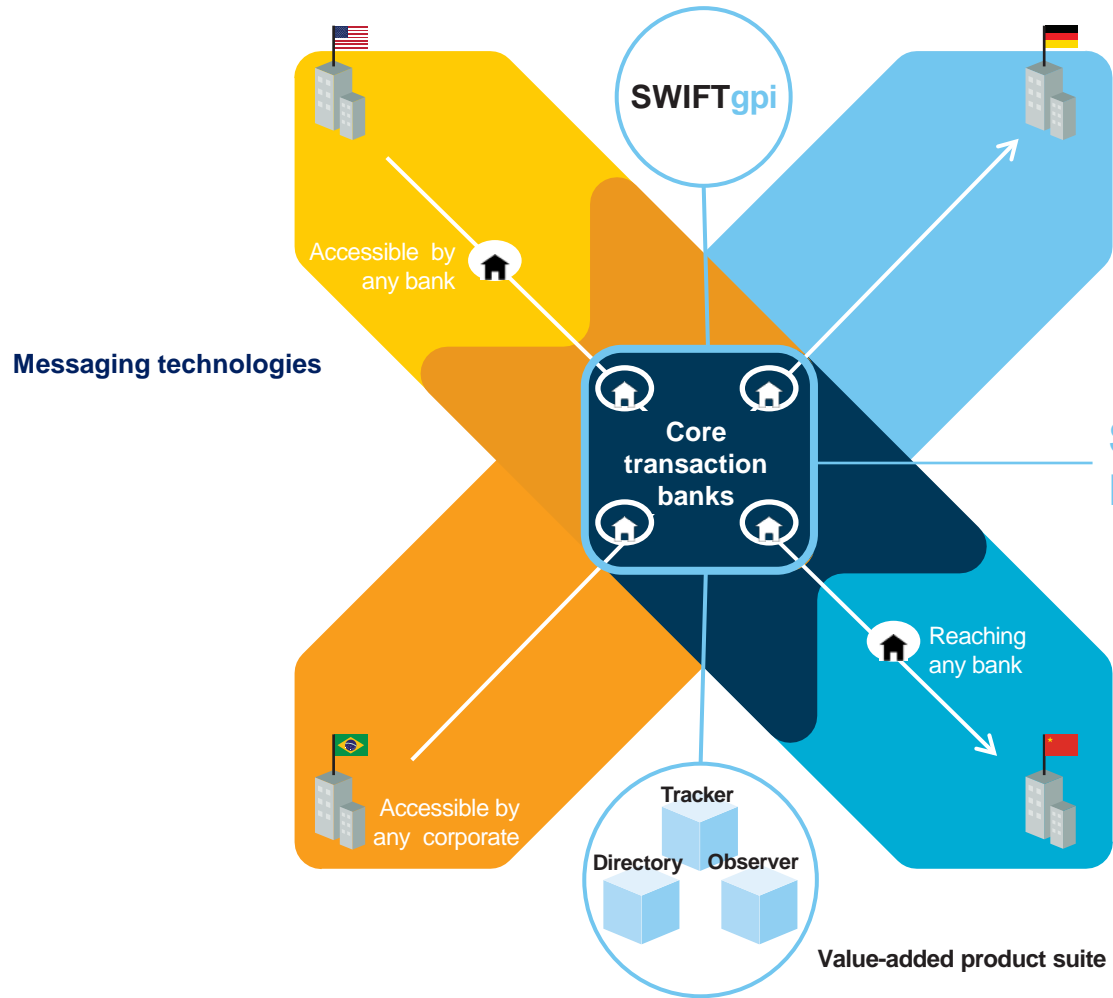
Create new
customer
experience with
SWIFT gpi

Achieve
interoperability
with
ISO20022

Save with
**CSD
Community
Offering**



TIME FOR SWIFT GPI



A unique end-to-end tracking number is included in the header of the MT 103 and carried across the payments route up until the beneficiary bank



SWIFT global payments innovation (gpi)

- Faster, same day* use of funds
- Transparency of fees
- End-to-end payments tracking
- Remittance information transferred unaltered

(* within the timezone of the receiving gpi member)



Unparalleled growth in adoption, traffic and corridors

Very large
community

210+

banks committed to implement,
49 top 50 banks signed

200+

countries covered

80+%

SWIFT cross-border payments
represented

Millions live
payments

71

banks live
35 top 50 banks

600+

country corridors

70+ Mio

payments sent as gpi since go
live 500K payments/day

30+%

cross-border MT103
sent as gpi

Delivering
real value

- Nearly 50% of SWIFT gpi payments are credited to end beneficiaries within 30 minutes
- More than 100 billion USD are being sent daily via gpi
- Significant drop in bank enquiry costs by as much as 50%
- Positive reactions from corporates



71 banks are live, with more than 119 banks in the implementation phase

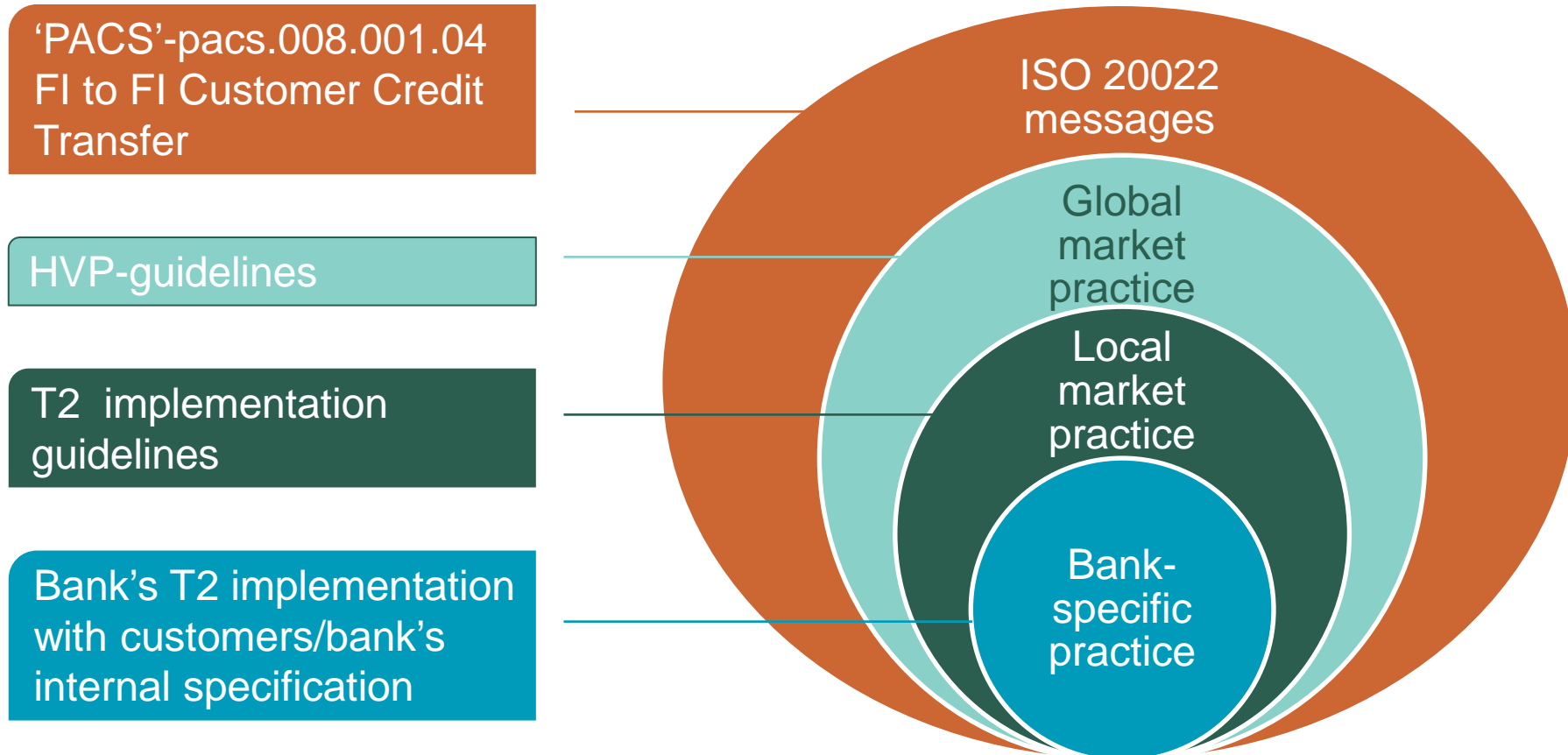
71

gpi banks live



The power of ISO 20022

Standards are created globally and used locally: market practice and variants



The power of ISO 20022



Open, neutral methodology to develop

Everyone can participate

Greater automation

Rich, structured data



Scenario-based standards facilitating market practice

Ease of integration

Re-usable message components, electronic message formats, character set



End-to-end business-centric approach

The standard is being used!



Syntax-independent model
Future-proof

Allows for interoperability

Data dictionary approach allowing referencing by other standards



ISO 20022 Migration Community Consultation

- *Community consultation* on timing and practicalities of a migration of MT traffic towards ISO 20022 ended on 4th June 2018.
- *100+ responses received* (44 country responses, as well as 38 of Top 50 Financial Institutions and key Market Infrastructures (ECB, Federal Reserve, Bank of England, National Bank of Belgium, CLS))
- *High level summary of responses* available on [swift.com](https://www.swift.com) > Standards > ISO 20022 migration study
- **Next steps:**
 - Further information on migration will be provided after the September Board meeting and at Sibos
 - Formal communication will be provided to the community in a Level 2 Board Information Report (IR) in December 2018.



Key Points from *ISO 20022 Migration Response Summary* document

- **Payments**

- Respondents validated the laid out driving factors for ISO 20022 migration
 - Proposed timeline for migration of cross-border payments: Start 2021 or 2022, End 2025 or 2026
- Community is broadly supportive of the migration of payments and the proposed timeline
- Need for alignment with timelines of the migration of key market infrastructures such as Target2 and Fedwire was a recurring comment

- **Securities**

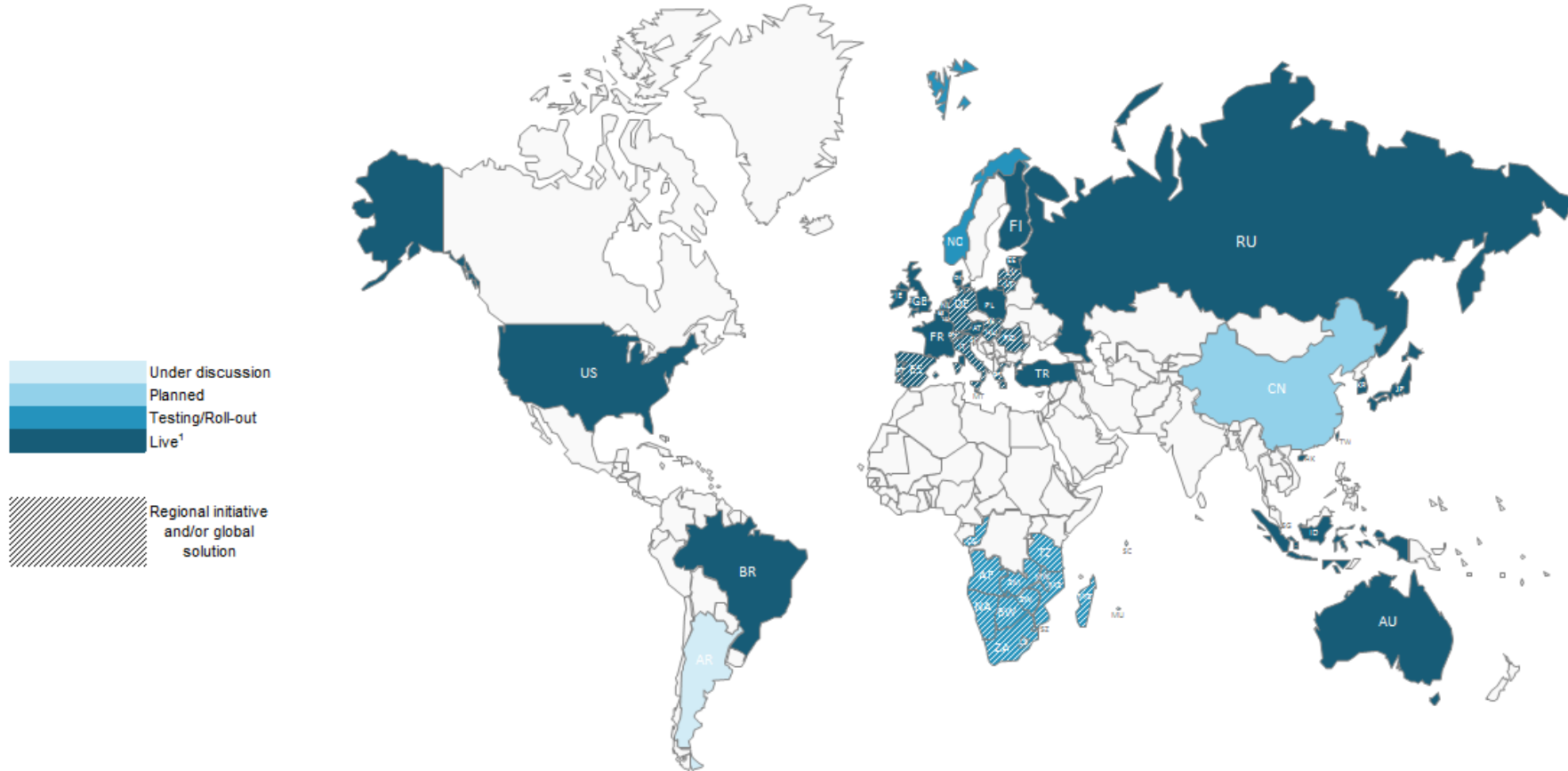
- Respondents acknowledged growing need to use ISO 20022 for specific areas of the securities lifecycle, such as collateral management, regulatory reporting, specific asset servicing areas and in the Market Infrastructure space
- Compared to payments, fewer immediate drivers that would warrant an actual migration to ISO 20022 in the many to many space, because the ISO 15022 standard is relatively recent compared to MT and meets existing business needs
- Overall, SWIFT should not to plan for a migration from ISO 15022 to ISO 20022 now, but rather continue to make ISO 20022 available on an opt-in basis



ISO 2022 Adoption – Securities MI (some examples)

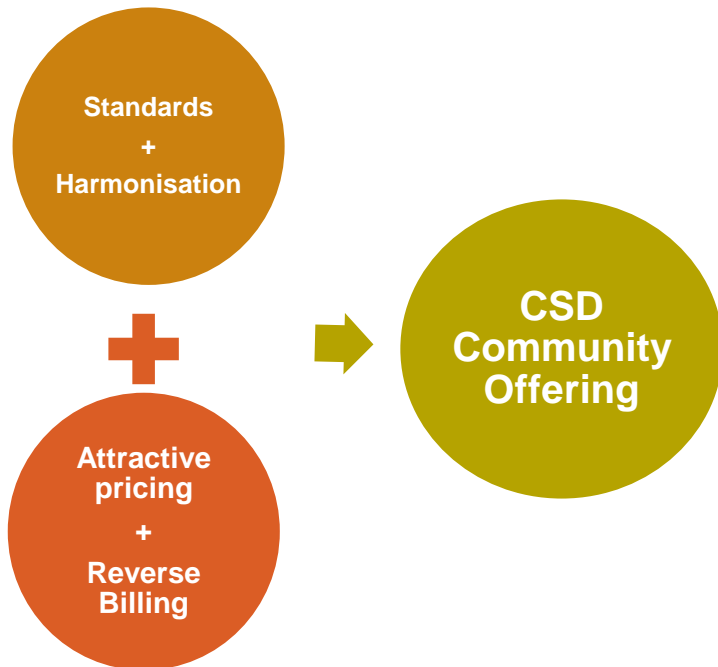
From discussion to implementation

ISO 2022 adoption map - SMIs (Securities Market Infrastructures)



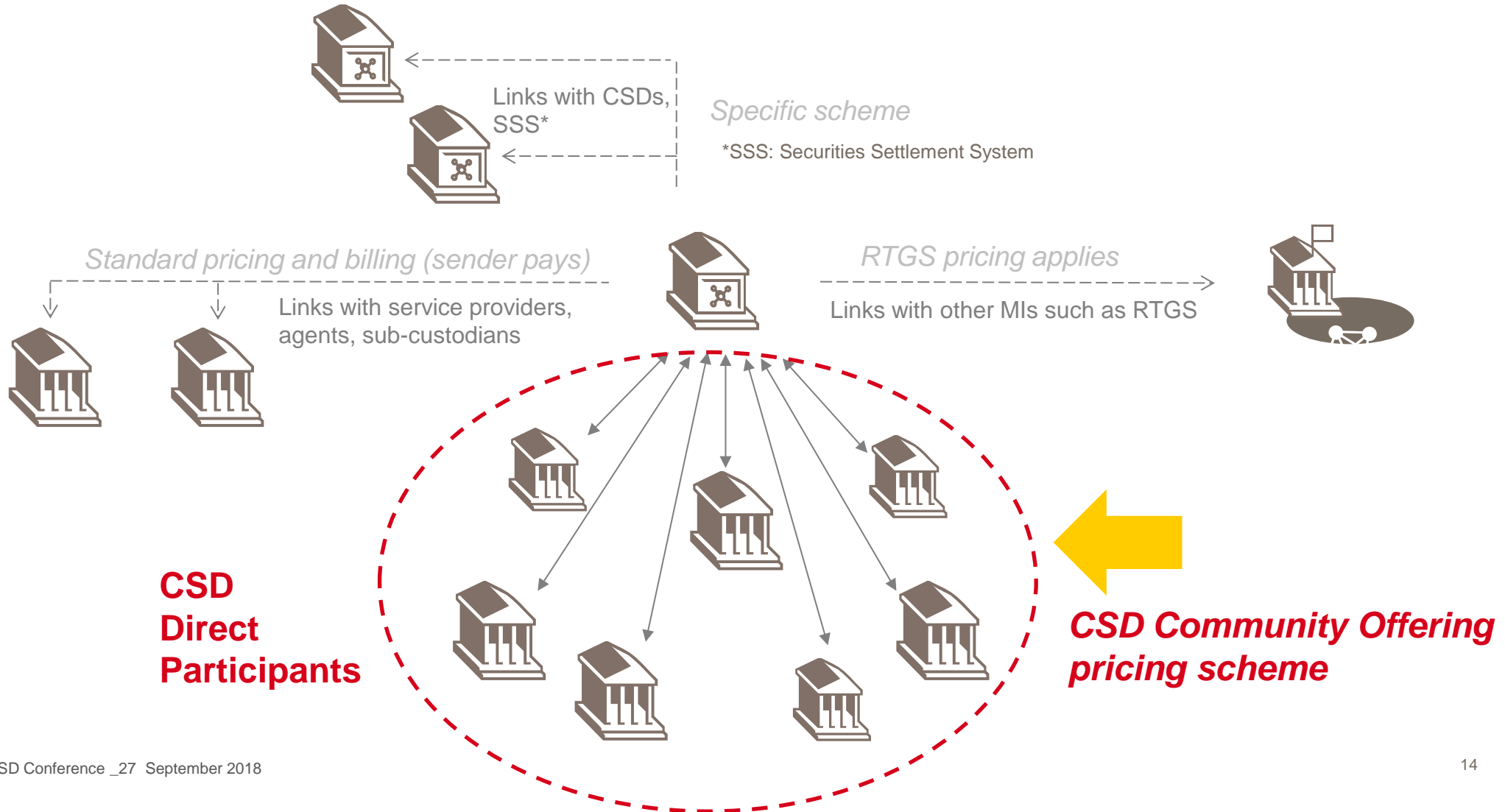
New Approach towards CSD Communities: CSD Community Offering

- **Attractive Pricing** => increased use of SWIFT as a messaging channel in CSD communities
- **Incentivised Harmonisation** => better operational efficiency



- Available to **all** CSD direct participants irrespective of jurisdiction (other CSDs excluded)
- Prices at Global Tier 10 or better
- **Domestic** prices will apply for non-reporting flows (already the case for reporting flows)
- Applies to **all** message types
- Applies to **all** SWIFT messaging services
- Does not apply to the CSD's links with other CSDs or PMIs as other pricing schemes apply
- Agreement for initial period of 3 years with automatic renewal every year afterwards

CSD Community Offering : Area of Application



Existing "Reverse Billing" CSD Community Offerings



ESES (BE, FR, NL)
Finland
UKI (Crest)
Sweden



Thank You!



Ekaterina Kalinina

Head of Russia, CIS & Mongolia

SWIFT

LOTTE Business Center
Novinsky boulevard 8
121099 Moscow
Russia

T: +7 495 228 5923, ext. 1104

M: +7 903 164 6095

E: ekaterina.kalinina@swift.com

W: www.swift.com



