

Russia Pushes Ahead With Plans for SWIFT Alternative

By [The Moscow Times](#)

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Deputy Finance Minister Alexei Moiseyev

Russian officials have drawn up a law that would create a local equivalent of the interbank payment system SWIFT, Deputy Finance Minister Alexei Moiseyev said Wednesday in comments cited by Russian news agencies.

The draft law appears to be a response to concerns that Belgium-based SWIFT, the world's biggest electronic payments system, could become a tool for further Western sanctions targeting Russia's financial sector over the Ukraine crisis.

In 2012, SWIFT cut off Iranian banks that were the subject of European Union sanctions over Iran's nuclear program — a step that shut down a major avenue through which Tehran did business with the rest of the world.

"We have a law prepared which will oblige transfers for internal Russian transactions within

the framework of a Russian system," Interfax quoted Moiseyev as saying.

Moiseyev added that, although the law had been drafted, it would not become policy until it was clear that the Central Bank had the technology to enable processing of interbank transactions within Russia.

The plans to develop an alternative to SWIFT follow steps to create a national payment system for processing credit card transactions, after Visa and MasterCard stopped providing services for some Russian banks that were subject to Western sanctions.

Kommersant reported last week that the Central Bank had sent a letter to banks asking them to consider alternative mechanisms for interbank payments, citing national security concerns.

The paper said only about 5 to 10 percent of payments involving Russian banks are presently made inside Russia, suggesting it would not be easy to create a domestic alternative to rival SWIFT.

In April, Moiseyev said changes to the law would require SWIFT to establish a subsidiary in Russia that would be regulated by the Russian Central Bank, copying the approach adopted toward the card processors Visa and MasterCard.

Western countries have imposed sanctions targeting key sectors of the Russian economy over Moscow's role in Ukraine, where pro-Russian separatists are battling Kiev's forces. Russia has retaliated by banning imports of Western food products.

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