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Russia's Central Bank Tests Telex as SWIFT Substitute

By The Moscow Times

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Russia's Central Bank is testing Telex as an alternative to inter-bank financial system SWIFT, on the assumption that the country could be shut out of that system by the U.S. and EU over Russia's alleged military support for separatists in eastern Ukraine, Gazeta.ru reported Monday.

The Central Bank began testing domestic transmission channels and older formats for money transfers like Telex last Tuesday.

"The tests show that the data transfers system stays stable even at high levels, and that the transfers work at a reasonably high speed. We can confidently say that a SWIFT shutdown will not affect the country's inter-bank transactions," a Central Bank representative told Gazeta.ru.

But experts fear that international bank transfers using Telex could be two or three times

slower than SWIFT, and that implementing the outdated technology would cost $30,000 to $50,000 per bank, Gazeta reported. These costs would have to be borne by the companies sending or receiving transfers.

"Telex was always reliable, just not very convenient," Kirill Zverzhansky, head of Sviaz Bank, told Gazeta.ru. "With Telex each transaction is a semi-manual procedure, which requires more staff."

Earlier this month the European Parliament proposed cutting Russia off from the SWIFT system. So far the company has refused, saying such a measure would violate their right to conduct business, Russian news agency TASS reported.

Russia's 600 banks use SWIFT for more than 80 percent of settlements, including multimillion-dollar oil and gas payments, TASS reported.

Belgium-based SWIFT was started in 1973 and has been widely used in Russia for the past 10 years. The system allows foreign banks to exchange financial information securely.

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