

Is the world moving beyond SWIFT?

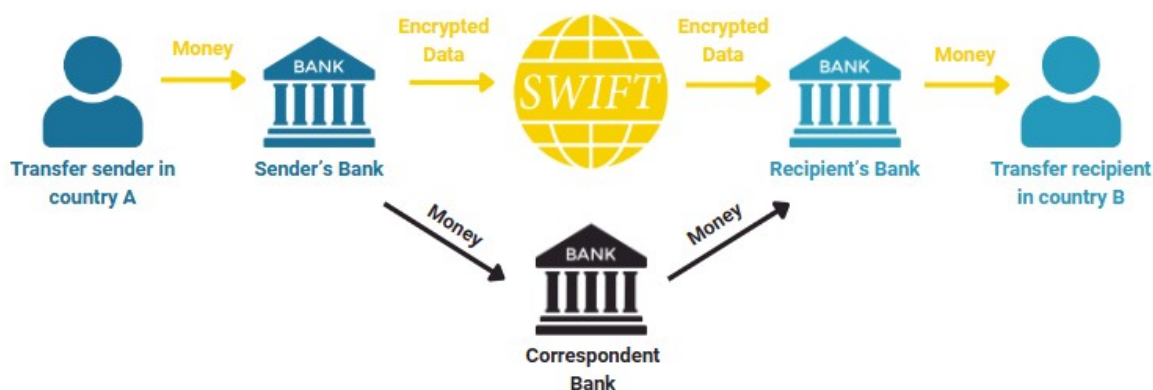
1. Introduction: why global payment systems matter

Payment and financial messaging systems constitute critical financial market infrastructure because they operationalise trade, investment, and remittance flows by enabling the clearing/settlement of claims and the secure transmission of transaction instructions and data. The World Bank explicitly links secure, affordable, and accessible payment and settlement systems to development outcomes, financial stability, and financial inclusion (World Bank Group, 2026). Policy initiatives under the Financial Stability Board's G20 Roadmap identify persistent frictions in cross-border payments: speed, cost, transparency, and access. It highlights that infrastructure and interoperability are policy variables, not merely operational choices (Financial Stability Board, 2025). Since 2022, the increasing salience of sanctions and broader geoeconomic fragmentation has drawn attention to the jurisdictional concentration of key networks and to the strategic value of connectivity itself.

2. What is SWIFT and how does it work

Society for Worldwide Interbank Financial Telecommunication (SWIFT) was founded in 1973 as a network for transmitting information. It is defined as a secure financial messaging network, rather than a payment, clearing, or settlement system. SWIFT is used to transmit authenticated, standardised instructions and related data between financial institutions. The movement of funds occurs through banks' accounts, correspondent banking arrangements, and underlying settlement mechanisms (Swift, 2025). Its systemic role is primarily associated with (Cerutti et al.): standardisation (common message types and codes, ISO20022), scale and network effects as well as operational trust rooted in security, high availability, and institutionalised oversight.

In its 2024 annual review, SWIFT reported a community of more than 11,500 institutions across 200 countries and territories, illustrating why participation is difficult to replicate purely through bilateral arrangements (Swift, 2024). In terms of monetary value, the world's GDP passes over SWIFT roughly every three days (about 111 trillion US\$).



Because access is legally contingent, SWIFT connectivity has become a channel of geopolitical leverage. In March of 2022, EU restrictive measures prohibited the provision of specialised financial messaging services to designated Russian entities, and SWIFT publicly confirmed disconnections in compliance with EU regulations (Council of the EU, 2022). A further example is SWIFT’s 2018 suspension of access for certain Iranian banks due to Iran withdrawing from JCPOA¹, reported as a “regrettable” step taken in the interest of system stability (Reuters, 2018). Against this backdrop, attention has increasingly turned to non-SWIFT channels and projects including China’s CIPS, initiatives led by the Bank of Russia, and multi-CBDC experiments such as mBridge whose functions and substitutability require separate, disaggregated analysis.

3. China’s CIPS: payments, currency strategy, and CNY Internationalisation

Cross-Border Interbank Payment System (CIPS) is structurally closer to an end-to-end payment infrastructure than SWIFT, because it is presented as a wholesale payment system authorised by the People’s Bank of China (PBOC) and specialised in cross-border Renminbi (RMB) clearing and settlement (not merely message transmission). In its institutional self-description, CIPS frames its mandate in operational terms: reliability, efficiency, convenience, and low cost, explicitly tied to RMB cross-border payment clearing and settlement services (CIPS, n.d.). Governance is hybrid, policy authority rests with the PBOC (authorisation and rule-setting), while operations are performed by a dedicated operator. CIPS (as the operating institution) states it takes “full charge” of operation, maintenance and development of the system, services to participants, implementation of standards, and market expansion and provides RMB cross-border clearing and settlement and related services to authorised domestic and foreign institutions. That governance model implies a state anchored infrastructure with corporate style operational capacity, rather than a private cooperative like SWIFT (CIPS, n.d.).

The public data on volumes indicates rapid scaling in RMB corridors. A PBOC published statistical note on payment system operations reports that in 2024 “the

¹Joint Comprehensive Plan of Action on Iran’s nuclear program. The JCPOA is designed to ensure that Iran’s nuclear programme will be exclusively peaceful and provides for the comprehensive lifting of UN, EU and US nuclear-related sanctions.

RMB cross-border payment system” processed over 8 million transactions with value RMB 175 trillion, up 24% and 43% respectively on a year to year basis. It also reports daily averages of 30 thousand transactions and RMB 652 billion. Participant numbers show expanding international connectivity, but the architecture remains tiered. CIPS’ participants announcement states that as of December 2025, there were 193 direct participants and 1,573 indirect participants. As of indirect participants, 1,154 were from Asia (including 565 from Mainland China), 261 from Europe, 67 from Africa, 35 from North America, 32 from South America and 24 from Oceania, with participants located in 124 countries and regions worldwide (CIPS 2025).

Interoperability with SWIFT has been a design feature rather than a transitional accident. SWIFT’s 2016 press release on the SWIFT–CIPS memorandum of understanding states that the collaboration would develop CIPS “using SWIFT as the secure, efficient and reliable channel” to connect CIPS with SWIFT’s global user community. This reduces switching costs for banks already embedded in SWIFT and preserves the possibility that CIPS growth can be additive to (not necessarily competitive with) SWIFT connectivity (SWIFT, 2016). IMF analysis reinforces the point that CIPS is not yet a clean “bypass.” In its Staff Discussion Note on geoeconomic fragmentation, the IMF describes CIPS as providing clearing and settlement of RMB cross-border transactions and offering a messaging standard, but states that CIPS still relies on the SWIFT messaging system “to a large extent” to carry out a sizeable portion of its payments. The IMF framing is significant: it treats technical capability and geopolitical intent as distinct from realised autonomy, and points to continuing dependency on established messaging infrastructure for global reach (IMF, 2023).

The currency strategy dimension is therefore best read as capacity building for RMB use, not a demonstrated shift in global currency hierarchy. SWIFT’s own RMB Tracker reports that in January 2026 the RMB was the 5th most active currency for global payments by value, with a 3.13% share. This is non-trivial for selected trade corridors, but it remains far below the levels implied by a world “moving beyond” dollar-centric settlement in aggregate. CIPS can reduce frictions in RMB settlement where trade already supports RMB usage, but it cannot on its own create global RMB liquidity and asset-market depth (SWIFT, 2026).

4. Russia’s SPFS: sanctions and financial sovereignty

The System for Transfer of Financial Messages (SPFS) is explicitly a messaging channel, not a settlement system. The Bank of Russia presents it as a 24/7 “safe and reliable channel” for exchanging electronic messages on financial transactions. Efficient use of the system requires that participating institutions have established mutual correspondent relations (settlement still relies on correspondent banking and underlying payment arrangements). This design choice is consistent with a resilience objective: preserving the ability to exchange instructions even under constraints on access to external messaging providers (Bank of Russia, 2025). Governance and technical interoperability are tightly controlled by the Bank of Russia. SPFS clients can send and monitor financial messages in SWIFT formats, use

proprietary formats, exchange ISO 20022 messages, and manage counterparty/message-type lists. Foreign users can connect directly or via a Service Bureau, with a stated per-message fee for direct participants of RUB 0.8–1.0 (reported as < USD 0.02). This is important institutionally: Russia has pursued “format compatibility” to lower adoption barriers for banks already operationally configured around SWIFT and ISO 20022 semantics, even if the network is not globally accepted.

Measured scale remains limited relative to SWIFT, but the system has expanded under sanctions pressure. In its Annual Report for 2024, the Bank of Russia states that SPFS served as the main financial messaging channel for domestic settlements using correspondent accounts and provided functionality for foreign participants. It reports 584 institutional SPFS users at the end of 2024 and notes that total messages increased by 23% relative to 2023 traffic (Bank of Russia, 2024). The economic function of SPFS becomes clearer when read against the operational shock of SWIFT restrictions. The Bank of Russia’s Annual Report for 2022 asserts that disconnection from SWIFT did not disrupt financial transactions and had “almost no effect” on clients’ domestic settlements owing to Russia’s domestic card system and the Financial Messaging System. It explicitly states a priority to develop settlement infrastructure with foreign partners that is independent of sanctions. This is a direct articulation of “financial sovereignty” as continuity of domestic payments and selective external settlement channels, rather than an attempt to replicate SWIFT’s global utility. **However, all these statements must be taken with a grain of salt, given Russia’s tendency to spread disinformation.**

Interoperability with SWIFT is therefore best characterised as syntactic/format compatibility rather than network substitutability. SPFS’ ability to exchange SWIFT-format messages and ISO 20022 messages reduces banks’ internal integration costs, but it does not remove the constraint that cross-border settlement ultimately depends on correspondent accounts, currency convertibility, and access to clearing in major currencies—areas where sanctions and de-risking dynamics apply directly.

After 2024, the EU moved from SWIFT restrictions to constraining Russia’s alternative messaging stack. Council Regulation (EU) 2024/1745 introduces Article 5ac, prohibiting (from 25 June 2024) EU legal persons operating outside Russia from directly connecting to SPFS (or equivalent specialised messaging services set up by the Central Bank of Russia). This regulation establishes a transaction ban with entities that use SPFS outside Russia to increase Russia’s financial resilience or support sanctions circumvention. It also details targeted exemptions (eg, certain energy, food, humanitarian, and legacy contract cases). The explicit aim in the regulation’s recitals is to contain SPFS development and prevent frustration of EU measures (European Council, 2024).

5. The mBridge Project: a multi-CBDC platform

mBridge differs categorically from CIPS and SPFS: it is conceived as a shared settlement platform (not a messaging overlay) that can execute cross-border payments directly in central bank money on a distributed ledger, potentially compressing the correspondent banking chain. Bank for International Settlements (BIS) describes the mBridge platform as a multi Central Bank Digital Currency (CBDC)

arrangement built on distributed ledger technology to enable instant cross-border payments and settlement. It also emphasises the goal of addressing high costs, low speed and operational complexity in cross-border payments, and the retreat of correspondent banking in some jurisdictions (Bank for International Settlements, 2024).

Governance has been multi-institutional from inception. Bank for International Settlements reports mBridge as the product of collaboration starting in 2021 between the BIS Innovation Hub, the Bank of Thailand, the Central Bank of the UAE, the Digital Currency Institute of the People's Bank of China, and the Hong Kong Monetary Authority, with the Saudi Central Bank joining as a full participant in 2024. The BIS project page also lists numerous observing institutions (including the ECB and IMF among others), indicating broad official-sector interest even where participation remains observational.

The 2022 pilot of mBridge Project provides concrete “real-value” evidence relative to most CBDC discourse. The BIS authored report “Project mBridge: Connecting economies through CBDC” states that between 15 August and 23 September 2022, 20 commercial banks from Hong Kong SAR, Mainland China, the UAE and Thailand conducted cross-border payment on behalf of corporate clients using CBDCs issued by their respective central banks. It reports that about US\$12.1 million of CBDC liquidity was issued on-platform, facilitating 164 cross-border payments totalling about US\$22.1 million. The pilot also quantified currency-by-currency issuance and transaction values, underscoring that mBridge tested real monetary constraints rather than artificial balances (Bank for International Settlements, 2022).

In terms of SWIFT interoperability, mBridge is not designed as a SWIFT-compatible messaging rail. It is a settlement platform that would have to integrate with banks' existing compliance, messaging, and operational systems. The BIS report explicitly states that extending access to central bank money directly to foreign participants and conducting transactions on a shared ledger raise policy, data privacy, governance, and legal questions that may require regulatory changes for full legal certainty. The implication is that mBridge could bypass segments of correspondent banking for participating corridors, but only within a tightly governed and legally enabled club of jurisdictions.





6. Comparative analysis: do these systems challenge SWIFT?

A functional comparison requires separating:

- messaging scale,
- settlement capability,
- political/legal accessibility.

On messaging scale, SWIFT remains systemically dominant: it reports 13.4 billion financial messages in 2024 (average 53.3 million/day), 11,500+ institutions connected, and 224 countries and territories. On settlement, SWIFT does not settle funds, whereas CIPS is presented as a wholesale clearing and settlement system for RMB cross-border payments, and mBridge is a prototype settlement platform using CBDCs. SPFS sits closer to SWIFT in that it is a messaging channel, but it is nationally anchored and requires correspondent relations for settlement.

Governance and legal positioning differ in ways that materially affect adoption. SWIFT is a cooperative subject to central bank oversight since 1998, and its oversight framework is being anchored in Belgian law and enforced by the National Bank of Belgium from 2026. CIPS is authorised by the People's Bank of China and operated by CIPS Co., Ltd. under PBOC approved activities. SPFS is operated by the Bank of Russia and is now explicitly targeted by EU and US sanctions instruments. mBridge governance is being developed as a bespoke multinational framework associated with participating central banks and monetary authorities.

	 Swift	 CIPS	 SPFS	 mBridge
Primary Function	Financial messaging network	RMB clearing + settlement system	Financial messaging network + settlement	Multi-CBDC platform combining payment + settlement
Governance	Cooperative; central bank oversight since 1998; Belgian-law framework from 2026	Authorised by PBOC; operated by CIPS Co., Ltd.	Operated by Bank of Russia	Bank for International Settlements + participating central banks
Number of participants	11 500+	193 direct + 1 573 indirect	584	20
Daily cashflows	~34 trillion €	~86 billion €	not specified	~23 million € (only for the pilot period)

Adoption metrics reinforce the asymmetry. CIPS reports 193 direct participants and 1,573 indirect participants as of December 2025, while SPFS reports 584 institutional users at end of 2024 and had 462 users in 2022, mBridge's 2022 pilot involved 20 commercial banks and four jurisdictions with real value settlement, and the Minimum Viable Product phase broadens participation but remains conditioned by jurisdictional readiness. These numbers describe different network logics: SWIFT is global, CIPS is currency-specific with tiered access, SPFS is sovereignty oriented with constrained internationalisation, mBridge's is corridor based and institutionally clublike.

7. Implications for International Economic Relations

The first consequence is a shift in the economics of sanctions. When SWIFT was regarded as the main communications hub, exclusion from SWIFT increased settlement costs and created operational friction (even if it did not block all flows). As alternatives develop, pressure is mounting for sanctions to also cover substitute infrastructure. In 2024, the EU introduced restrictions on SPFS, whilst in 2024 the US, through The Office of Foreign Assets Control (OFAC), formally raised the sanction risk for joining SPFS and warned against exposure to institutions using this channel. This marks a shift from participant based sanctions towards ecosystem based sanctions, which has long term implications: it increases the incentive for countries at risk of

restrictions to invest in infrastructure and local settlement currencies (Bank Slovenije, 2025).

The second implication concerns the cost of trade and investment. Payment infrastructure is, in the literal sense, a layer of transaction costs in trade. In a working paper from March 2026, the European Central Bank estimated that countries with directly interconnected payment systems exhibit approximately 4% higher trade volumes. This effect is economically significant and increases when the links involve systems capable of wholesale transactions and when they connect smaller economies with weaker correspondent banking networks. This finding is particularly important for the assessment of mBridge and other settlement solutions. Even if geopolitical motives are strong, the economic benefits of reducing friction in payments can be real and measurable (European Central Bank, 2026).

The third consequence is the risk of financial network fragmentation. In its analyses of geofragmentation, the International Monetary Fund highlights the multilayered nature of cross-border payments and the dominant role of SWIFT as a communication standard. The IMF also notes that alternatives are emerging and that interoperability dependencies with SWIFT still exist. In its paper on global cross-border payments (2021–2024), the IMF notes that payment networks have, on average, evolved towards greater connectivity and less concentration. However, increasing geopolitical fragmentation is linked to a decline in the value of cross-border payments, particularly in the large value payments segment between financial institutions. In the language of international economics, this means that payment infrastructure can become a channel for transmitting political shocks to financing costs and trade, even without a formal change in tariffs or regulatory barriers to trade in goods (International Monetary Fund, 2023).

The fourth consequence manifests itself at the corporate and banking levels. Decisions to join alternative systems are becoming decisions regarding geopolitical exposure. A major international bank joining CIPS as a direct participant can be interpreted as a business move, increasing its capacity to serve clients in RMB, but also as infrastructural insurance in the event of further fragmentation. On the other hand, joining the SPFS carries a growing risk of sanctions, as explicitly signalled by OFAC in 2024, whilst the EU has imposed restrictions through regulations concerning EU institutions and transactions with third country banks using the SPFS. As a result, these alternatives don't remove politics from cross-border payments. They just embed it differently, making it a factor that directly affects how expensive it is to borrow money and complete transactions (Financial Times, 2024).

8. Conclusion: evolution, not replacement?

In the short to medium term, the world is not moving beyond SWIFT in the sense of completely replacing the global communications network. The scale and network effect of SWIFT, over 11,500 institutions across 200 countries and territories, and daily traffic volumes in the tens of millions of messages, remain qualitatively different from those of the alternatives. CIPS is a growing RMB settlement infrastructure with volumes in the hundreds of trillions of RMB annually, but in practice it still engages in interoperability with SWIFT and is limited in terms of currency coverage. SPFS ensures

Russia's financial communication continuity in domestic settlements and limited connectivity with selected foreign entities, but is subject to growing sanctions pressure and lacks global acceptance. mBridge points the way to the competition of the future - the integration of communication and settlement on a shared ledger, but is at the pilot stage, with a limited scale of actual transactions compared to the global cross-border payments market.

A more accurate statement would therefore be that the payments infrastructure is evolving towards greater multipolarity and political sensitivity. Alternatives to SWIFT, varying in their motivations (currency strategy, resilience to sanctions, reduction of cost and time frictions) are reshaping the landscape of risks and costs in trade and finance. However, the centre of gravity of competition may be shifting from the messaging layer itself to the layer of digital settlement and platform interoperability (CBDCs, direct system links), which, if they achieve the scale and capacity for final settlement across multiple jurisdictions, could pose a real challenge to the current architecture. For now, these represent parallel pathways and safeguards rather than a fully fledged alternative to the global standard for financial communication.

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