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Banca d'Italia and ARPCSO announce BUNA-TIPS experiment delivering successful cross-border, cross-currency, cross-system instant payments

Banca d'Italia and the Arab Regional Payments Clearing and Settlement Organization (ARPCSO) announced today the successful completion of a joint experiment aimed at linking for the first time the instant payment settlement platforms with multi-currency features (TIPS and BUNA) operated by the two organizations. The results of the experiment have been presented at an international webinar held under the auspices of the Italian Presidency of the G20 on 27-28 September.

The experiment simulated the payment of €1 by a current account holder of Banca Intesa Sanpaolo in favour of a customer of Jordan Ahli Bank, who received the money in Jordanian dinars (JOD). During the experiment, a number of cross-currency transactions were settled in both TIPS and BUNA IPS, by debiting Intesa Sanpaolo's TIPS account in EUR and crediting Jordan Ahli's JOD account in BUNA. The average end-to-end response time for these transactions was approximately 15 seconds.

«The excellent results of this proof of concept demonstrate that different clearing and settlement mechanisms can interact with each other, without necessarily requiring new technical infrastructures and the significant investment this would entail – said Mehdi Manaa, CEO of ARPCSO – and prove that instant cross-border and cross-currency payments can be made in a matter of seconds». «This paves the way to a whole new range of 24/7 services for firms and citizens – noted Piero Cipollone, Deputy Governor of Banca d'Italia – enhancing interoperability, breaking down geographical borders, increasing transparency and execution times and, above all, reducing costs with respect to more traditional cross-border transactions, in line with the expectations set out in the G20 global roadmap».

The Eurosystem's instant payment infrastructure, TIPS, was developed and is operated by Banca d'Italia on behalf of the Eurosystem and is available 24 hours a day, 365 days of the year. BUNA IPS is the corresponding system operated by ARPCSO, an independent entity, entirely owned by the Arab Monetary Fund (AMF). The other actors involved in the Proof of Concept were SWIFT, Banca Intesa Sanpaolo and Jordan Ahli Bank, two commercial banks that are key players in their respective fields.

Both platforms work in similar ways, including in terms of speed of execution. They also share a number of connectivity and security infrastructures provided by SWIFT, a messaging network widely used to transmit information and payment instructions securely.

For further information about TIPS, please write to

crossborderpaymentswebinar@bancaditalia.it

For further information about BUNA IPS, please write to

buna@amf.org.ae