

Cross-border payments in the long run: structure and governance 1985-2025¹

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The global payments system functions as the fundamental plumbing of globalisation but we know remarkably little about how it has evolved over time. Even before the recent geopolitical rupture, cross-border payments had already been the focus of concerted multilateral policy-making due to concerns about the changing shape of the global correspondent banking system on which cross-border payments depend. Additionally, the governance of a key infrastructure of global payments is also under review; SWIFT will come under firmer statutory oversight from 2027. This paper reflects on these developments in a longer time horizon with new qualitative and quantitative evidence. The paper makes two main data contributions; extending existing SWIFT data back across 50 years to demonstrate earlier dynamics in detail, and introducing a more granular bank-level dataset of correspondent banking for 1990-2007. The paper also draws on archival evidence to reveal the contested nature of the construction and supervision of the cross-border system in the 1970s and 1980s. It takes a historical approach, presenting new descriptive statistics to show that current consolidations in the system are not unprecedented. Longer term data on SWIFT users show reversals in many countries, and the impact of sanctions and AML/CFT compliance. However, SWIFT offers only a partial window on the structure of cross-border payments.

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The global payments system functions as the fundamental plumbing of globalisation but we know remarkably little about how it has evolved over time. This critical infrastructure has attracted fresh public attention as a vector of financial sanctions since the Russian invasion of Ukraine in February 2022, alongside fintech innovation and the potential fragmentation of the system in ways that challenge the existing framework (e.g. CIPS, crypto, CBDC or stablecoins). But even before the recent geopolitical rupture, cross-border payments had already been the focus of concerted multilateral policy-making due to concerns about the changing shape of the global correspondent banking system on which cross-border payments depend. Additionally, the governance of a key infrastructure of global payments is also under review; SWIFT will come under firmer statutory oversight from 2027 rather than the previous reliance on moral suasion (NBB 2026). This paper reflects on these developments in a longer time horizon with new qualitative and quantitative evidence.

The paper makes two main data contributions; extending existing SWIFT data back across 50 years to demonstrate earlier dynamics in detail, and introducing a more granular bank-level dataset of correspondent banking for 1990-2007. The paper also draws on archival evidence to reveal the contested nature of the construction and supervision of the cross-border system in the 1970s and 1980s. It takes a historical approach, presenting new descriptive statistics to show that current consolidations in the system are not unprecedented. Longer term data on SWIFT users show reversals in many countries, and the impact of sanctions and AML/CFT compliance. However, SWIFT offers only a partial window on the structure of cross-border payments. This paper reveals the longer term evolution of correspondent banking connections across the second era of globalisation in ways that have not been seen before, introducing a new dataset of over 300,000 bilateral correspondent banking links at city level.

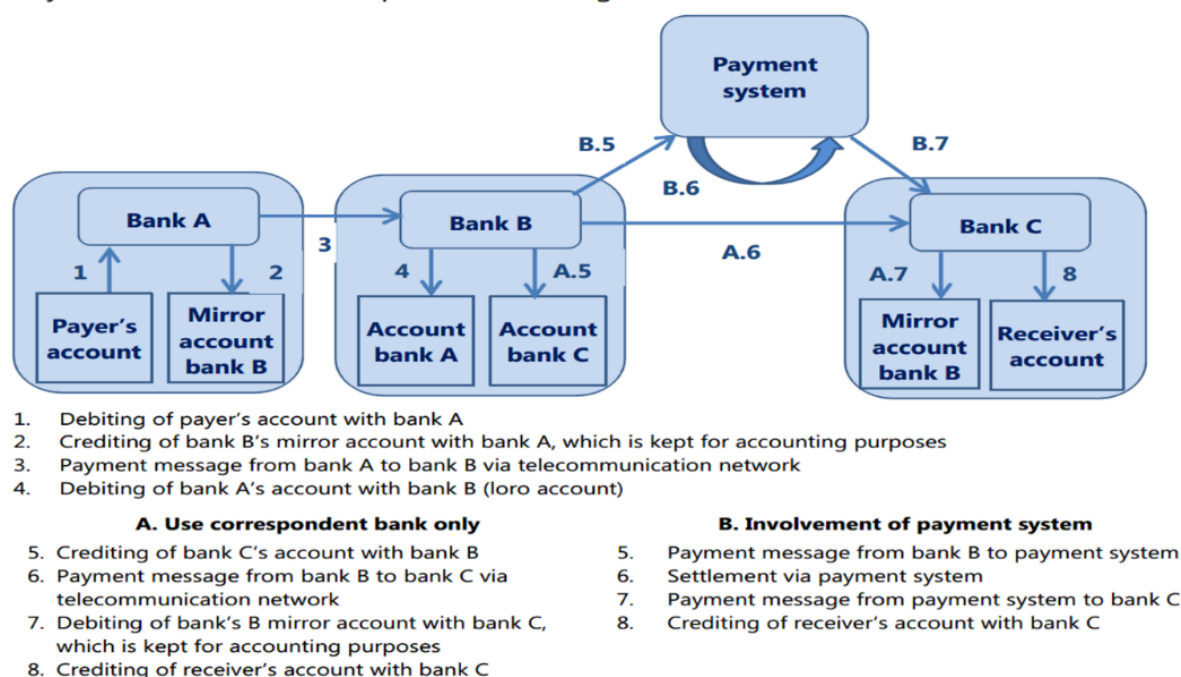
The next section describes correspondent banking and the current context of policy interest in the architecture of global payments. The second section provides new evidence on the debates among central banks over supervising SWIFT. The final two sections turn to the new data to add perspective to financial sanctions and AML/CFT compliance.

I Correspondent Banking

Figure 1 offers a stylised view of the mechanics of correspondent banking. An importer, for example, instructs their bank to pay an exporter in another country. The importer's bank then instructs its correspondent in that country to make the payment to the exporter's bank and all the banks adjust their accounts to settle the payment. As shown in Figure 1, these instructions may go through a domestic payments system that acts as a clearing house rather than directly between banks. Time introduces the key element of risk. Payments are likely to go out before funds are finally received by the exporter's bank and this introduces market risk (in case of exchange rate changes) and counterparty/settlement risk (in case the payer's bank fails and the funds are not forthcoming) or operational risk (if the ICT system fails). The inter-connectedness of interbank accounts and the large volume and value of transactions which may be dependent on each other, also introduces systemic risk. Gross pre-funding or waiting until all accounts have been finally reconciled is costly for customers, so banks tended to take on these remote risks in return for lucrative customer fees.

Figure 1

Payments settled via correspondent banking



Source: ECB, *Ninth survey on correspondent banking in euro*, 2015, adapted from Danmarks Nationalbank, *Payment systems in Denmark*, 2005.

Source: Bank for International Settlements, CPMI 2016

A key feature of correspondent banking contracts is that they cross the firm boundary so costs and information flows are not internalised. Historically, these relationships were fostered through monitoring via personal as well as business connections, although KYC and other requirements have become more formalised in recent years. Potential respondent banks were often visited in person as well as monitored through balance sheets and the operation of bilateral accounts. Payments are a product that banks offer to their customers in return for fees, exchange margin, low interest deposit accounts and opportunities for cross-selling. The profitability of this business is therefore bounded by the resources that must be devoted to monitoring and processing on the one hand, and on the other hand the interest margin possible on related deposits, and the fees that can be charged. These will in turn be affected by the volume of business flowing through each of these bilateral relationships. In recent years, as interest rates fell, compressing margins, and monitoring costs increased, maintaining low volume or dormant accounts became less attractive. As we shall see, new and automated methods of verification have not eliminated monitoring costs.

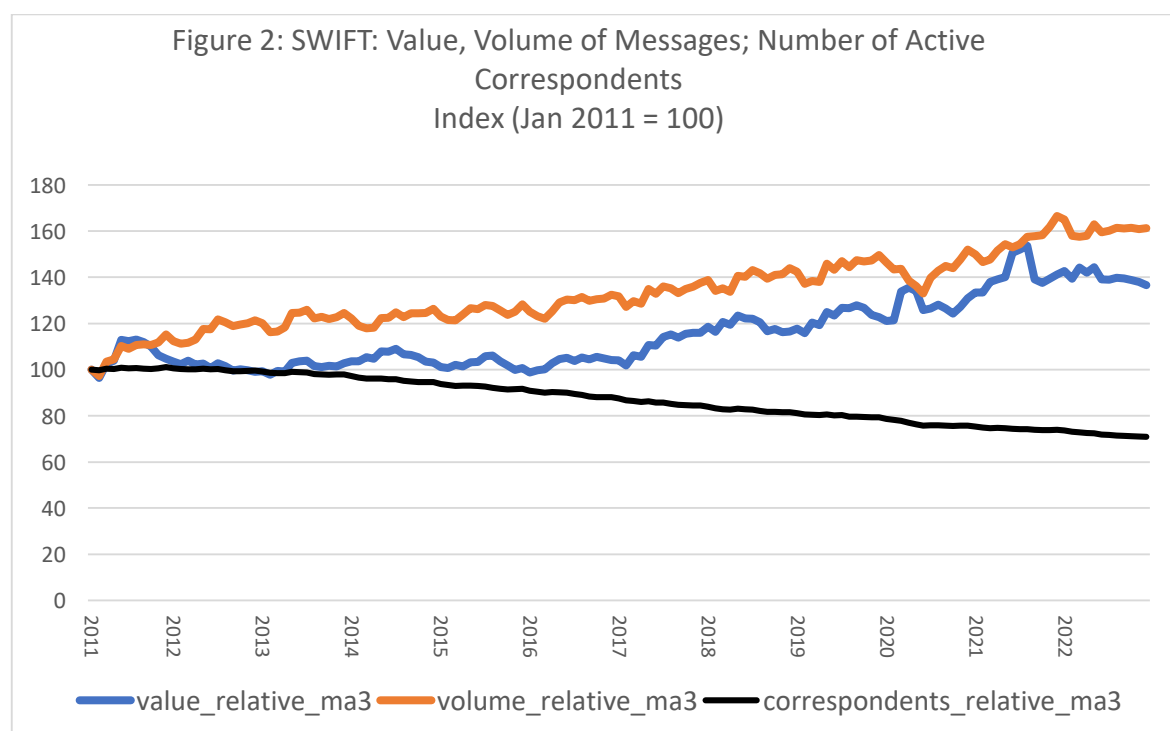
The correspondent banking system of inter-connected bank accounts operated relatively unchanged from the 18th century to the mid-20th century. The technology evolved from a global network of banks and agents settling directly through interlinked accounts, or using bills of exchange with communications via the telegraph/telex from the mid-19th century. During the 1960s and 1970s, banking became increasingly international as exchange controls on capital flows eroded and merchandise and services trade accelerated. In response, bankers devised various strategies to follow their customers and pre-empt competitors, especially with the prospect of greater financial integration in Western Europe. In important feature of this internationalisation was the emergence and rapid growth of the Eurodollar market from the end of the 1950s, which transformed London's

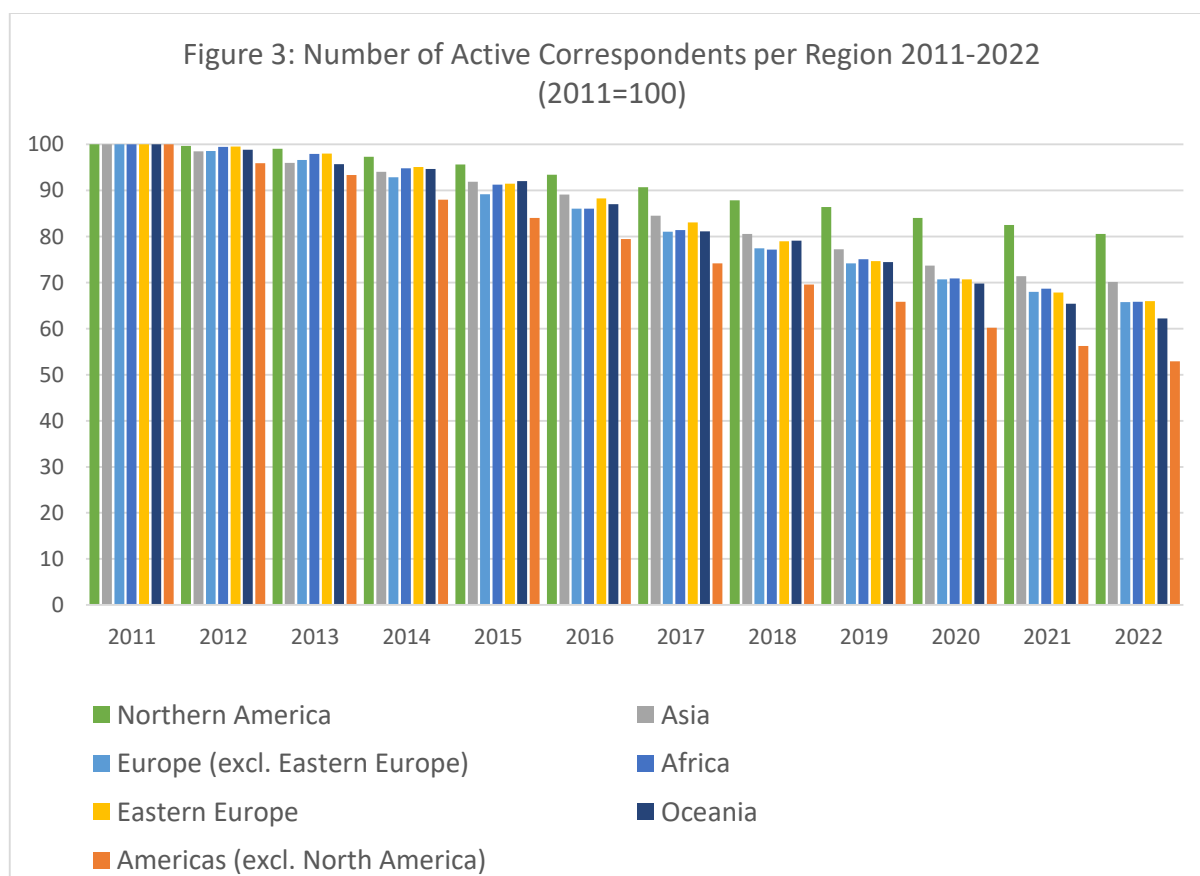
historic role based on sterling payments, to becoming the host for the world's largest offshore dollar market (Schenk 1998, Burn 2006, Altamura 2017). Despite these transformations of the international economy, and transformative innovation in ICT, the basic structure of bilateral correspondent banking persisted as the basic plumbing of the second globalisation from the 1980s onward.

Just over ten years ago, international agencies began to highlight a contraction in the correspondent banking network that underpins the global payments system (CPMI 2016). The International Monetary Fund (IMF) argued in 2016 that this trend was especially important for open economies reliant on international trade and remittance transfers (Erbenova et al 2016; Alwazir et al 2017; Grolleman and Jutsra 2017). The IMF then pursued more detailed country-level or regional studies (Stuart et. al. 2019). An FSB/G20 agenda to improve cross-border payments was launched in 2020. The key goal is to make payments cheaper, faster, more transparent and more accessible by 2027 through a roadmap of collaborative reforms to interoperability of national systems, coordinated regulation and standard-setting for messages and data exchange (FSB 2023).

The foundation of these concerns was a limited amount of data released by SWIFT showing that since 2012 the network of correspondent banking relationships had been shrinking overall and for each identified region, with particular reductions in the connections for different geographies. Meanwhile the volume of transactions and total value of payments continued to increase, apparently unaffected by the contraction in the number of participant banks.

Figures 2 and 3 summarise the data, which were made available under special agreement with SWIFT only from 2011 up to 2022.





This shows that the largest relative decline was in South and Central America and the smallest decline in Northern America (mainly USA and Canada). Active correspondent banking links with Oceania (which includes many small island states and OFCs) also declined sharply. The contraction in Europe and Asia was somewhat less overall. These regional groupings identify distortions in the system but full data are not available at a country level for further investigation.²

No consistent data are available for the value of bilateral payments between banks. A CPMI Working Group on Correspondent Banking found in 2015 that smaller value customer payments made up the bulk of the volume of messages in SWIFT (CPMI 2016). Not surprisingly, payments between Europe and North America comprised the largest share of the value of payments, although the leading corridor by number of active correspondent banking pairs was between Europe (excluding Eastern Europe) and Asia. At this point the vast majority of country pairs (c. 7000) were supported by fewer than 10 correspondent banks. This suggested the potential for weak competition for these services. The FSB (2016) also noted that a reduction in the number of direct correspondents might even lead to an increase in the volume of messages recorded by SWIFT if banks had to use more intermediaries in the chain of correspondent banking links, with each step generating a message.

The geographic variation in the speed of payments was revealed in an analysis of SWIFT traffic in 2022. Based on data from September/October 2020, Nilsson et al (2022) found that the median time for cross-border payments processing was about an hour and a half but there was considerable variation from five minutes in Nordic countries to over 22 hours for North Africa and South Asia. Most of this variation was explained by the time taken in the last correspondent banking link in

² Only the countries with the largest decline in active correspondents were listed by SWIFT each year.

these countries, at the final stage of settlement to the beneficiary, which can be affected by operating hours, exchange controls and AML/CFT checks.

Settlement risk is also unevenly distributed. Despite the presence of multilateral clearing and settlement institutions like CLS (which compress at least the middle stage of cross-border payments through a narrower range of institutions) a quarter of payments continue to be made through direct correspondent banking links without the mitigation of risk that multilateral clearing provides. CLS, which began multilateral clearing in 2002, only functions for a selected number of currencies (currently 18) so the share of payments settled through CLS actually declined from about 55% in 2006 to 37% in 2019 and 2022 (Glowka and Nilsson 2022). According to the BIS Triennial FX Survey, in April 2025 CLS turnover amounted to 29% of global FX turnover (USD2.8 trillion v USD9.5 trillion per day) (CLS 2025) mainly due to the restricted number of currencies. The share of CLS in turnover of currencies that are eligible for CLS was 54%. It is clear that payments frictions persist and the correspondent banking system remains the core plumbing of cross-border payments. Traders or remitters of other currencies can be pushed into longer chains of correspondent banks, and through third bridge currencies, both of which increase costs and processing times (CPMI 2022).

The evidence on why the correspondent banking system has contracted is mixed, and based mainly on survey data (Alwazur 2019, FSB 2016). Banks report a range of reasons for contracting their correspondent network; the most frequent is low volume of business, followed by increased monitoring costs due to compliance to a more complex environment of sanctions related to money laundering, and tracking of finance of terrorism. Since the 1980s, banks have been responsible for ensuring legal behaviour of their customers, first as part of the war on illegal global narcotics trade and, after 2001, as a core element of the war on terrorism. AML/CFT compliance costs appear to have grown, or at least become more burdensome, after a series of major fines imposed on large international banks from 2010. This has shifted the balance of costs and benefits, especially for low margin personal remittances and for smaller Money Transfer Offices that are more difficult to monitor. From the point of view of a supplier of payments services, it would make sense to have a single or a few correspondent partners in each country or commercial centre to reduce monitoring costs. The importance of profitability is evident in the pattern that smaller banks with lower value transactions were more likely to lose their correspondent and to have their payments diverted through more intermediaries (FSB 2016). Likewise, banks outside major centres might choose to rely on one or a few correspondents to service their customers' needs in order to strike better terms on fees etc. by offering a higher volume of traffic. In practice, however, banks have taken up multiple partners and extended direct contractual relationships between small towns and major centres. The vulnerability to AML/CFT risks is complicated by complex chains of embedded correspondent links; knowledge of the full range of customer banks serviced along the chain is usually opaque or absent. To try to manage costs, industry organisations like the Wolfsberg Group develop and disseminate minimum standards of disclosure. At the end of 2024 the FSB published its *Recommendations to Promote Alignment and Interoperability across Data Frameworks Related to Cross-border Payments* (FSB 2024), which focused on the frictions caused by AML/CFT implementation. The main outcome was a specialised forum of G20 members to coordinate discussion and promote convergence in the private sector. The system still struggles with compliance and cross-border alignment.

The contraction of bilateral correspondent links may enhance the resilience of global payments or makes it more vulnerable to shocks. If the withdrawal of services promotes the removal of rogue actors or fraudulent activity, then this may increase resilience. Beyond AML/CFT concerns, a rationalisation of correspondent banking may transfer payments services to a smaller number of stronger institutions and thereby enhance the quality of service for both users and banking partners.

There is little evidence that the contraction in the network since 2012 has actually isolated an entire country from the payments system (even where widespread financial sanctions have been applied, as in the case of Russia, there are exceptions). But there has been increased concentration of reliance on a smaller number of global correspondent banks for many smaller economies (FSB 2017).

On the other hand, if services are withdrawn from low volume partners or merely because monitoring is more costly due to cultural or physical distance, then the contraction may exclude legitimate transactions and disadvantage local customers. Thus Andrew Bailey, as Chair of the FSB, remarked in March 2026 that ‘frictions in international payments have the potential to act as a driver of fragmentation of the global system, and this can ultimately reduce the system’s ability to absorb shocks and support sustainable economic growth’ (FSB 2026). Moreover, there may be economic costs. Borchert et al (2023) show that where banks in central Europe lost their direct SWIFT connection, local firms reduced their trade. This highlights the importance of understanding the geography of the architecture of payments not only at country level, but also at a more granular local level. Available data, however, are overwhelmingly at best at regional level, which obscures the changing pattern of cross-border payments.³

As in the case of cross-border clearing and settlement, there is a public interest in the stability and resilience of the messaging system that instructs correspondent banking transactions.⁴ Should the system fail, public authorities could be drawn in to support it. One promising way to gain insight into the current phenomenon is to look back further than the current data allows. After all, AML/CFT compliance has a long history, which should have affected bank behaviour before 2012. If a contraction in the network is not unprecedented, can we learn from previous episodes? Another avenue is to try to glimpse below the national level to identify patterns on a more localised city basis. In both cases, access to relevant data has been the main obstacle to analysis, but fresh advances in digitisation and archival research have opened up new sources of evidence.

II SWIFT Origins and Oversight 1977-98

SWIFT was launched in 1977 as a non-profit cooperative owned by its member banks, and headquartered in Brussels. It is thus firmly in the private sector and invites only constrained oversight by central banks despite its systemic importance to the architecture of globalisation. The first public acknowledgement of oversight was in 1998, when a formalised framework was introduced for oversight by the G10 central banks led by the Bank of Belgium, but there were no powers of enforcement and it relied explicitly on voluntary participation by SWIFT and moral suasion.⁵ Subsequent reviews resulted in the 2007 High Level Expectations for oversight and a more elaborate structure of oversight group and alignment with the 2012 Principles for Financial Market Infrastructures (PFMI) as well as widening participation beyond the G10.⁶

³ SWIFT data released for use by the BIS are generally on a regional rather than a country level.

⁴ While not posing a systemic threat, in 2016 thieves stole \$81m from the Bank of Bangladesh by hacking the SWIFT system. The German firm Wirecard (that used SWIFT) is a recent example of payments-based fraud (Navaretti et al 2020).

⁵ The SWIFT official website described in 2022 how, in the absence of regulation, ‘the main instrument for oversight of SWIFT is moral suasion’ <https://www.swift.com/about-us/organisation-governance/swift-oversight> [accessed 31 October 2022]. This text has since been changed online.

⁶ National Bank of Belgium (2025) FMI Supervision Report SWIFT. [Supervision report 2024 fmi_swift.pdf](#)

As described by the ECB in 2025:

Oversight [of SWIFT] is generally based on voluntary adherence and historical relationships with key players in the financial markets and entails the NBB engaging in dialogue with the entities operating financial market infrastructures and, where appropriate, on the basis of moral suasion, seeking to persuade them to comply with the standards intended to ensure the proper functioning, effectiveness and soundness of the systems concerned.⁷

This section traces how central banks debated their role in monitoring the operations of SWIFT from its origins. From the start of 2026, oversight has been written into Belgian law, to be implemented in 2027.

In its first years, SWIFT's physical infrastructure comprised a group of computing centres in key financial capitals (consolidator hubs) in Western Europe and New York, linked to member banks through local terminals. It leased capacity from national Postal, Telephone, Telegraph systems to provide an infrastructure to send instructions and messages from member banks' terminals to the consolidator hubs and back out to correspondent banks to adjust their accounts in response to customer orders. A key service was standardising bank names and payment instructions, which reduced the time required to key in these details, compared to the prevailing telex technology, thereby reducing labour costs. Settlement still took place by adjustment of bilateral correspondent accounts and there was no netting of payments; SWIFT merely increased the efficiency of instructions between banks.

As noted above, Initial optimism after the launch in 1977 was disappointed in the first years of operation, which were plagued by uncertainties about legal finality, technical failures, security and managerial/governance challenges (Scott and Zachariadis 2014). Payments were an unglamorous back-office business so members banks tended not send their most senior people to represent them at SWIFT strategic meetings. A particular point of tension was SWIFT's business model, which pushed it to diversify its products and customer base, and led to apparent neglect of the resilience of its core business. This was a concern among central bankers and also among the member banks who were the largest users of the system.⁸

European central banks concluded on the eve of the launch of SWIFT that there was no case for formal or coordinated regulation or supervision of the new system (Schenk 2023). Bankers reassured their regulators that the system was designed to exchange messages only, so the impact on the core interests of central banks (monetary policy and financial stability) was peripheral. Nevertheless, as the system developed, it became clear that the governance was less than optimal and that banks themselves were not generating the ideal template for netting cross-border payments. In 1981 the BIS established a new Group of Experts on Payments Systems chaired by George Blunden of the Bank of England (the first chair of the Basel Committee on Banking Supervision). The initial plan was to meet at least once per year to 'pool experiences/information with respect to existing payment systems and prospective developments in them and to consider developments in international systems'.⁹ They reported to the G10 central bank governors in 1982 that they still believed that there was no need for formal collective supervision of SWIFT. Differences in legal and banking systems and in the roles central banks played in national payments systems meant that a

⁷ ECB (2025) 'Opinion on the oversight of providers of financial messaging services' (CON/2025/1), 17 January.

⁸ Memo by Deputy Treasurer, Barclays Bank of conversations held at the BIS in Basel. 26 November 1986. Barclays Group Archives BGA 328-26.

⁹ Letter G. Schleiminger to Gov. H. Wallich, FRB, 13 January 1981. BISA 1.3.a.4 – Meetings of Computer Experts, vol. 57.

harmonised approach was not appropriate ‘so we had to conclude that each central bank will need to assess its own position and find its own responses’.¹⁰

In 1985 the Experts Group on Payments Systems again considered SWIFT’s ambitious plans to expand the scale and scope of its activities. The level of concern about the resilience and integrity of SWIFT was certainly elevated.¹¹ The threat was that SWIFT would extend the range of services into other areas (e.g. selling software, providing clearing) that would over-stretch its managerial and financial resources. The difficulties and delays over completing an upgrade in the mid-1980s seemed to reveal issues with the management’s ability to maintain the core infrastructure to keep pace with demand. These concerns drove repeated consideration of whether central banks should intervene.

In December 1985, the Experts Group recommended that ‘a joint approach to SWIFT by the central banks was neither feasible nor desirable’ and that each central bank should instead keep itself informed of developments in SWIFT through its national user groups.¹² So long as any extension of service didn’t threaten the ‘integrity and stability of the company’ they continued to agree that there was no need for central bank intervention. The repeated need to confirm this position, however, speaks to an ongoing worry about the resilience and management of the system, which had become a core facility of the global payments system. Meanwhile, central bankers’ energy was focused on enhancing national payments systems, which would enhance the efficiency and resilience of cross-border payments once they entered the national systems.

Despite the decision not to undertake formal supervision, the Experts Group (and later the Committee on Payments and Settlement Systems) requested regular meetings with the SWIFT management in order to monitor the company’s plans and encourage them to focus on resilience. Scott and Zachariadis (2013: 100-104) describe the technical issues that led to a three-year delay to the implementation of a major upgrade to SWIFT until late 1990. This left the system operating with 15 year-old kit in an era of very fast moving technological innovation, and prompted concerns about SWIFT’s ability to sustain its operational resilience in the context of a rapid expansion in membership and volume of traffic. After some internal debate, from June 1987 SWIFT allowed non-bank firms to join, including security brokers and dealers, securities exchanges, centralised securities depositories and clearing institutions. These ambitious plans were developed despite a two-thirds drop in profits in 1988 due to losses on abandoned projects, planned reductions in charges to members and higher than expected costs of technical improvements.

From the start of the 1990s, external pressure for official oversight increased. In early 1990 the US General Accounting Office recommended central bank oversight of SWIFT, suggesting that this could be achieved through the Bank for International Settlements.¹³ The GAO is an independent state agency that reports to Congress primarily about the efficiency of government spending, but from 1986 it also began to investigate allegations of misconduct. After the US savings and loan crisis, the head of the GAO, Charles A. Bowsher, was particularly exercised by poor governance of the financial industry and the risks this posed for the American people, especially if bailouts were required. This public criticism prompted a secret study group in the Group of Experts in Basel to reconsider

¹⁰ Remarks by Mr. Blunden to Governors, 27 September 1982. BISA 1.3.a.4 – Meetings of Computer Experts, vol. 64. The Bank of England did not have statutory responsibility for supervising banks in Britain until the 1979 Banking Act.

¹¹ Note of the Meeting of Committee of Governors at the BIS, 9 September 1985, 17 September 1985. BoE C40/1537.

¹² Summary report on the meeting of the Group of Experts on Payments Systems held at BIS 2-3 December 1985. 14 January 1986. BISA 1.3.a.4 – Meetings of Computer Experts, vol. 82.

¹³ [Electronic Funds Transfer: Oversight of Critical Banking Systems Should Be Strengthened | U.S. GAO](#)

oversight of SWIFT. By this time, the use of SWIFT in new domestic RTGS systems across several G10 economies pushed the resilience of the system more into the core business of central banks.¹⁴ In the early 1990s about 70% of all SWIFT messages were among G-10 countries (plus Switzerland) and, predictably, the USA had the largest share of the traffic (18%) followed by the UK and Germany (11% each).¹⁵ This partly reflected the take-up of SWIFT services (e.g. South Korean banks were not connected until 1992) as well as the volume of underlying commercial transactions. Still, we can say that only about one third of SWIFT messages involved recipients or senders outside the G10 by 1993.¹⁶ There were therefore internal and external pressures for central bankers to reconsider oversight or supervision of the cross-border payments infrastructure.

There were several complicating aspects of SWIFT governance. Because SWIFT was not engaged in banking, there was no legal basis for supervision in Belgium. The Federal Reserve had some powers of oversight from the Bank Service Corporation Act of 1962 that it exercised in the case of CHIPS (Clearing House Interbank Payments System), but it viewed SWIFT as a telecommunications service rather than a banking service. In any case, using an American law to influence a group headquartered in Belgium (and owned by banks around the world) would be 'politically difficult'. On the other hand, central banks 'must avoid being over-intrusive' and, vitally, 'cannot be perceived as having responsibility for SWIFT's actions'.¹⁷ The unwillingness to be drawn into taking ex ante responsibility in case of a crisis was a prevalent attitude, particularly in the Bank of England, since SWIFT's early development in the 1970s (Schenk 2023).

The study group on oversight of SWIFT finally submitted a 75-page report in mid-November 1990, two months after the G10 Central Bank Governors meeting had approved the Lamfalussy report on netting. The report described how SWIFT had evolved into a 'quasi-payment system' through its links to domestic payments and settlement. While SWIFT payment orders did not create an irrevocable obligation on the part of the sending bank, many major banks automatically linked their SWIFT line to their domestic payment system (CHIPS, CHAPS, SIC, SAGITTAIRE etc). Incoming messages automatically triggered outgoing payments without clerical intervention and banks 'increasingly tend to treat an incoming SWIFT payment order as authoritative, particularly if it includes the beneficiary's account number'.¹⁸ Usually there were automated checks that the paying customer had sufficient funds in their account or was within their intra-day credit limit, but 'where these criteria were met, SWIFT is de facto a payment system'. The study group therefore recommended a 'necessarily non-statutory' oversight regime to ensure that the leadership of SWIFT was 'fully support[ing] the overriding objective of stability and security'.¹⁹ This was achieved through reviews of SWIFT's annual technical audits to reassure central banks that the company was prioritising

¹⁴ The share of domestic SWIFT messages in total messages varies widely across countries to a maximum of about a quarter.

¹⁵ If messages sent within a country are removed, the share of G-10 cross border messages falls to 65% in 1993.

¹⁶ SWIFT provides data on number of messages sent and received by country, but not the destination.

¹⁷ 'An oversight regime for SWIFT', Report of the Study Group to the Group of Experts on Payment Systems, 16 November 1990. BISA 1.3.a.6 – Committee on Payment and Settlement Systems, vol. 7.

At the same time, Lamfalussy chaired the study group designing minimum standards to be applied to multilateral clearing systems developed in the private sector. This issue became much more prominent in the CPSS, which succeeded the Group of Experts on Payment Systems from 1990 (recast as the Committee on Payments and Market Infrastructures in 2014).

¹⁸ Ibid.

¹⁹ Ibid.

resilience. Oversight was reviewed again in 1997 and the role of the NBB and G10 central bank payments experts was made public from 1998.

One of the striking issues in SWIFT today is the way that this private facility has become a political tool, especially as a way to enforce sanctions on Russia and Belarus in the wake of the Russian invasion of Ukraine in February 2022. The use of economic power to achieve political or strategic goals has been part of the arsenal of states since the onset of war itself; blockades, sieges and embargoes have long been used as tools of war and influence. For example, ten days after the hostage-taking at the US Embassy in Tehran on 4 November 1979, President Carter issued an Executive Order to freeze Iranian government and central bank dollar assets, including dollar-denominated accounts at foreign branches of US banks, and prohibited the payment or transfer of funds to Iran, although Iranian banks were not members of SWIFT. In this case (as in others) American sanctions did not fully isolate Iran from cross-border payments because it was not replicated in all other jurisdictions. Using SWIFT as a core global infrastructure now provides more consistent coverage, without requiring international consensus except between the US and the EU.

The challenge over the jurisdiction of SWIFT was revealed after the 2001 terrorist attacks in New York, Washington and Pennsylvania. The first act of President Bush's 'war on terror' was to target the financing of terrorist groups. In this context, the records held by SWIFT, as the most routinely used messaging service by thousands of banks around the world, were an irresistible resource for American law enforcement. For extra resilience, SWIFT backed up its transmission data in Europe and in the USA, which left it open to American jurisdiction. In October 2001 the US Treasury issued its first administrative subpoena for SWIFT data on payments messages and SWIFT secretly cooperated with the Department of Justice and US Treasury to arrange to share parts of its records that it held in the United States. In 2006, Stuart Levey, Undersecretary of State at the Treasury in charge of the SWIFT initiative reported that 'For two years, I have been reviewing that [SWIFT] output every morning. I cannot remember a day when that briefing did not include at least one terrorism lead from this program'.²⁰ The data were used to identify financial networks, name aliases and variations and relationships.

SWIFT's cooperation with the US Treasury operated quietly behind the scenes for five years until in June 2006 the American financial press exposed the way that SWIFT was sharing its customer records. As well as unsettling banks and their customers who had assumed their transactions were confidential, the exposure revealed cross-border legal issues even between two cooperative partners like the USA and EU, and (as importantly) political friction. Members of the European Parliament worried that sharing the information contradicted EU privacy law. Several years of wrangling eventually resulted in a formal agreement on information sharing in 2010. Meanwhile, SWIFT sought to meet some of its customers' desire for confidentiality by opening a new hub in Switzerland for customers outside the USA.

This discussion of the early consideration of the governance and supervision of SWIFT through its first 20 years of operation demonstrates several key elements. The design of the company with dispersed shareholding, an unwieldy board structure and weak operational management posed challenges for the ability of the company to grow and adapt in an environment of rapid IT innovation. Central bankers at several levels were aware of the systemic importance of what quickly became a core infrastructure of globalisation, and were concerned enough to consider (and re-consider) what their role should be. But there was no facility (or appetite) for legal enforcement of

²⁰ Testimony of Stuart Levey, Under Secretary Terrorism and Financial Intelligence U.S. Department of the Treasury, before the House Financial Services Subcommittee on Oversight and Investigations, 11 July 2006.

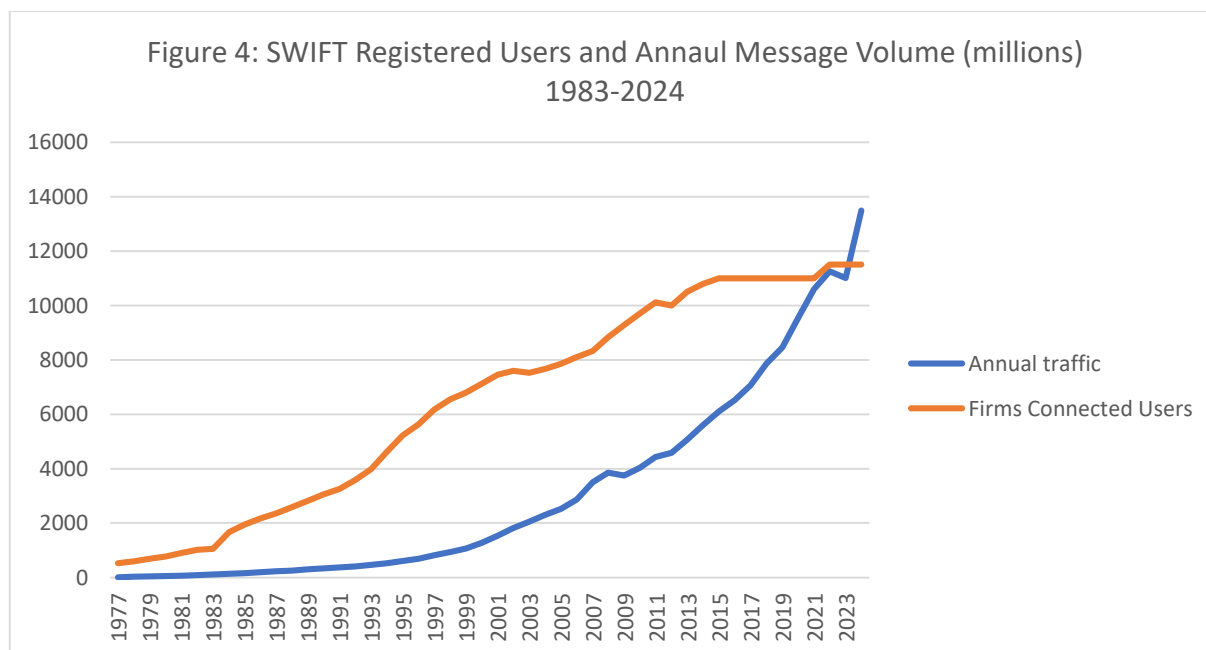
advice that might arise from oversight, which made it difficult to identify a rationale or even to insist that SWIFT accept oversight. While the prompt to reconsider this position in the 1990s might appear to come from outside (the GAO report), concerns had been aired several times in private in the 1980s. The reluctance of central banks to involve themselves formally arose from not wanting to become responsible for the system, assessing SWIFT as a strictly messaging system and disagreements among central bankers themselves over their interests. This changed with RTGS and greater automation (which turned messaging closer to de facto settlement) and with the financial crises in emerging markets in the 1990s, which exposed systemic fragilities in globalisation. In 1998, central banks went further and announced formal but non-statutory oversight, led by the National Bank of Belgium.²¹ The legal framework to put this oversight on a formal statutory basis was implemented at the start of 2026 with a view to becoming effective in 2027.

III Longer Term SWIFT Evidence

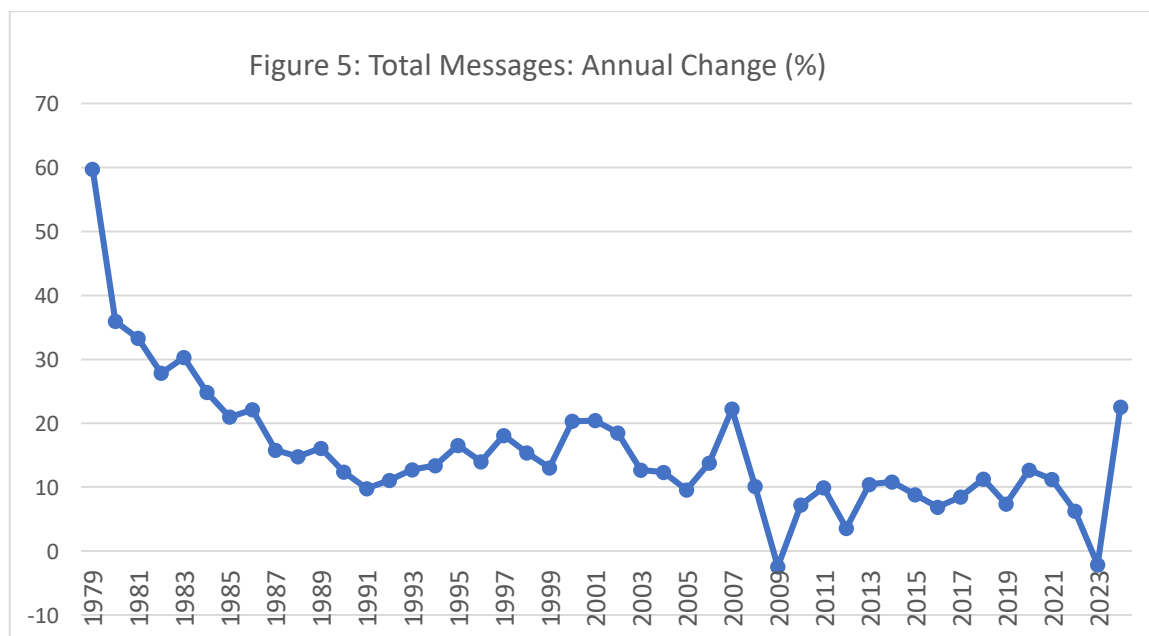
The data based on SWIFT connections that forms the basis of the FSB/G20 programme are available at national level only for countries that are members of the Committee on Payments and Market Infrastructure (CPMI) that report to the BIS, and only from 2012. SWIFT, itself, has released systematic global data from 2011 but only on a broad regional basis, which obscures the national picture. A longer view of country level data allows us to identify whether the current contraction is unprecedented, which should help understand the potential causes and effects. But it also highlights the incomplete nature of SWIFT connections as a reflection of the global cross-border payments architecture. This section presents hand-collected data at country level for all territories that had a SWIFT connection since 1984.

Figure 4 shows the rise in the overall number of institutional users and message traffic. From its launch in 1977, SWIFT admitted new countries on the basis of applications from their national banking associations. Prospective members had to guarantee to pay fees relative to a minimum level of traffic, as well as paying substantial up front and annual costs to set up and sustain the specialised IT kit. The number of connections grew steadily and then stabilised in about 2015. The evidence on the number of users of SWIFT is not directly comparable to the SWIFT data shown in Figure 3 above since it records total number of registered users rather than the number of institutions that sent/received messages during that year. Users included offices of locally incorporated banks or local branches or subsidiaries of foreign banks. Figure 5 shows the annual change in the volume of SWIFT messages. In the 1980s traffic grew quickly as new users joined and in the 1990s the volume of messages increased 10-20 percent each year up to the Great Financial Crisis. The rate of growth in the volume of traffic rose in 2007 and 2008 during the Great Financial Crisis and then fell back in 2009 to an average of 10% each year before another decline in 2023. There was a strong rebound in 2024, the last year for which there are data. The total number of users fell in only two years; 2003 and in 2012. However, the global total obscures national variation.

²¹ The multilateral oversight framework has been regularly reviewed; in 2004, 2007, 2024. In 2012 the Swift Oversight Forum was established to broaden engagement from central banks beyond the G10. [Swift](#)



Source: 1984-2024 SWIFT *Annual Review* (various years). 1977-1983 from Scott, S. V., & M. Zachariadis, M. (2012) 'Origins and development of SWIFT, 1973–2009' *Business History*, 54(3), 462–482. Note: FIN Messages traffic includes ECU Clearing, ACCORD, ECHO, Premium, Network servers. 1977-1983 Number of Members; 1984 onward Number of Firms Connected. From 2012 the SWIFT Annual Reviews report the number of users as 'more than' the recorded number.



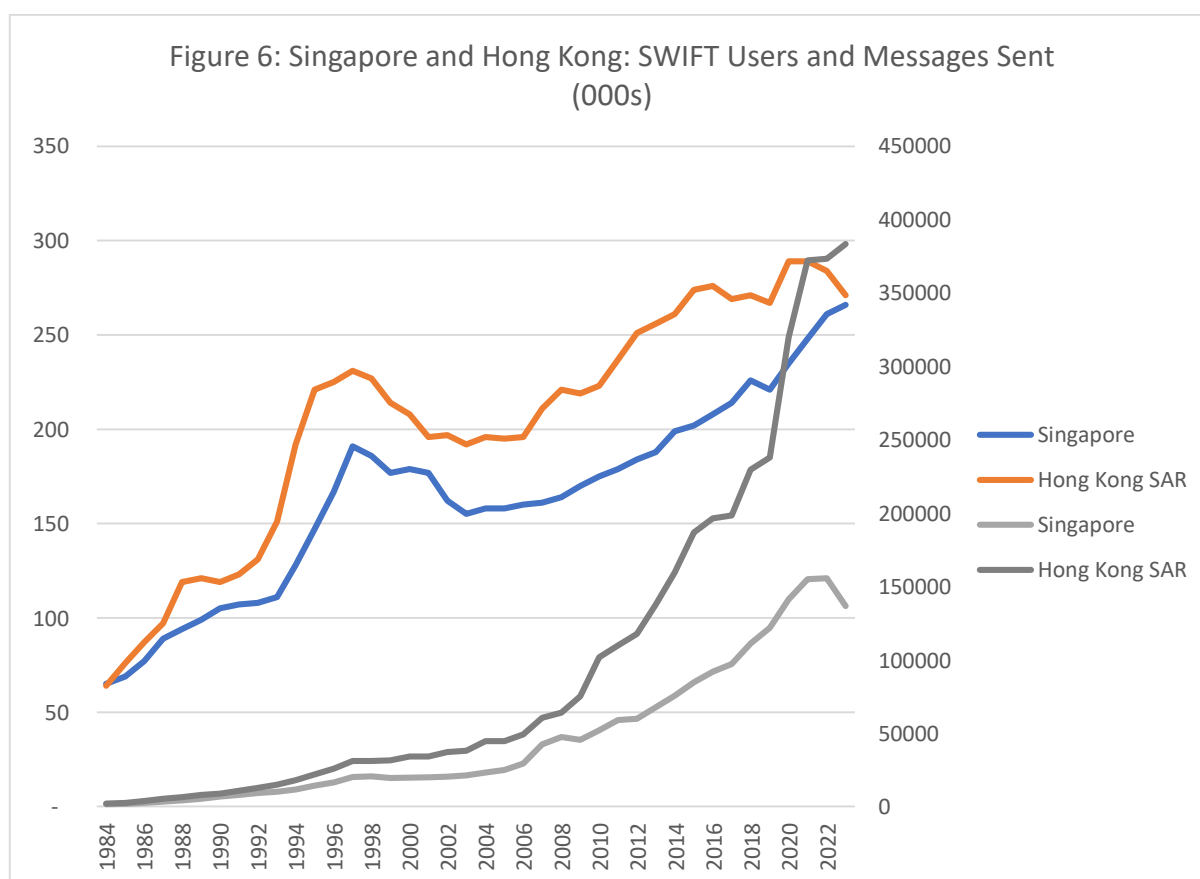
Source: see Figure 4.

Continuous longer term data are available for the economies of members of the CPMI that report to the BIS. For these countries we can link contemporary BIS data with a historic dataset of hand-collected country-level members, users and volume of messages to extend the period of analysis. This section turns first to countries that report to the BIS, adding the pre-2012 data to give a longer

view of their participation in SWIFT. We then turn to countries not reporting to the BIS, for which we have data up to 2011 to examine earlier episodes of contraction.

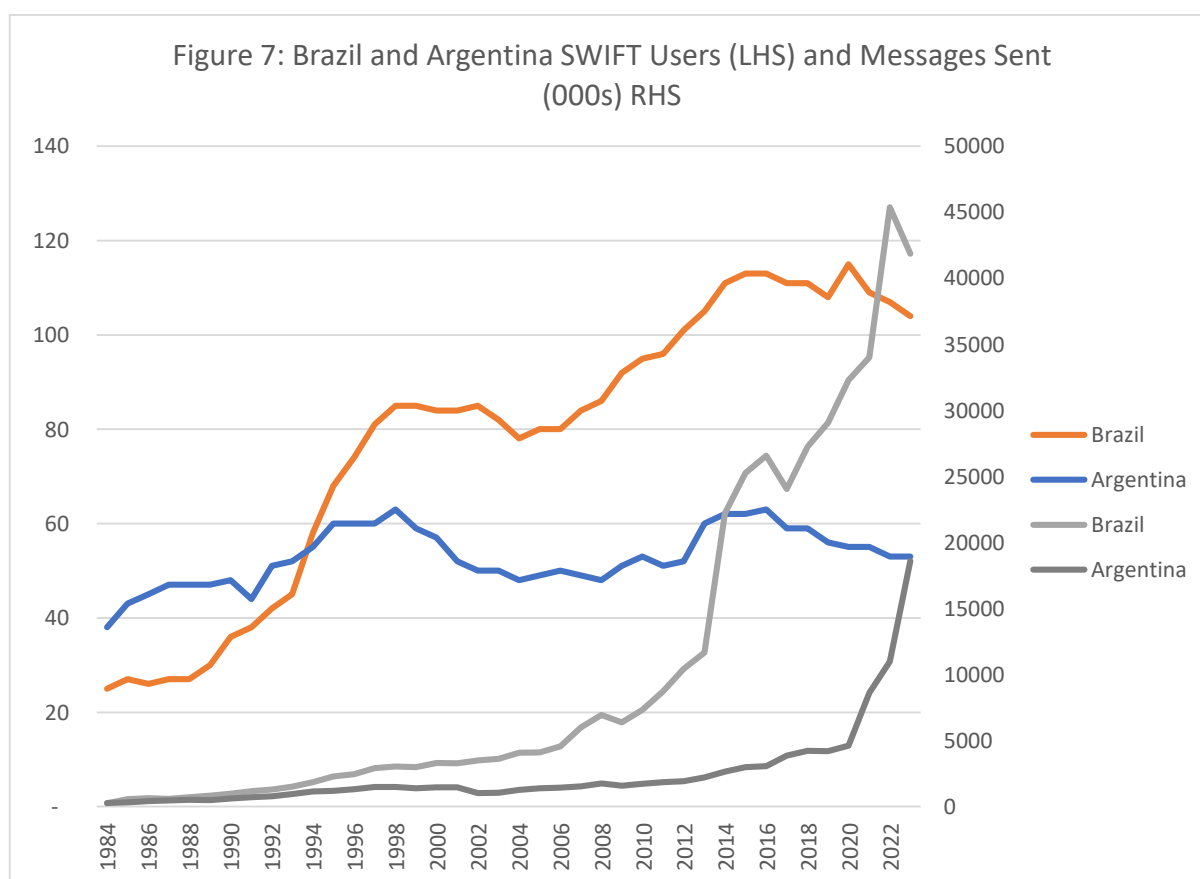
CPMI Members and SWIFT

Extending the data backward in time allows the current changes to be put into perspective and to identify previous variation. Looking at country/economy level rather than regional level draws out the considerable variation in the pattern of engagement with SWIFT and identifies previous periods of contraction associated with financial crises, bank consolidation and episodes of intensive AML/CFT episodes.



Source: SWIFT Annual Review (various issues) for 1984-2011, BIS Statistics 2012 onward. Grey lines are volume of messages, coloured lines are number of SWIFT users.

Figure 6 shows that the number of users located in the major international financial centres of Singapore and Hong Kong grew rapidly in the first 2 decades of SWIFT, but then reversed after the 1997 Asian Financial Crisis. Unlike Indonesia and Korea, neither Singapore nor Hong Kong experienced a currency or financial crisis. Both Indonesia and South Korea were relative late-comers to SWIFT membership (1991 and 1992 respectively). This is especially striking coming after the rapid export-led industrialisation of South Korea. This figure also shows the relative strength of Hong Kong as a payments centre compared to Singapore, based on number of messages. Hong Kong is the conduit for a fairly constant 75% of RMB-denominated SWIFT messages originating outside Mainland China. Importantly, the HKD is a currency that can be settled through the multilateral settlement hub CLS while the RMB is not.



Source: SWIFT Annual Review (various issues) for 1984-2011, BIS Statistics 2012 onward. Grey lines are volume, coloured lines are number of SWIFT users.

Figure 7 shows the different patterns of engagement of another regional pairing; Brazil and Argentina. At the start of the period, in the wake of the Latin American sovereign debt crisis, Argentina had more users than Brazil. While both countries increased the breadth of SWIFT users, Brazil accelerated faster in the run up to the Argentinian recession in 1998 and Brazilian financial crisis of 1999. This was followed by a severe financial crisis in Argentina in 2001. Over the following 5 years the network contracted for both countries, but the effect on Brazil was short-lived and the number of messages to/from Brazil grew much faster from 2009 than Argentina. While the number of connections has subsided over the past 10 years, the number of messages has surged since 2020, mainly due to the increase in domestic SWIFT messages.

Europe shows a very different pattern in Figures 8 and 9. The number of users in France and Germany grew sharply after 2008 although the number of credit institutions by a third in Germany and by 26% in France from 1998-2002. Still, the dominant centre for SWIFT in Europe remained the UK, which reflects its leading role in global banking and as host for the world's largest foreign exchange market. Even here, however, the number of individual users contracted from a peak in 2001 before surging in the midst of the Great Financial Crisis in 2008. Conversely, the number of users in Italy never recovered from the Eurozone crisis of 2013. The volume of messages sent from Germany and France did not increase in line with the number of users, and it was Belgium which experienced the fastest growth in message traffic. These patterns point to the need for caution when assessing regional rather than national trends and also that there is divergence between the traffic over SWIFT and the architecture of the system.

Figure 8: Western Europe SWIFT Users

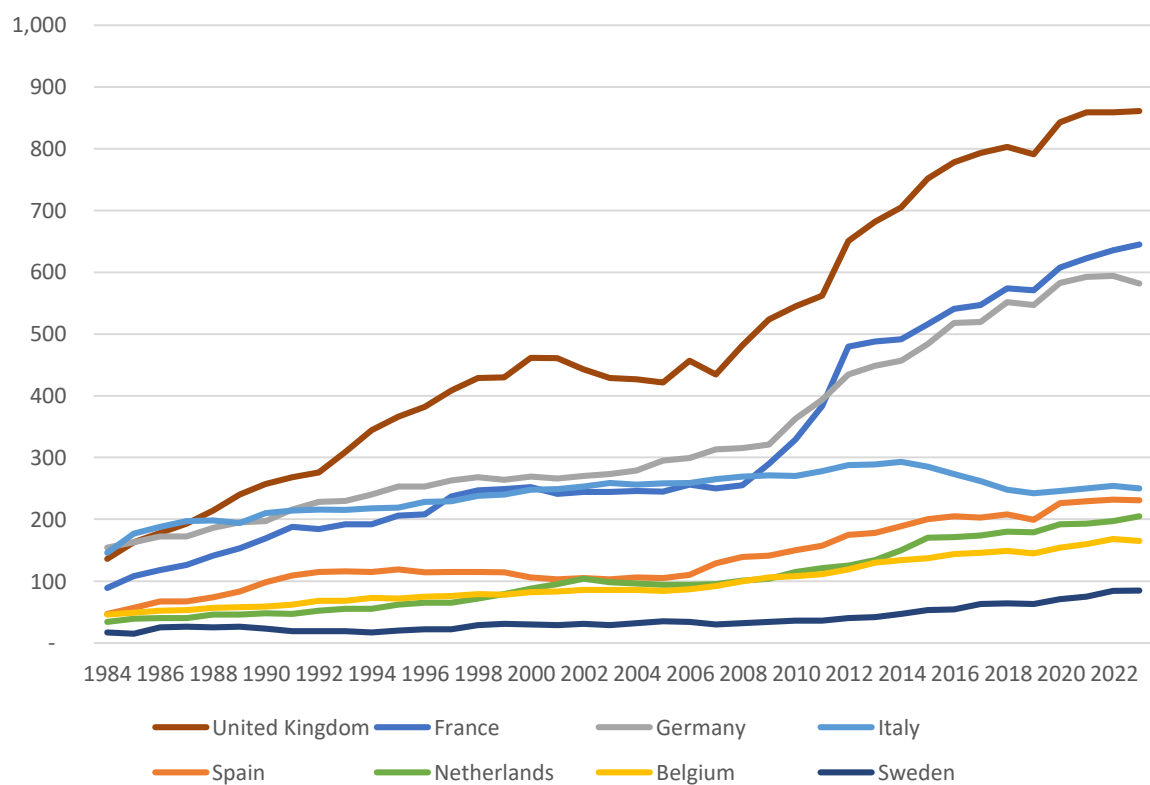
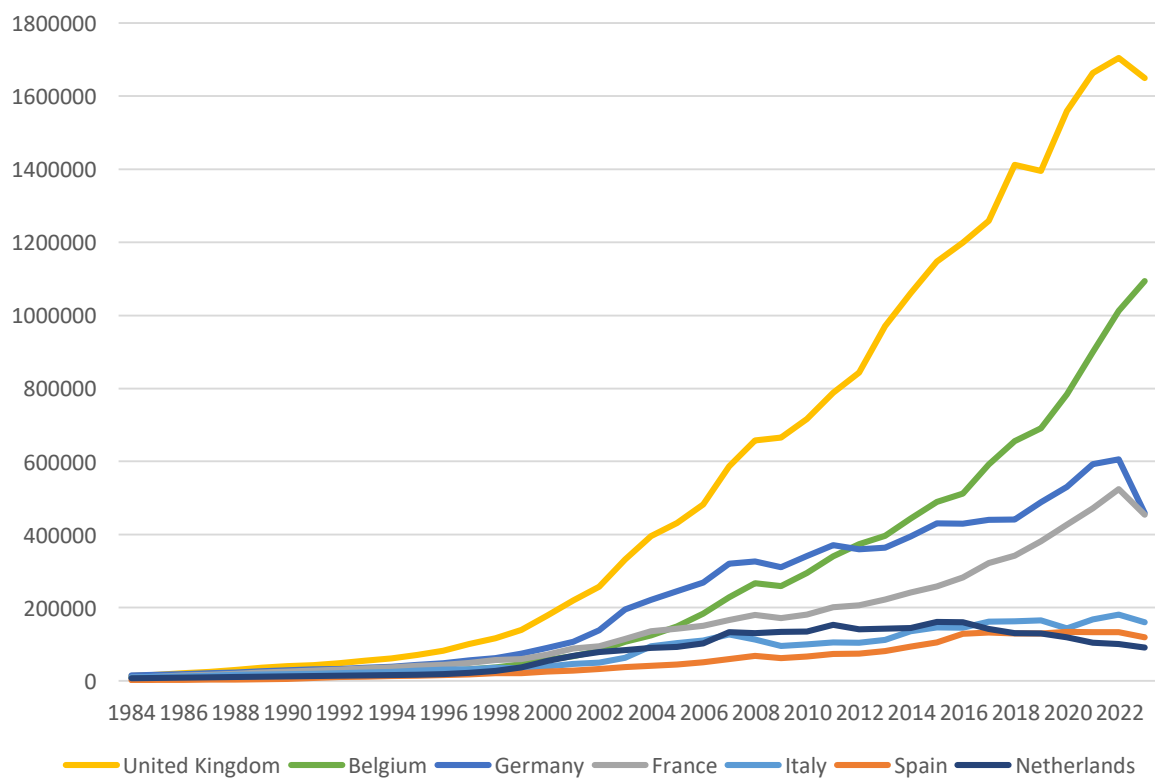


Figure 9: Number of SWIFT Messages 1984-2024



There are important geographic limitations to the national data available from the 26 BIS reporters, which excludes important OFCs as well as most emerging markets and developing economies. From 1984 up to 2011, SWIFT published data on connections and message volume by country in its annual reviews (and then stopped), which makes it possible to trace earlier trends. This was a period of extensive growth as new members joined the system and intensive growth due the increase in the number of users overall, while the total number of territories stabilised around 2015. This data is used for three purposes. First, it confirms the findings that the overall growth in the network masks important regional diversity and reversals. Secondly, it demonstrates the resilience through earlier periods of sanctions and economic conflict. Thirdly, we use the data to explore a turning point in AML and the launch of CFT in 1999-2002 to put the current contraction in perspective.

Figure 10

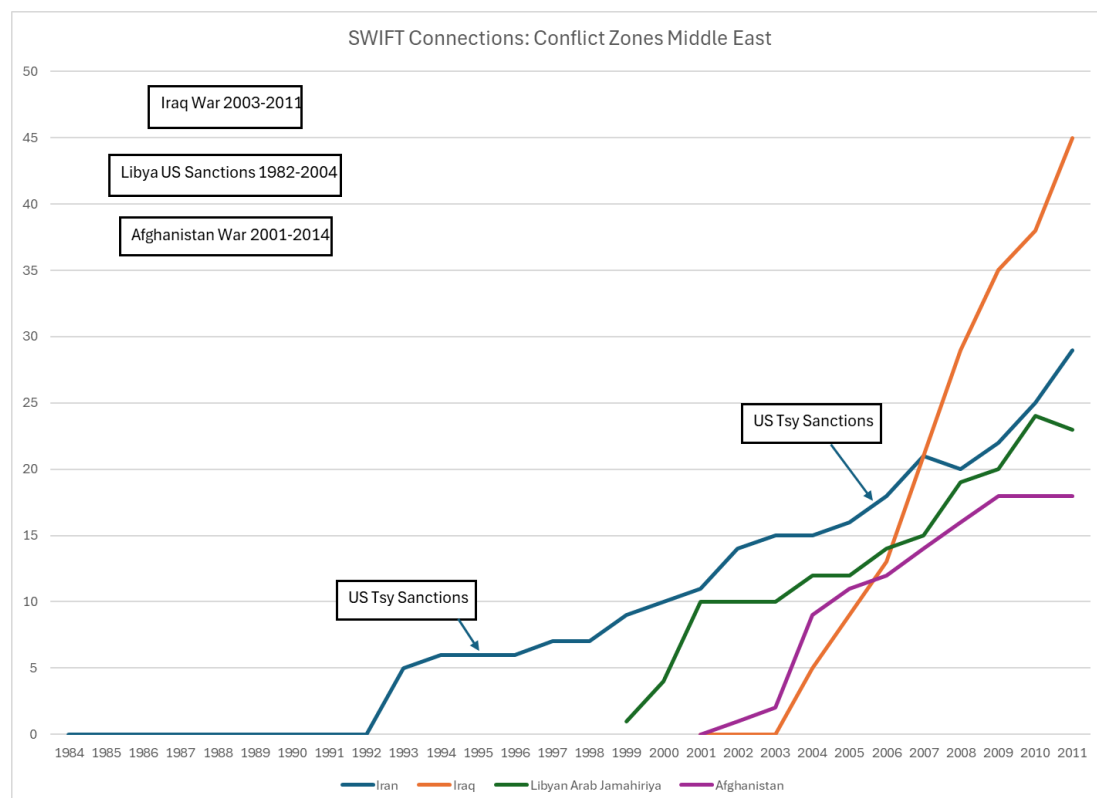
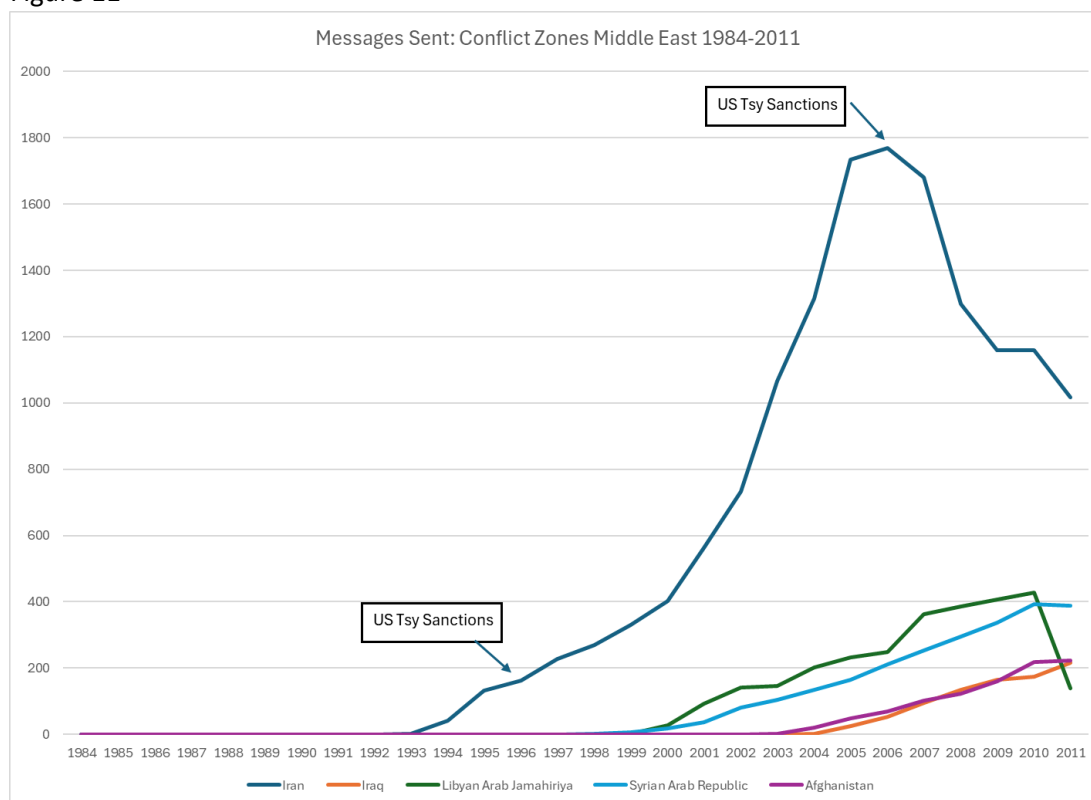


Figure 11



For example, Figures 10 and 11 show that during the Iraq and Afghanistan wars, the number of SWIFT users in these countries increased rapidly and the number of messages sent rose steadily. Of course, this does not reveal anything about the value or direction of payments (or their purpose). US sanctions on Iran, which did not involve disconnecting Iranian banks from SWIFT, may have had some impact on the adoption by new users in that country, but little discernible effect on the volume of messages, particularly from 2001-2005. New institutions continued to join SWIFT, although the volume of messages declined so that in 2011, 29 users sent just over a million messages. In February 2012, President Bush announced that he would fine any financial services provider, wherever located, who provided services to sanctioned Iranian entities. This marked a departure from previous practice, which was focused on banks, and drew SWIFT into the frame for US penalties. SWIFT quickly appealed to the European authorities to allow it to suspend the access of sanctioned Iranian banks from the SWIFT system in order to comply with the American order. The European Council met this request with its own decision requiring SWIFT to disconnect Iranian financial institutions that were sanctioned.²² SWIFT CEO Lazaro Campos described disconnecting the Iranian banks as ‘an extraordinary and unprecedented step for Swift’.²³ The move was announced on the Thursday and became effective at 16:00 GMT on Saturday 17 March 2012, giving some time for messages to continue and payments to clear. At the time Iran had 20 SWIFT members and 29 total connections.

²² Council Regulation (EU) No 267/2012 of 23 March Article 24(4) states ‘it shall be prohibited to supply specialised financial messaging services, which are used to exchange financial data to the natural or legal persons, entities or bodies listed in Annexes VIII and IX.’

²³ In the same year, Syrian institutions, including the central bank, were disconnected after the eruption of the civil war – the first SWIFT message (to an Italian bank) after the end of the Assad regime was sent in June 2012.

The continued commitment to provide humanitarian exports to Iran, however, complicated the situation. American authorities alleged that the exemptions for exports of aid-related goods such as medicines and food were used to allow the Central Bank of Iran to channel funds outside Iran in contravention of the financial sanctions. American companies could petition the US Office of Foreign Assets Control (OFAC) to get their products licensed for export to Iran and thereby reassure their banks that the related payments would not attract penalties. But OFAC tended only to issue such comfort to US companies, which left European and other producers at a disadvantage (Mallet et al 2020). In order avoid using SWIFT and to support payments from Iran for humanitarian products not covered by the strategic sanctions, ten European states formed INSTEX, the Instrument in Support of Trade Exchanges at the start of 2019.²⁴ Its liquidation four years later was blamed on resistance from the state authorities in Iran, which meant that it was used for only one payment (in early 2020). A more immediate cause of the failure, however, was the American withdrawal from the Iran nuclear deal, the JCPOA, which had a chilling effect on banks who feared the wrath of the American administration and accompanying fines (Percival 2025, Preble 2024).

It is sometimes argued that the use of SWIFT as a political tool will make it less attractive for some states and some operators. The cases of China and Russia offer insights since both were profoundly affected by Cold War geopolitics and also by current global fragmentation. China joined SWIFT in 1985 as part of the second stage of Deng Xiaoping's Open Door Policy while Russian banks joined in 1992 after the collapse of the Soviet Union. Figure 12 shows the rapid increase in the participation of banks in China as the number of banks increased with financial reforms from the 1990s. This trend is dramatically juxtaposed against the case of Russia, as the number of banks there proliferated during the transition from the Soviet Union.²⁵ The pace slowed after the Russian debt crisis of 1998 (that was followed by a consolidation of the banking system) but accelerated again so that by 2002 Russia had the largest number of users in the SWIFT system after the USA and UK. However, from March to July 2014 the USA and EU (and Switzerland) imposed trade and financial sanctions after Russia's invasion of Crimea, which were followed by counter-sanctions by Russia. The financial sanctions specified particular banks alongside hundreds of individuals and companies, although the sanctions related mainly to new contracts and were focused primarily on investment rather than payments per se.²⁶ Nor did they apply to all of the many hundreds of banks (both foreign and domestically owned) operating in Russia.

Figure 13 shows the SWIFT message volume for China and Russia, which reveals some interesting trends. The impact of the 2014 sanctions is apparent in the sharp drop of Russian messages, but these quickly rebounded even as the number of registered users in the country continued to decline. The 2014 sanctions cannot be claimed as a success, given the invasion of Ukraine 8 years later (for a contemporary view see Ashford 2016) due to a lack of breadth and successful trade diversion (Sanus et al 2024, Yalcin 2025). Unlike 2022, Russian banks were not disconnected from the SWIFT network,

²⁴ The founding shareholders were Belgium, Denmark, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden and the UK. Foreign, Commonwealth and Development Office (2023) [The 10 INSTEX shareholder states have decided to liquidate INSTEX due to continued obstruction from Iran: E3 statement - GOV.UK](#). Accessed 15 February 2026.

²⁵ After the fall of the USSR, the number of banks in Russia grew rapidly from 100 in 1990 to 2457 in 1994, when the central bank began to revoke bank licenses from illiquid banks (Robinson and Wynn Owen 2003).

²⁶ The following banks were specified in the July EU and US sanctions: Sberbank, VTB Bank, Gazprombank, Vnesheconombank, Rosselkhozbank. The US sanctions applied to major state-owned banks including Bank of Moscow (owned by VTB), Gazprombank, Vnesheconombank (VEB), Russian Agricultural Bank (Rosselkhozbank) and VTB Bank OAO. The financial sanctions were extended to shorter term securities in September 2014. At the same time Sberbank was added to the US sanctions list.

although the number of Russian users steadily declined from a peak of 617 in 2013 to 263 by 2022. There were calls for SWIFT to support the sanctions but these were resisted; SWIFT noted that it was 'a neutral global cooperative company', that had 'no authority to make sanctions decisions' without an EU legal directive (SWIFT 2014).²⁷ In early 2015, Russian PM Dmitry Medvedev was reported to warn that "They have again begun discussions about restrictions on the SWIFT payment system...If such a decision is taken our economic reaction, and reaction in other spheres, will be unlimited."²⁸

Despite a recommendation from the European Parliament that EU leaders suspend Russian banks' membership of SWIFT, no such directive was forthcoming, partly due to the dependence of European economies on Russian oil.²⁹ Nevertheless, Russia launched its own messaging system SPFS in 2014, initially for domestic payments. Meanwhile, in 2012 (after SWIFT was used for sanctions against Iran) China began to develop its own payments system for RMB, which launched in 2015. After 10 years of operation, CIPS still uses SWIFT messaging, its direct members are 95% China-related banks (including branches and subsidiaries) and indirect members are overwhelmingly in China and East Asia.³⁰ While the value of transactions increased quickly, it has since stalled (see Appendix I). In these ways CIPS is not a strong challenger to established structures.

After joining SWIFT in 1985, Chinese message volume increased closer in line with the number of users, but then doubled from 2021 to 2023 after fresh sanctions were imposed on Russia by many countries, but not by China (or India or Turkey).³¹ The mirrored pattern of the traffic in Figure 13 is consistent with the rising trade between China and Russia (China's imports from Russia rose 29% in 2022) and with suggestions that Russia was using Chinese banks for payments. China and Russia also cooperated through the sanctions imposed in 2014; in 2015 China's Harbin Bank established a bilateral payments arrangement with sanctioned Sberbank.³² In 2024, Chinese banks appear to have retreated from their exposure to Russia for fear of becoming caught out by US and EU sanctions after the US administration warned in December 2023 that it would sanction any foreign bank that was found to be facilitating sanctioned Russian banks.

²⁷ In 2011 Iran had 20 SWIFT members and 29 total connections, sending a peak of 1.8 million messages in 2006, a volume that declined steadily to 1 million on the eve of the 2012 sanctions.

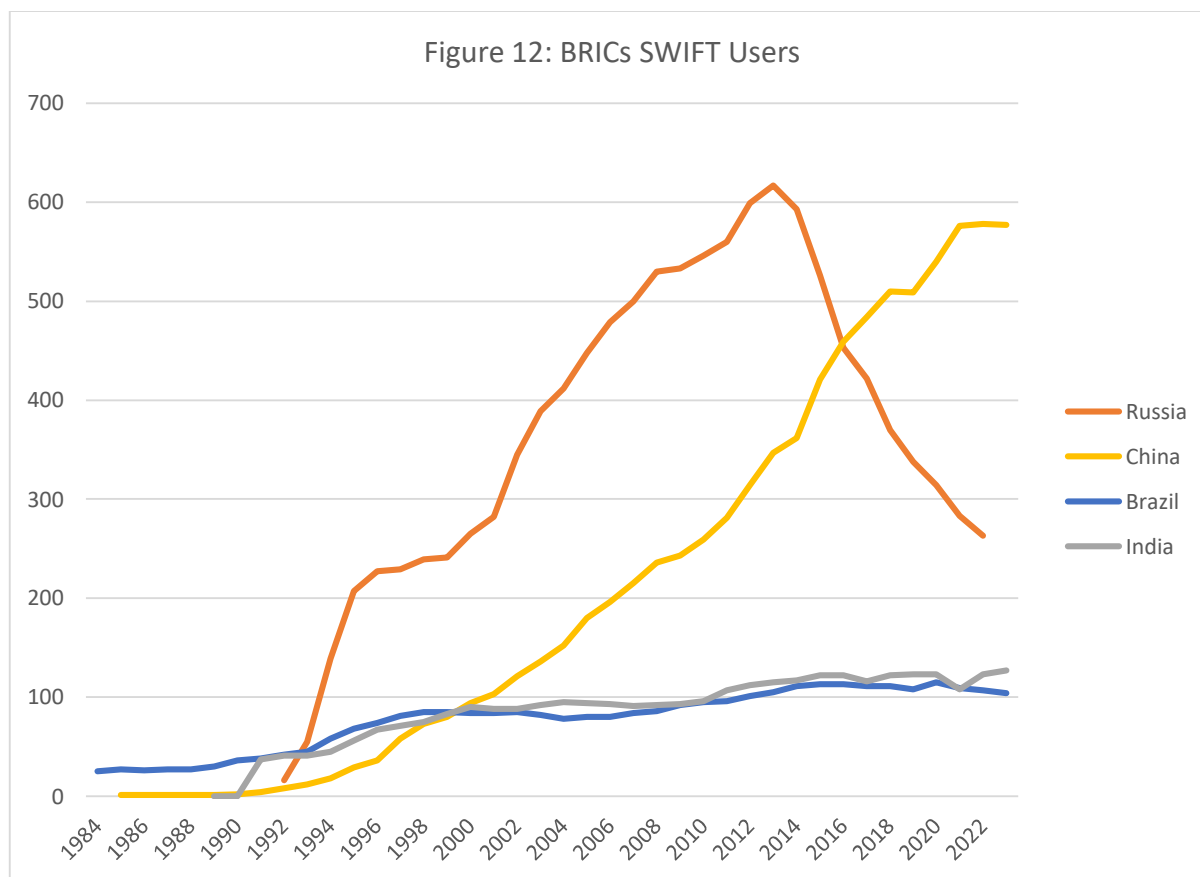
²⁸ Reported in Howard Amos (2015) 'What would exclusion from payments system SWIFT mean for Russia?' *The Moscow Times*, 28 January.

²⁹ European Parliament (2014) Joint Motion for a Resolution on the situation in Ukraine and the state of play of EU-Russia relations, 17 September 2014. [JOINT MOTION FOR A RESOLUTION on the situation in Ukraine and the state of play of EU-Russia relations | RC-B8-0118/2014/REV1 | European Parliament](#) [accessed 16 May 2026]

³⁰ CIPS can also be viewed as part of the Chinese government's promotion of the RMB as an international currency. Daily CIPS turnover in 2024 was 42% of the value of CNH turnover in London and 14% of FX turnover in Hong Kong. RMB is not a member currency of CLS for multilateral clearing (although HKD is).

³¹ SWIFT messages for India also increased – by 31% from 2021-2023.

³² SWIFT messaging is used for CIPS payments except for payments between direct CIPS participants (c. 140 mainly Chinese banks).



Source: 2011-2023 from BIS Statistics. 1984-2011 from *SWIFT Annual Review*, various issues. Note: no data are available for Russia in 2023. Brazil and India included for comparative scale.

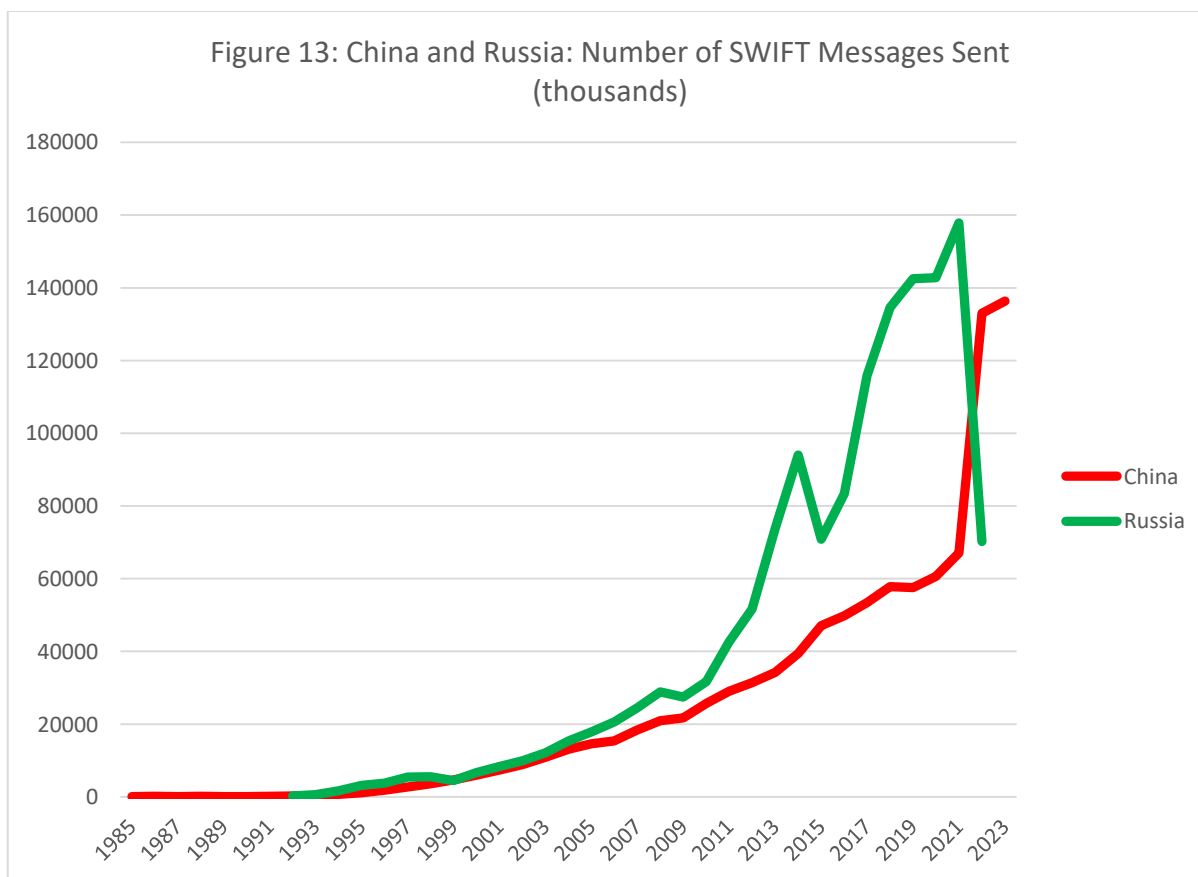
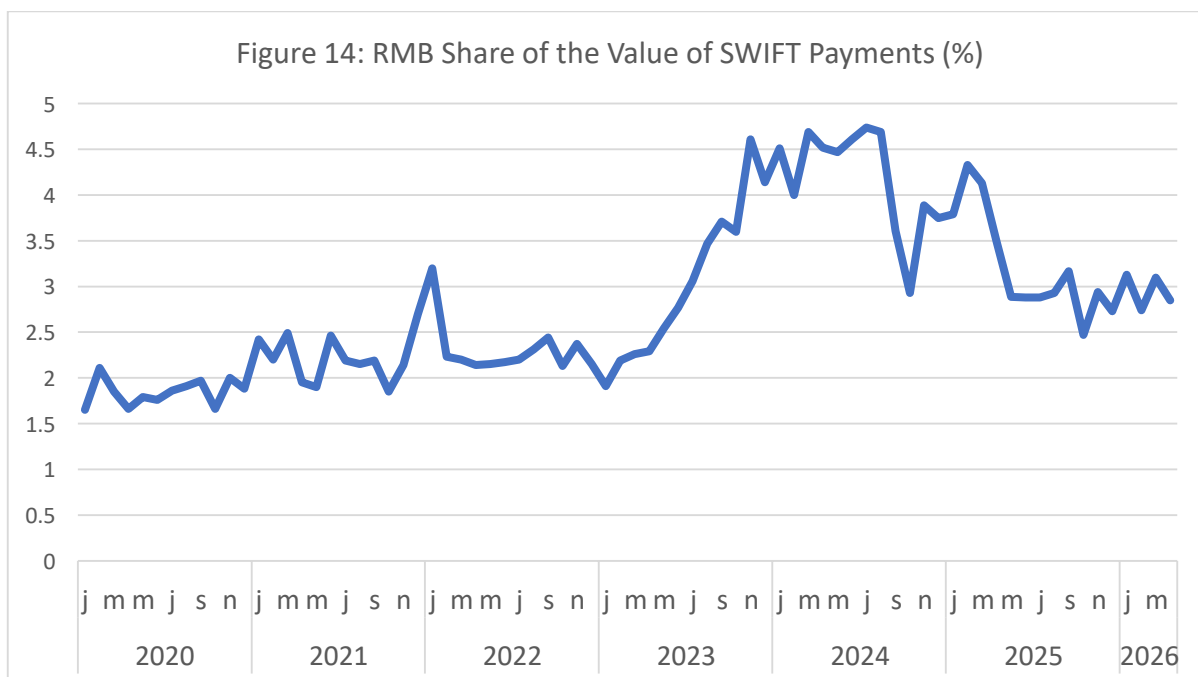


Figure 14 shows the rise and then decline in the share of RMB in overall value of SWIFT payments that corresponds with these trends.



Source: SWIFT RMB Tracker various issues.

SWIFT and AML/CFT

One of the explanations for the recent pattern of reduction in the number of active correspondent banking links captured in the SWIFT data from 2012 is AML/CFT compliance costs, and these are in turn linked to FATF (Financial Action Task Force) listing. This ‘de-risking’ has been identified, for example, by Ramachandran et al (2018) with particular concerns about the impact on personal remittances through money transfer offices, an issue raised especially by the World Bank. Beck and Martinez Peria (2011) found that the costs for remittances sent through banks were significantly higher than through money transfer offices. In 2009 the G8 set a target cost of 5% of the value of the remittance by 2013, but this was not achieved across most corridors. Bank are the most expensive way to send remittances, averaging 15% of value in 2025 (World Bank 2025) so the dislocation of money transfer offices can have a detrimental effect on remittance flows. De-risking affects transfers between banks as well as between banks and their non-bank customers, which in turn affects a wider range of trade and commercial activity than remittances alone.

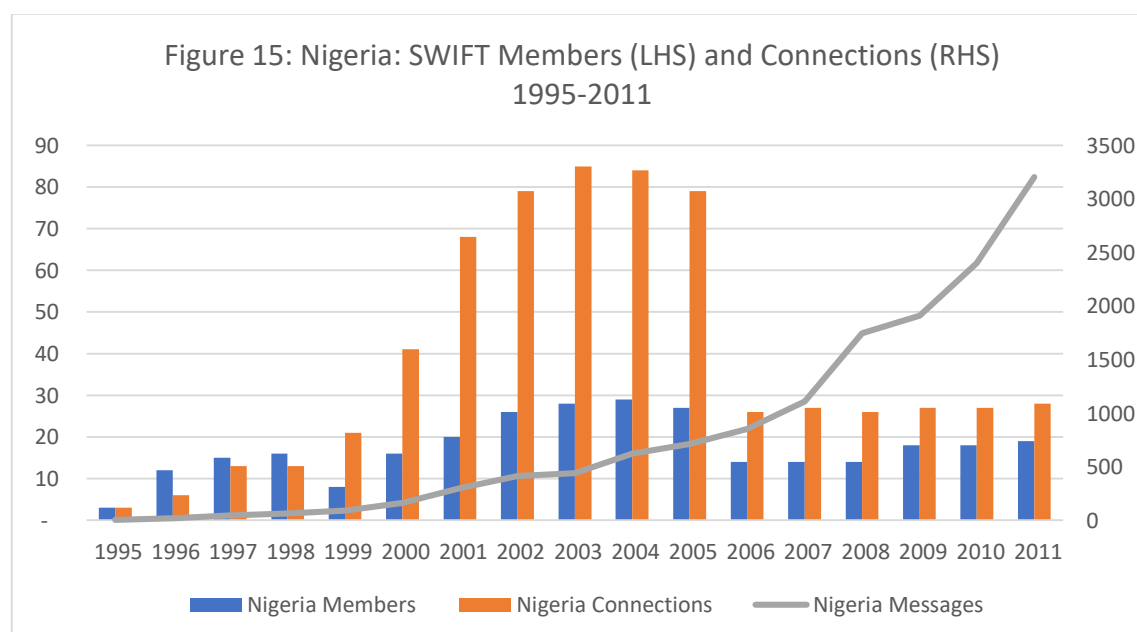
The actual effectiveness and balance of the FATF strategy of naming and shaming is open to debate. Morse (2022) finds clear evidence of reforms by countries listed by the FATF as non-compliant after 2010, especially in criminalising terrorist financing. Morris and de Koker (2026) however argue that the FATF focuses disproportionately on smaller and poorer countries and that the listing process has had a bigger effect on technical compliance than on actual reduction in money-laundering or crime prevention. Case-Ruchala and Nance (2024) find little effect across a range of financial indicators; cross-border banking liabilities, portfolio asset flows, FDI or World Bank development assistance. They suggest that the specific impact of FATF listing is likely lost among the many regulatory factors aimed at AML/CFT and confounded by increased reliance on third party KYC to sustain financial and commercial flows. Rice and von Peter (2020) however, find that FATF listing was correlated with countries where the number of active SWIFT partners declined most, so it may affect the structure of payments if not the cost or volume of flows.

The FATF was founded in 1989 as part of the war on the illegal drugs trade and the recognition that efforts to check this trade by ‘following the money’ required international cooperation to be effective. It began by devising common standards for supervisors and banks but there was little traction on changing behaviour. From 1998 the FATF began to identify Non-Cooperative Countries and Territories (NCCTs) for inadequate AML measures and financial institutions were advised to ‘give special attention to transactions involving the NCCTs’. This provided regulators with a standard for promoting AML among their own banks through their payments relationships with correspondent banks in these territories. The first round, which reviewed 31 jurisdictions was completed in 2000, with 13 NCCTs identified. This was followed by a second round of a further 16 territories, which identified 8 as having inadequate standards. Shahin et al (2012) found that NCCT listing had no discernible impact on monetary variables. The NCCT list was replaced in 2007 by an International Cooperation Review Group and then in 2010 to a set of grey-listing and black-listing.

An interesting case is Nigeria, which was listed as NCCT for the longest period in the first ten years of the FATF scheme. It was first listed in June 2000 and only finally de-listed in June 2006. It joined FATF as a member in 2003 and began to pass a series of laws in line with FATF guidance and an implementation plan was requested in July 2004.³³ Figure 15 shows the rapid increase and then fall

³³ In addition to being unwilling to cooperate with the FATF, a key failing was that the AML laws specified the proceeds of illegal drug smuggling rather than the wider sources including CFT, crime and corruption.

in the number of registered SWIFT users in Nigeria during this period. Figure 16 puts Nigeria into the context of other African countries. In 1998 the South African Reserve Bank passed the National Payment System Act and introduced a large value inter-bank payments system (SAMOS) which used SWIFT messaging. All SAMOS participants therefore had to be registered at SWIFT and use a SWIFT BIC code. This was reflected in the surge in the number of institutions in South Africa connected to SWIFT.



Source: *SWIFT Annual Review*, various issues.

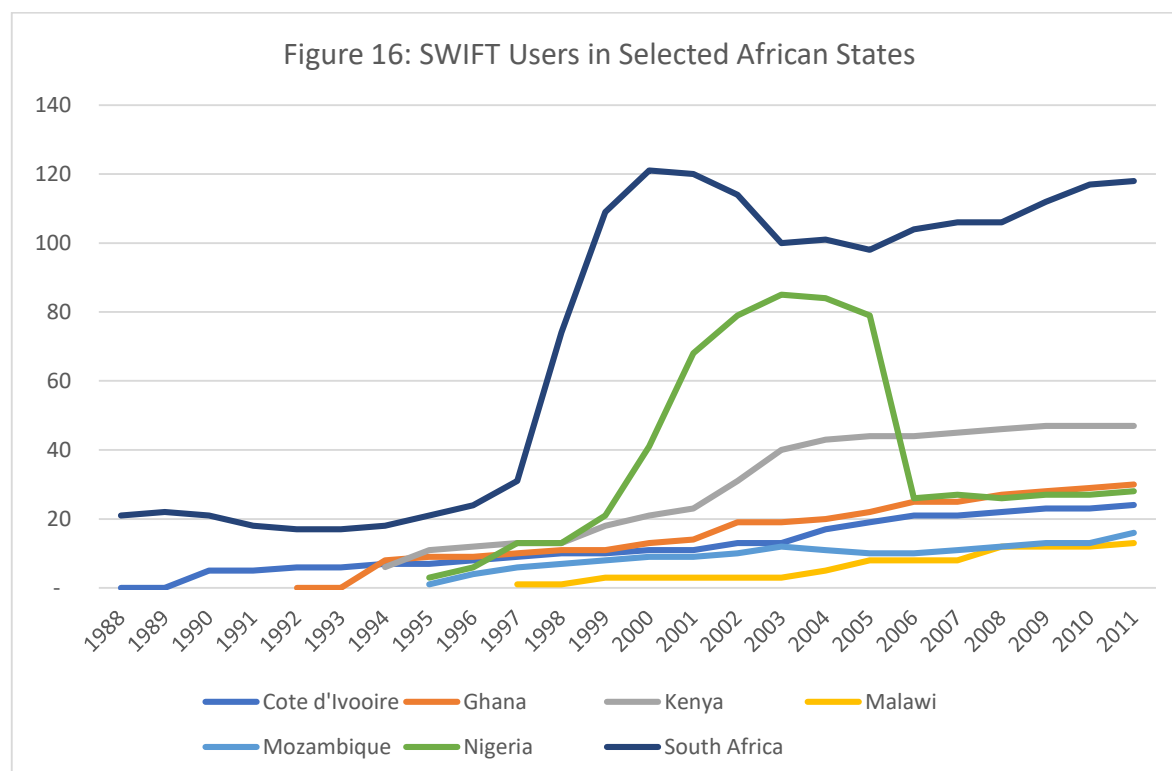
In Nigeria, the FATF listing in 2001 does not seem to have prevented a surge in users of SWIFT from 21 in 1999 to 85 by 2003. The withdrawal of 60 users, however, coincided with the introduction of legislation that allowed the FATF to de-list Nigeria in June 2006, although it was subject to monitoring for another year.³⁴ In July 2004, the Central Bank of Nigeria launched a programme focused on consolidating the number of banks by raising minimum capital and encouraging M&A. In 1990 there were 58 deposit banks in Nigeria, 54 in 2000 and 89 by 2004 but only 25 by 2006.³⁵ These patterns are mirrored in SWIFT membership. The National Bank of Nigeria also began its RTGS in 2006, which used SWIFT for interbank domestic payments messaging. In 2008, once FATF monitoring was lifted and RTGS was functioning, the number of messages sent by users in Nigeria increased by 57%. While the FATF listing itself does not appear to have affected SWIFT connections, a consolidation of banks' access to SWIFT coincided both with reform of the domestic payments system and reform of the AML compliance framework and was associated with increased message volume.³⁶ In 2021, a World Bank survey found that 47% of countries in Sub-Saharan Africa primarily

³⁴ Nigeria was added to the grey-list from 2011-2013. In 2017 the Egmont group suspended the Nigerian agency for a year and in 2019 the EC put Nigeria on its own AML/CFT blacklist. For a summary see Bob-Osamor (2024) who argues that a key implementation failing was due to political and public corruption.

³⁵ Central Bank of Nigeria (2005) *Statistical Bulletin*, Vol. 16, December.

³⁶ On the Fourth Round of Mutual Assessments from 2014-2026 (related to the 2012 FATF Recommendations using 2013 Assessment Methodology) Nigeria met most of the requirements for technical compliance at least partially, but was found to have only limited effectiveness in practice across most outcomes, meaning that

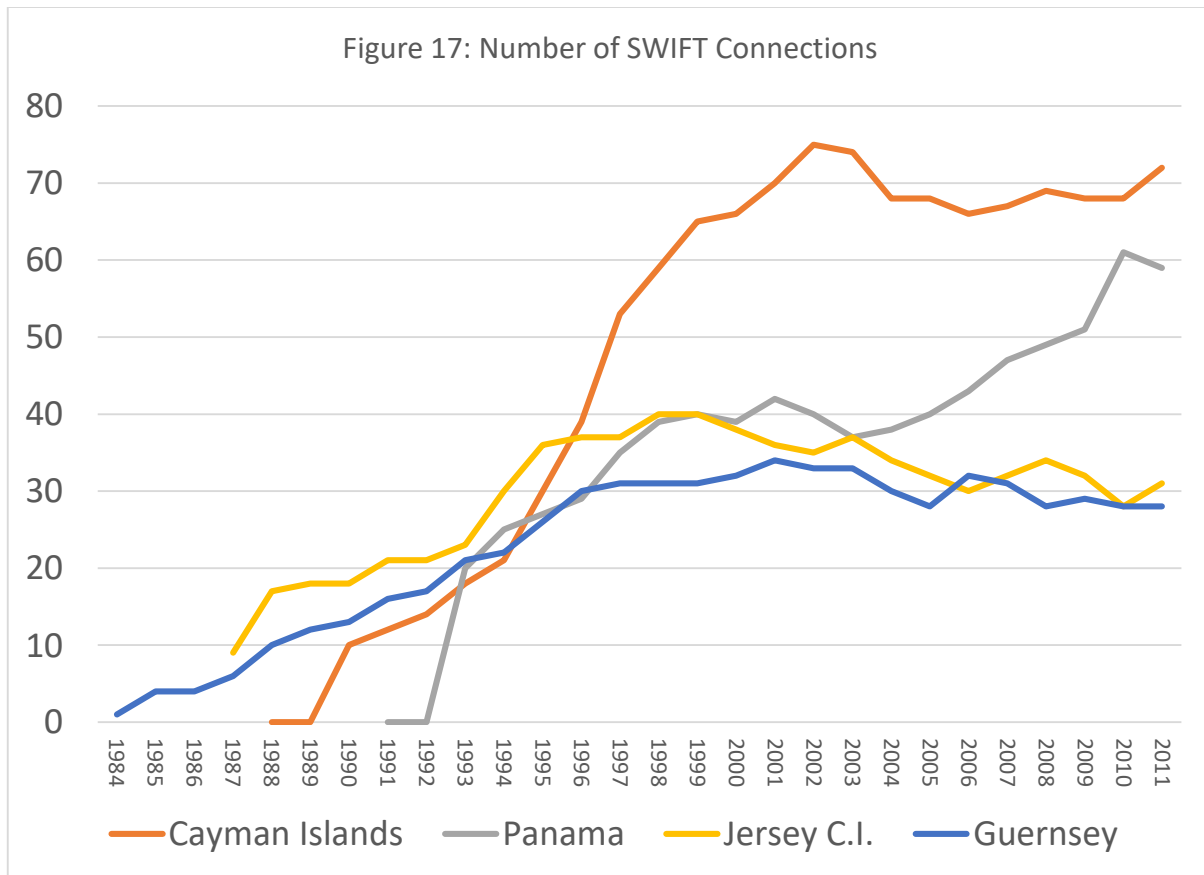
used the SWIFT international network to send payments orders to their domestic RTGS system compared to 27% of high income OECD countries.³⁷ This case emphasises the importance of keeping domestic message volume and the structure of the banking system in mind when assessing the dynamics in the SWIFT evidence.



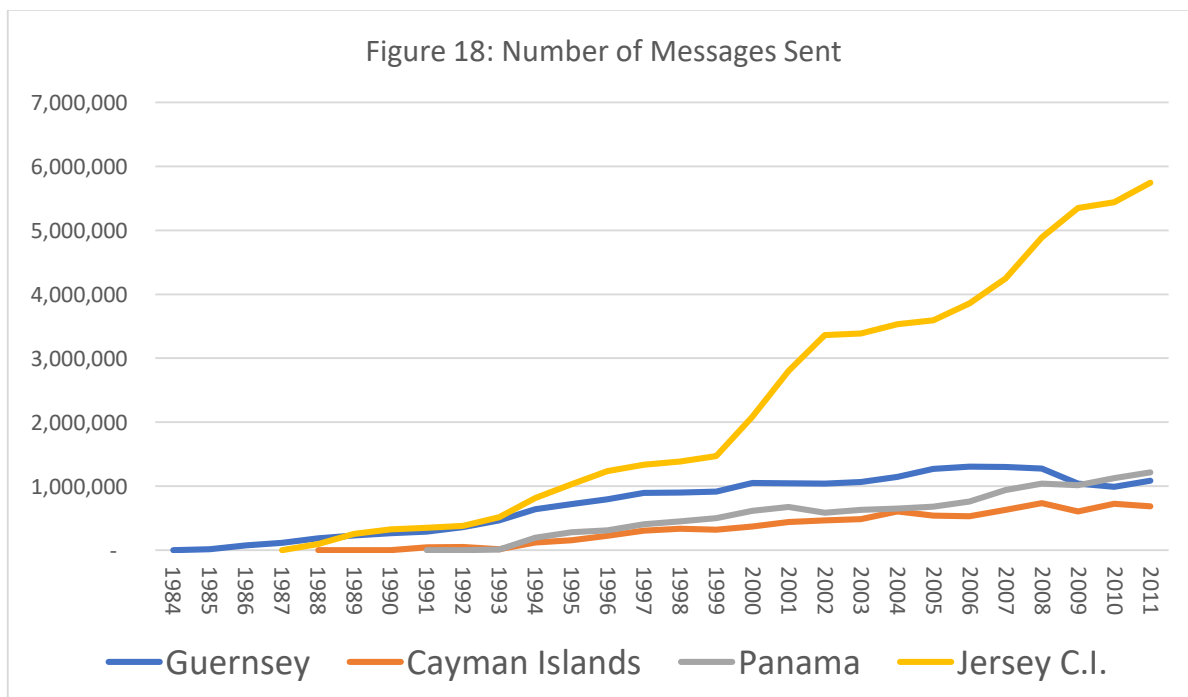
Offshore financial centres are often cited as conduits for money laundering. In 1999, a scandal involving the Bank of New York prompted a US congressional investigation into money-laundering. The title of the report discloses its findings: 'Report on Correspondent Banking: a gateway for money laundering'. The Bank of New York fine and the investigation had a chilling effect on US correspondent banking relationships in OFCs, including anecdotal evidence in testimony from bankers that they were pausing or decreasing their correspondent customer base. Combined with the war on terror from 2001, there was a visible drop in the number of SWIFT users in a range of OFCs, although the pattern was not consistent, as is apparent in Figure 17 and 18.

³⁷ 'The Immediate Outcome is not achieved or achieved to a negligible extent. Fundamental improvements needed' (FATF 2026).

³⁷ World Bank Global Payment Systems Survey (GPSS) 2021.



On the other hand, the volume of messages did not decline for any of these OFCs (there was a short-lived dip for Guernsey after 2008) and increased remarkably for Jersey. This emphasises the lack of connection between dynamics in the breadth of engagement (number of users) and message traffic.



IV Getting Granular: Correspondent Banking

There are certainly problems relying exclusively on SWIFT data as a description of the geography of the payments network. First, the data do not show where the connections are on a bilateral basis (i.e. which countries are linked). Secondly, adoption of SWIFT was uneven and historically many countries continued to use telex for payments instructions between correspondent banks. Even in 2008, many banks advertised their telex numbers as well as their SWIFT codes and FAX numbers. Thirdly, the data on the number of SWIFT messages is swelled by the variable use of SWIFT for domestic as well as cross-border instructions, for foreign exchange confirmations as well as payment and by the use of multiple nested correspondent banking links for a single transaction. Luckily another source of data is available for historical research, although it relates to an earlier era.

Since 1845, banks advertised their correspondent banking networks in *The Bankers Almanac*. This was a large volume published annually in London, that included a range of information for the use of bankers around the world.³⁸ Importantly for our purposes it listed the London and New York correspondents for thousands of international banks each year throughout the 20th century, and from 1990 onward banks reported correspondents in a wide range of other cities around the world. The Almanac was meant to be useful for bankers seeking information on how to send payments on behalf of their customers and so the entries were updated annually (annual variation suggests that the lists were actively curated). This is not a comprehensive list of every correspondent banking connection, but we assume that these were the most useful (in volume/value of transactions or to demonstrate reputation or network reach) since they were selected and reported by banks themselves. There was no fee to be included and the *Almanac* sought to be as global as possible to enhance its market. Under the ERC-funded project, Global Correspondent Banking 1870-2000, we collected this data on a quinquennial basis for 1920-2005 plus 2007, which was the final year that data were presented in this format.³⁹ The dataset includes a total of c.7600 individual banks around the world. Table 1 summarises the data for 1990-2007. Appendix II shows a sample page of the scanned original source.

Table 1: GloCoBank Data – Summary

	Number of Correspondent Links
1990-2007	317,971
1990	47154
1995	85535
2000	71280
2005	54953
2007	59049

This evidence is especially valuable to fill gaps for territories that joined SWIFT later and for smaller or emerging economies where the number of users of SWIFT may not reflect the geographic reach into the global payments network. Because the data are at bank as well as city level, it will be possible also to analyse the shifting nature of the correspondent banking network for this period in

³⁸ The *Bankers Almanac* is now an online product of LexisNexus Risk Solutions, which describes it as ‘the leading source of intelligent reference data for payments, compliance and risk assessment’. Bankersalmanac.com - About Us [accessed 22 May 2025].

³⁹ The data for each year were extracted from the following year’s Almanac to allow for time for reporting and publication. For example, the 2007 data were published in the July 2008 volume.

ways that are not possible using SWIFT user numbers or message volumes alone. On the other hand, the *Bankers Almanac* does not reveal the value or volume of flows of payments.

Gaining access to SWIFT was not always straightforward. Banks were admitted as part of National Member Groups, usually related to the local bankers' associations, who applied on behalf of their constituent banks and guaranteed a minimum volume of traffic (and fees). Table 2 shows the scale and scope of correspondent banking links into London, alone, for countries in Africa in 1985, a time when South Africa was the only African economy connected to SWIFT. This makes it clear that banks in Africa had multiple direct settlement links in London although the intensity of these links varied.

Table 2: Number of Correspondent Banking Links from African Economies to London 1985

Country	Number of Links	Number of Banks		Country	Number of Links	Number of Banks
Egypt	99	29		Mauritania	7	5
South Africa*	60	21		Botswana	6	3
Nigeria	48	24		Malawi	6	3
Sudan	30	10		Somalia	6	2
Kenya	21	10		Angola	5	1
Zaire	20	9		Cameroon	5	5
Algeria	18	5		Guinea-Bissau	5	2
Zimbabwe	16	8		Rwanda	5	4
Ghana	15	5		Benin	4	1
Uganda	15	10		Burkina Faso	4	2
Zambia	14	5		Djibouti	4	2
Tanzania	13	4		Mozambique	4	1
Sierra Leone	12	4		Gabon	3	3
Gambia	9	4		Namibia	3	3
Burundi	8	4		Togo	3	2
Liberia	8	3		Central African Republic	2	1
Senegal	8	7		Mali	2	2
Ethiopia	7	3		Niger	1	1

Source: *Bankers Almanac* 1986. *South Africa was the only SWIFT member at this time and recorded 18 SWIFT users.

After the FATF listing in 2001, the number and range of correspondent banking links reported to/from Nigeria in the *Bankers Almanac* fell sharply, mainly due to a decrease in the number of banks in Nigeria described above. The decline in the number of links reported for each Nigerian bank started in 2000.⁴⁰ In 1990 and 1995 ICON Ltd, a joint venture of Morgan Guarantee Trust and the Nigerian Industrial Bank Ltd, was the dominant correspondent (with 65 links). In 2000 and 2005, a subsidiary of Citibank, Nigeria International Bank Ltd, reported the largest number of correspondents.

Table 3: Reporting of Correspondent Banking Links to Nigeria 1990-2007

	Total Links	Banks in Nigeria	Links per Bank
1990	459	44	10.43
1995	604	51	11.84
2000	289	41	7.05
2005	89	15	5.93
2007	146	18	8.11

Source: *Bankers Almanac*, various dates.

Correspondent banking links to Nigeria: 1990: Bankers Almanac



⁴⁰ This may still reflect the FATF listing since the 2000 data was reported in the July 2001 volume of *Bankers Almanac*.

Correspondent banking links to Nigeria: 1995: Bankers Almanac



Correspondent banking links to Nigeria: 2000: Bankers Almanac



Iran provides an interesting case to map the changing pattern of engagement in the cross-border payments architecture because of the hostile attitude of the USA, in particular, in the 1990s and 2000s. Despite sanctions imposed by the USA in the 1990s, banks continued to report correspondent links in the Bankers Almanac for payments routing. The evidence shows that Toronto became a more frequently cited city than New York from the mid-1990s, that Iranian banks continued to have multiple channels into western Europe and Tokyo and that links between banks in Dubai and Tehran

grew more prominent in the mid-2000s. As the number of reported links increased, the geographic distribution became more dispersed. Table 4 shows the changing degree of links for the top 7 cities with correspondent banking connections to Iran.

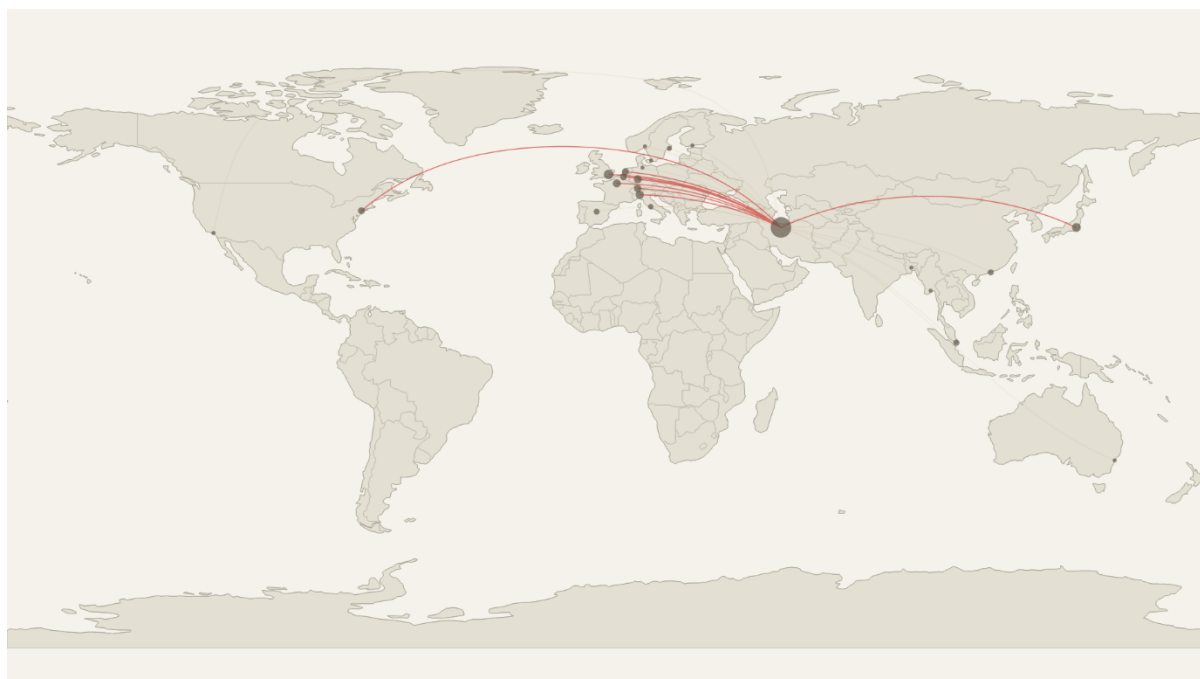
Table 4: Iran – Degree of Top Reported Correspondent Banking Links

	1990	1995	2000	2005	2007
Total Reported Links	168	288	320	390	337
Dubai				27	33
London	26	23	20	32	26
Hamburg					21
Tokyo	20	22	23	27	19
Zurich	12	13	12	20	13
Dhaka					11
Frankfurt	15	19	21	29	
Hamburg				18	
Paris	15	19	15		
Brussels			14		
Rome			12		
Milan	17	15			
Top 7 Share of Total (%)	63	39	33	39	36

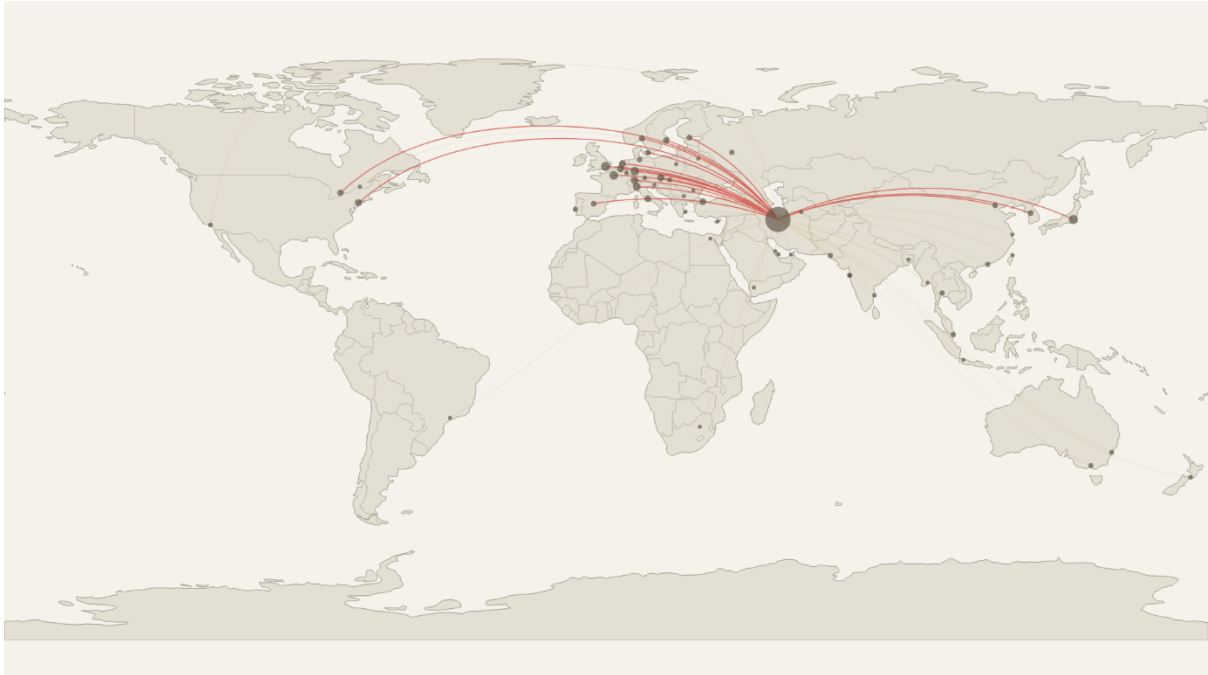
Source: *Bankers Almanac*, various issues.

The maps below show the geographic distribution of reported correspondent banking links – both banks listing their correspondents in Tehran and Iranian banks listing their correspondents around the world.

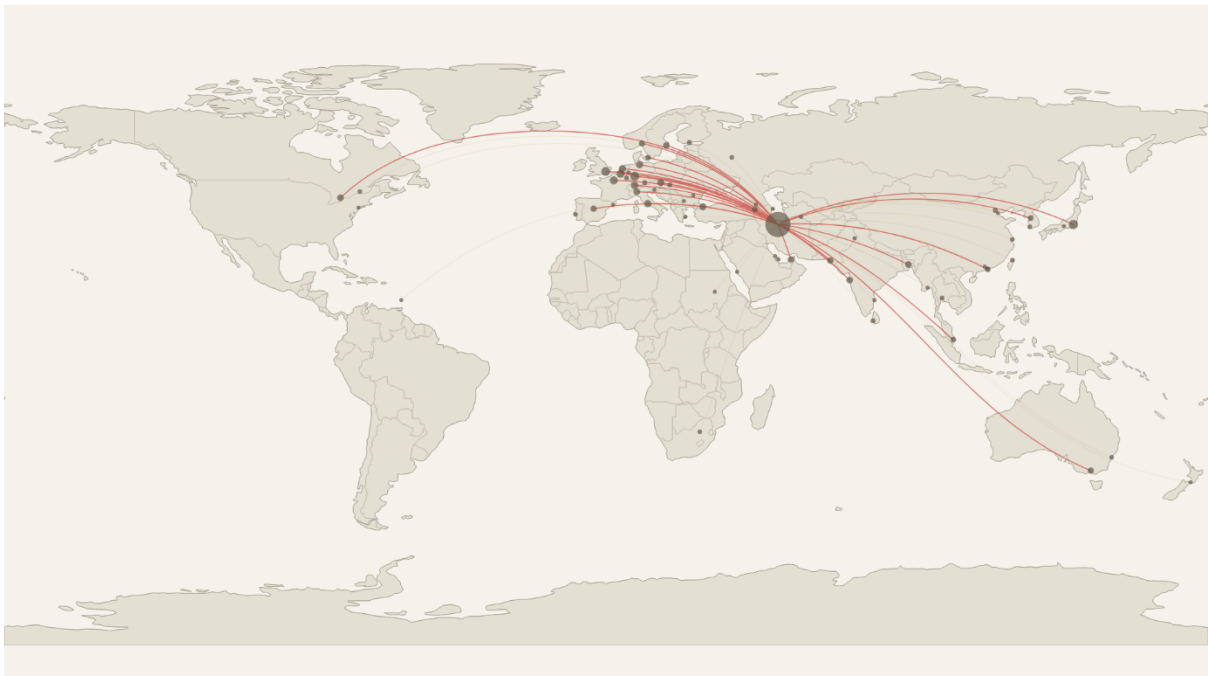
Correspondent banking links to Iran 1990: Bankers Almanac



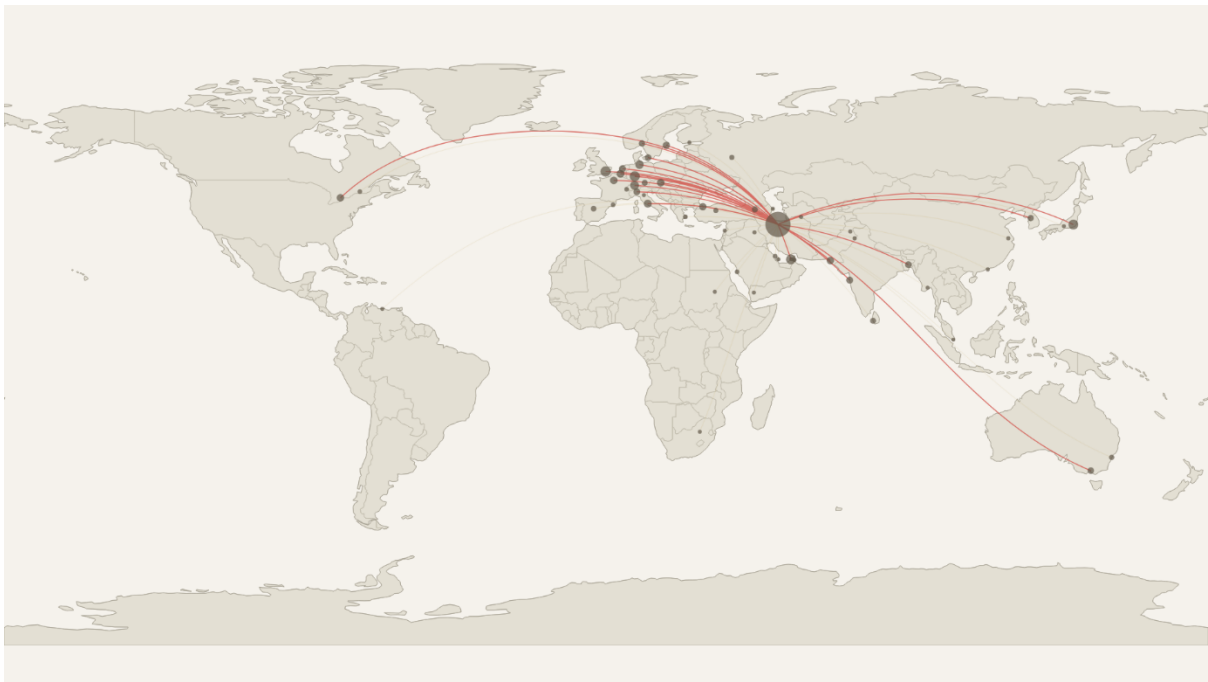
Correspondent Banking Links to Iran 1995: Bankers Almanac



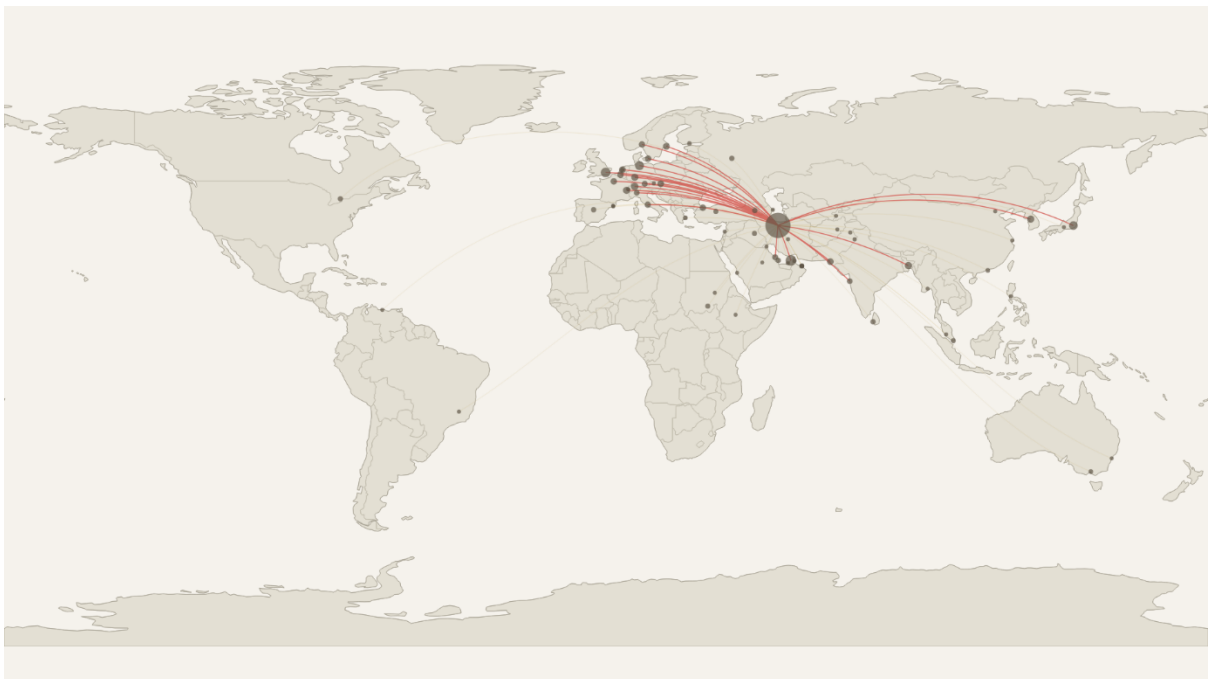
Correspondent Banking Links to Iran 2000: Bankers Almanac



Correspondent Banking Links to Iran 2005: Bankers Almanac



Correspondent Banking Links to Iran 2007: Bankers Almanac



This section demonstrates the potential for a richer, more granular data on correspondent banking links as a way to map the dynamics in the system at a city and bank level. This is particularly interesting for historical purposes, where SWIFT data are not available for many countries, and also provides a market-driven view of the links that banks wanted to advertise to each other. It

demonstrates that in this period, before SWIFT access was used as part of financial sanctions, correspondent banking connections could be persistent through geopolitical fragmentation.

V Conclusions

The cross-border payment system is an important infrastructure for globalisation (and deglobalisation). Its potential fragility has recently been highlighted by geopolitical conflict that in turn has threatened economic integration. This paper suggests new ways to consider the historical development of the system through longer term data and archival evidence on the approach of central bankers to supervision and oversight. The data have shown that taking a global or regional viewpoint masks considerable national variation. The network contracted for many countries in the late 1990s/early 2000s but the pattern is uneven. While cost increases due to AML/CFT compliance are implicated in the recent contraction in the network, the impact of previous episodes of more intensified AML/CFT compliance is ambiguous. The visible effects were confounded by the use of SWIFT for domestic messages and by concurrent restructuring of national banking systems. Central bankers were reluctant from the start to engage with the private sector's initiatives to consolidate the payments infrastructure through a common messaging system, although this reluctance was contested. As the SWIFT system developed, however, central bankers remained concerned about the resilience of the system and its potential impact, especially as national RTGS systems were developed from the 1990s. This culminated in pressure on the private sector to join forces to create a multilateral clearing mechanism that met minimum agreed standards (CLS, which was operational from 2002). The pattern for SWIFT oversight, however, was more tentative, even as it became a more prominent tool for public policy. The historical record does not provide answers to how or whether central bankers should respond now, nor how they should engage with key private sector infrastructures, but it offers a longer term perspective to the challenges faced today.

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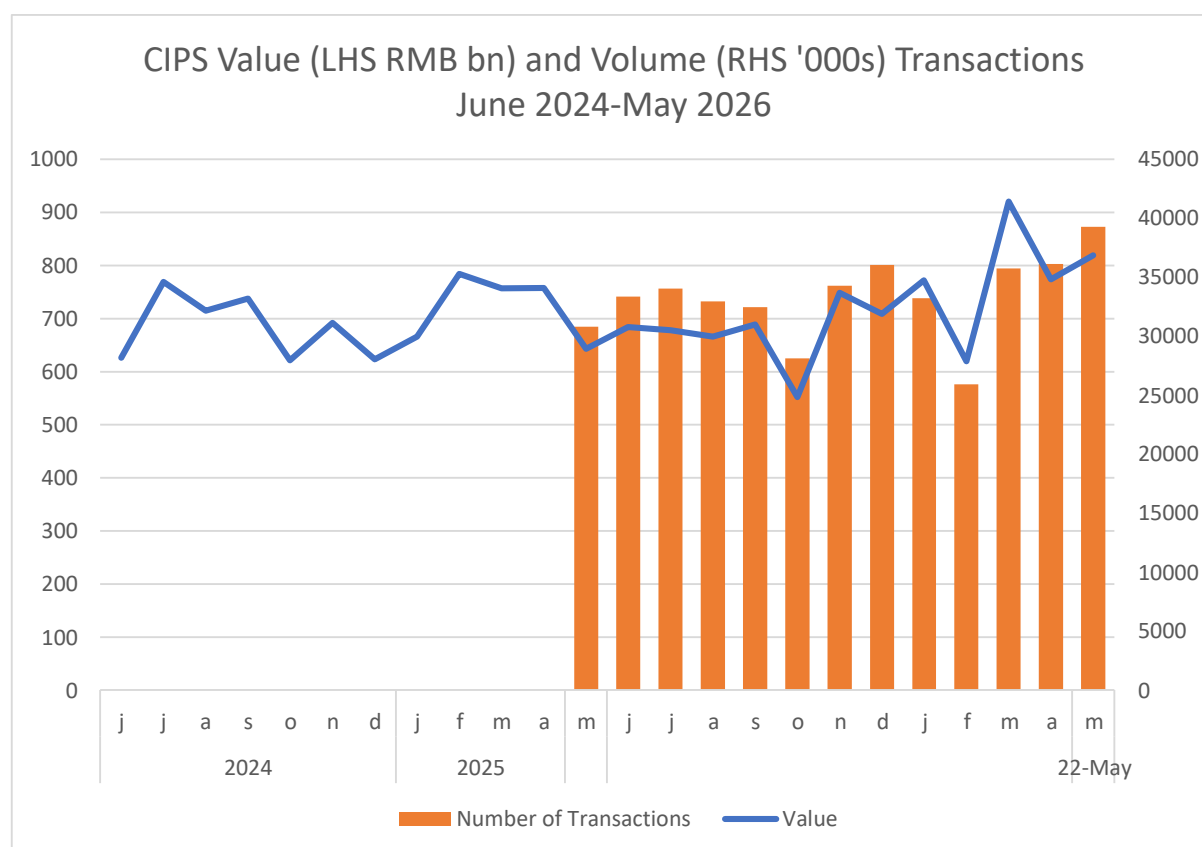
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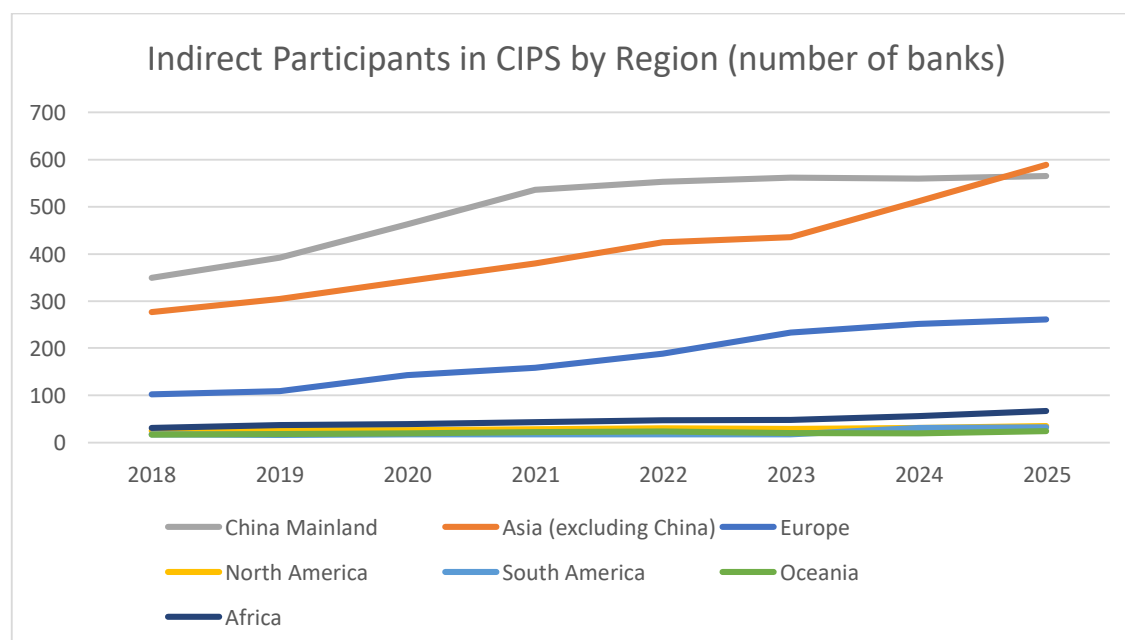
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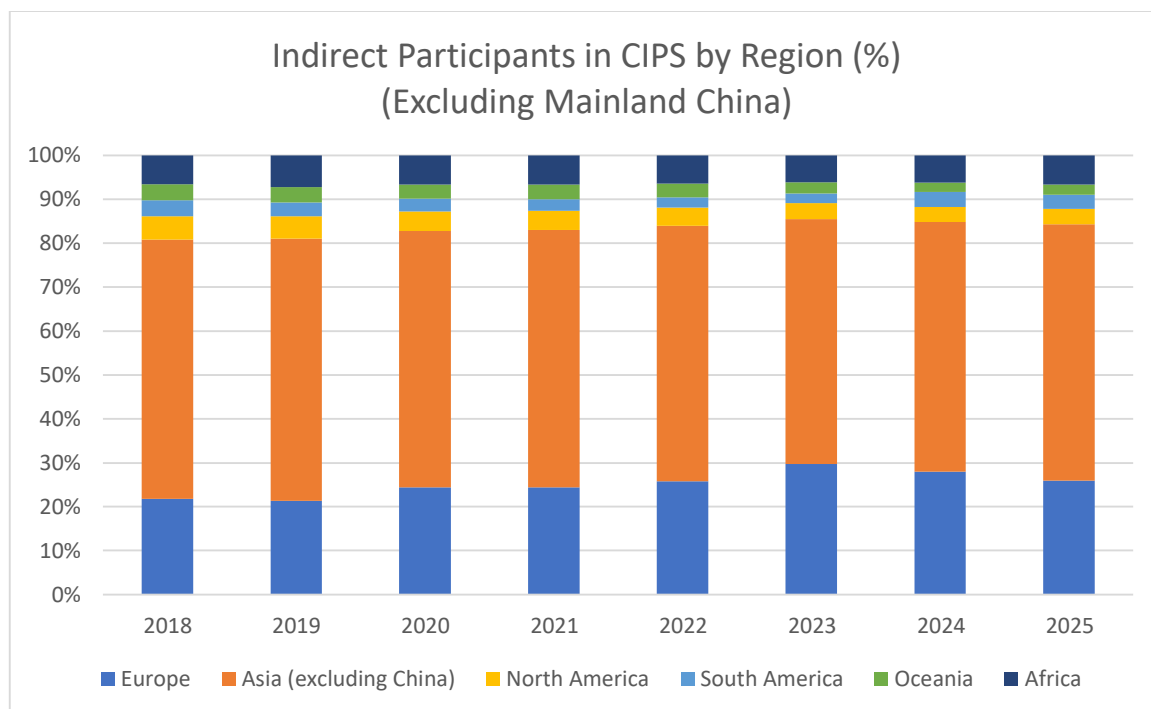
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Appendix I CIPS



Source: CIPS





APPENDIX II *The Bankers' Almanac*

Figure 1 – July 1991

This page shows the entries for 3 banks in Pakistan, Philippines and Lebanon. It shows that Allied Bank of Pakistan was the 6th largest bank in Pakistan, had branches in London, Birmingham and Glasgow (suggesting remittance business) and 14 correspondents across Europe, Hong Kong, Tokyo, Montreal and New York. For communications it listed telephone, telex, fax numbers as well as BIC, Reuters code and the decoding book for telex. Pakistan joined SWIFT in 1994.

Allied Banking Corp was the 15th largest Philippines bank, lists a SWIFT code and has four international branches. Despite having branches, the bank also lists multiple correspondents in 12 cities (including those where it has branches).

Allied Business Bank in Beirut (Lebanon joined SWIFT in 1994) lists 21 correspondents in 19 cities. Uses multiple branches of Manufacturers Hanover Trust (NY, London, Tokyo, Taipei)

Allied Bank of Nigeria Limited — continued

BALANCE SHEET: (Later figures not supplied)

	1988	1987		1988	1987
Liabilities: Dec.31	Naira	Naira	Assets: Dec.31	Naira	Naira
Capital	20,000,000	15,000,000	Cash & Banks	493,378,000	380,326,000
Reserves	21,460,000	17,704,000	Investments	68,728,000	166,599,000
Deposits, &c	924,638,000	811,334,000	Loans & Discounts	334,904,000	266,594,000
Contra A/cs	326,389,000	307,957,000	Contra A/cs	326,389,000	307,957,000
Other Liabilities	105,597,000	94,390,000	Other Assets	174,684,000	124,909,000
Total	1,398,084,000	1,246,385,000	Total	1,398,084,000	1,246,385,000

Total Assets at Dec.31 1988: U.S.\$ 264,153,268 (at ex.rate 5.2927)

Dividends: 1984, 20 p.c.p.a.; 1985, 15; 1986, 10; 1987 and 1988, 15. Shares: N.1. Meetings: July.

Branches: 65. Auditors: Peat, Marwick, Ani, Ogunde & Co.; Z.O. Ososanya & Co.

Subsidiary: Bank of India, (40 p.c.): Express Towers, Nariman Point, Bombay 400021, India. Tel.: 2025905.

Allied Bank of Pakistan Limited

Jubilee Insurance House, I.I. Chundrigar Road, Karachi-2, Pakistan

TELEPHONE: 2417011 (5 lines); 2417191 (5 lines). TELEX: 2681; 24746

for Central Office, Karachi. CODES: Bentley's 2nd Phrase. REUTERS: ABLK.

FAX: 2410016. BIC: ABPA PK KA.

World Bank [1360] Country Bank [6]

A Nationalised Commercial Bank wholly-owned by the Government of Pakistan.

History: Established 1942 as Australasia Bank Ltd. Nationalised on January 1, 1974. On July 1, 1974 name changed as above.

Ownership: Wholly-owned by the Government of Pakistan.

Executive Committee: Mohammad Khan Memon (President & Chief Executive Officer); Shameen Ahmed,

Mohammad Saeed Butt, Rashid M. Chaudhry, Iftikhar A. Malik, Shaikat A. Kazmi, Fakhruddin Rashdi,

M. Saleem Shaikh (Members); Akhtar Ali Khan (Secretary). Head of International Division,

Correspondent Banking, Foreign Exchange, Syndicated Loans & Euromoney: Abdul Rashid

(Executive Vice-President).

Other Telegrams: "Alliedpak London EC3" for London Office; "Alliedbank for Main Branches in Pakistan.

Other Telex: Karachi Branches 2681; 24746; Lahore Office 44667; Rawalpindi Office 5758; Faisalabad

Office 43476; Multan Office 42485; Quetta Office 7889; Hyderabad Office 2239; Sukkur Office 7723;

Sialkot Office 46329; Gujranwala Office 4581; Jhelum Office 54187; Sargodha Office 43404; Peshawar

Office 52380.

Foreign Branches:

London: 14 Trinity Square, EC3N 4AA. Tel.: 071-481 0207. Telex: 888696; 913128. Fax: 071-702

4246. General Manager: J.A. Usmani.

Birmingham: 367 Stratford Road, Sparkhill, Birmingham B11. Tel.: 021-773 8982. Telex: 333739.

Glasgow: 553 Cathcart Road, Glasgow G42 8SC, Scotland. Tel.: 041-424 438.

CORRESPONDENTS: Amsterdam: Amsterdam-Rotterdam Bank. Brussels: Generale Bank.

Frankfurt: Bank of Credit and Commerce International; Commerzbank. Hamburg: Deutsche Bank.

Hong Kong: Hongkong and Shanghai Banking Corp. London: National Westminster Bank.

Milan: Nuovo Banco Ambrosiano. Montreal: Bank of Credit & Commerce Canada Toronto; Bank of

Montreal. New York: American Express Bank; Citibank. Paris: Banque Nationale de Paris.

Tokyo: Bank of Tokyo. Zurich: Union Bank of Switzerland.

BALANCE SHEET: (Later figures not supplied)

	1988	1987		1988	1987
Liabilities: Dec.31	Rupees	Rupees	Assets: Dec.31	Rupees	Rupees
Capital	272,227,726	272,227,725	Cash & Banks	2,183,039,167	2,124,320,248
Reserves	106,092,150	89,092,150	Investments	7,155,133,698	5,191,386,024
Deposits, &c	15,832,496,674	13,953,449,322	Loans & Discounts	5,490,507,467	6,054,814,297
Acceptances, &c	5,198,955,140	3,180,472,947	Acceptances, &c	5,198,955,140	3,180,472,947
Profit Balance	21,382	49,115	Premises, &c	1,382,157,799	944,297,743
Total	21,409,793,271	17,495,291,259	Total	21,409,793,271	17,495,291,259

Total Assets at Dec.31 1988: U.S.\$ 1,139,127,810 (at ex.rate 18.7949)

Dividends: 1982, nil; 1983, 5 p.c.p.a.; 1984, nil. Shares: R.10. Meetings: March. Branches: Pakistan

710; U.K. 3.

Allied Banking Corporation

6754 Ayala Avenue, Makati, Metro Manila, Philippines

TELEPHONE: 818-7961. TELEX: 45567; 64356; Foreign Exchange 23190. TELEGRAMS: "Allied

Bank". SWIFT CODE: ABCM PH MM.

World Bank [2185] Country Bank [15]

Commercial Bank.

History: Established 1977 (acquisition of General Bank & Trust Company est. 1963).

President: Romeo Y. Co. Chairman: Lucio Tan. Vice-Chairman: Willy Co.

Head of International Division: D.C. Gargantiel.

Foreign Branches:

Agana: Bajess Commercial Building, Marine Drive, Tamuning, Guam 96911. Postal Address: P.O. Box CT.

Agana, Guam 96910. Tel.: 6469143/45; 6469214/16. Telex: 6368 ABC GM.

Kowloon: Shop No. 264-265, Houston Centre, Tsim Sha Tsui East, Kowloon, Hong Kong. Tel.: 3-668509;

3-663291-2.

London: Princes House, 95 Gresham Street, London, EC2V 7NA, U.K. Tel.: 071-606 0944/8.

Telex: 894204 ABCD N G.

Manama: 11/F Bahrain Tower, Government Avenue, Manama, Bahrain. Postal Address: P.O. Box 20493.

Manama, Bahrain. Tel.: 246-616; 261-461. Telex: 9349 ALLIED BN.

Representative Offices:

Hong Kong: EDKO Tower, 32-38 Ice House Street, Central Hong Kong. Tel.: 5-218456; 5-265306/9.

Telex: 75694 ABANK HK.

Singapore: 1 Colombo Court, No. 07-11 Raffles City, Singapore 9117. Postal Address: P.O. Box 541.

Singapore 9117. Tel.: 3362537.

CORRESPONDENTS: Amsterdam: Algemeene Bank Nederland; Coöperative Centrale

Raiffeisen-Boerenleenbank. Brussels: Bank Brussels Lambert; Generale Bank. Frankfurt: Bank für

Gemeinwirtschaft; Deutsche Bank. London: Barclays Bank; Lloyds Bank; National Westminster Bank.

Milan: Banca Commerciale Italiana. New York: Bankers Trust; Citibank; Manufacturers Hanover Trust.

Paris: Banque Nationale de Paris; Société Générale. San Francisco: Oceanic Bank.

Singapore: Development Bank of Singapore. Tokyo: Dai-ichi Kangyo Bank. Zurich: Crédit Suisse;

Handelsbank.

STATEMENT OF CONDITION: (Later figures not supplied)

	1988		1988
Liabilities: Dec.29	Pesos	Assets: Dec.29	Pesos
Capital	495,295,000	Cash & Banks	1,705,335,000
Surplus & Reserves	467,558,000	Investments	1,132,885,000
Deposits, &c	8,356,916,000	Loans & Discounts	4,778,458,000
Profit Balance	150,379,000	Other Assets	1,853,480,000
Total	9,470,158,000	Total	9,470,158,000

Total Assets at Dec.29 1988: U.S.\$ 318,543,068 (at ex.rate 29.7296)

Dividends: 1980 and 1981, 25 p.c. stock; 1982, 14 p.c. stock; 1983, nil; 1984, 15. Shares: P.1.000.

Meetings: January. Branches: 95; Bahrain 1; Guam 1; Hong Kong 2; U.K. 1. Representative

Offices: Hong Kong & Singapore.

Wholly-owned Subsidiary: Allied Capital Resources Ltd, Hong Kong.

— Data Change —

Allied Business Bank SAL

Makdessi Street, Diab Building, P.O. Box 113, 7165 Beirut, Lebanon

TELEPHONE: 860692. TELEX: 21708 ALBANK. TELEGRAMS: "ALMOUTAHED". FAX: 864551.

Commercial Bank.

History: Established 1982.

Ownership: George S. Zakhom; Abdallah S. Zakhom; Financial Investment Co. SAL; Habib Abu Fadil;

Dr. Adnan Mroueh; Dr. Elias Sabab; Hanna N. Ayoub; Mazen Dattari; Makram Almeddine; Jean Zeidan.

Chairman: Abdallah S. Zakhom. General Manager: Habib F. Abu Fadil. Deputy General Manager:

Zuhayr J. Kanaan. Assistant General Manager: Khalil Bashour (Administration); Naoum Raphael

(Operations); Salah Hassanieh (Finance).

CORRESPONDENTS: Amsterdam: American Express Bank. Athens: National Bank of Greece.

Brussels: Byblos Bank Belgium. Copenhagen: Den Danske Bank. Frankfurt: Deutsche Bank. Hong

Kong: American Express Bank. London: American Express Bank; Manufacturers Hanover Trust.

Madrid: Banco Popular Español. Milan: Banco Commerciale Italiana. Montreal: Royal Bank of

Canada. New York: American Express Bank; Manufacturers Hanover Trust. Paris: Banque Libanaise

pour le Commerce; Banque Nationale de Paris. Seoul: American Express Bank.

Singapore: Manufacturers Hanover Trust. Stockholm: Skandinaviska Enskilda Banken. Taipei &

Tokyo: Manufacturers Hanover Trust. Vienna: Österreichische Länderbank. Zurich: Swiss Bank Corp.