

Regional financial integration: A means to an end
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We at SWIFT believe firmly that successful regional integration, such as that envisaged in the ASEAN Economic Community, is enabled and sustained by *financial* integration. And given our decades of experience, SWIFT believes that closer ASEAN financial integration, particularly in the collaborative space where our cooperative operates with our members and users, will bring about an even more robust financial services sector for each of the ten ASEAN members.

When one thinks of financial integration, Europe often first comes to mind. Today, Europe is building on the integration of its financial markets by instituting the Single Euro Payment Area (SEPA). This scheme will utilise the new ISO 20022 standard and will enable better and faster transfer of funds that are transparent and efficient. Target 2 in the European Union is linking central bank settlement systems together and Target 2 for Securities (T2S) is integrating central securities depositories and their links to the central bank systems

In Africa, the Southern African Development Community (SADC) is a grouping of approximately 14 economies that together have created a regional Real Time Gross Settlement System. This was achieved by a strong coordination of efforts, a collaborative attitude among the involved banks and the formation and documentation of regional market practices.

Of course, financial integration is very different in different parts of the world. There is no one example that contains a perfect example of how things should be done. ASEAN will have to define its own vision for financial integration.

Over the past 40 years, SWIFT has supported most of the world's financial integration initiatives, including SEPA, Target 2, T2S and SADC. In fact, of approximately thirty such initiatives we've counted over the past 40 years, we have been involved with around twenty.

Each one has been very different in nature in the sense that they span the worlds of banking and payments to securities and also span the world geographically. But they are similar because they involve SWIFT -- because financial integration requires harmonisation and seamless connectivity across markets, so that capital can flow smoothly within economies and across regions.

But let's remember that financial integration is not the end goal; it is a necessary means to an end. The end goal must be the empowerment of people, businesses and economies.

Whether it is a small or medium enterprise or whether it is a multinational corporation wishing to do business, that business must be facilitated by a system that allows equal access in a manner that is safe, efficient and sustainable. The financial system in any given financial area should be facilitative of real economic progress and serve real people and real businesses. We at SWIFT are proud to be part of how we help make this happen.