

EBA Clearing and The Clearing House form a cross-border payment pact with Swift

Article

The news: Payments networks **EBA Clearing** and **The Clearing House** teamed up with financial messaging network **Swift** on Immediate Cross-Border Payments (IXB)—an initiative

to enable faster and more efficient cross-border transactions between the US and Europe, per a press release.

Eleven banks, including **Bank of America**, **Citi**, and **HSBC**, have contributed to the IXB initiative's design, seven of which completed a successful proof of concept (POC). The POC demonstrated the ability to settle a payment in one system and synchronize it in another, as well as convert real-time messages between both systems using infrastructure from Swift and messaging standards from ISO 20022—which streamlines financial communications for payments and other sectors.

Why it's worth watching: The IXB initiative is a response to the rising demand and potential for faster payments both domestically and globally.

- **More than one-third of consumers in the US** said that sending and receiving funds in real time is “very” or “extremely” important, with peer-to-peer (P2P) payments ranked among the top use cases, [according to](#) a September 2020 PYMNTS survey. But B2B payments—which are expected to hit **\$27.542 trillion this year in the US alone**, per [our](#) forecasts—are another major [use case](#) for real-time payments (RTPs).
- And connections between US and European payment systems can help streamline transactions in a payments corridor with strong potential: Last year, the UK and US processed **2.827 billion and 1.219 billion real-time payments**, respectively, [per](#) ACI Worldwide—and simplifying transactions might give those numbers a boost.

The opportunity: IXB can also help mitigate cross-border challenges [outlined](#) by the Financial Stability Board: high costs, low speed, limited access, and opacity.

- Although IXB is still in its early stages, the initiative can help cut the cost of routing and processing cross-border transactions from legacy systems like wire transfers. It can also reduce the time it takes to process and settle cross-border transactions—which can take days when using these legacy systems.
- The initiative also claims to be more transparent, primarily regarding costs—which might make it more attractive than traditional cross-border payment systems, which may not be as upfront with fees and payment settlement.

The bigger picture: RTP links are making headway across the globe.

In Asia, the Indian and Singaporean governments are [developing](#) a connection between India's **Unified Payments Interface (UPI)** and Singapore's **PayNow**, for instance. And late last month, Singapore also [announced](#) that it will link its PayNow system with Malaysia's **DuitNow**. Building large-scale systems that connect US and European markets marks another step toward global interoperability.

***Go deeper:** For a closer look at faster payment systems in the US, check out our [“Rise of Real-Time Payments”](#) report.*

Top 10 Countries, Ranked by Real-Time Payments Transactions, 2020

millions

1. India

25,478

2. China

15,741

3. South Korea

6,015

4. Thailand

5,241

5. UK

2,827

6. Nigeria

1,911

7. Japan

1,676

8. Brazil

1,330

9. US

 1,219

10. Mexico

 942

Source: ACI Worldwide, "Prime Time For Real-Time" in collaboration with GlobalData, March 29, 2021

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