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News: Project Nexus

- Recently, the Reserve Bank of India (RBI) has joined Project Nexus, a multilateral international initiative to enable instant cross-border retail payments by interlinking domestic Fast Payments Systems (FPSs).

Project Nexus

- Project Nexus is conceptualised by the Innovation Hub of the Bank for International Settlements (BIS).
- It seeks to enhance cross-border payments by connecting multiple global domestic instant payment systems (IPS).
- It is the first BIS Innovation Hub project in the payments area to move towards live implementation.

Members

- Project Nexus aims to connect the FPSs of four Association of Southeast Asian Nations (ASEAN) namely, Malaysia, Philippines, Singapore, Thailand, and

India, who would be the founding members and first mover countries of this platform.

- Indonesia will also join the platform in the future.
- An agreement on this was signed by the BIS and the central banks of the founding countries in Basel, Switzerland.

Benefits

- Project Nexus aims to streamline how IPS connect globally, eliminating the need for custom connections with each new country by centralising connections through a single platform.
- This single connection allows a fast payment system to reach all other countries on the network.
- According to BIS, connecting IPS can enable cross-border payments from sender to recipient within 60 seconds (in most cases).
- While India and its partner countries continue to benefit through bilateral connectivity of FPS, a multilateral approach will provide further impetus to the RBI's efforts in expanding the international reach of Indian payment systems.
- The Reserve Bank of India has been collaborating bilaterally with various countries to link India's Fast Payments System (FPS) UPI, with their respective

FPSs for cross-border Person to Person (P2P) and Person to Merchant (P2M) payments. For example, Bhutan, UAE, France, Sri Lanka, Mauritius.

Bank for International Settlements (BIS)

- The Bank for International Settlements (BIS) is an international financial institution which is owned by 63 member central banks that together account for 95% of World GDP.
- Its primary goal is to foster international monetary and financial cooperation while serving as a bank for central banks.
- With its establishment in 1930 it is the oldest international financial institution.
- Its initial purpose was to oversee the settlement of World War I war reparations.
- The BIS carries out its work through its meetings, programmes and through the Basel Process, hosting international groups pursuing global financial stability and facilitating their interaction.
- It also provides banking services, but only to central banks and other international organizations.
- The BIS is based in Basel, Switzerland, with representative offices in Hong Kong and Mexico City.

It provides central banks with:

- A forum for dialogue and broad international cooperation.
- A platform for responsible innovation and knowledge-sharing.
- In-depth analysis and insights on core policy issues.
- Sound and competitive financial services.