

SWIFT CHANGE

I've long tracked developments in SWIFT, the system that tracks international bank transfers. The NSA got SWIFT to turn over data willingly after 9/11. But then the consortium moved its servers to Europe, making the data legally safer – though surely not technically safer – from NSA hands. And in spite of the fact that the US negotiated, and then violated the spirit of, a permissive deal to access this information, documents leaked by Edward Snowden still show the NSA double dipping, obtaining SWIFT information via the legal front door and the technical back door.

Nevertheless, it wasn't the evidence that the US had preferential access to the records of international bank transfers is not what led someone to create a competitor. The threat of sanctions did.

Russia has just announced a plan to have some alternative to SWIFT in place by May.

Russia intends to have its own international inter-bank system up and running by May 2015. The Central of Russia says it needs to speed up preparations for its version of SWIFT in case of possible "challenges" from the West.

"Given the challenges, Bank of Russia is creating its own system for transmitting financial messaging... It's time to hurry up, so in the next few months we will have certain work done. The entire project for transmitting financial messages will be completed in May 2015," said Ramilya Kanafina, deputy head of the national payment system department at the Central Bank of Russia (CBR).

Calls not to use the SWIFT (Society for Worldwide Interbank Financial Telecommunication) system in Russian

banks began to grow as relations between Russia and the West deteriorated over sanctions. So far, SWIFT says despite pressure from some Western countries to join the anti-Russian sanctions, it has no intention of doing so.

I've long wondered when US reliance on sanctions – which is effectively an assertion of the authority to be able to dictate which economic players are acceptable and not – would begin to undermine the US system. And while this does not seem to be primarily motivated by an effort to undercut US hegemony, except to the degree that Russia refuses to comply with US demands it be permitted to rearrange Russia's immediate neighborhood. Rather, this is a reaction to US actions.

Nevertheless, it may establish the infrastructure that undermines US hegemony.