

Box 18

THE OVERSIGHT OF SWIFT: OBJECTIVES, SCOPE AND STRUCTURE

The oversight of SWIFT focuses on the security, operational reliability, business continuity and resilience of the SWIFT infrastructure. The oversight activities performed by central banks aim at ensuring that SWIFT has in place appropriate governance arrangements, structures, processes, risk management procedures and controls that enable it to manage effectively the risks it may pose for financial stability and the soundness of financial infrastructures. This oversight does not grant SWIFT any certification, approval or authorisation, and SWIFT continues to bear responsibility for the security and reliability of its systems, products and services.

Given that SWIFT is incorporated in Belgium, the NBB is the lead overseer. It conducts the oversight of SWIFT in cooperation with other central banks. Currently, these comprise the ECB and the following G10 central banks: the Bank of Canada, the Deutsche Bundesbank, the Banque de France, the Banca d'Italia, De Nederlandsche Bank, the Bank of Japan, Sveriges Riksbank, the Swiss National Bank, the Bank of England, and the US Federal Reserve System, represented by the Federal Reserve Bank of New York and the Board of Governors of the Federal Reserve System. The NBB and SWIFT have formalised this oversight relationship in a protocol arrangement. The relationship between the NBB and the other cooperating central banks in relation to participation in the oversight of SWIFT has been laid down in bilateral Memoranda of Understanding (MoUs) between the NBB and each of those central banks.

The SWIFT oversight structure comprises of two senior-level groups and a technical oversight group:

- i) The SWIFT Cooperative Oversight Group – which is composed of all G10 central banks, the ECB and the chairman of the G10 Committee on Payment and Settlement Systems – is the forum through which central banks conduct cooperative oversight of SWIFT and, in particular, discuss oversight strategy and policies related to SWIFT.
- ii) The Executive Group is composed of only five Oversight Group members: the Bank of Japan, the Federal Reserve Board, the Bank of England, the ECB and the NBB. On behalf of the Oversight Group, it discusses with SWIFT's board and management the central banks' oversight policy, any issues of concern, SWIFT's strategy regarding oversight objectives, and conclusions.
- iii) At the technical level, the Technical Oversight Group carries out the technical preparatory work for the oversight of SWIFT and reports its findings and recommendations to the Oversight Group.