



BUNA NEWSLETTER

**Arab Regional Payments Clearing
and Settlement Organization**

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CEO MESSAGE

Dear community and friends,

One year ago, we initiated this newsletter, anticipating an important flow of information on Buna's development and progress that we wanted to share with you on regular basis through a consistent channel.

Indeed, over the past 12 months, Buna was notably active. In the two first editions of the newsletter, you have been able to track the growth of the Buna's list of settlement currencies and the inclusion of the euro and the Jordanian dinar, which have joined the Emirati dirham, the Egyptian pound, the Saudi Rial and the US dollar to bring the number of settlement currencies to 6, covering more than 90% of the intra-Arab cross-border payment flows. The past year has been also particularly rich in terms of interoperability arrangements, as we have announced several of them which are now being implemented with global and regional payment systems. In addition, the newsletter gave us the opportunity to share with you more details on our successful experiment, with Target Instant Payments Settlement (TIPS), to process payments cross-border, cross-currency and cross-system in a matter of seconds.

Those of you who have missed some of our monthly workshops had the opportunity to access to a summary of the discussions in the different editions of the newsletter, and we have also used the newsletter to share with you further insight on Buna, its vision, its activities, and its team. In that context, we have covered different areas which included technology, onboarding and risk management processes as well as diverse other topics such as the G20 work to enhance cross-border payments, to which Buna contributes actively. In this edition, my colleague Ahmed El Hefnawy, Buna's Chief Business Officer, will continue this tradition of eagerness to trigger valuable discussion about Buna's offering, functions, and products by sharing with you his views on how Buna brings liquidity management to the next level and allows optimizing it across multiple channels and multiple currencies.

After one year of this newsletter, we see benefits in giving priority to communication channels that would allow sharing information more regularly, more proactively and more broadly. To that aim, we have been working in the past months on our website which should be live soon and which will complement our already available LinkedIn page. Both will be used to share continuous information on Buna and keep you posted with our news and announcements.

CEO MESSAGE

We will nevertheless maintain this newsletter, but we will just reduce its frequency and move it from a monthly to a quarterly basis. We will position it as a consolidated review to summarize the major events that would have occurred between two editions and there will be a lot to share...

More interoperability arrangements are in the pipeline and should come to fruition soon. We will be updating you on that. Our network of participants has been expanding substantially in the past months and we expect an even higher pace for the second half of this year to reach a critical mass covering the whole region before 2023. We will share with you the progress in achieving our promise. The increase in the number of participating banks goes hand in hand with the growth of volumes of payment that we process on a daily basis. On that as well, we are preparing the appropriate reporting framework. Last, but not least, the second half of this year will also witness the formalization and implementation of important components of our corporate governance, which should cater for an important degree of users and stakeholders' involvement. We will definitely keep you updated, through our website, our LinkedIn page, and this newsletter.

The continuous progress of Buna would have not been possible without the valuable engagement and active support of the central banks. I would like to take this opportunity to thank all of them and their esteemed Governors for having helped us to bring Buna to reality and secure a bright future for its operations, based on the solid foundation to which they have largely contributed.

I would also like to thank you all for your trust and continuous support, and for your belief in the importance of our collaboration to deliver strategic value across the payment industry and the wider financial sector.

Mehdi Manaa



Buna-Your gateway to optimize liquidity management cross-border

By Buna's Chief Business Officer, Ahmed El Hefnawy

Liquidity Management has always been of major importance for all financial institutions and payment systems play a major role in mitigating the risk associated with this function. Buna, as a payment system, does not only provide safe and secure processes to avoid liquidity risk, but it also offers to its participants efficient mechanisms that are embedded in its core system design to optimize the management of their liquidity in multiple currencies.

Buna design is based on the pre-funding model that, combined with real-time settlement and immediate finality, eliminates liquidity and credit risks. This represents a major benefit when the participants are receiving the funds, as it ensures the availability of the funds and allows for their immediate reuse by the receiving party.

For the sending participants however, the need to pre-fund may raise general questions on whether it will result in additional stress and constraints for liquidity management. In Buna, this general concern is resolved by providing a queueing mechanism enabling participants to submit their payment transactions around the clock, even when the funds are not yet available. Transactions will remain pending, and their settlement will be automatically triggered by Buna as soon as sufficient funds are made available. In addition to the queueing mechanism, Buna caters for technical netting, which is an additional effective mechanism to optimize the usage of liquidity, as it allows to check the availability of the funds on a net basis across multiple transactions, although the settlement will still be reflected on a gross basis. The combination of the two mechanisms removes the need to make the funds available at a particular time of the business day, as well as the need to fund the payment transactions one by one. Consequently, the participants benefit from an environment where liquidity can be managed in a flexible and optimized way in terms of time and amount.

As an additional layer of flexibility, Buna enables participants to have continuous visibility and full control over their funds around the clock. This is provided through various reports, with full information on the available funds, and real-time access to the Buna portal to assist the participants in monitoring their liquidity effectively. The control over the funds can be exercised through the ability given to the participants to top up their accounts in Buna or withdraw funds from them at any time, in a hassle-free process through user-friendly liquidity management tools.

BUNA BYLINE



To make funds even more at the disposal of the participants that they own them, buna offers a set of tools that allow for a high degree of automation and straight-through processing in managing the liquidity. Such tools allow each participant to pre-configure its own floor and ceiling limits in the Buna system. These limits allow the participants to receive notifications when they are short of liquidity, and they need to top up their accounts for example or even to trigger liquidity transfers automatically to optimize liquidity management across different Buna services such as between the Real Time Gross Settlement (RTGS) and the Instant Payment Service (IPS).

Buna is continuously thinking about ways and means to offer its participants more control and more granularity to manage their liquidity. As an illustration of that and while we have opted initially for an automated defunding of the Buna accounts in all currencies at the end of the business day, Buna is currently exploring the possibility for maintaining funds overnight currency by currency. Whenever it is deemed possible for a specific currency, Buna is now leaving to its participants the choice to defund their account or to keep liquidity overnight in Buna either to reduce an operational burden or to optimize the allocation of the liquidity to the place where it will be best used.

With all the above-mentioned features and with its gradual positioning as a single gateway able to accommodate the different needs of its participants in a comprehensive way, Buna already avoids liquidity fragmentation and provides efficient tools to optimize liquidity across multiple channels and corridors. However, Buna is not stopping there. With its upcoming FX service that will be deployed later this year, Buna will bring liquidity management to the next level and allow liquidity optimization not only across multiple channels, but also across multiple currencies, with efficient and modern tools, competitive mechanisms, and total flexibility. You will hear more on this option during our upcoming workshop on June 16, 2022, to which you are all invited to join.

WORKSHOP OF THE MONTH

Buna conducted its **33rd virtual workshop on Thursday, May 12, 2022**, to elaborate on its progress on multiple fronts and share updates on its recent developments and future plans.

The workshop presented Buna progress on multiple fronts as a cross-border payment system that includes multiple Arab and international currencies, a growing network of participants, and different initiatives for interoperability with regional and global players in the payment industry.

The workshop detailed in particular the requirements and processes to connect and integrate with the Buna instant payment services and shared with the audience the characteristics relating to the Buna RTGS and instant payment services in terms of liquidity management.



Don't miss the **next workshop on June 16, 2022, at 12:00 pm UAE time.**

The workshop will give the floor to the participant banks that are actively using Buna for their cross-border payments to share their experience and their view on the value that Buna brings to the payment sector in the Arab region and beyond.

The workshop will also share a general update on the Buna progress, with a particular focus on the upcoming FX service, its scope and different features.

EVENTS

Buna will continue sharing views and insights on the payment industry. Buna's CEO will be:

- Speaking at “**The Central Bank Payments Conference**”, on 29 June 2022, in the session entitled “Cross-Border Payment Arrangements: What's New?”.



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