

## Arab Regional Payments Clearing and Settlement Organization

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**CEO MESSAGE** 

Dear community and friends,

Day after day, Buna continues enhancing cross-border payments and pursues its journey that transforms the financial landscape in the Arab region and beyond by making cross-border payments less costly, faster, more transparent, and more accessible, which supports both deeper economic integration within the Arab region and stronger commercial and investment ties between the Arab countries and their global trading partners.

Important changes create new perspectives and naturally, may raise questions on their character and their motivation. Buna is not an exception to that and one of the typical questions about the positioning of Buna in the payment landscape is whether it is comparable to a bank in general or to a correspondent bank in particular, in the cross-border context.

The answer is no. Buna, as payment system and financial market infrastructure (FMI) has significant differences compared to banks. One fundamental difference is that FMIs provide services to their participants, which are generally financial institutions, while these participants maintain the relationship with their clients such as individuals and corporates, without the interference of the FMI in that relationship. Another important difference is that, while the banks provide a variety of financial services based on assessing business opportunities against a particular risk appetite, the focus of payment system is generally on providing a set of common rules and procedures to allow the execution of payments and the transfer of underlying funds between its participants in a safe, secure, and efficient manner.

Of course, the same could be ensured by banks when both the sending and receiving parties are clients of the same institution. However, when the involved parties use accounts in different banks within the same country, an FMI, typically operated by a clearing house or the central bank, will connect the banks and process payments directly between them.

In the cross-border context, due to the absence of FMIs with extended geographical coverage, the connection between the sending and receiving parties has been traditionally realized through bilateral arrangements between banks, which was often leading to a complex network of bilateral arrangements and the involvement of a full chain of bilateral arrangements to process even a single payment.





### CEO MESSAGE

This gap is currently being filled in and we see more and more initiatives, which Buna is part of, aiming at implementing truly cross-border FMIs. While higher efficiency can be anticipated from this trend, there should be no changes to the basics in terms of maintaining the relationship with the consumer of the payment within the remit of the banks and other payment service providers. Accordingly, during this transformative journey, it is expected that banks will continue focusing on providing efficient and competitive payment services to their clients, while the main purpose of the FMI will be to provide its participants with effective and extended payment rails that support them in enlarging and enhancing their offering to their clients.

Buna's approach is fully aligned with this vision. The Arab and international currencies that we have included so far aim at offering a single window for the most significant currencies in cross-border payment from the beginning, in addition to preparing to further enrich the coverage and include additional currencies in the future. Our open approach to the participation in the system avoid geographical barriers to entry whenever our eligibility criteria relating mainly to regulatory and compliance requirements are met. Our continuous enhancement of products offering, with the upcoming launch of our instant payment solution in particular, seek to keep our services up to date and aligned with important market trends and innovations. Finally, our plans to continue increasing partnerships with key international actors in the payment landscape intend to extend the reachability to and from our system.

All of that is motivated by our goal to provide our participants with the largest possible crossborder payment rails and to deliver them in the most effective and streamlined way, through a single window. I trust that our participants will be able to seize the opportunity for their benefit and the benefit of their clients and that together we will continue our collaboration to make cross-border payments more efficient and more accessible.

Mehdi Manaa







## **NEWS & ANNOUNCEMENTS**

#### Buna and Unionpay establish cooperation to connect their payment systems

The Arab Monetary Fund (AMF) and UnionPay International (UPI), announced the signing of a Memorandum of Understanding (MoU) to establish cooperation and create interoperability between Buna (the cross-border and multi-currency payment system owned by the AMF) and UnionPay. Under the terms of this MoU, Buna and UnionPay will be connecting their payment systems to introduce to their network of participants, fast, efficient, and multi-currency cross-border payment solutions.

The realization of interoperability between Buna and UnionPay represents a strategic opportunity to strengthen and expand the economic ties between the Arab region and the geographies in which UnionPay operates, in particular China and the Asian markets.

The full announcement can be read on: Buna LinkedIn page

H.E Dr. Abdulrahman A. Al Hamidy, Director General Chairman of the Board of the Arab Monetary Fund:. Cur partnership with UnionPay showcase Buna's belief in the value of collaboration with global players in the payment industry, to realize the strategic objective of establishing financial bridges that link the Arab countries to their trade partners across the globe.

James Yang, General Manager, UnionPay said : **C** UnionPay is committed to the development and implementation of digital payment services and solutions in the Middle East region and worldwide. As a global payment network, we are excited to work with Buna to empower the journey of innovation and sustainability of the financial technology ecosystem.

#### The news in the press (a snapshot)



Buna and UnionPay plan for interoperability



# Arab Monetary Fund, UPI strike MoU to boost cross-border payment

The Arab Monetary Fund (AMF) has signed a Memorandum of Understanding (MoU) with the UnionPay International (UPI), China-based financial services provider, to establish cooperation and create interoperability between Buna, the cross-border and multi-currency payment system owned by the AMF and UnionPay.



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The Arab Monetary Fund and UnionPay International collaborate to support the growth of cross-border payments in the Arab region and beyond

The signing of a Memorandum of Understanding to create interoperability between Buna and UnionPay will expand the services provided to their network of participants





## WORKSHOP OF THE MONTH

Buna conducted its **30th virtual workshop on Thursday, February 17, 2022**, to elaborate on the recent developments related to Buna. During this workshop, Buna announced the pricing of its cross-border new instant payment services (IPS) ], showcasing an approach tailored for low to mid-value payments that aims to incentivize the usage of instant payment at cross-border level.

The workshop elaborated on the benefits and the value for the central banks to join Buna as participants and highlighted the components of Buna's and UnionPay's cooperation to introduce joint payment solutions that create interoperability between both payment systems.

At the same occasion, Buna presented its approach to risk management and compliance with the global standard of Principles for Financial Market Infrastructures.

Our guest speakers:

- **Mr. Nizar Chadded**, Deputy Director-General of Development and Oversight of Payment Systems and Instruments, Central Bank of Tunisia
- Mr. James Yang, General Manager, UnionPay International Middle East



Don't miss the next workshop on March 17, 2022, at 12:00 pm UAE time. The workshop will further explore Buna's plans to engage and cooperate with regional and global payment systems and share the most recent updates on Buna's plans and developments.





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