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Russia Proposes BRICS Bridge Payment Platform

Russia has proposed a digital settlement and payment platform for the BRICS countries to trade in their national currencies, as it aims to bypass the US dollar in international transactions.

Following a meeting of finance ministers and central bank governors of the BRICS countries — Brazil, India, Russia China, and South Africa — on February 27, the Russian Ministry of Finance said that it will work with the Bank of Russia to prepare a report on improving the monetary and financial system between the countries.

The report will contain a list of initiatives and recommendations, including a BRICS bridge platform to bring together the financial markets of the BRICS members and increase mutual trade turnover. In addition to the five core countries, Saudi Arabia, the United Arab Emirates (UAE), Iran, Egypt and Ethiopia joined the BRICS bloc at the start of this year.

“The current system, based on the existing Western financial infrastructure and the use of reserve currencies, has a number of fundamental shortcomings and is increasingly being used as a weapon of political and economic pressure. The need to reform the international monetary and financial system is also due to geo-economic fragmentation that arose as a result of the vicious practice of introducing trade and financial restrictions,” said Anton Siluanov, Russia’s finance minister.

The finance ministers at the meeting discussed the state of member countries’ economies, customs and tax cooperation issues, infrastructure project financing, the launch of the BRICS Research Network on Finance, expanding cooperation on insurance and reinsurance, and strengthening cooperation between members’ stock exchanges.

The Bank of Russia highlighted several potential areas of cooperation, including interaction in the payment industry, information security in the financial sector, the application of financial technologies and transition finance and sustainable development issues. The central bank emphasised its goal of increasing the share of national currencies in mutual payments between BRICS members.

“Financial infrastructure must be accessible to everyone and independent of the will of individual countries. Otherwise, we are faced with artificially created barriers to trade, investment and technology, even in transactions between third countries. This leads to a slowdown in global economic growth,” Siluanov said.

The BRICS Bridge platform could connect participants’ financial systems using payment gateways for settlements in central bank digital currencies (CBDCs).

The proposal for a BRICS payment system using digital currencies aligns with growing interest in developing CBDCs in several member countries. Russia is in the process of testing its CBDC, the digital rouble, which it expects to be ready for use in international settlements by 2025.

China is also piloting its CBDC, the digital yuan or e-CNY, and recently completed the first real-time exchange of CBDC payments with the UAE on the mBridge interbank network. The mBridge blockchain network is a CBDC pilot connecting the central banks of China, the UAE, Hong Kong and Thailand.

The use of CBDCs in international trade settlements has the potential to increase the efficiency, transparency and security of payments. Countries can use digital currencies to streamline cross-border transactions by removing the need for intermediaries and reducing the costs associated with traditional interbank systems.

For the BRICS bloc, CBDCs also offer the advantage of completing transactions between countries in their national currencies directly, without having to use the US dollar.

As Russia and China pursue de-dollarisation, around 95 percent of all transactions between the two countries are now carried out in the rouble or the yuan, First Deputy Prime Minister of Russia Andrey Belousov said late last year.

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