

HSBC Holdings PLC

HSBC Hong Kong joins China's alternative to Swift global payments system

Direct participation in Cips system will mean faster settlements and help internationalise use of renminbi



HSBC announced it would 'formally join' China's payment system at Swift's Sibos conference in Beijing, where the central bank's deputy governor Lu Lei said it would continue to support Chinese financial institutions using Swift © Andrea Verdelli/Bloomberg

Kaye Wiggins, Asia Financial Correspondent YESTERDAY

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HSBC Hong Kong has joined China's international payments system as a direct participant, giving the world's biggest player in trade finance a key role in Beijing's push to expand use of the renminbi.

The bank's Hong Kong unit is "formally joining" China's Cross-Border Interbank Payment System, known as Cips, David Liao, co-chief executive of the bank's business in the Chinese territory, told a conference in Beijing, where he said the dominant role of the US dollar was being "diluted".

The move will make it easier for overseas companies to trade and invest using China's currency by making those payments faster and cheaper.

It underscores how HSBC's Hong Kong business is playing an important role in China's policy goals, at a time when the UK-headquartered bank is [**planning a sweeping overhaul**](#) that will redraw its operations along east-west lines and set up its UK and Hong Kong units as separate divisions.

Liao said HSBC's Hong Kong unit was joining Cips "in response to the needs of our customers" and his personal view was that there was "still much more room to grow the renminbi's usage in overseas markets". The economic fundamentals that had led the US dollar to dominate global payments were changing, he added.

China is promoting Cips as an alternative to the globally dominant Swift payments system, especially in case it should face sanctions and isolation by the US amid tensions over Taiwan and trade, said analysts.

"In the past two years, the US has promoted the weaponisation of finance and abused the US dollar payment system to strike, retaliate against and sanction other countries," said Wang Wen, executive dean of the Chongyang Institute for Financial Studies at Renmin University of China. "This has forced countries to be willing to accept new cross-border payment systems."

Wang said many large international banks were making "two-way bets" on competing payments systems and Cips provided "diversified arrangements for a better cross-border system, making the internationalisation of the renminbi more rapid in the future".

Swift, a Brussels-based organisation that is owned by its members and overseen by the G10 central banks, oversees the messaging system that is crucial to the movement of money around the world, facilitating trillions of dollars worth of trade every day.

China set up the Cips system in 2015, but it has received more attention since a group of Russian banks were cut off from Swift in response to the full-scale invasion of Ukraine in 2022. China's use of the [renminbi in cross-border transactions](#) has reached record highs this year, as closer ties with Russia have boosted Beijing's efforts to internationalise its currency.

Cips is a partner of Swift and uses its messaging service to facilitate international payments. But it also has its own messaging system, which as of September was being used in 135 countries that are part of China's "Belt and Road" infrastructure programme, according to a Cips report. Cips is far from being an alternative in terms of its scale, however, with Swift connecting financial institutions in more than 200 countries.

Liao announced HSBC's move at Sibos, an annual global conference organised by Swift that was being held for the first time in mainland China. [HSBC](#) is a dominant player in the global market for cross-border payments, and the world's largest trade finance bank.

The bank's Hong Kong business was already participating indirectly in Cips. The bank's China unit has been a member of Cips since 2015 and the Hong Kong unit of HSBC's rival Standard Chartered is also a direct participant in Cips. Becoming a direct participant in Cips will enable its Hong Kong unit to settle payments in renminbi directly for the first time.

“The People's Bank of China has been explicit — there is no policy goal to use the yuan to replace or challenge the dollar's position,” Liao said at the event. “But . . . my personal view is, even under this policy regime, there's still much more room to grow the renminbi's usage in the overseas market and Hong Kong in particular.”

International use of China's currency “is not remotely proportionate to China's economic heft” but fundamentals were changing, he said, especially in Asia: “As Asian economies grow wealthier and more digital, they are trading and investing increasingly with each other.”

Speaking at the same conference, Lu Lei, deputy governor of the PBoC, said the central bank would support Chinese financial institutions using Swift. He added: “We also hope that Swift can stand firmly by its values of openness, fairness and justice.”

Swift declined to comment. Cips could not be immediately reached for comment.

Additional reporting by Joseph Leahy in Beijing

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