SWIFT Traffic and Russian Community Pricing Proposal 2016

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Key Highlights - Russia

251+ thousand
FIN messages per day (YTD Feb 2016)

4000+
FileAct Live Traffic in Kchar per day (YTD Feb 2016)

70+ million
FIN messages per year (2015)

102
SWIFT Members (end 2015)

84%
Weight of FIN Payments in total **FIN** traffic (YTD Feb 2016)

10%
Weight of FIN Securities in total **FIN** traffic (YTD Feb 2016)

Year to date February 2016 FIN Traffic growth at a glance

Growth rates based on Year to date February 2016 vs 2015 Average Daily Messages

	EMEA	Americas	Asia Pacific	Total SWIFT	RUSSIA
Payments	4.1%	5.4%	6.9%	4.7%	-21.9%
Securities	2.8%	7.1%	33.5%	6.7%	9.6%
Treasury	3.5%	13.4%	16.4%	7.3%	15.2%
Trade	-3.2%	-19.0%	-5.6%	-6.6%	-18.5%
	3.4%	6.3%	17.4%	5.7%	-18.1%

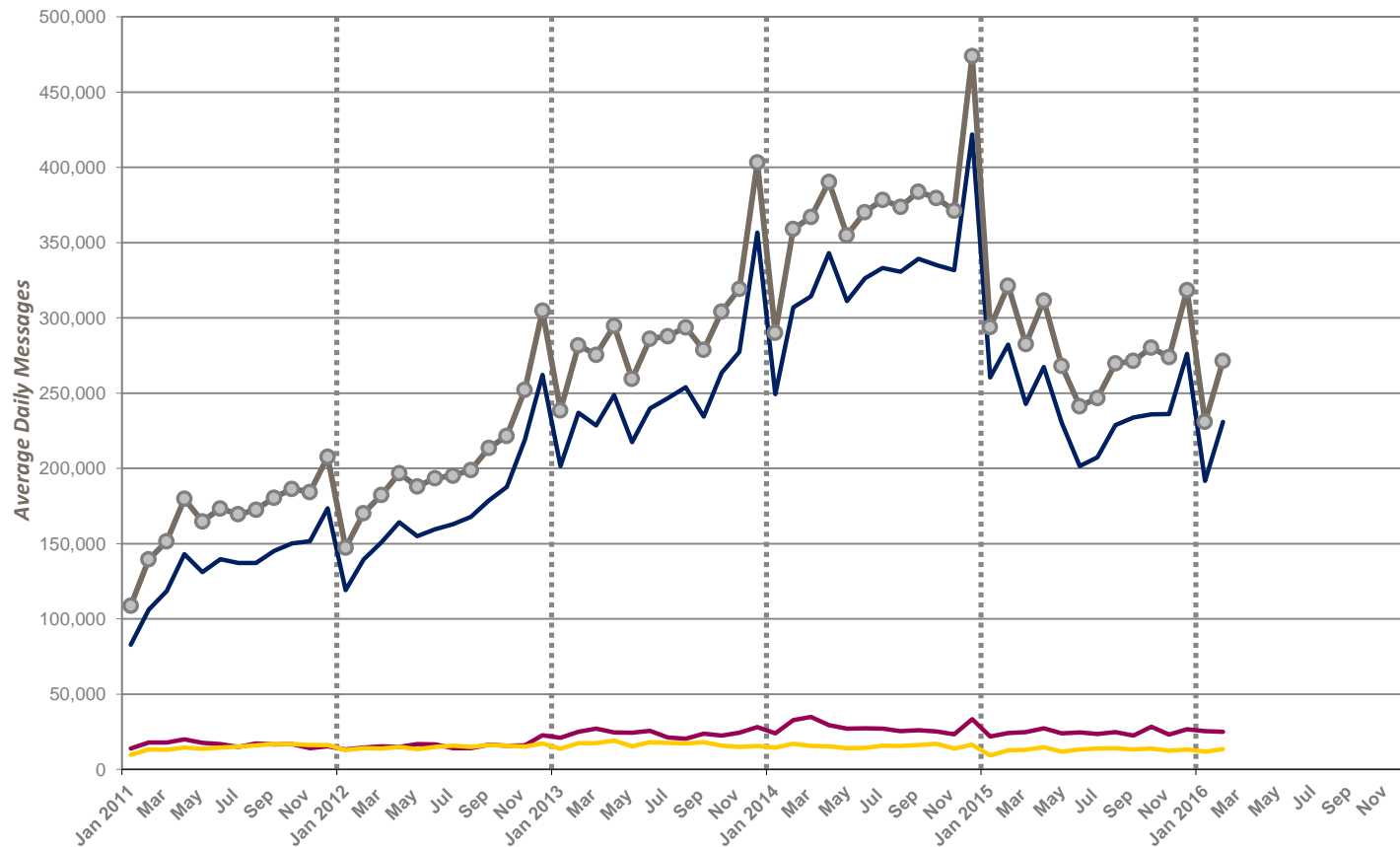| <-10%	-10% to 0%	>0%

FIN traffic evolution over the years – Russia

	Growth of Full year 2012	Full year 2013	Full year 2014	Full year 2015	Year to date 2016	
Russia	21.5%	43.2%	27.7%	-24.9%	-18.1%	*Growth rates based on Average Daily Messages*
Total SWIFT	3.5%	10.8%	11.0%	8.4%	5.7%	

5-year Growth Comparison
based on Year to date Feb 2016 vs 2011 Average Daily Messages

All markets

+103%   vs. SWIFT +48%

Payments

+124%   vs. SWIFT +46%

Securities

+60%   vs. SWIFT +54%
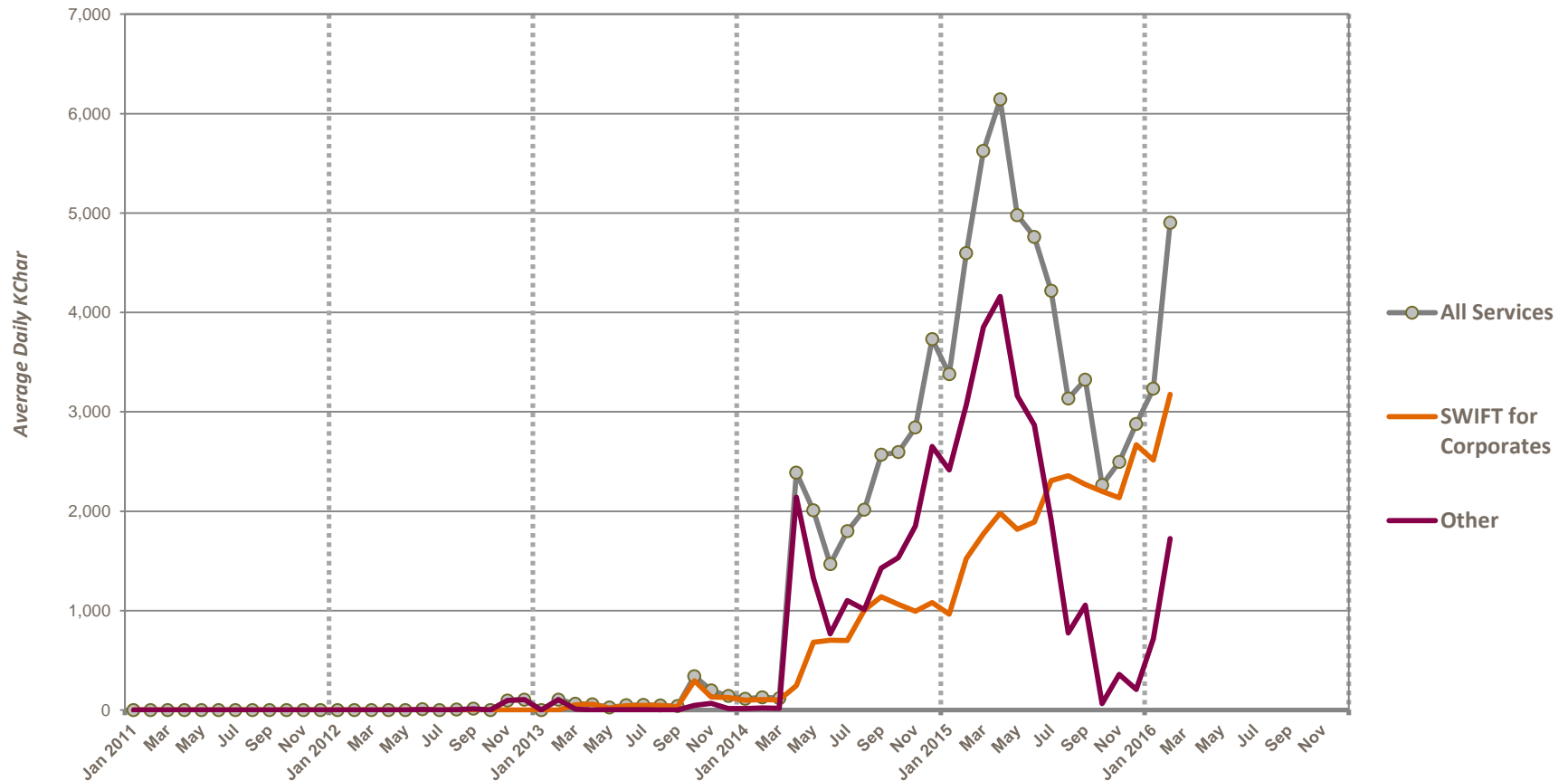
Treasury

+10%   vs. SWIFT +28%

FileAct Traffic – Monthly evolution

Live average daily number of Kchar

	Growth of Full year 2012	Full year 2013	Full year 2014	Full year 2015	Year to date 2016
Russia	>999%	424%	>999%	119%	3%
Total SWIFT	88%	46%	44%	2%	20%

Growth based on Live Average Daily Kchar

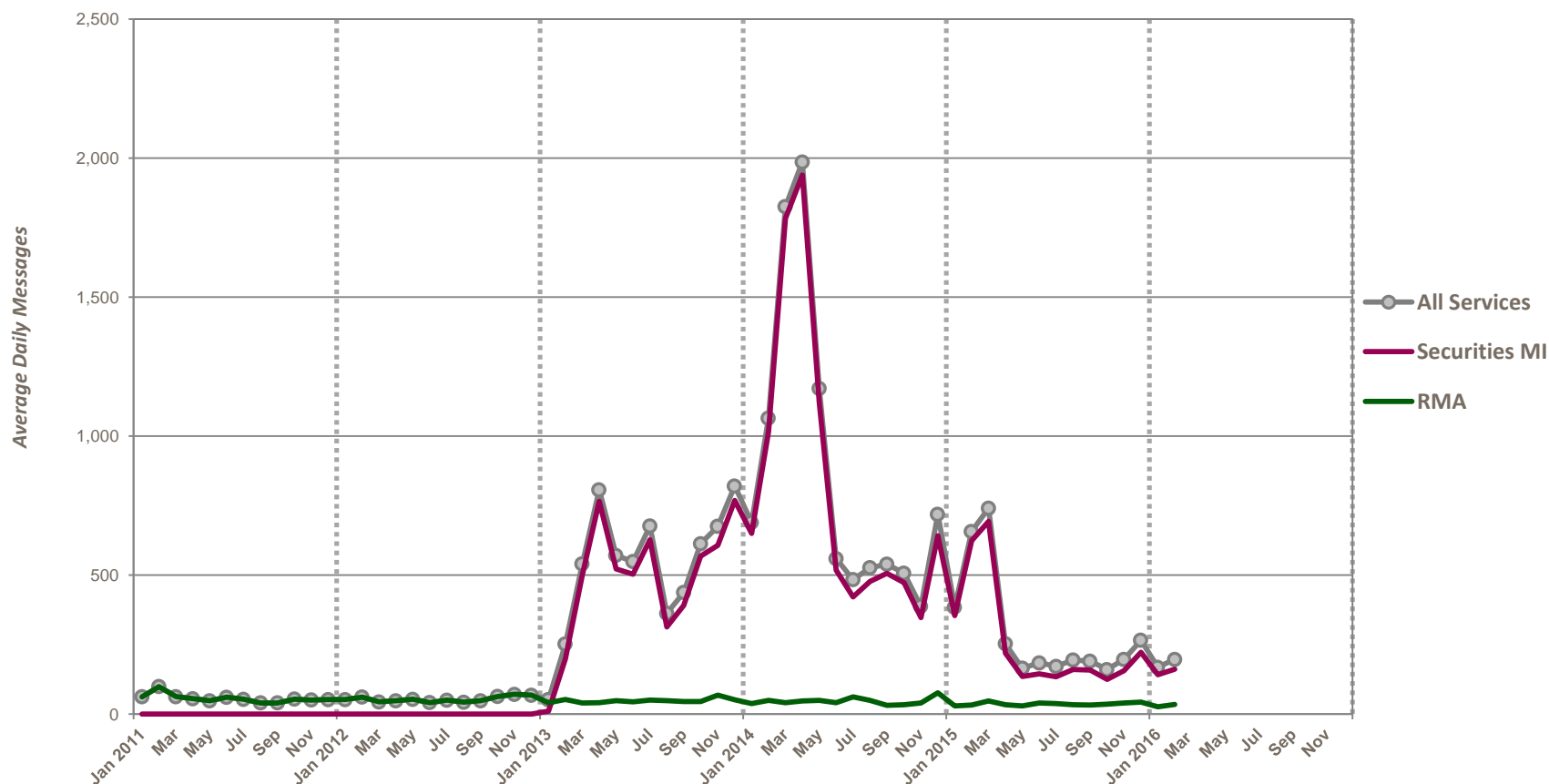**All Services**

SWIFT for Corporates

Other

InterAct Traffic – Monthly evolution

Live average daily number of messages

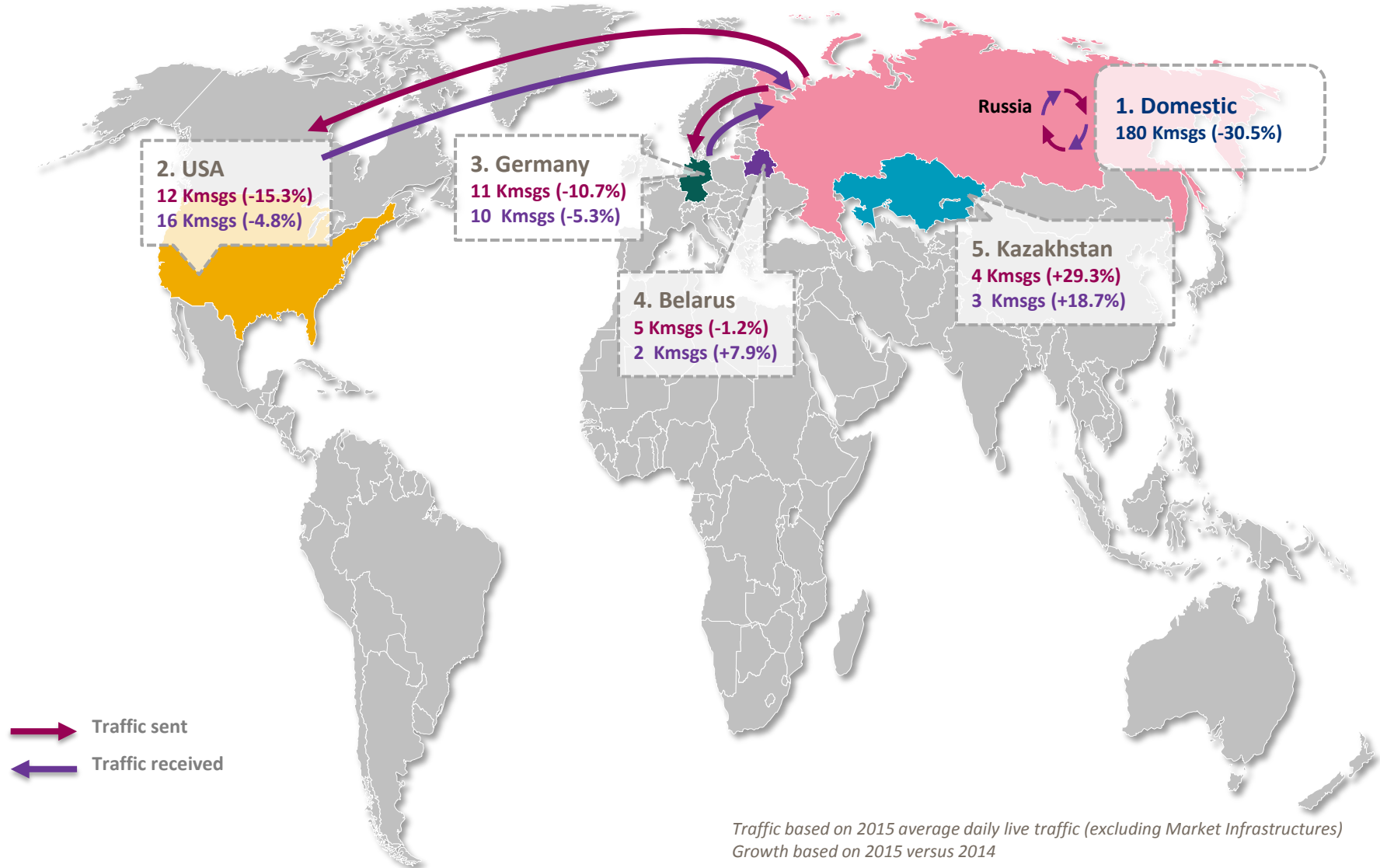|	Growth of Full year 2012	Full year 2013	Full year 2014	Full year 2015	Year to date 2016
Russia	-5%	887%	63%	-66%	-65%
Total SWIFT	-2%	16%	4%	7%	35%

Growth based on Live Average Daily Messages

Global FIN Payments traffic flow to and from **Russia**
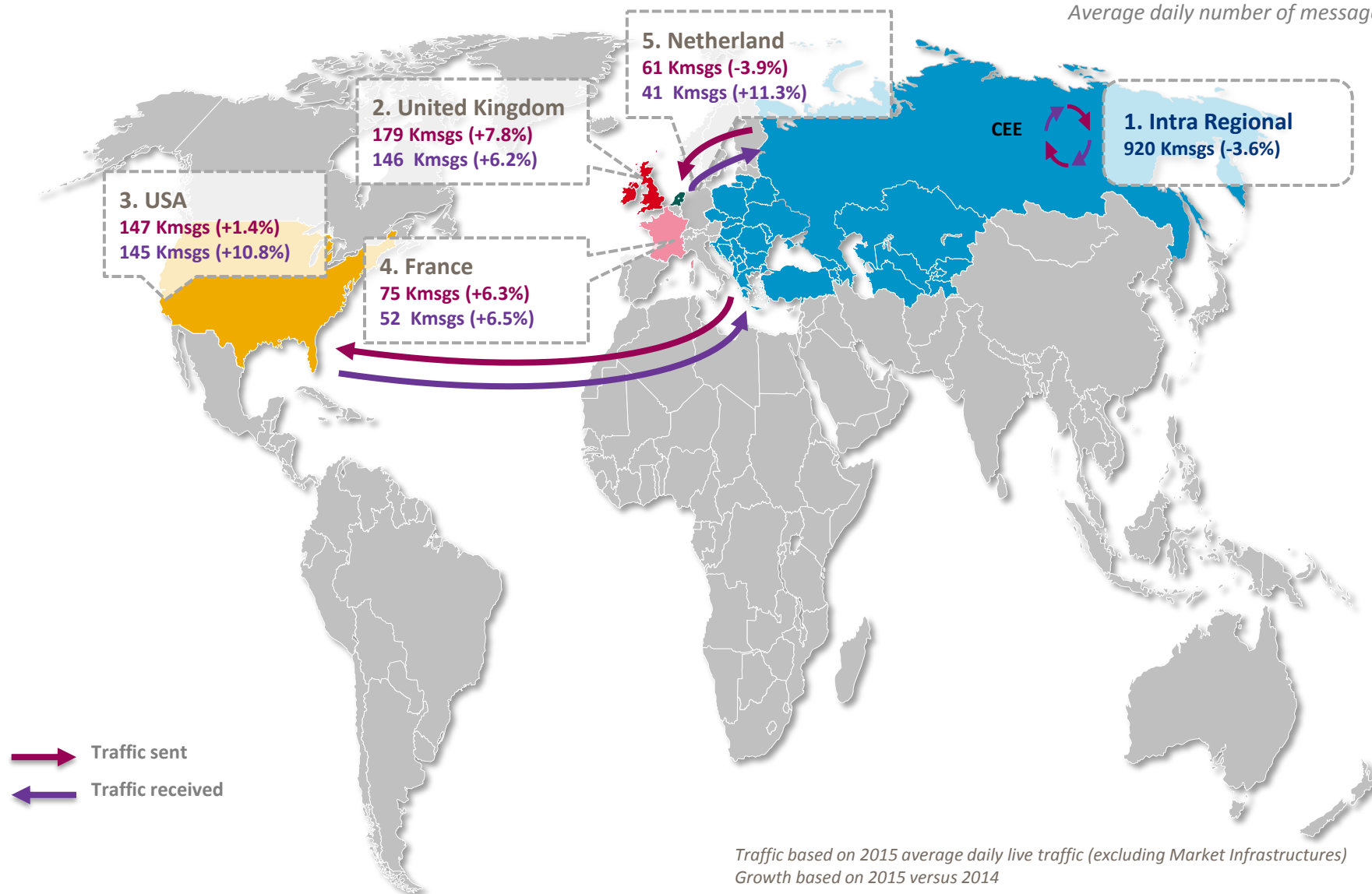
75% traffic sent from Russia is domestic

Average daily number of messages

Russia

1. Domestic
180 Kmsgs (-30.5%)

2. USA
12 Kmsgs (-15.3%)
16 Kmsgs (-4.8%)

3. Germany
11 Kmsgs (-10.7%)
10 Kmsgs (-5.3%)

4. Belarus
5 Kmsgs (-1.2%)
2 Kmsgs (+7.9%)

5. Kazakhstan
4 Kmsgs (+29.3%)
3 Kmsgs (+18.7%)

→ **Traffic sent**

← **Traffic received**

Traffic based on 2015 average daily live traffic (excluding Market Infrastructures)
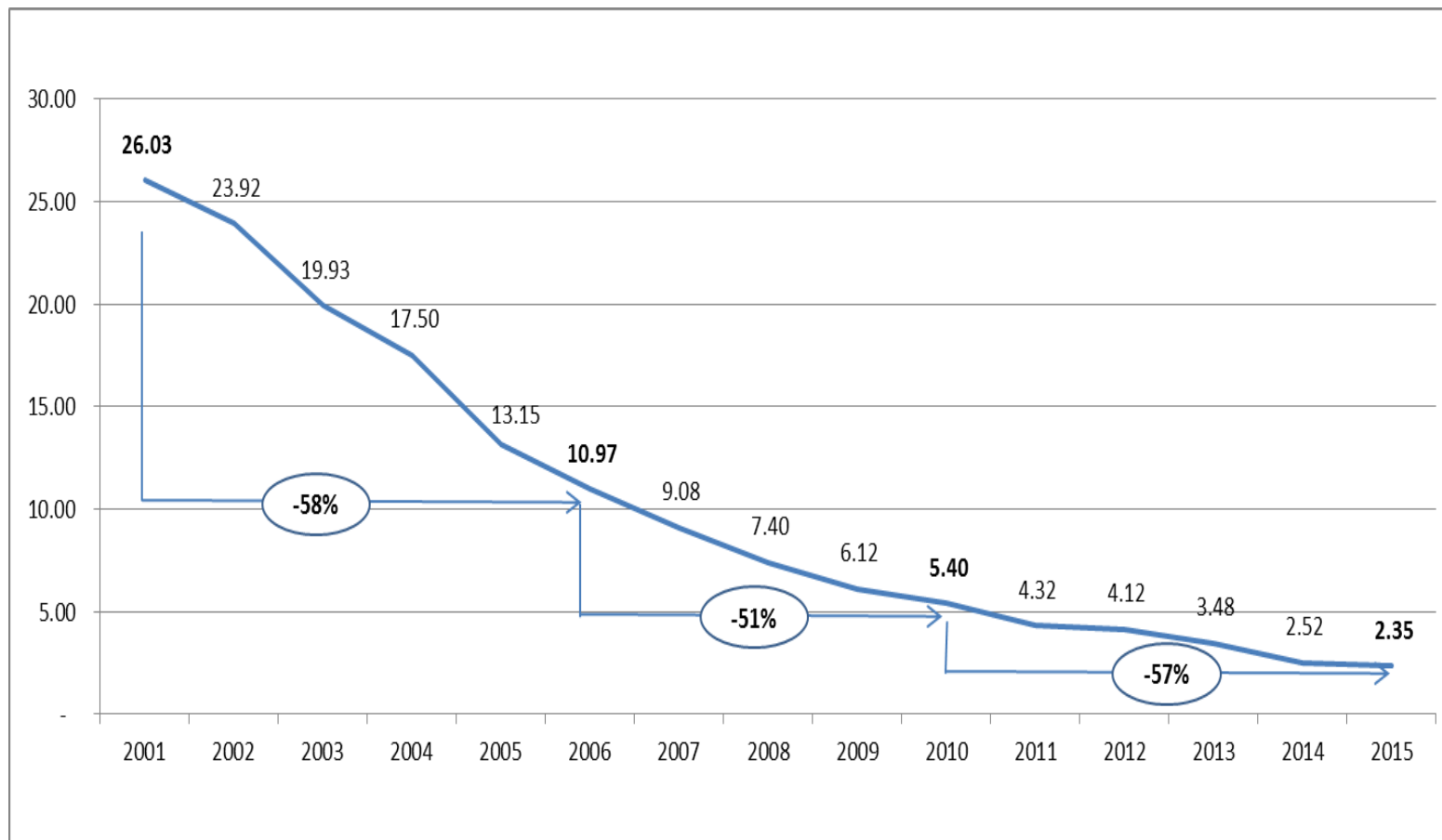*Growth based on 2015 versus 2014*

Global FIN Payments traffic flow to and from CEE

54% of payments traffic sent from CEE is intra regional

Average daily number of messages

5. Netherland
61 Kmsgs (-3.9%)
41 Kmsgs (+11.3%)

2. United Kingdom
179 Kmsgs (+7.8%)
146 Kmsgs (+6.2%)

CEE

1. Intra Regional
920 Kmsgs (-3.6%)

3. USA
147 Kmsgs (+1.4%)
145 Kmsgs (+10.8%)

4. France
75 Kmsgs (+6.3%)
52 Kmsgs (+6.5%)

→ Traffic sent

← Traffic received

Traffic based on 2015 average daily live traffic (excluding Market Infrastructures)
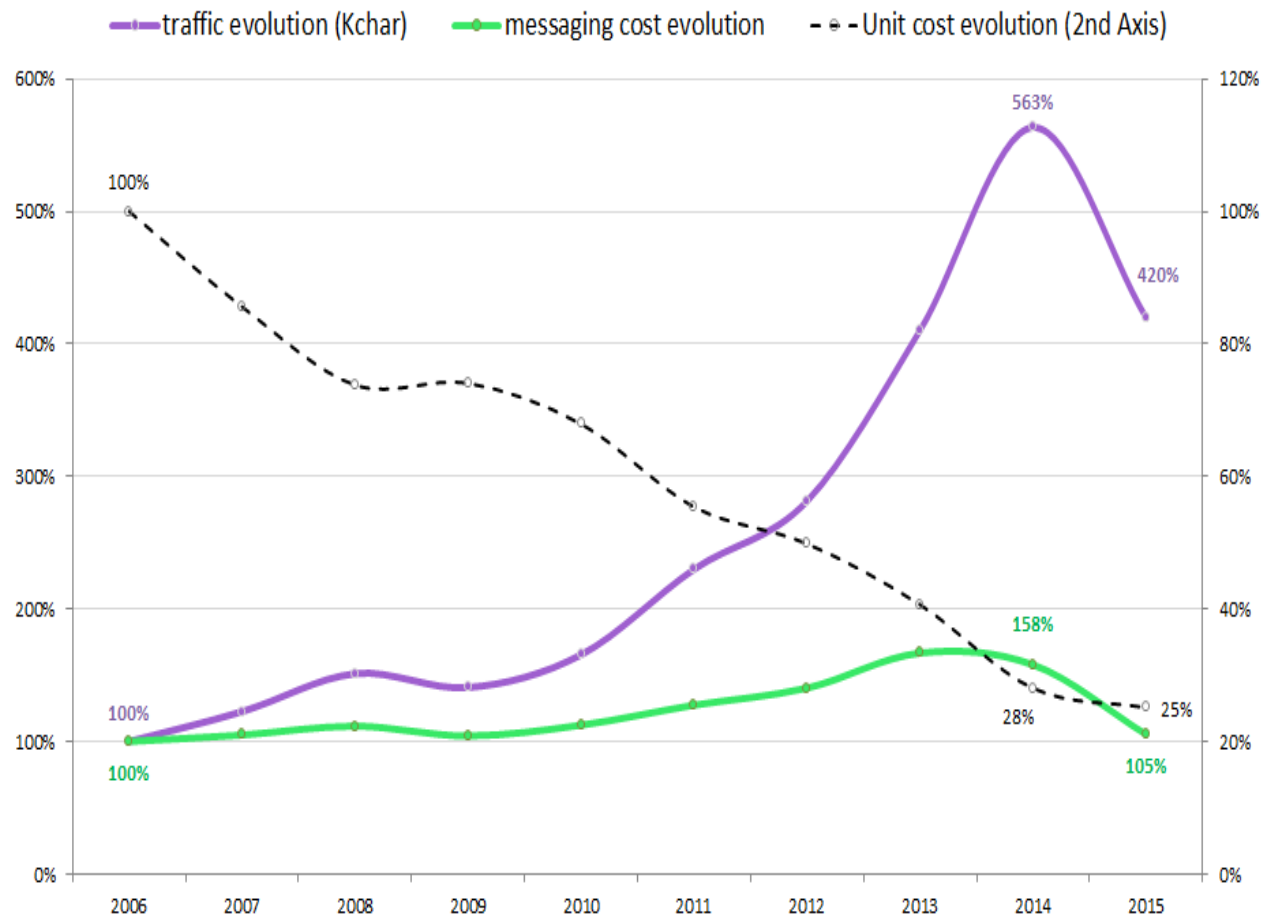*Growth based on 2015 versus 2014*

SWIFT commits with a 30% to 50% price cut over 2015-2020

Traffic evolution versus Messaging cost evolution

Since 2006 four times more traffic for the same price

Russia

Legend: traffic evolution (Kchar) — messaging cost evolution — Unit cost evolution (2nd Axis)

2006 is used as base year (100%). Figures are after Fixed Fee, after discount for High Volume Connections and before Rebate.
Traffic is expressed in kilo characters, and is the combination of FIN, InterAct (including CREST) and FileAct (Kchar after compression)

Domestic Community Deal
Enabling Russia's growth

SWIFT Pricing Principles

1. Designed to maximize usage

    – Fixed Fee programme

    – Point-to-point discount

    – Intra-traffic Discount

2. Community Prices

3. Recognizes the contribution of large users

4. Be fair and transparent to all users

    (eg. HSM migration, Lite2 at low cost, sanctions screening)

5. Reduce barriers to entry for smaller users

New pricing approach to Russian Domestic Traffic

Traffic development enabler

All FIN domestic traffic covered

Cash Flows predictability

For all Russian customers

Pricing proposal – Same unit price for all based on Community total volumes

Split Reporting from non Reporting

Proposal

Community traffic (in chargeable units/year)	Price per chargeable unit (EURCents)	
	Non reporting	Reporting
130,000,001 150,000,000	3.04	2.44
150,000,001 175,000,000	2.78	2.24
175,000,001 -	2.53	2.03

Comments

- Today's traffic is around 100 Million chargeable units

- With a 30% traffic growth (to 130 Million chargeable units), all users pay less per unit

- Point-to-point and Fixed Fee remain discounts on top of the agreed price

- The bigger the total community traffic is, the lower the unit price

Pricing proposal – Implementation rules

Main rules

- All FIN messages sent and received by Russian customers will be considered

- A Russian customer is identified with the following BIC8 – XXXXRUXX

- Last 12 months total community traffic define the band to apply on subsequent month. Example:
  - July 2014 up to June 2015 = 135,000,000 chargeable units
  - July 2015 non-reporting unit price = 3.04 EURCents
  - July 2015 reporting unit price = 2.44 EURCents

- If the community falls back to a cumulative traffic below 130 Million chargeable units, then SWIFT will revert all user to standard pricing:
  - The time it takes to revert to standard pricing will depend on SWIFT technical capabilities and will be confirmed at a later stage