

the value of the blockchain solution depends on bank's liquidity management capabilities, level of automation and centralization. While the larger banks usually have their own internal structures in place to manage liquidity reporting – many of them in real time – and may not see the need to integrate a blockchain solution into their existing systems and processes, such a solution could benefit mid-tier banks significantly. SWIFT concludes that rather than a “one size fits all” approach, a hybrid solution, with some components decentralized and others centralized and operated by a neutral third party, would appear to be best suited. The report notes, however, that significant work and investment will be required by all banks to upgrade their back-office applications and migrate to real-time liquidity reporting and processing before the financial industry can adopt Blockchain on a large scale. Blockchain technology will also need to mature and develop further to support a large global infrastructure (SWIFT, 2018a). For the time being, SWIFT would not yet commit (Manders, 2018).

However, the success of the proof of concept has convinced SWIFT to make Blockchain a “strategic priority”. The company is already working on new proofs of concept (SWIFT, 2018b), not least to avoid being ultimately outpaced by startups such as Ripple that are leveraging the technology to provide alternatives to SWIFT's financial messaging (Skinner, 2016).

Beyond the question of Nostro account reconciliation, a frenzy of activity is surrounding the use of Blockchain to streamline banks' activities, including cross-border payments.

Various consortia have been formed, the most well-known of which is R3 (R3CEV LLC), which started in 2015 with nine financial companies: Barclays, BBVA, the Commonwealth Bank of Australia, Credit Suisse, Goldman Sachs, J.P. Morgan, the Royal Bank of Scotland, State Street, and UBS. R3 now counts over 200 banks, insurance companies, financial institutions, regulators, trade associations and technology companies as members. The consortium, which created an open-source distributed ledger platform called Corda “designed from the ground up to record, manage and synchronise financial agreements between regulated financial institutions” (Brown, 2016), announced in October 2017 the launch of a cross-border payments platform built on top of the company's Corda technology (Brady, 2017). The platform aims to provide for faster and more efficient execution of cross-border payment transactions.

Several well-established financial institutions recently announced the launch of their own blockchain networks to enhance cross-border payments processes.