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A Ukrainian man and child arrive from the Polish-Ukrainian border to Przemysl in Poland
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WAR IN UKRAINE

Allies expel Russia from Swift banking system

Harry Yorke and [Caroline Wheeler](#)

Sunday February 27 2022, 4.00am, The Sunday Times

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Britain and its western allies last night agreed to throw Russian banks out of the Swift payments system, in a move expected to cripple the country's economy.

After days of negotiations, Britain, the United States and European Union agreed measures which will prevent several of Russia's key financial institutions from operating globally.

The announcement marks a significant shift in stance by a number of European countries, including Germany, who were previously reluctant due to their heavy reliance on [Russian gas and oil](#).



Refugees arrive in Poland at the Korczowa border crossing
CZAREK SOKOLOWSKI/AP

In a late-night press conference, Ursula von der Leyen, the European Commission president, said that the measure would stop the banks targeted “from operating worldwide and effectively block Russian exports and imports”.

In a statement co-ordinated with Britain, the commission and Canada, the White House said that the group of western powers were “resolved to continue imposing costs on Russia that will further isolate Russia from the international financial system and our economies”. The move was designed to ensure “that selected Russian banks are removed from the Swift messaging system,” it said.

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Previous estimates have suggested that ousting Russia from Swift could knock up to 5 per cent off the country's gross domestic product.



Doctors gather near a high-rise apartment block that was hit by shelling
GENYA SAVILOV/AFP/GETTY IMAGES

Based in Belgium, the Society for Worldwide Interbank Financial Telecommunication (Swift) is a messaging system used by 11,000 financial institutions across the world to make rapid and secure cross-border payments.

Cutting Russian companies off from Swift will mean that western companies that use the system will face disruption because it will become difficult to process payments.

Swift said in a statement: “We are engaging with European authorities to understand the details of the entities that will be subject to the new measures and we are preparing to comply upon legal instruction.”

The western allies also said they would impose restrictive measures aimed at preventing the Russian central bank from deploying its international reserves in ways that may undermine sanctions.

Other measures include [the end of so-called “golden visas”](#) for oligarchs linked to the Kremlin and the establishment of a transatlantic taskforce to co-ordinate the implementation of financial sanctions.

It came after Rishi Sunak, the chancellor, was accused of opposing the move because of concerns that it would have significant repercussions for the UK economy.

Government sources claimed Sunak’s stance had pitted him against Ben Wallace, the defence secretary, Liz Truss, the foreign secretary, and Priti Patel, the home secretary.

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He is understood to have told friends that he now fully supports the prime minister. Others say he has been forced to change his stance after being overruled.

A Treasury source declined to comment on discussions in the national security council.

Tom Keatinge, a sanctions expert at the Royal United Services Institute, said there were “philosophical reasons” for keeping Russia in Swift, noting that the alternative could lead Moscow to try to establish a rival system.

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