



SWIFT Institute

CALL FOR PROPOSALS

Exchange & Capital Controls: Economic & Efficiency impacts on X-Border Payment

The Swift Institute invites proposals for research on the economic and efficiency impacts of capital controls on cross-border payments.

Cross-border payments are more complex than purely domestic ones. They involve more intermediaries, time zones, jurisdictions, and regulations. Another element of friction is Exchange & Capital Controls. This paper aims to understand the use and impact of Exchange & Capital Controls specifically related to (i) economic impact and (ii) speed of settlement within the beneficiary account

Capital controls are measures taken either by the government of the central bank of an economy to regulate the outflow and inflow of foreign capital and management of FX reserves in the country and are applied to capital account transactions. Exchange (FX) controls are various forms of controls imposed by a government on the purchase/sale of foreign currencies by residents, on the purchase/sale of local currency by non-residents, or the transfers of any currency across national border; applied to the current account payments and transfers¹.

The openness of a country, that is the number of controls it exerts to regulate its economy is tracked in the Chinn-Ito index (KAOPEN)². These measures can be in the form of taxes, tariffs, volume restrictions or legislation.³ Exchange & Capital Controls play a vital role in the controlled development of markets in developing economies at the same time they could be a barrier to global trade.

In light of new technologies and the ability to settle payments faster, it is important for the financial industry to have a view as the “real” cost of slow payments? Are there evidences to look at where faster settlement (either by higher automation or control relaxation) has resulted in GDP gain?

Research proposals can be theoretical or empirical. The focus of the research could look at the following (other suggestions are welcome):

- Investigate what the GDP Loss of Slow Payments every 1 day of delay adds what cost?
- What is impact of Capital & Currency controls imposed by regulators for economic good on inflows and outflows?
- What types of X-border payments are subject to capital and FX controls and which are not and why?
- Are there positive externalities for regional economic growth and greater regional integration due to domestic FMI improvements?

Grant & Working Paper

A grant of EUR 20,000 will be awarded to the author of the selected proposal. 50% will be paid immediately; the remaining 50% will be paid on acceptance of a final working paper and a two-page executive summary.

¹ <https://www.imf.org/external/pubs/ft/wp/wp9881.pdf>

² https://web.pdx.edu/~ito/Chinn-Ito_website.htm

³ <https://corporatefinanceinstitute.com/resources/economics/capital-controls/>



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The paper's intended audience is the financial services industry, it must be written in a clear concise manner and provide clear thought leadership for use by the decision makers of this industry.

The paper must be:

- be written in a clear concise manner for the business leaders
- Maximum **40** pages, including the Abstract and Table of Contents
- Completed and ready for publication in 5 months

The SWIFT Institute will publish the working paper and summary to the global financial industry. The author is free to submit the paper (or variation thereof) for publication in academic journals and other publication outlets of their choice.

The author **will / may** be invited to present their findings at a SWIFT Institute event related to the theme of the research.

Proposal Submission

Please submit your research proposal as follows:

1. CV / bio including education, work history, research experience, publications, etc.
2. Description of your research project (2,500 words maximum) to include the following:
 - Objective of your research
 - Methods by which you intend to undertake your research
 - Timeframe by which you intend to complete your research
3. By email in MS Word / Excel / PowerPoint format and / or pdf.

Deadline: Proposals must be submitted no later than **1 June 2023**

Email: Send submissions to: Nancy.Murphy@SWIFT.com