



## **PRESS RELEASE**

### **Hon'ble Finance Minister launches the Foreign Currency Settlement System**

The Foreign Currency Settlement System (FCSS) of GIFT IFSC was launched today by Smt. Nirmala Sitharaman, Minister of Finance and Corporate Affairs, Government of India at the Global Fintech Festival held at Mumbai.

The FCSS, a payment system authorised by IFSCA under the Payment and Settlement Systems Act, 2007, enables foreign currency transactions between IFSC Banking Units (IBUs) to be settled locally instead of routing through the traditional correspondent banking route. The system will initially settle transactions undertaken in USD with scope for adding other foreign currencies over time. With the launch of FCSS, GIFT IFSC joins the ranks of a handful of international financial centres, including Tokyo and Hong Kong, which possess the infrastructure to settle foreign currency transactions locally.

The correspondent banking route has been the conventional route for settling foreign currency transactions between banks. This requires a bank to open accounts with one or more correspondent banks and use these accounts to make or receive payments from other banks for settling transactions undertaken by the bank itself or those of its customers. Confirmation messages are exchanged between the initiating bank, the correspondent bank, and the receiving bank through the SWIFT network for initiating and confirming such settlements. While this method is well-established and familiar to market participants, its primary drawback is the involvement of multiple banks in the transaction chain, resulting in transactions through this route taking up to 36 to 48 hours to settle.

FCSS, like other foreign currency settlement systems, addresses this issue by appointing a local commercial bank as the settlement bank, with all other member banks of the system required to open accounts with it. Transactions between the member banks are then settled directly through these settlement accounts. CCIL IFSC Limited (CCIL IFSC), a subsidiary of Clearing Corporation of India Limited, has been authorized by IFSCA under the Payment and Settlement Systems Act, 2007, to be the operator of the FCSS system. This system will be able to settle transactions on a real-time or near real-time basis, thereby significantly reducing the settlement time compared to the correspondent banking route.

Indian Financial Technology & Allied Services (IFTAS), a wholly owned subsidiary of the Reserve Bank of India, has been assigned the development of the FCSS system software.



by CCIL IFSC. Standard Chartered Bank, through its IBU, has been selected by CCIL IFSC Ltd. as the settlement bank, based on an open bidding process.

Shri K. Rajaraman, Chairperson, IFSCA, welcomed the launch of the FCSS by the Hon'ble Finance Minister and remarked that this marks a significant milestone in GIFT IFSC's journey, as it joins the league of premier global financial centres enabling efficient real time foreign currency local settlement. He added that FCSS would make transactions faster, safer, and more cost-effective, while reducing settlement risk. He further stated that FCSS lays a strong foundation for innovation in cross-border payments.

Shri Hare Krishna Jena, Director of CCIL IFSC Limited described the launch of FCSS as a significant milestone in the journey of The Clearing Corporation of India Limited, which is celebrating its 25th year this year. He emphasized that FCSS strengthens India's global financial presence and showcases the country's capability to build world-class financial market infrastructure at GIFT IFSC.

Commenting on the development, Mr. P.D. Singh, CEO, India and South Asia, Standard Chartered Bank said, *"Standard Chartered is proud to partner with CCIL and IFSCA in bringing its global experience and expertise in managing the dollar payments as well as providing settlement services at GIFT IFSC. The Bank was the first foreign bank to establish a branch at GIFT IFSC, and we see it as an important pillar in driving overall growth in the Indian economy. We will continue to partner with IFSCA in their endeavor to make GIFT IFSC a financial hub of global repute."*

CCIL IFSC Ltd. aims to support the evolving needs of businesses within GIFT IFSC by offering a diverse range of products and services to banks and insurance companies to stock exchanges, clearing corporations, and mutual funds, all in permitted foreign currencies. In doing so, the company hopes to provide India's financial ecosystem with tools that are not only efficient but also globally competitive.

### **About CCIL IFSC Limited**

CCIL IFSC Ltd., established in May 2024 as the subsidiary of The Clearing Corporation of India, acts as a Payment System Operator to strengthen market infrastructure within GIFT City. The company was set-up with the support of seven leading banks viz. State Bank of India, ICICI Bank Limited, Bank of Baroda, HDFC Bank Limited, Standard Chartered Bank, HSBC, and Bank of India.

**Gandhinagar**

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