

ASEAN FOR BUSINESS

Monthly Bulletin

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In Focus: Integrating ASEAN Cross-Border Real Time Retail Payments



Cross-border retail payment is a payment involving payors and payees located in different jurisdictions which could have specialised processes and different currencies. A seamless cross-border digital payments connectivity can lower cost of services, boost financial inclusion, and encourage the use of local currencies in the settlement of cross-border transaction; hence, it is becoming increasingly relevant in ASEAN to facilitate trade and to unlock the potential of cross-border e-commerce and digital economy, which is expected to reach USD 363 billion in 2025 and USD 1 trillion in 2030.

With the digital economy becoming a new driver for economic growth, ASEAN has been working to establish an interoperable cross-border real-time retail payment system (RT-RPS). In 2019, the ASEAN Finance Ministers and Central Bank Governors' Meeting (AFMGM) has endorsed ASEAN Payments Policy Framework for cross-border real time retail payments within ASEAN (hereafter: Framework). Along with the Bandar Seri Begawan Roadmap (BSBR) and the recent Memorandum of Understanding (MoU) on cooperation in Regional Payment Connectivity (RPC) among ASEAN Central Banks, this Framework sets the path towards a seamless cross-border payment system within the region.

About the Bulletin

ASEAN for Business is a bulletin published by the Enterprise and Stakeholder Engagement Division of the ASEAN Secretariat.

This monthly bulletin provides quick updates on specific topics related to the ASEAN Economic Community (AEC) for businesses operating in the region.

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ASEAN Payment Policy Framework for Cross-Border Real Time Retail Payment within ASEAN and its Implementation Guideline

The Framework provides an overarching guide governing real-time retail payment systems in the region by setting a common understanding of objectives, terms, concepts and principles among AMS, participating financial institutions, service providers, operators, and other relevant stakeholders. To operationalize the Framework, the Implementing Policy Guidelines (IPG) were developed to provide policy considerations aimed at establishing a common oversight approach for the ASEAN Member States (AMS) that are ready to adopt the Framework. The IPG covers six (6) areas:

- i. Principles on Cooperative Arrangements: the RT-RPS need to follow the principle of availability, accessibility, affordability, sustainability, safety, and efficiency.
- ii. Clearing and Settlement: AMS will facilitate clearing and settlement on domestic and regional scale with reference to internationally accepted standards such as ISO 20022 or others as agreed by AMS.
- iii. Risk and Management: AMS will ensure that the payment service providers (PSPs) and clearing switch operators (CSOs) in respective jurisdictions identify, measure, monitor, and control the operational, IT, legal, liquidity, credit, and settlement risks that may arise from the participation in the ASEAN cross-border retail payment systems.
- iv. Pricing of RT-RPS Services: participating AMS will promote competitive, transparent, and fully disclosed pricing mechanism.
- v. Consumer Protection: participating AMS shall uphold consumer protection, recognising their rights, and freedom of use of the cross-border RT-RPS. Among others by disclose the consumer rights and condition, breakdown of applicable charges, real-time notification, etc.
- vi. Dispute Resolution between Financial Institutions, PSPs, and CSOs: encourage PSPs and CSO to include provisions that will enable

prompt resolution to any dispute that may arise in the clearing and settlement arrangements to prevent disruption in the operation of the cross-border RT-RPS.

Timely Progress of Implementation

With the Framework in place, ASEAN has committed to work on fully implementing bilateral linkages within the following schedule: at least 2 AMS by 2021, at least 3 AMS by 2022, at least 4 AMS by 2023, and at least 5 AMS by 2025. These targets are still on track, with the launch of Singapore-Thailand national real-time retail payment system (RT-RPS) in 2021. Bank Indonesia (BI) and the Monetary Authority of Singapore (MAS) announced the commencement of work on a cross-border QR payment linkage between Indonesia and Singapore on 29 August 2022. Bank Indonesia and the Bank of Thailand also announced to move from piloting phase to the implementation phase of cross-border QR payment linkage between Indonesia and Thailand.¹ Future linkages between Malaysia-Singapore and Philippines-Singapore are in the works.

Benefit for Business

A more integrated payment system in ASEAN will benefit the business in the following areas:

- Reduced cost of cross-border transaction
- Increase efficiency for individual and business, including MSMEs, to conduct their cross-border trade, e-commerce, and financial activities.
- Enhance ease and convenience to make transaction across AMS borders for tourists and AMS workers who work in another AMS.

More Information

The full text of the ASEAN Payments Policy Framework for cross-border real time retail payments within ASEAN is available at this [link](#).

For more information please send your queries to FinanceIntegrationDivision@asean.org

¹ The pilot phase has run successfully since 17 August 2021 with 76 PSPs from both countries have joined the project.

HIGHLIGHTS FROM THE 40th and 41st ASEAN SUMMITS

The Association of Southeast Asian Nations (ASEAN) gathered for the 40th and 41st ASEAN Summit on 11 November 2022 under the Chairmanship of the Kingdom of Cambodia. The Summits were chaired by Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia, and convened in accordance with the ASEAN Charter. The Summit has welcomed many achievements and initiatives by ASEAN in 2022, among others, as highlighted below:



Adoption of the **ASEAN Leader's Statement on the Application of Timor-Leste for ASEAN Membership** which agreed in-principle to admit Timor-Leste to be the 11th member of ASEAN and tasked the ASEAN Coordinating Council (ACC) to develop an objective criteria-based Roadmap for Timor-Leste's full membership in ASEAN.



Noted with satisfaction the progress made in the implementation of the ASEAN Comprehensive Recovery Framework (ACRF) and its Implementation Plan. Welcomed the extension of the lifespan of the **Memorandum of Understanding (MoU) on the Implementation of the Non-Tariff Measures on Essential Goods** under the Hanoi Plan of Action Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in Response to the Covid-19 Pandemic until November 2024 - which now includes 351 tariff lines at the eight-digit level covering agricultural and food products, as well as goods relating to the manufacturing and distribution of vaccines.



Welcomed the successful delivery of the nine (9) Priority Economic Deliverables (PEDs) under Cambodia's 2022 Chairmanship pursued to (i) enhance digital connectivity, (ii) narrow development gap, (iii) promote an integrated, competitive and resilient ASEAN and (iv) strengthen global ASEAN for growth and development. **The nine completed PEDs are:**



The Work Programme to Support the Implementation of the Framework for Circular Economy for the ASEAN Economic Community



Launching of the ASEAN Trade in Goods Agreement (ATIGA) Upgrade Negotiation.



Policy Toolkit for Integrating Provisions Focused on Women's Entrepreneurship in ASEAN MSME Policies



Adoption of Policy Recommendations to Enhance Container Circulation to Support Maritime Transportation of AMS



ASEAN Guideline on Sustainable Agriculture



Launching of the Negotiations for the ASEAN Framework Agreement on Competition.



Stocktaking on the Use of Agro-Chemicals in ASEAN



Substantial Conclusion of the Negotiations of the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) Upgrade



The Endorsement of ASEAN Sustainability-link Bond Standard for Inclusiveness, Sustainability and Connectivity of ASEAN

Upcoming Events

Senior Economic Official Meeting Retreat

Jakarta, Indonesia

6-7

December 2022

The 58th Meeting of the ASEAN Consultative Committee for Standards and Quality (ACCSQ)

Manila, Philippines

6-9

December 2022

2nd ASEAN Trade in Goods TNC

Jakarta, Indonesia

8-10

December 2022