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Central Banks of Indonesia, Malaysia, Philippines, Singapore and Thailand Seal Cooperation in Regional Payment Connectivity

Bali, 14 November 2022... Bank Indonesia (BI), Bank Negara Malaysia (BNM), Bangko Sentral ng Pilipinas (BSP), Monetary Authority of Singapore (MAS), and Bank of Thailand (BOT) have agreed to strengthen and enhance cooperation on payment connectivity to support faster, cheaper, more transparent, and more inclusive cross-border payments. A Memorandum of Understanding (MOU) on Cooperation in Regional Payment Connectivity (RPC) was signed on 14 November 2022 in Bali, Indonesia, on the sidelines of the G20 Leaders' Summit with keynote address from Indonesia's President, His Excellency Joko Widodo.

2. During his remarks at the signing ceremony, President Widodo emphasised the importance of concrete joint collaborative action in addressing global challenges. The President also expressed his highest appreciation to the Governors of the five central banks for their commitment to delivering innovative breakthroughs that will further accelerate regional payment connectivity.

3. The RPC is expected to be a significant contributor to accelerating regional economic recovery and promoting inclusive growth. The implementation of cross-border payment connectivity serves to support and facilitate cross-border trade, investment, financial deepening, remittance, tourism, and other economic activities, as well as a more inclusive financial ecosystem in the region. This is particularly beneficial for micro, small, and medium enterprises as it will facilitate their participation in international markets. The cooperation will include a number of modalities, including QR code and fast payment.

4. Accelerating economic and financial digitalisation has become a global initiative with the G20 establishing its Roadmap for Enhancing Cross Border Payments. The cooperation initiative is also in line with Indonesia's G20 Presidency priority agenda in the area of digital transformation, including through payment systems in the digital era, manifested by the joint efforts to pursue enhanced cross-border payment connectivity involving Indonesia, Malaysia, Philippines, Singapore, and Thailand. Going forward, this payment connectivity initiative could be expanded to include other countries in the region and potentially other partner countries outside the region. This milestone also marks the start of Indonesia's chairmanship of the Association of Southeast Asian Nations (ASEAN) in 2023.

5. This joint collaboration also supports ASEAN's shared aspiration for connected payment systems that will enable fast, seamless and more affordable cross-border payments across the region. In line with ASEAN's pragmatic approach to deepen integration through mutually beneficial arrangements based on the level of readiness, this initiative provides the building blocks for wider ASEAN participation in the near future, thereby fostering stronger regional economic ties.

6. BI Governor Perry Warjiyo underscored that "This MOU serves as a significant milestone in paving the road for advancing cross-border payment connectivity. Existing bilateral payment connectivity arrangements will be expanded as part of the region's efforts to strengthen its economic integration. Such collaboration among central banks is key to accelerating economic recovery. We hope that other countries will follow this good example and leadership in implementing cross-border payment connectivity."

7. Nor Shamsiah Yunus, the Governor of BNM, said, "The initiative underscores the importance of central bank collaboration in supporting the development of next-generation payment connectivity. Realising the vision of an ASEAN regional network of fast and efficient cross-border payment systems will advance our digital ambitions and further deepen financial integration for the benefit of the region's economic development."

8. Ravi Menon, Managing Director of MAS, stated, "This MOU underscores ASEAN's commitment to achieve regional payments interoperability and connectivity by 2025 to enable cheaper, faster, and more transparent cross-border payments. ASEAN's effort is aligned with the G20's goal of addressing existing frictions in global cross-border payments, creating new business opportunities and enabling inclusive growth."

9. Deputy Governor Mamerto E. Tangonan of the BSP, who represented BSP Governor Felipe M. Medalla, added, "The more we recognise how interdependent our economies are, the more we need to be deliberate in our pursuit of the vision of an interconnected ASEAN region. This MOU concretises our collaborative and inclusive approach to enhancing cross-border payments in the ASEAN that will translate into efficiency gains and cost savings in various international financial transactions and economic activities."

10. Deputy Governor Ronadol Numnonda of the BOT, who represented BOT Governor Sethaput Suthiwartnarueput, emphasised, "Our ASEAN region has now become a global hotspot in cross-border payments linkages. Building on our previous efforts, this MOU marks another milestone in our ASEAN Payment Connectivity initiative in working together to address the long-standing pain points in cross-border payments. It also dovetails ASEAN members' current network of bilateral cross-border payment linkages and will serve as a basis for multilateral collaboration going forward. Further enhancing regional payment connectivity will pave the way for ASEAN's digital transformation and deepen financial integration in the region."

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