



# APAC FINTECH PAYMENTS FORUM 2023

## QR Codes and Interoperability in APAC



### FINTECH PAYMENTS FORUM

With a vision to improve lives everywhere through payments

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# Foreword

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Welcome to the fourth edition of the APAC Fintech Payments Forum.

As the CEO of the Emerging Payments Association Asia (EPAA) I am proud of this collaboration with 10 APAC fintech associations:

- Fintech Australia
- Fintech Association of Hong Kong
- India Fintech Forum
- Indonesia Fintech Association (AFTECH)
- Elevandi Japan
- Fintech Association of Malaysia
- Fintech Allianz of Philippines (Fintech Alliance.ph)
- Singapore Fintech Association
- Thai Fintech Organization
- Vietnam Fintech Club

Thank you to all these organisations because we could not do this without them. This is a very important forum, as it assists EPAA in its endeavour to improve the payments industry in the APAC region.

This specific activity, the APAC Fintech Payments Forum, sits within EPAA's cross-border payments stream. We've been looking and working to enhance cross-border payments for several years now, and EPAA is now representing our region at the G20 Project. EPAA has representatives on the BIS CPMI Cross-border Payments Interoperability and Extension Taskforce (PIE), the FSB Legal, Regulatory and Supervisory Frameworks Taskforce (LRS) and on the CPMI API Expert Panel. Each task force is working over several years on different verticals of cross-border payments and we are there representing the broader payments industry from small fintechs to big global organizations, with a particular focus on ensuring that the innovations and requirements of the APAC region are recognised. Early on, we realized EPAA can't do this without help. The collaboration with the different Fintech Associations in their wide range of markets enables us to speak on behalf of APAC with confidence.

It was when we were sitting in a meeting together with the Financial Stability Board, representing our region on the global arena, that one of our passionate payments friends from America said: “There is nothing being done on the interoperability of QR codes. There are no QR standards out there.” And we said: “Whoa, that is not right. There are lots of things happening in our region.” But we couldn't really say exactly what and compare the different initiatives. As a result, we created this topic: QR Codes and Interoperability in APAC.

This report summarises sharngs from each Fintech Association during the forum as well as an introduction from May Lam, Chair EPAA Advisory Board and CIO of AP+ and some conclusions from EPAA Ambassador, Antony Morris.

I hope you find this report as fascinating and informative as I do, and if you'd like to be part of what we do at EPAA, please contact us at [info@emergingpaymentsasia.org](mailto:info@emergingpaymentsasia.org)



**Camilla Bullock**

*CEO and Co-Founder, Emerging Payments Association Asia*

# Introduction

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Thank you to EPAA for the opportunity to participate and moderate the APAC Fintech Payments Forum. I would like to share some facts about the Asia Pacific region.

- APAC is home to over 70% of the adult unbanked population in the world.
- Around 70% of the adult population in Southeast Asia is unbanked or underbanked.
- An average of 75% of micro and SME businesses in the region account for 97% of the businesses and employ almost 70% of the working population.
- Payment is the fiber to the digital economy of this region. The region is witnessing a significant surge on the adoption of digital payments, and the growth of the cross-border trade, especially with the neighboring countries, is fast growing.
- The robust payments infrastructure and experience are a crucial factor in advancing the digital economy in APAC.
- All the innovation in payments needs to be safe, secured, accessible, affordable and interoperable.

In this report, we are going to further unpack QR code payments, which has a market size of about US\$10 billion in the region, and also the importance and the challenges that we are facing regarding interoperability in the whole APEC region.



**May Lam**

*Chair, EPAA Advisory Board , CIO, AP+*

# Key Note Speaker

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Key questions to ask:

1. Why is this such an important topic?
2. Why is this increasingly getting center stage visibility, not just from corporations, but also governments' policymaking as well as central banks?
3. And why the greater focus on this is driving greater adoption, both for QR codes, but also interoperability?

Asia Pacific (APAC) is absolutely trailblazing when it comes to the adoption of QR codes. And there are a few reasons behind that.

- The region continues to be a very, very enthusiastic adopter of new technology. This is clearly evidenced by 62% mobile penetration in APAC. And not just that, the region continues to be a home to many of the pioneer 5G markets such as Japan, Australia, Singapore, South Korea, and hence APAC continues to be one of one of the frontrunners on new technology adoption.
- The demographics for APAC remain extremely attractive. The median age in APAC is about 32 years, which means that there is a greater amount of digital natives. And this is reflecting in the younger working population too.
- APAC continues to have a high amount of intra-region trade. Intra-region trade in the case of APAC accounts for almost 58% of the total trade. Think about all the corridors that exist within ASEAN markets, think about the trade flows between Australia and other parts of APAC, or back, whether it's between Japan and ASEAN as the case might be. All of these, again, mean that there's a very strong commercial reason, because there's a lot more back and forth of goods and services within this region.





- Building on that, tourism continues to be robust intra-region, with over half of the tourists residing within Asia itself. What that means is that people look for convenience when they're traveling abroad. If I'm a native in Singapore, and I travel to Malaysia, the need for me to be able to make payment settlements using the same payment applications and processes that I'm used to in my home market provides a very high degree of efficiency, convenience, and customer experience that increasingly is being sought after both by the customers, as well as being facilitated by a number of the regulators.
- Let's not forget the benefits of financial inclusion. In spite of the significant progress that's been made in terms of transformation in the banking industry, there is still a very large amount of the population in APAC without great access to formal financial systems. So, looking for technology enabled solutions that can help provide access either through digital wallets or QR code base payment systems can really help accelerate adoption as well as access to financial systems.
- Another factor that is driving this focus around QR code based payments is a lot of collaboration between central banks, regulators and governments. Over the last few years, there has been a number of new initiatives as well as technology advancements and connectivities that have been put in place between different countries. So whether it's Singapore to India, or between different geographies within ASEAN, increasingly there is more and more focus and rails being created for efficient payments.

APAC has the key ingredients to propel this region forward when it comes to adopting new ways of paying as well as a new way of banking. As this happens, there needs to be increased interoperability, so that people are able to transmit the communication of financial information, as well as payment flows, seamlessly across these corridors.

One of the more recent proofs of concept, launched under the guidance and ownership of MAS is around SGQR+. ([Download EY report](#)) Singapore has been one of the pioneers in terms of adoption of QR code based payment systems for several years now. As more and more progress has been made, a lot of the merchants today have got several different payment applications and front ends even on QR codes.

Hence, MAS has undertaken this proof of concept in November 2023, in collaboration with Banking and Computer Services (BCS), Liquid Group, NETS and EY. With participation from over 20 local and international schemes, the initiative is aimed towards showcasing ability of merchants to receive live, real-time, inter-operable payments across a wide range of wallets and payment apps.



The initiative aims to deliver higher payment convenience, with much broader acceptance by using an app that the end consumer may have a preference for, and improves the experience. It enables higher transaction volume for issuers with access to a much wider merchant base, and potentially also unlocks new revenue streams for acquirers from off-us transactions.

This is a great example of the interoperability initiatives that APAC is witnessing. It is very encouraging to see that APAC is embracing standardization and new technologies to modernize the experience for customers and all payments participants.



### **Sanjeev Chatrath**

*Partner, Financial Services & Asia Pacific Payments Leader, EY*

*Connect with Sanjeev via [EY.com](#), or [X \(Twitter\)](#)*



# AUSTRALIA

## Introduction

This report provides an overview of the fintech landscape and QR code payments in Australia, shedding light on the industry's evolution, challenges, and the quest for standardization.

## Challenges and Opportunities

Examining the Australian landscape in comparison to its Asian peers, it's clear that traditional payment methods have historically dominated in this country. The adoption of QR codes has been slower in Australia compared to other APAC countries. However, the COVID-19 pandemic prompted a surge in interest as the industry recognized the potential of QR codes, previously utilized for corporate tracking and feeding apps.



## Established Payment Schemes and Standards

In response to the evolving landscape, Australia has established payment schemes for QR codes, including [standards released in 2022](#) by [AusPayNet](#), a self-regulatory industry body. The [New Payments Platform \(NPP\)](#) also introduced its [QR code standard](#) for real-time payment systems. Despite these standards, there remains a need for comprehensive standardization across the country, necessitating collaboration among various stakeholders, including banks, payment providers, and fintech companies.

## Challenges in Achieving a Unified Approach

Despite the existence of standards, achieving a unified approach remains a challenge in Australia. Different stakeholders adhere to varied templates, with the New Payments Platform (NPP) standards adopting an account-based approach, akin to India's UPI system. This includes various routes such as Beem, Qi, and Molecule.

## International QR Code Interoperability

Australia is still in the early stages of exploring international QR code interoperability, with primary focus on domestic transactions. The report notes a limited movement towards international interest in cross-border payments.



## Representation at the G20 and Future Considerations

During Australia's representation at the G20 in August, discussions on QR codes and payments were crucial. However, achieving progress requires a collective effort from the entire Australian ecosystem. Establishing a standardized QR code approach for both domestic and international transactions is imperative, necessitating collaboration, addressing domestic feedback, and considering diverse testing perspectives.

## Conclusion

This report outlines the evolution, challenges, and aspirations within Australia's fintech sector, particularly concerning QR code payments. The journey involves overcoming obstacles, fostering collaboration, and working towards a standardized approach for a seamless future in domestic and international transactions.



**Karthik Srinivasan**

*Founder/CTIO of Ziksu*

 **FinTech Australia**

# HONG KONG

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## Introduction

The recent event on QR codes in APAC provided valuable insights into the local landscape. This report aims to summarize the key points discussed during the presentation, covering topics such as QR code standards, their applications, and efforts towards international connectivity.

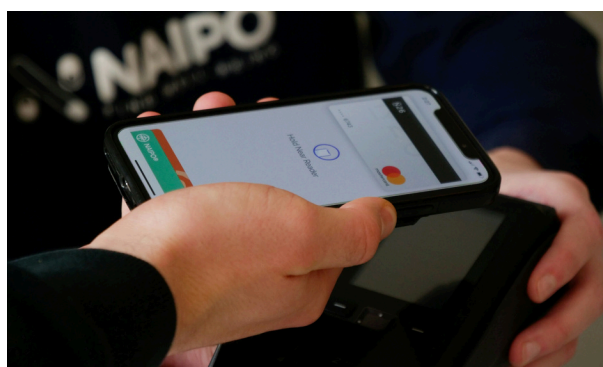
## QR Code Adoption in Hong Kong

The presentation acknowledged the Fintech Association of Hong Kong's role in the dynamic payments community, involving traditional banks, neobanks, and payment gateways. The Head of Asia Payments at HSBC emphasized the collaborative nature of the payments industry, interacting with industry bodies like EPA Asia.

Exploring QR code usage in Hong Kong, the discussion focused on the HKQR, the common QR code standard since 2017, commercialized in 2018 with the FPS real-time payment system launch. The HKQR covers various use cases, demonstrated through practical scenarios, showcasing flexibility in wallet usage for transactions.

## International Connectivity and Closed Loop Wallets

Efforts towards international connectivity include an announcement of the upcoming connection between Hong Kong and Thailand through the FPS. The closed-loop wallets, exemplified by the Alipay+ network, enable seamless transactions across markets.



## Interoperability and Standardisation

The presentation addressed interoperability and standardization, referencing the Hong Kong QR code standard based on [EMVCo](#) standards. The necessity for further harmonization across closed-loop players was questioned, considering varied responses from stakeholders and regulators. Understanding the problem before pursuing standardization was emphasized.



The presentation concluded by expressing the opinion that further standardization of the QR payload might not yield significant benefits and acknowledging the evolving nature of the payments industry.

## Conclusion

This report covers local QR code adoption, international connectivity efforts, and the challenges associated with achieving interoperability and standardization in Hong Kong's dynamic fintech landscape.



**Nicholas Soo**

*Regional Head of Payment Products, Global Payments Solutions Asia, [HSBC](#)*



# INDIA

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## Introduction

The payment landscape continues to evolve in India. The conversation about India's growth story aims to spark excitement.

## Macro View of India's Economy



India, with its vast population of 1.4 billion citizens, is experiencing remarkable GDP growth, currently at 6.1%. The country's GDP is approximately 3.5 trillion and is projected to reach 5 trillion, largely driven by the digital economy. The role of payments, especially through the India stack, is crucial, with the country recording 74 billion real-time payment transactions last year.

## Snapshot of UPI Usage in India

There is a significant user base in India, especially for the Unified Payments Interface (UPI), with a staggering 300 million users, steadily increasing each year. The evolving landscape of UPI was discussed in detail, with a promise to delve deeper into it in subsequent slides.

## Understanding UPI

Unified Payments Interface (UPI) was introduced as an instant payment system developed by the National Payments Corporation of India (NPCI), facilitating both business-to-business (B2B) and business-to-consumer (B2C) mobile payments. The system enables instant fund transfers between two bank accounts. The widespread adoption of UPI is evident, with 16 million unique merchants accepting it. The growth trajectory has been explosive, with transactions reaching 10 billion per month. Government and NPCI directives aim to achieve 2 billion transactions per day.

## Impact and International Expansion of UPI

The acceptance of UPI QR codes is widespread across India, underscoring its significant impact on the payment landscape. The journey from 5 billion to 10 billion transactions occurred within a remarkably short span, reflecting the rapid growth of UPI. The success of UPI has garnered attention worldwide, turning it into a case study for other countries.



Internationally, UPI is making strides, with discussions underway for its acceptance in major countries such as France and the UAE. Additionally, talks are progressing for UPI integration in Nepal and Japan. The harmonization of QR standards in India has been achieved, ensuring interoperability and eliminating the need for new proprietary codes.

## Conclusion

While UPI's international acceptance is still in its nascent stages, the harmonization of QR standards in India and ongoing discussions with other countries highlight the potential for further global expansion.



**Monica Jasuja**

*APAC Co-Lead, Merchant Risk Council*



**India  
FinTech  
Forum**

# INDONESIA

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## Introduction

The discussion was led by a representative from Indonesia, Yogi Harsudiono, representing the Indonesian Fintech Association (AFTECH Indonesia).

## Accelerated Growth of Digital Payment Systems



Across the countries represented, including Hong Kong, Australia, and India, there is a noticeable acceleration in the proliferation of digital payment systems. From the Indonesian perspective, annual QR transactions on a national basis have consistently doubled in both transaction numbers and values.

## Demographic Advantage and Increasing Mobile Transactions

Indonesia shares optimism about the growth of the digital payment system, driven in part by its demographic advantage. With over 60% of citizens in productive age brackets and a significant portion owning multiple mobile phones, coupled with a high percentage of internet users, Indonesia has witnessed a surge in mobile transactions. In 2023 alone, QR transactions in Indonesia grew by nearly 130%, reflecting positive growth trends over the past five years.

## Adoption of QR Code Standards and Collaboration

With the enactment of QRIS (Quick Response Code Indonesian Standard), the national Indonesian QR standard, in 2020 during the onset of COVID-19, there have been over 1.5 billion transactions annually. With 30.41 million merchants participating in QR transactions and approximately 45.78 million QR users in Indonesia in 2023, there is optimism about sustained growth.

Bank Indonesia, the regulator, has collaborated with industry players to develop the QR Indonesian standard further. Recently introduced variations include QR for transfers, QR for withdrawal, and QR code for topping up. While QR transactions have primarily been domestic, collaborations with six ASEAN countries, including Thailand, Malaysia, and Singapore, have initiated successful cross-border partnerships.



### Future Collaborations and Outlook

Looking ahead, Indonesia is eager to collaborate with neighboring countries such as Hong Kong, Japan, South Korea, India, Australia, New Zealand, China, and others to promote QR usage for both domestic and cross-border transactions. The progress of the Indonesian QR code was shared with enthusiasm, and there is anticipation of learning from the experiences of other countries.



**Yogi Harsudiono**

*Deputy Head Payment Systems (SP)  
Department, AFTECH*





# JAPAN

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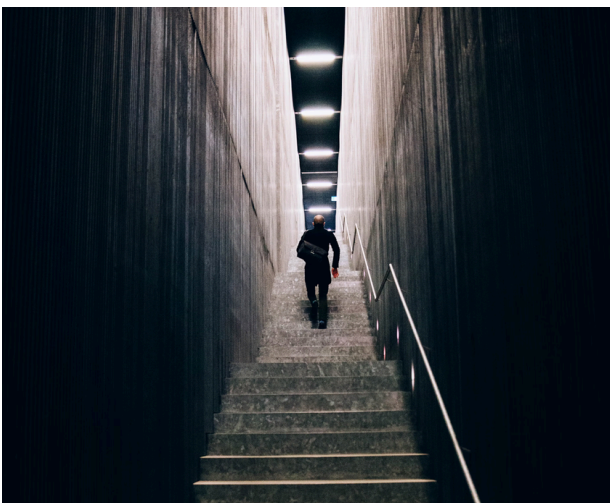
## Introduction

The presentation provided an insightful overview of the current situation regarding dual-core payments in Japan and shed light on the Japanese payments landscape, highlighting key trends and initiatives.

## Japanese Landscape Overview

Japan boasts a population exceeding 125 million. Traditional financial services are deeply ingrained in Japanese society, with cash transactions dominating and a 6% repayment ratio. The transition towards cashless payments is led by Crisco, followed by QR code and E-money options. Notably, earlier innovations such as Felucca and QR codes were pioneered by Japanese companies.

## Challenges and Solutions



Despite advancements, challenges in adopting catalyst solutions persist, stemming from business and societal complexities. The Japanese payments market is diverse, offering numerous solutions to consumers. In 2019, the Japanese government and the Cashless Payments Council introduced a unified standard for QR payments known as JPQR, garnering support from various providers.

## Cross-Border Payments Initiatives

Progress is underway in cross-border payments, with the Digital Minister exploring a system in collaboration with Indian UPI. This initiative aligns with the DFFT (Data Free Flow with Trust) policy, signifying Japan's commitment to international cooperation. Additionally, the announcement of the Institutional Mexico Partnership (AAP) this year, to be organized under the OECD next year, further underscores Japan's efforts in cross-border payments.



## Conclusion

Looking ahead, Japan is focused on enhancing its cross-border and cashless payments framework, aiming for comprehensive payment and QR code interoperability. Activities include rebranding and organizing political events in March, along with the Global Financial Infrastructure Forum next year. Interested parties are encouraged to join or visit Japan in March for further insights into the Japanese situation and ongoing initiatives.



**Takeshi Kito**

*CEO and Co-Founder, Elevandi Japan*



# MALAYSIA

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## Introduction

The Head of Community of the Fintech Association, Malaysia, provided a brief introduction to the association and highlighted it as a relatively young organization, endorsed by the central bank to facilitate financial inclusion in Malaysia.

## Shift towards Digital Payments in Malaysia

Reflecting on insights shared by experts across regions, it was noted that Malaysia, like the rest of the world, has experienced a significant shift towards digital payments in recent years. This trend is evident across generations, indicating a universal acceptance of the evolving payment landscape.



## Domestic QR Payment Scheme - DuitNow

In Malaysia, a robust domestic QR payment scheme named DuitNow, initiated by PayNet (Payments Network Malaysia) has united participating banks and e-wallet companies under a common QR code. This initiative simplifies the payment process and enhances user experience. Major banks and e-wallet companies such as Alliance Bank, Maybank, Citibank, Touch 'n Go Wallet, ShopeePay, and GrabPay have actively participated in this scheme, introducing innovative features to facilitate fund transfers using phone numbers linked to registered bank accounts.

## Support for Micro and Small Businesses

The collaborative effort extends to support micro and small businesses by waiving transaction fees, which demonstrates a commitment to creating a standardized QR payment ecosystem. PayNet aims to allocate resources to further support businesses and ensure full waivers for those adopting QR code payments.

## Cross-Border QR Code Initiatives

Efforts in cross-border QR code initiatives are gaining momentum. Collaborations with the Monetary Authority of Singapore have resulted in the PayNow-DuitNow QR code payment linkage between Malaysia and Singapore. Similar initiatives are underway with Indonesia and Thailand, aiming to foster efficient cross-border transactions.

## Vision for ASEAN Region



In the ASEAN region, the vision is to establish more collaborations and consolidate cross-border payment systems to create a dynamic and thriving ecosystem. This initiative is expected to benefit businesses and enhance the tourism sector, providing a secure, seamless, and efficient spending experience across borders.

## Conclusion

We are expected to see more initiatives aimed at driving digital transformation in the financial QR code payment landscape. The vision is to bring ASEAN member countries together to contribute to this transformative journey. The commitment to connecting with anyone interested in contributing to this vision was emphasized.



**Helena Ng**

*Head of Community, FAOM*



# PHILIPPINES

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## Introduction

This forum, gathering many Fintech associations across the APAC region, celebrated not only the interoperability of services but also the interconnectedness of the region as a thriving hub for digital adoption in emerging technologies.

## Focus on QR Codes in the Philippines

The spotlight was on QR codes, recognized as a convenient and seamless means for cashless payments and secure transactions. In the Philippines, the domestic QR scheme known as QRPH has been in place for several years, approved by the Philippine central bank (Bangko Sentral ng Pilipinas (BSP)) as an interoperable QR code based on the EMV global standard for secure cashless payments. QRPH facilitates quick and safe payments, transfers, and fund receipts between customers of participating banks and non-bank EMI accounts in the country, anchored on the national retail payment system.

## Implementation and Adoption

Launched in 2019, QRPH aims to standardize QR code usage for person-to-person (P2P) transfers and person-to-merchant payments. The BSP set a strict deadline for full nationwide adoption of QRPH codes by banks and EMIs, aligning with the government's vision of a fully digitalized country.



## International Collaborations

For international usage, there is reliance on participating key-ready enabled banking and wallet apps. Collaborative efforts with the Monetary Authority of Singapore (MAS) have enhanced low-cost cross-border payments. Additionally, in November 2020, five ASEAN central banks, including the Philippines, signed an MOU on regional cross-border payments (Regional Payment Connectivity (RPC), facilitating retail payment systems' connectivity through QR codes. As of August 2023, the Philippines joined an interconnected cross-border QR code payment system with Vietnam and Brunei, demonstrating progress towards streamlining and solidifying the QR payment industry to promote regional interconnectivity for digital economy growth.

## Digital Payments Transformation

The BSP's digital payments transformation roadmap aims to convert a significant portion of total retail payments from cash to digital by 2023, with the goal of increasing the number of Filipino adults with financial accounts to 70%. The Philippines has surpassed these targets, with digital payments expected to reach up to 3.5 to 4.5 billion US dollars this year.

## Regulatory Framework



Regulators are actively working on standard policies and regulatory frameworks to foster industry collaboration and partnerships while managing risks. Ensuring the safety and integrity of the financial system remains crucial as new technologies are introduced.

## Conclusion

The rise of QR payments is being embraced, with the ultimate goal of ensuring no one is left behind. We are making it possible for market vendors and tricycle drivers to accept digital payments, recognizing the importance of including everyone in the digital fold. Empathy is essential as we leverage these technologies to transform towards shared prosperity.



### Lito Villanueva

*Executive Vice President and Chief  
Innovation and Inclusion Officer, RCBC and  
Chairman, FinTech Alliance Philippines*



# SINGAPORE

## Introduction

Insights about the Singaporean QR systems and its successful implementation will be shared together with information about current international collaboration.

## Domestic Implementation

In Singapore, the SGQR, the world's first unified QR code system launched in 2018, has been instrumental. This government-led initiative by the Monetary Authority of Singapore (MAS) and the Infocomm Media Development Authority (IMDA) aims to provide an alternative to expensive and cumbersome POS hardware. The goal is to consolidate multiple QR codes into a single, user-friendly label.



For instance, during lunch at Lau Pa Sat, a popular spot in Singapore, QR codes at mom-and-pop shops simplify the payment process. This reflects the broader trend of making QR codes readily available for consumers to scan and make payments.

## Adoption and Penetration

As of September 2023, 31 e-wallets are participating, with around 230,000 merchants actively involved. The adoption of cashless payments through QR codes has seen significant penetration in Singapore.

## Future Developments



In November 2023, proof-of-concept tests for SGQR+ were conducted during the Fintech Festival. This upgraded version aims to allow merchants to accept multiple payments by registering with a single acquirer, streamlining the onboarding process.

## International Collaboration

Internationally, bilateral cooperation for cross-border payments is underway. Singapore has established QR code linkages with Malaysia and Indonesia, fostering seamless transactions.

## Conclusion

These developments showcase the continuous evolution and improvement of the SGQR system, and further highlight the role that Singapore and MAS are taking in furthering the development of QR code interoperability in the region.



**Eugene Ho**

*Co-Head - Cybersecurity & Data Protection  
Practice, Allen and Gledhill LLP*



# THAILAND

## Introduction

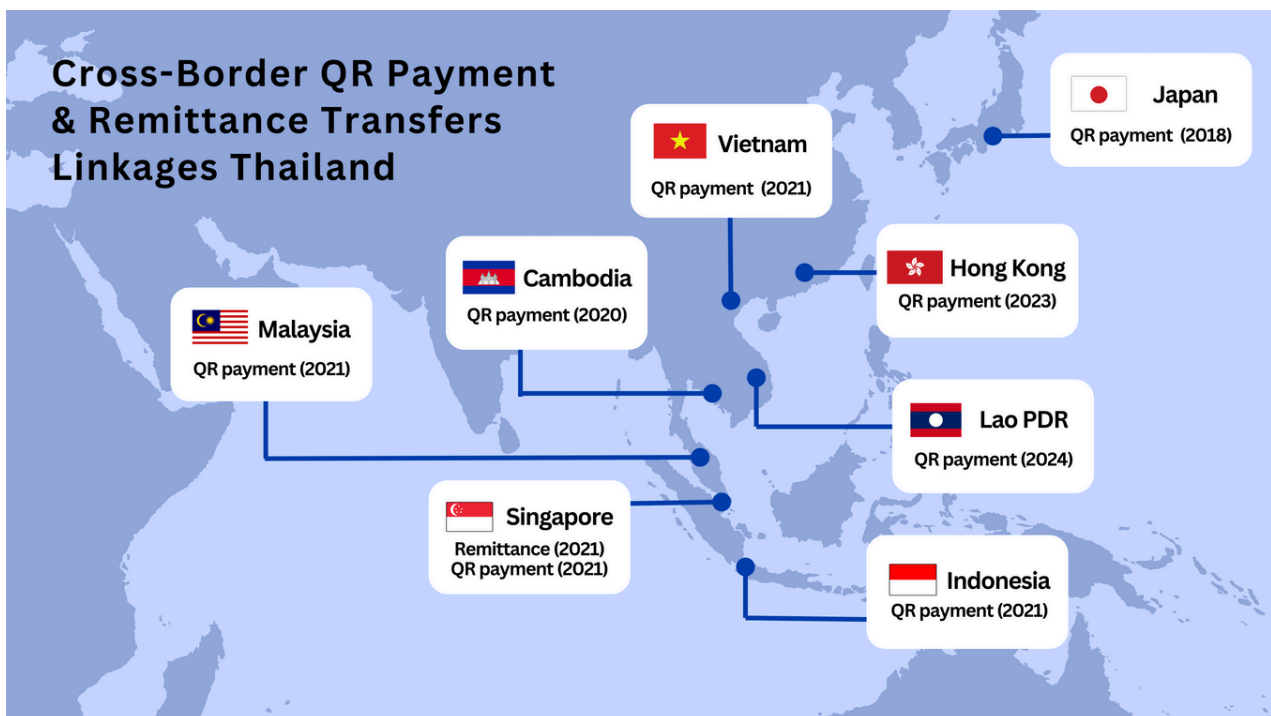
This report delves into the realm of QR payments and the significant progress made in Thailand, particularly with our standardized QR system, facilitating seamless transactions across various mobile applications and platforms.

## Standardised QR System

The open infrastructure in Thailand has been operational for several years, with commercial banks in Thailand offering it at no charge for retail users. This enables transactions at supermarkets, flower shops, or between friends.

## Cross-Border Transactions

Favorable agreements, particularly within ASEAN countries, have been established based on bilateral agreements. Thai QR payments are available in both static and dynamic formats, with dynamic QR codes generated from point-of-sale systems simplifying payments by embedding transaction amounts, eliminating manual entry.



## Usage Statistics

With a population of approximately 70 million, over 76 million users are registered on the PromptPay system in Thailand, utilizing mobile numbers or ID cards for registration. The frequency of QR transactions per person per year is currently at 508 transactions, with anticipated increases through integration of online and mobile banking, as well as e-money.

## Banking Landscape

Around 133 million accounts exist in commercial banks, averaging two accounts per person, with an average transaction value of about 4,000 baht. TrueMoney wallet, a major player in Thailand with over 30 million registered accounts and 15-16 million active users, facilitates payments at outlets like 7-Eleven.

## Data Resources and CBDC Initiatives

For those seeking detailed data, the Bank of Thailand provides comprehensive information. Moreover, the Bank of Thailand is actively involved in developing Central Bank Digital Currency (CBDC), with initiatives alongside Hong Kong, China, and UAE for wholesale CBDC. Retail CBDC pilots have been completed with two commercial banks and one non-bank entity.

## Conclusion

Collaborations for cross-border QR payments extend to Singapore, Indonesia, Malaysia, Vietnam, Cambodia, and Japan, fostering further connectivity and convenience. Through the Bank of Thailand, extensive resources are available in regards to QR payments in Thailand, and is yet another example of the leadership being provided in the APAC region.



**Chonladet Khemarattan**  
*President, Thai Fintech Association*



# VIETNAM

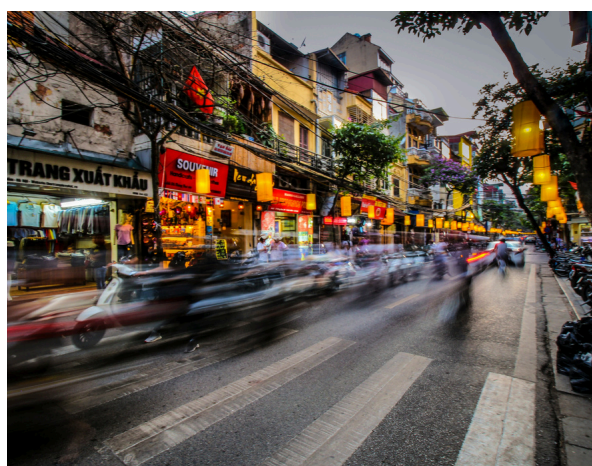
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## Introduction

This report contains insights into the QR landscape in Vietnam, with a focus on cross-border QR payments.

## Overview of Vietnam

Vietnam boasts over 98 million citizens, with the highest percentage of the total population using the internet. Currently, there are more than 734.6 million mobile phone subscriptions. QR payments have been embraced since 2017, initially gaining popularity through payment intermediaries like PNP, MoMo, and others. However, the closed-loop system faced challenges due to slow adoption.



## Standardisation Efforts

In response, in 2018, the State Bank of Vietnam issued standards for QR code payments. Subsequently, in 2019, the National Payment Corporation in Vietnam launched a QR payment service. Although initially not widely adopted due to limited bank integration, in 2019, NAPAS introduced VietQR, with 40+ issuing banks. Since then, nearly every transaction in Vietnam uses VietQR, and other payment intermediaries are gradually transitioning to this system.

## Current Usage and Adoption

As of September 2019, nearly 900 million transactions per month are witnessed through VietQR, with plans to surpass 1 billion by the year-end. VietQR, is omnipresent, from shopping malls to five-star hotels and local coffee shops.



## Cross-Border QR Payments

Regarding cross-border QR payments, NAPAS, under the sponsorship of the State Bank of Vietnam, has connected with partners like PromptPay from Thailand and Bakong from Cambodia. In December, an MOU was signed with LAPNet, Laos' QR scheme, and discussions are underway with Cuba, India, Korea, and Singapore, aiming to collaborate with countries in the New Asia Plan. This collaboration includes Indonesia, Malaysia, Thailand, Philippines, and Singapore.

## Conclusion

In the cross-border QR payment scheme, the focus is on shaping policies, converting QR functions into QR payments, and expanding the service acceptance network to more banks.



### **Bui Thi Lien Huong**

*Head of Secretary of Vietnam Fintech Club  
and Head of Business Development  
Department of National Payment  
Corporation of Vietnam (NAPAS)*



# FINAL THOUGHTS

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I want to express my gratitude to EPAA and all the Fintech associations for their outstanding accomplishments, both locally and across various markets. As we navigate through the discussions, a few prominent themes have emerged.

## **Transition to Open Loops:**

We've observed a transition from closed loops to open loops, mirroring trends seen in many markets, reminiscent of the early credit card schemes in the US. It's worth noting that closed loops remain relevant and interoperable. QR technology, originally from Japan but widely adopted, has played a pivotal role in reducing cash dependency, particularly among micro and SME sectors.

## **Inclusivity through QR Codes:**



QR codes have significantly reduced the cost of merchant onboarding, promoting inclusivity. The focus on inclusion in digital payment markets, especially for micro and SMEs, has been a significant narrative. Waived fees for merchants and consumers have further fueled the adoption of QR payments.

## **Importance of Interoperability:**

As we progress towards open loop success with standardization and regulatory backing, interoperability emerges as a critical factor. Addressing interoperability and harmonization challenges through technological solutions is imperative. The minimal cost of integrating merchants into the network has facilitated widespread adoption.

## Cooperative Competition in Payments:

In this landscape of cooperative competition, cooperation at the infrastructure level is instinctive. Open sharing and collaboration on technical aspects reduce implementation costs, leading to the expansion of a two-sided network. Payment services function as a cooperative competition, where players collaborate on infrastructure while competing in marketing and user acquisition.

## Benefits of Harmonization:

Harmonization and interoperability not only benefit local users and merchants but also cater to tourists, crucial for the livelihoods of micro and SMEs reliant on tourism. QR codes have revolutionized retail payments, stimulating economic activity across card-based and faster payment-based systems.



## Benefits of Harmonization:

Harmonization and interoperability not only benefit local users and merchants but also cater to tourists, crucial for the livelihoods of micro and SMEs reliant on tourism. QR codes have revolutionized retail payments, stimulating economic activity across card-based and faster payment-based systems.

While we've witnessed transformative inclusion within markets, the next phase entails ensuring harmonization to reduce the cost of interconnectivity. Addressing certification and handling potential payment issues, such as disputes or errors, are essential for ensuring a seamless user experience.



**Antony Morris**

*EPAA Ambassador, Hong Kong*

# CONCLUSION

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This forum highlights the importance of cooperation and collaboration in achieving financial inclusion and bridging inequality gaps.

## **Discussion Highlights:**

### **1. Transitioning to Open Loops:**

Participants acknowledged the shift from closed loops to open loops in the financial landscape. The introduction of standardized QR systems was recognized as a significant step towards reducing cash dependency and promoting financial inclusivity.

### **2. Interoperability Challenges:**

There was a discussion on interoperability challenges, particularly regarding technological innovation and standardization. The need for a common language and infrastructure to ensure seamless interoperability was emphasized.

### **3. Cross-Border Collaborations:**

The participants discussed the significance of cross-border collaborations in revolutionizing payment systems. Various bilateral agreements and MOUs for cross-border interactions were noted, reflecting a global effort to enhance payment networks.

### **4. Closed Loop vs. Open Loop:**

The debate around closed loop and open loop systems ensued, with insights shared on their respective incentives and implications for market dynamics. Open loop systems were advocated for their potential to foster competition, innovation, and lower payment costs.

## **5. Fraud and Security Concerns:**

Fraud and security concerns related to QR code payments were raised, underscoring the importance of addressing potential risks in payment ecosystems. Participants emphasized the need for robust certification and fraud prevention measures.

### **Key Takeaways:**

- The importance of collaboration and finding common ground for innovation.
- The need for forums like this to stay informed and connected, highlighting the significance of establishing networks within the fintech community.



We thank all parties involved in the APAC Fintech Payments Forum and a special thank you to the Fintech Associations who supported and collaborated in this second event.

We are looking forward to seeing you all in the next forum.

Please find more info about each association from their web page:

**Emerging Payments Association Asia** - <https://emergingpaymentsasia.org/>

**Fintech Australia** - <https://www.fintechaustralia.org.au/>

**Fintech Association of Hong Kong** - <https://ftahk.org/>

**India Fintech Forum** - <https://www.indiafintech.com/>

**Indonesia Fintech Association (AFTECH)** - <https://fintech.id/id>

**Elevandi Japan** - <https://www.elevandi.io/jp/>

**Fintech Association of Malaysia** - <https://www.fintechmalaysia.org/>

**Fintech Allianz of Philippines** - <https://www.fintechalliance.ph/>

**Singapore Fintech Association**- <https://singaporefintech.org/>

**Thai Fintech Organization** - <https://thaifintech.org/>

**Vietnam Fintech Club** -



# FINTECH PAYMENTS FORUM

With a vision to improve lives everywhere through payments

*"It is the long history of humankind (and animal kind, too) that those who learned to collaborate and improvise most effectively have prevailed."*

*- Charles Darwin*

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