

Name of Initiative

The PayNow-PromptPay Linkage between Singapore and Thailand

Agency

Monetary Authority of Singapore (MAS)



Monetary Authority
of Singapore

Could you share briefly on what was the impetus that eventually led to the initiative, and how did you motivate yourself/your team to pursue it?

Conventional cross-border fund transfers and remittances have been plagued by longstanding pain points which include long transaction times and high costs. Transactions would take a few days to complete, at an average cost of 6% of the transfer value.

The PayNow-PromptPay linkage sought to enable secure, faster, cheaper, more convenient and more transparent cross-border payments for users in Singapore and Thailand – near instantaneous transfers at a cost of around 2-3% of the transfer value.

These objectives are also aligned with broader strategic global and regional priorities:

- G20's prioritisation of efforts to tackle the four key challenges of conventional cross-border payments – high costs, low speed, limited access and insufficient transparency.
- ASEAN's shared vision of establishing an interconnected network of payment linkages across the region to catalyse greater ASEAN economic integration.

What were the challenges that you / your team encountered, and how did you / your team overcome them?

This initiative, entailing the linkage of Singapore's and Thailand's national fast payment system (FPS) – PayNow and PromptPay respectively – was a world's first. This means that there were no ready templates for the teams to reference or apply as a 'quick-fix' to any problem that arose. Technical convergence represented a challenge given how FPSes, by default, have their own processes, standards and functionalities, and usually do not speak in the same "language" when sharing data. There was also a need for the two sides to align on governance and policy issues, such as on data privacy and security, and on various regulatory and compliance requirements.

A strong, common overarching objective and a clear understanding of what was needed to achieve it were key to surmounting overcoming these challenges. Beyond MAS' good relationship with our fellow central bank/regulator (the Bank of Thailand), this public-private endeavour was only made possible through our strong partnership with our industry participants.

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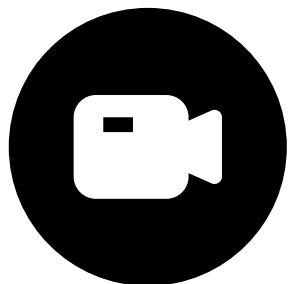
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What was the most memorable moment while working on this project?

The PromptPay PayNow project was an experiment to create the world's first real-time payments linkage, and the team had to overcome numerous challenges on differences in many areas including sanctions screening, settlement process, commercial terms, and scheme governance. However, the team could rely on our strong partnership with the industry comprising our payments system operator, participating banks and our counterparts the Bank of Thailand who were sincere and warm in their collaboration with us at every stage of the collaboration. As such, the launch of the project was a momentous occasion – not just because we pulled off a world's first, but also because we cemented a friendship between two countries who will go on to create the world's first regional payments linkage.

From the initial adoption to date, remittance volume and value via this linkage have more than doubled and the average ticket size of transfers has reduced from around S\$5,000 to around \$300. This was a clear sign that the linkage was liberalising the conduct of small value cross-border transfers at low cost spurred the development of Project Nexus, a multilateral platform project led by the Bank for International Settlements Innovation Hub which MAS is a key participant of. The linkage also forms the backbone architecture design of an integrated regional payments connectivity network in ASEAN, beginning with ASEAN 5 and eventually expanding to inter region connectivity. This will bring about simple, safe and speedy payment transactions to all, reaching the very last mile of payment users - small businesses and migrant workers, and set the stage for inclusive payments globally.

Supporting Media/ Illustrations



For more info on fund transfers between Singapore and Thailand, please visit,

<https://www.abs.org.sg/docs/library/paynow-promptpay-linkage-infographic.pdf>

You may also watch,

<https://youtu.be/nv34pjpjk8>