EPA ASIA

# ROUNDTABLE
# A VISION FOR LOW-COST CROSS-BORDER PAYMENTS - A MULTILATERAL UTILITY.

In collaboration with

mojaloop foundation

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**A Vision for Low-Cost Cross-Border Payments - A Multilateral Utility.**

On 22nd February 2024, payments industry leaders gathered at a roundtable discussion in Singapore, to explore the challenges and opportunities inherent in the realm of cross-border payments and inclusive financial systems. The roundtable was organised by the Emerging Payments Association Asia (EPAA), hosted by EY and moderated by Nicholas Drury, Fintech Director at consulting firm Aiculus.

Following are some of the themes and insights from the roundtable session.

**Solving the Problem in a Complex Ecosystem**

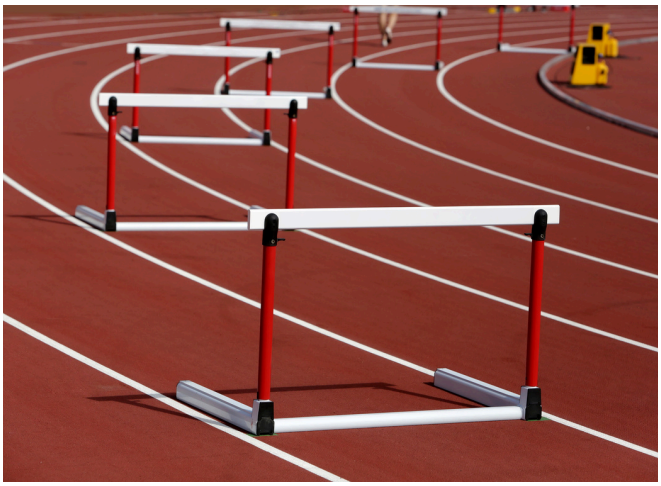
Segmentation and targeted problem-solving are pivotal strategies in addressing the intricacies of the cross-border payments ecosystem. By effectively segmenting the market, businesses can pinpoint specific pain points and tailor solutions accordingly, rather than employing a one-size-fits-all approach.

This targeted methodology is particularly crucial in navigating the complexities of cross-border transactions, where diverse regulatory environments, cultural nuances, and logistical challenges abound. By honing in on the unique needs of different segments within the market, businesses can develop pragmatic solutions that are not only efficient but also resonate deeply with their target audience. This approach fosters agility and adaptability, allowing organizations to respond swiftly to evolving market dynamics and emerging challenges, ultimately driving sustainable growth and competitive advantage.

**A Structured Framework for Understanding the Payments Ecosystem**

By establishing a structured framework with a systematic approach, various insights and data points related to the payments ecosystem can be organized and aligned, making it easier to comprehend, analyse and interpret the complexities within this domain.

One of the key objectives of this framework is to define success metrics. The metrics could encompass factors such as transaction volume, customer satisfaction, adoption rates of new payment technologies, or regulatory compliance.



The payments landscape is subject to a myriad of regulations and compliance requirements. A structured approach allows participants to identify and address regulatory hurdles more effectively. By understanding the regulatory landscape and integrating compliance measures into the framework, legal complexities can be navigated more easily and efficiently.

Fostering inclusivity is another important aspect to consider. This involves ensuring that payment systems are accessible and beneficial to all stakeholders, including underserved populations and marginalized communities. By incorporating inclusivity as a core principle within the framework, businesses can work towards developing payment solutions that cater to diverse needs and demographics.

**What are the Socio-Economic Implications of Cross-Border Payment Initiatives?**

Consideration must be given to the broader impact that cross-border payment initiatives can have on society and the economy. These ramifications can include effects on employment, income distribution, access to financial services, and overall economic development.

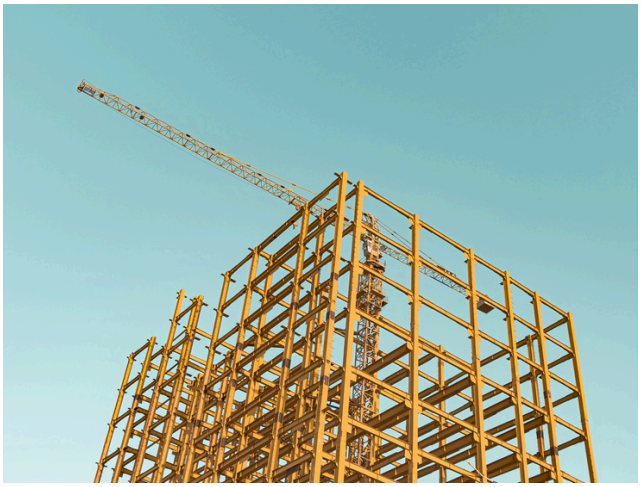
In addition, there are marginalized communities who are disadvantaged or excluded from mainstream society and face barriers to accessing resources and opportunities. Examples include minority ethnic groups, low-income populations, people with disabilities, and rural communities.

Stakeholders involved in cross-border payment initiatives should actively consider and prioritize solutions that benefit marginalized communities. This reflects a commitment to addressing inequalities and ensuring that the benefits of financial integration are shared more equitably. The goal is not just to mitigate the negative impacts on marginalized communities but also to actively uplift them. This can involve initiatives aimed at improving access to financial services, promoting economic empowerment, and facilitating greater participation in the formal economy.

Migrant workers often face unique challenges related to remittances and cross-border financial transactions. Enhancing financial integration for migrant workers can have significant positive effects on their well-being and that of their families back home.

**A Focus on Product Design**

Product design plays a pivotal role in promoting inclusivity and accessibility for all users. By implementing streamlined frameworks, product designers can ensure that the solution caters to a diverse range of individuals, including those with disabilities or different needs. This emphasis on inclusivity is crucial for designing products that are usable and beneficial to a wider audience.



Fostering greater financial inclusion is a key objective that aligns with this approach to product design. By designing products with inclusivity in mind, participants in the ecosystem can contribute to breaking down barriers to financial access and empowering more people to participate in the economy.

**Regulatory Alignment and Governance Across Jurisdictions**

Fragmentation and complexity in payment systems can be addressed through regulatory alignment and effective governance. Aligning regulations across different jurisdictions can reduce obstacles and streamline processes involved in international payments. Harmonizing rules and standards can help create a more cohesive framework that facilitates cross-border transactions, making it easier for businesses and individuals to engage in trade and commerce. Additionally, effective governance mechanisms are necessary to oversee and enforce these aligned regulations, ensuring compliance and maintaining the integrity and efficiency of payment systems. Overall, regulatory alignment and governance essential strategies to mitigate fragmentation and complexity in payment systems, ultimately promoting trust, efficiency and reliability in cross-border transactions.

## A Collaborative Approach

The collaboration between the public and private sectors, coupled with infrastructure investment, is essential for the development of effective cross-border payment systems. By bringing together the expertise and resources of both public and private entities, governments can work alongside financial institutions and technology companies to create robust payment systems that meet the needs of users everwhere. This collaborative approach ensures that regulatory frameworks are conducive to innovation while safeguarding against risks such as fraud and money laundering.

Standardization plays an important role in facilitating interoperability between different payment networks and platforms. By establishing common protocols and formats for cross-border transactions, stakeholders can streamline processes, reduce costs, and enhance the overall user experience. Standardization also promotes transparency and trust, as users can rely on consistent procedures and protocols regardless of their geographic location or the entities involved in the transaction.

Appropriate investment in infrastructure is critical for expanding the reach and capabilities of cross-border payment systems. This includes upgrading existing infrastructure, such as payment networks and clearing systems, as well as investing in new technologies like blockchain and distributed ledger technology (DLT). By modernizing infrastructure, stakeholders can leverage cutting-edge tools and techniques to improve transaction speed, security, and reliability.

## Technological Innovation and Fraud Prevention are Front of Mind

In the realm of modern systems and technological advancements, practical considerations such as interoperability, evolving technology, and fraud prevention measures take center stage. With the rapid pace of innovation, ensuring that different systems can seamlessly communicate and work together becomes crucial. Moreover, the landscape of technology is in constant flux, demanding continuous adaptation and improvement to stay ahead.

Fraud prevention measures must also evolve in tandem with technological advancements, as fraudsters constantly seek new ways to exploit vulnerabilities. Therefore, there is an emphasis on continuous improvement in processes, educational efforts, and technological innovations. By prioritizing these aspects, organizations can effectively combat fraud and enhance the overall resilience of their systems against emerging threats.

**In Summary:**

The roundtable discussion encapsulated a multifaceted exploration of the challenges and opportunities in cross-border payments, highlighting the need for collaborative endeavors and targeted solutions. By addressing regulatory, technological, and socio-economic factors, stakeholders can work towards creating more inclusive, efficient, and interoperable cross-border payment systems, ultimately advancing global financial inclusion and resilience.

**The Author**

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## Expert Participants

**Moderator**

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**Speakers**

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**Kok Wai Hon**
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*Thunes*

**Maha El Dimachki**
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**We always turn to our Members for Thought Leadership**

**Thank you**

Mojaloop is open-source software for financial services companies, government regulators, and others taking on the challenges of interoperability and financial inclusion.