

APAC FINTECH PAYMENTS FORUM DECEMBER 2024

The Future of Cross-Border Payments: Opportunities and Challenges in API Harmonisation



FINTECH PAYMENTS FORUM

With a vision to improve lives everywhere through payments

Prepared by



Introduction

The mission of the Emerging Payments Association Asia (EPAA) is to shape payments policy across the region by leading industry discussions and driving initiatives that foster innovation, encourage collaboration, and create opportunities for our members and the wider payments ecosystem. We believe that faster, more affordable, secure, and data-rich payment solutions benefit businesses, consumers, and communities, ultimately enhancing the financial landscape and improving lives globally.

Since 2021, EPAA has hosted the APAC Fintech Payments Forum in collaboration with leading fintech associations across the region. This open platform enables diverse contributors to amplify the EPAA's voice in the G20's initiative to enhance global payments.

EPAA holds seats in the three task forces established by the G20 for collaboration on this project. The APAC Fintech Payments Forum serves as EPAA's mechanism to ensure that even the smallest fintech companies have a pathway to influence the payments agenda and represent the APAC region's voice.

The **2024 APAC Fintech Payments Forum**, marking its **5th edition**, focused on the transformative potential of API harmonisation in revolutionising cross-border payments. This dialogue emphasised the challenges and opportunities involved in modernising global payment systems to better serve the needs of businesses, governments, and consumers.

We would like to extend our heartfelt thanks to all the Fintech Associations that supported this year's forum. Your contributions have been invaluable in driving meaningful dialogue and collaboration.

We look forward to continuing our partnership as we work together toward the 2027 target date for achieving the G20's objectives of enhancing cross-border payments, aiming to deliver tangible benefits for businesses, consumers, and economies worldwide.



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

Executive Summary

The APAC Fintech Payments Forum brought together industry leaders to discuss the transformative potential of API harmonisation in cross-border payments. The session explored critical issues such as governance, regulatory alignment, and the need for a standardised approach to simplify and accelerate global transactions. Key highlights included:

- **The Scale of Cross-Border Payments:** With B2B cross-border payments exceeding \$50 trillion annually and projected to grow by 50% in the next five years, the need for efficient and interoperable systems is more urgent than ever.
- **API Harmonisation:** Harmonised APIs can address inefficiencies, enhance trust, and enable faster, cheaper, and more accessible payment solutions.
- **Regulatory Considerations:** Key areas include identity verification, capital controls, and taxation, with regulators emphasising the need for trust and transparency.
- **Challenges and Opportunities:** While standardisation can limit innovation flexibility, it is critical for ensuring seamless collaboration across stakeholders. The forum called for a structured, collaborative approach to drive the harmonisation process forward.

The event underscored the immense potential of API harmonisation to revolutionise global payments and achieve G20 goals of improving cost, speed, access, and transparency.

"The vision is to make cross-border payments accessible to all, tapping into the enormous opportunities for global trade and inclusion," Stephen Lindsay

Cross-Border Payments: A Growing Economic Driver

"Anywhere between \$50 and \$60 trillion in B2B cross-border payments happen today, and that's likely to grow by 50% over the next 4-5 years."

The explosive growth is fuelled by the rise of e-commerce and the increasing participation of small and medium-sized enterprises (SMEs) in global trade. However, current payment infrastructures are not keeping pace. These legacy systems, are trusted but often inflexible, slow, and costly.

The situation is similar to the evolution of open banking in Europe, where API standardisation has enabled new players to enter the market, innovate, and enhance service efficiency.

"With defined APIs, participants can initiate transactions, separate payment initiation from settlement, and create entirely new business models."

The Case for API Harmonisation

API harmonisation addresses several key challenges in cross-border payments:

- **Interoperability:** Harmonised APIs enable different systems to "speak the same language," ensuring seamless communication and fostering trust.
- **Efficiency:** Standardised processes reduce friction, allowing for faster and more cost-effective transactions.
- **Inclusivity:** By simplifying access to payment infrastructures, harmonised APIs empower SMEs and underserved markets to participate in global trade.

There is an increasing demand for cross-border payment systems that allow for national sovereignty. Governments, particularly in emerging markets, are exploring alternative systems to align with national priorities, including currency diversification and sovereignty over payment infrastructures.

Payment systems across nations often lack interoperability, and fraud and data-sharing concerns have escalated alongside faster payment systems. Harmonised APIs are seen as essential for these initiatives

"Speaking the same language is critical. API harmonisation is not just about technical advancement but about driving business implications globally."

The Role of Stakeholders

A recurring theme at the forum was the challenge of incentivising stakeholders—particularly traditional financial institutions—to adopt harmonised APIs. Many incumbents are hesitant to disrupt existing systems, given their significant investments in current infrastructures.

However, fintechs and smaller players view harmonised APIs as a gateway to innovation. By building on standardised frameworks, they can avoid costly infrastructure development and focus on differentiation through service performance and efficiency.

"Fintechs see harmonised APIs as a gateway to tap into existing infrastructures without having to build them from scratch. The differentiation will lie in service performance and efficiency."

Addressing Underserved Markets

The forum emphasised the untapped potential of serving SMEs and underserved populations. Streamlined cross-border payment systems can enable businesses in emerging markets to access global trade opportunities.

Governments also play a pivotal role, creating bilateral agreements and fostering collaborations that reduce reliance on proprietary, closed systems. Initiatives like the BIS's Project Nexus exemplify these efforts.

"The opportunity to serve underserved populations is immense. We're only scratching the surface"

Challenges to Implementation

While the benefits of API harmonisation are clear, several challenges must be addressed:

- 1. Complexity of Standardisation:** Frameworks like ISO 20022 provide a foundation, but implementing uniform standards across diverse markets requires significant coordination.
- 2. Incentivising Adoption:** Traditional stakeholders need tangible benefits to justify the cost and effort of transitioning to harmonised systems.
- 3. Ensuring Inclusivity:** A level playing field is essential to ensure fintechs and smaller players can compete and innovate.

The discussion at the APAC Fintech Payments Forum highlighted the transformative potential of API harmonisation in cross-border payments. While challenges abound, the collective effort of stakeholders—banks, fintechs, regulators, and governments—can drive the industry toward faster, cheaper, and more transparent systems.

"The vision is to make cross-border payments accessible to all, tapping into the enormous opportunities that lie ahead for global trade and inclusion."

As the dialogue continues, the industry must tackle the pressing questions of governance, funding, and stakeholder alignment to realise this vision.

Driving Cross-Border Payment Efficiency: The Role of API Harmonisation

The discussions at the 5th APAC Fintech Payments Forum were anchored in the API Expert Panel Report launched by the Committee on Payments and Market Infrastructures (CPMI) in early November. This report served as the foundation for exploring practical steps to operationalise harmonised systems and unlock value across global markets. Below are key highlights from the [report](#) that informed the discussions.

"A report without action is just a paper..."

"APIs are increasingly critical in the payments value chain, but without standardisation, their impact will remain limited."

Core Principles of the Report

1. **Facilitating Harmonisation:** API standardisation requires governance structures and mechanisms to ensure coordination across global stakeholders.
2. **Defining Good Design:** Establishing clear principles for reusable and discoverable APIs enhances developer experience and accelerates adoption.
3. **Enhancing Developer Experience:** Streamlined tools and frameworks make APIs easier to integrate into existing systems.
4. **Identifying Key Use Cases:** Prioritising actionable areas, such as pre-validation and data quality, can deliver immediate benefits to payment processes.

During the forum pre-validation was highlighted as a critical use case, emphasising the importance of clean and accurate data at the start of a transaction to ensure seamless processing.

“Pre-validation ensures that payment data entering the system is correct and ready for full automation.”

A significant part of the discussion revolved around **reference architectures**, which can serve as blueprints for developers.

“Standards are often technical documentation, but without practical tools for developers to test and deploy, their impact is limited.”

Drawing parallels to the development of the internet and open-source initiatives, the forum advocated for the creation of open, modular templates that developers could adapt for specific use cases.

Key Steps Toward Harmonisation

It is important to start small and iterate based on feedback. One proposal was to leverage **Confirmation of Payee (CoP)** systems as a starting point. By aligning CoP implementations across jurisdictions, stakeholders could create a baseline for interoperability.

Confirmation of Payee vs. Pre-validation

Confirmation of Payee (CoP) is the additional layer of protection that ensures the account name matches the provided details (e.g., account number) before processing a payment, reducing fraud and errors. It focuses solely on verifying recipient identity, typically in domestic transactions.

Pre-validation, on the other hand, is a broad process ensuring all transaction details (e.g., account information, regulatory compliance data) are accurate and complete. It addresses errors, compliance issues, and cross-border complexities. While CoP is a targeted check, pre-validation is a comprehensive safeguard for seamless payments.

COP is more focused on the account holder. Pre-validation validates on account details and payment fields and is especially focused on processing.

“Harmonisation won’t happen organically—it needs to be managed and supported through clear governance structures.”

Pre-validation processes and APIs designed to ensure data quality could significantly reduce friction in cross-border transactions.

The forum outlined practical steps to operationalise API harmonisation:

- **Start with Use Cases:** Focus on high-impact areas like pre-validation to improve data accuracy and reduce transaction errors.
- **Develop Reference Architectures:** Create open-source templates for developers to accelerate adoption and foster innovation.
- **Foster Collaboration:** Align goals and resources among governments, regulators, and private stakeholders to drive standardisation efforts.

“The G20 goals—cost, speed, access, and transparency—are achievable through API harmonisation. But we must take the first step, however small, to make this vision a reality.”

Overcoming Challenges

The panel acknowledged challenges in achieving global harmonisation, including:

- **Balancing Flexibility and Standardisation:** APIs must allow for innovation while maintaining compatibility across systems.
- **Incentivising Adoption:** Stakeholders, particularly incumbents with established infrastructures, need tangible benefits to participate.
- **Maintaining Inclusivity:** It is vital to ensure equal access for fintechs and smaller players, fostering innovation and competition.

Developer Experience and Centralised Governance

There is a shared belief that enhancing developer tools is crucial to achieving faster, more efficient cross-border payments. However, three critical questions emerged:

1. **Centralised Governance:** Should a centralised body oversee API harmonisation efforts? If so, who should lead and fund such an initiative?
2. **Market Dynamics:** Could harmonisation inadvertently disadvantage large incumbents by reducing profit margins, or will it foster broader industry collaboration?
3. **Level Playing Field:** How can the process ensure fintechs and smaller players remain competitive and continue to innovate?

“We have more questions than answers, but these questions guide us to the next steps.”

Regulator Perspectives: Identity, Capital Controls, and Taxation

What do regulators require to support API harmonisation? Identity emerged as a critical component, split into two levels:

1. **Individual and Business Identity:** APIs must validate personal and business identities across geographies, ensuring robust processes for data auditing and trust.
2. **Transaction Validation:** APIs should confirm that payment endpoints (e.g., bank accounts) are legitimate and associated with real entities.

“Trust in identity systems is foundational for regulators. It ensures payments go to valid recipients while minimising risks.”

Other regulatory priorities include visibility into **capital controls** and **taxation**. Certain jurisdictions impose caps on cross-border flows, necessitating API integration for compliance. Additionally, regulators may seek data transparency for withholding taxes or value-added tax (VAT) on specific transactions.

Balancing Innovation and Standardisation

There is tension between flexibility and standardisation in API development. While developers value agility to innovate, cross-border payments inherently require predictable interactions between multiple actors.

“In an open system, standardisation is essential for seamless collaboration between stakeholders.”

But there is an elephant in the room: governance.

Coordinating global API standards requires a structured approach, possibly involving a neutral entity to oversee implementation and enforcement. One solution is to start small—focusing on specific geographies or use cases and, as referred to earlier, **pre-validation systems** could be a good starting point to build momentum. Consensus was that there are opportunities in the “last mile” in cross-border payments, where there is a significant source of friction. Tools like pre-validation APIs can reduce errors and improve efficiency, making transactions smoother for end users.

Reference architectures, are like the foundational tools that made the internet ubiquitous. By providing developers with open-source templates, stakeholders can accelerate adoption and innovation.

"If we create accessible tools for developers, the fintech ecosystem will find ways to deliver solutions that meet customer needs."

Collaboration and Action

"The G20 goals—cost, speed, access, and transparency—are within reach, but we must take the first steps together."

The APAC Fintech Payments Forum wrapped up with a collective call to action, urging stakeholders to work together to address governance and stakeholder alignment to realise the vision of seamless, cost-effective cross-border payments. The payments industry has the opportunity to create a more connected, inclusive, and efficient global financial ecosystem.

"The journey to harmonised cross-border payments has begun, with immense opportunities for businesses and individuals alike. Collaboration is key to turning this vision into reality."

Moderator



May Lam
*EPAA Advisory Board
Chair and EPAA
representative on
the CPMI API Panel
of Experts (APEX)*



Speakers



Stephen Lindsay
*Business Lead,
SWIFT Platform,
SWIFT*



Nilesh Dusane
*Global Head of
Institutional
Payments, Amazon
Web Services*



Monica Jasuja
*Chief Expansion &
Innovation Officer,
EPAA*



Nigel Lee
*EPAA Advisory
Board*



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 event.

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

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

Alliance of Digital Finance and Fintech Associations - <https://alliancedfa.org/>

Cambodian Association of Finance and Technology - <https://www.caftkh.org/>

Fintech Alliance Nepal - <https://www.fintechnepal.org/>

Fintech Alliance.ph - <https://fintechalliance.ph/>

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

Fintech Association of Japan - <https://fintechjapan.org/en/>

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

Fintech Convergence Council - <https://www.fintechcouncil.in/>

Fintech Malaysia - <https://fintechmalaysia.org/>

Fintech NZ - <https://fintechnz.org.nz/>

Global Finance & Technology Network - <https://gftn.co/>

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

Indian Financial Forum - <https://www.indiafintech.com/>

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

Korea Fintech Industry Association - <http://korfin.kr/en/>

Payments NZ - <https://www.paymentsnz.co.nz/>

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

Taiwan Fintech Association - <https://www.fintech.org.tw/en/>

Thai Fintech Association - <https://thaifintech.org/>

Vietnam Fintech Club - <https://vnba.org.vn/en/>

About the author



Danelle Denny

General Manager,
Emerging Payments Association Asia



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

