



HOW PAYTECH PREPARES FOR REAL-TIME CROSS-BORDER PAYMENTS

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1. Executive Summary

Payments industry leaders convened for a roundtable at the Global Fintech Festival 2024, organised by the Emerging Payments Association Asia (EPAA). The discussion, moderated by Monica Jasuja, Chief Expansion and Innovation Officer, focused on the question: **“How is PayTech preparing for real-time cross-border payments?”** The session featured insights from industry innovators and decision-makers representing global organisations, with expert contributions from speakers Maha El Dimachki (BIS Innovation Hub), Rahul Bhargava (EPAA Ambassador) and Carrie Suen (Ant International).

This report explores the transformative role of PayTechs in enabling real-time cross-border payments. It highlights the challenges of interoperability, compliance, and fraud, while showcasing innovative solutions such as UPI International and Nexus. Through collaboration, technological advancements, and global partnerships, PayTechs are addressing gaps in speed, cost, and transparency to unlock opportunities in global payment ecosystems.

2. Introduction

Real-time cross-border payments are critical for global commerce and financial inclusion. However, traditional systems suffer from inefficiencies, including delays, high costs, and lack of transparency. PayTech — the fusion of payments and technology — is disrupting this space, providing innovative solutions for faster, secure, and cost-effective payments.



Cross-border payments are at a transformative juncture. Real-time cross-border payments are critical for global commerce and financial inclusion. Systems like UPI are leading the way in opening up borders and creating bilateral connections. However, challenges like scalability, interoperability, and cost transparency remain.

Bilateral agreements often lack sustainability, emphasising the need for scalable, multilateral solutions like Nexus. PayTech is increasingly playing a pivotal role, addressing gaps in accessibility and user experience through innovation and collaboration. The G20's objectives focus on cost, transparency, speed, and access. Despite progress, significant gaps exist. Closed-loop systems provide transparency and speed but often limit competition. Open-loop frameworks, such as Nexus, are being developed to address these limitations by enabling interoperability and global scalability.

3. Roundtable discussion

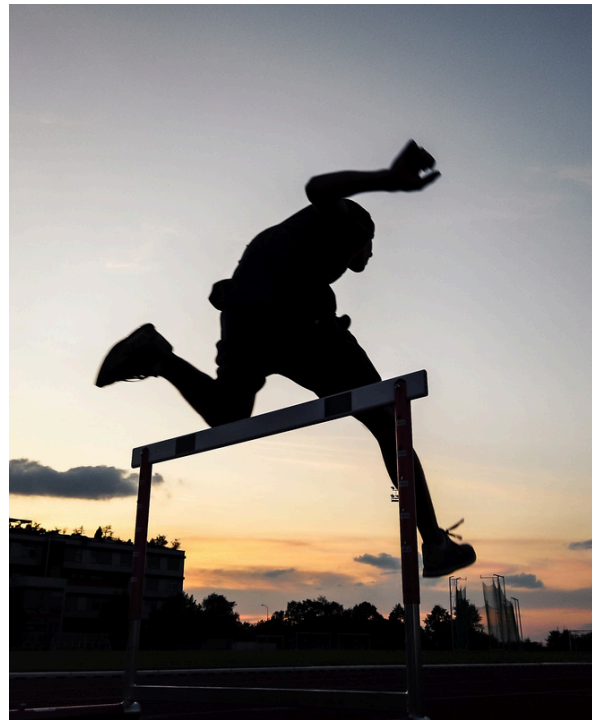
The roundtable explored key aspects of the cross-border payments landscape with a focus on critical questions:

1. How do they connect to local infrastructure?

Connecting to local payment systems requires partnerships with financial institutions and compliance with local regulatory frameworks.

2. What are the challenges to finding partnerships for connectivity?

Partnerships often face hurdles like inconsistent regulations, lack of standardisation, and varying levels of technological maturity across markets. Collaborative approaches and open standards are crucial for overcoming these barriers. Regulations, compliance, security, and interoperability: What are the pitfalls, and how can they be avoided?



3. Regulatory alignment is critical to ensuring smooth cross-border operations.

Challenges include managing privacy across jurisdictions, ensuring compliance with anti-money laundering (AML) requirements, and addressing security concerns.

4. Current Landscape of Cross-Border Payments

The cross-border payments industry is experiencing significant evolution, driven by groundbreaking initiatives and collaborations that aim to resolve critical challenges and unlock new opportunities.

- **UPI International:** Extending the success of India's UPI system globally, this project facilitates seamless interoperability and real-time payments across borders. "With UPI opening up borders and bilateral connections forming as part of digital diplomacy, the real question remains: If UPI serves as a case study for massive disruption, what are we going to be able to do?"
- **Nexus by BIS:** A scalable, multilateral open-loop system designed to harmonise global payments infrastructure and reduce costs.
- **Project Mandala:** Focused on streamlining compliance checks while respecting jurisdictional differences, it offers a robust framework for regulatory alignment.
- **JP Morgan's Links:** A blockchain-based solution enabling beneficiary validation and secure data sharing, addressing privacy and compliance concerns effectively.

Through these initiatives, participants from diverse industries—including regulators, PayTech innovators, and financial institutions—are shaping the future of real-time cross-border payments. Their collective expertise and insights are driving solutions to ensure interoperability, enhance security, and improve user experiences.

5. Key Challenges in Real-Time Cross-Border Payments

The challenges in real-time cross-border payments are closely tied to the Sustainable Development Goals (SDGs), particularly SDG 9 (Industry, Innovation, and Infrastructure) and SDG 10 (Reduced Inequalities). These goals emphasise building resilient infrastructure and facilitating affordable access to financial services globally. In alignment with these goals, the G20's cross-border payment initiatives focus on improving speed, cost, transparency, and accessibility.



However, significant hurdles remain, as outlined by roundtable participants:

- **Interoperability:** Disparate systems and fragmented standards create friction in global payments. Solutions like Nexus aim to bridge these gaps by providing scalable, multilateral frameworks. As one participant noted, "Nexus aims to move bilaterals to the next level of scalability. Without fail, everyone who has done bilaterals has told us it's not sustainable or scalable."
- **Regulatory and Compliance:** Jurisdictional variations complicate global payments, requiring harmonized frameworks like Project Mandala. These efforts strive to balance regulatory requirements with operational efficiency. As a participant emphasised, "Privacy, security, and compliance must be 'by design' to address global trust issues in cross-border payments."
- **Fraud and Security:** Emerging threats, including AI-driven fraud and deepfakes, highlight the need for predictive capabilities and enhanced fraud detection systems. "Fraud is real, and as we develop exponentially, we must focus on predictive capabilities to get ahead of the criminals," one contributor remarked.
- **Cost and Scalability:** High costs and the lack of economic models to incentivize adoption remain barriers. Systems must achieve cost-efficiency while supporting widespread accessibility.

By addressing these challenges, PayTech can align with global policy frameworks and SDG goals, driving meaningful progress in the cross-border payments ecosystem.

6. PayTech Strategies for Real-Time Cross-Border Payments

1. Building Interoperable Systems

Interoperability remains a cornerstone of effective cross-border payments. Participants underscored the importance of adopting standards like ISO 20022 and leveraging open APIs to bridge fragmented systems globally. The Nexus project by BIS was frequently mentioned as a solution to address scalability and sustainability issues.

2. Compliance by Design

Ensuring regulatory alignment from the outset is pivotal for fostering trust in cross-border payment systems. Embedding compliance mechanisms into the products from the outset will ensure that privacy, security, and legal requirements are part of the PayTechs system's DNA rather than being retrofitted later. Project Mandala was highlighted as a framework that integrates privacy, security, and compliance into system design. Privacy, security, and compliance must be 'by design' to address global trust issues in cross-border payments. This proactive approach reduces the risk of non-compliance, improves system reliability, and builds trust among users and regulators, while ensuring systems remain resilient to risks from non-compliance.

3. Regulatory Harmonisation

Participants stressed the need for aligning regulatory standards and practices across multiple jurisdictions to reduce fragmentation and inconsistencies in cross-border payment operations. Harmonised standards like ISO 20022 and frameworks such as Project Nexus are seen as critical to achieving this goal. The importance of global collaboration to create a unified framework that simplifies compliance for businesses operating across borders and fosters smoother interoperability between systems, was emphasised by several participants.

4. Predictive Fraud Detection and Prioritisation of Consumer Protection

The evolving threat of AI-driven fraud and scams necessitates advanced fraud detection capabilities. Participants stressed leveraging AI and predictive analytics to stay ahead of criminals. Protecting users' data privacy, ensuring robust dispute resolution mechanisms, and maintaining compliance were identified as key priorities. Implementation of emerging technology and innovations are essential for maintaining trust and mitigating financial risks.



5. Customer-Centric Design

User experience and transparency were identified as critical drivers of adoption. PayTech systems need to provide clear, accessible, and intuitive interfaces. While specific examples weren't heavily detailed, participants agreed that enhancing the customer journey should remain a top priority to ensure widespread acceptance of real-time cross-border payments.

6. Partnership Models

Collaboration across banks, fintechs, and governments is essential to create robust ecosystems that are vital for innovation. UPI International was cited as a prime example of successful partnerships, demonstrating how aligning stakeholders can drive real-time payment innovations globally. Participants highlighted that these models not only accelerate technology adoption but also foster trust among users and regulators.



7. Opportunities for PayTech

1. SME Inclusion: Simplified solutions tailored to small businesses can provide them with cost-effective payment systems, enhancing their ability to operate globally. Participants discussed how streamlined digital tools lower barriers for small enterprises, enabling them to compete in international markets. As one expert mentioned, "Solutions must address SMEs' specific needs for affordability and ease of use to drive adoption."

2. Emerging Markets: Unlocking financial inclusion in underbanked regions is a significant opportunity. Participants highlighted the role of initiatives like UPI International and mobile payment platforms in reaching populations with limited access to traditional banking. A participant noted, "Emerging markets are where the biggest impact can be made, combining technology with local adaptability."

3. Immigrant Payments: Reducing costs for remittances was a key focus. Participants emphasised the importance of affordable, real-time payment systems to replace costly traditional methods. One contributor stated, "The success of any remittance system hinges on trust and cost-effectiveness, ensuring that more of migrants' earnings reach their families."

8. Recommendations

- Invest in interoperable technologies and global standards to ensure seamless integration across diverse payment ecosystems and reduce fragmentation.
- Strengthen partnerships with regulators and financial institutions, fostering collaboration that builds trust and aligns with compliance frameworks globally.
- Incorporate advanced fraud prevention techniques using AI and predictive analytics to proactively combat emerging threats and enhance security.
- Promote user education and transparent interfaces, empowering users with clear information and streamlined payment experiences.
- Develop economic models that incentivise adoption while ensuring long-term sustainability, balancing cost-efficiency with innovation.

9. Conclusion

Real-time cross-border payments are the future of global finance and are a cornerstone of modern global commerce, offering unprecedented opportunities to connect financial ecosystems. The roundtable highlighted both opportunities and challenges in the cross-border payments space.

The transformative potential of PayTechs lies in addressing the barriers of interoperability, regulatory compliance, and fraud prevention while enabling faster, more cost-efficient transactions.

By addressing regulatory alignment, fostering interoperability, and leveraging innovative projects like Nexus and UPI International, stakeholders can unlock the full potential of global payment ecosystems. Harmonising standards and fostering collaboration across stakeholders will ensure a sustainable future for these payment systems.

Collaborative efforts remain key to overcoming barriers and achieving the G20's vision of cost, transparency, speed, and access. These strategic actions provide a roadmap for stakeholders to address the complexities of real-time cross-border payments and create an inclusive, efficient, global payment ecosystem.

The Emerging Payments Association Asia (EPAA) remains steadfast in championing these efforts, driving collaboration, and shaping policy to foster innovation and financial inclusivity on a global scale. Together, we can transform the industry and create a globally interconnected financial ecosystem that benefits all stakeholders.



Expert Roundtable Participants

How PayTech Prepares for Real-Time Cross-Border Payments

Host



Camilla Bullock
EPAA

Moderator



Monica Jasuja
EPAA Ambassador and
Global Payments Influencer

Speakers



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About the Author



Monica Jasuja

Chief Expansion and Innovation Officer, Emerging Payments Association Asia

Monica Jasuja, a global fintech pioneer, has transformed payment landscapes across Fortune 500 companies and cutting-edge startups for over two decades. Her academic foundation combines a Mathematics degree from the prestigious Lady Shri Ram College for Women, New Delhi, with a Master's in Computer Science from the University of Illinois at Urbana-Champaign. She further strengthened her corporate governance expertise with an Independent Director Certification from the Indian Institute of Corporate Affairs (IICA).

As Chief Expansion and Innovation Officer (CEIO) at the Emerging Payments Association Asia (EPAA), Monica architects transformative initiatives like the India Connect Initiative, catalyzing cross-border innovation and reshaping the payments ecosystem. She identifies untapped market opportunities, forges strategic alliances, and positions EPAA at the forefront of payment technology evolution.

Her strategic vision has powered multinational giants including PayPal, Mastercard, and Gojek across the US, India, Southeast Asia, and Taiwan. Monica's core strengths span breakthrough product innovation, market penetration strategies, high-impact partnerships, and revenue optimization. She champions payment modernization and digital transformation to drive economic growth.

Monica's thought leadership has earned global recognition, including rankings of Favikon's Top 5 Most Influential Fintech Voices on LinkedIn, NORBR's Top 10 Payment Leaders, Thinkers360's Top 50 B2B Leaders in APAC, and Onalytica's Top 15 Global Fintech Thought Leaders. Her industry insights are captured in influential publications, including her co-authored white paper "Ushering into the New Era of Financial Inclusion: Enabling Women and Women-Led Organisations" and her comprehensive analysis "Exploring Payments in Indonesia: An Industry Outlook." Through regular thought leadership pieces, she shapes industry dialogue on fintech innovation and payment evolution.

As a catalyst for industry talent development, Monica mentors startups and women leaders, providing strategic guidance. She empowers product managers through hands-on training, creating ripple effects across the technology ecosystem.

A visionary trend-spotter, Monica thrives on decoding the future of fintech and payments, exploring innovations that redefine business models and transform economies. By combining strategic leadership, and a relentless drive for impact, Monica continues to shape a more inclusive and innovation-led financial future for the global economy.



The Emerging Payments Association Asia (EPAA) is a leading association for innovative businesses in the Asia Pacific payments ecosystem, including banks, issuers, and technology providers.

EPAA hosts discussions, think tanks, and networking events, providing members with insights while influencing policy and regulation and representing APAC in international forums. The community amplifies the voice in payments, connects business opportunities, and drives innovation to improve the financial payments landscape and lives everywhere.

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