

# SHIFTING PARADIGMS IN PAYMENTS INNOVATION: FROM NORDIC LEADERSHIP TO AN APAC-CENTRIC FUTURE

## ABOUT THE AUTHOR



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*Lars Sjögren, a key figure in the financial services industry with over 25 years of experience, has built a career as a senior executive, board professional, and senior advisor.*

*His expertise lies in driving digital transformation and fostering innovation within the sector through collaboration and accelerating progress within the sector.*

*Lars has held key C-level roles at prominent banks and payment infrastructures, where he led initiatives to enhance customer experience and drive innovation. He currently serves on several boards and advises banks and fintech companies across the Nordics and globally.*

*He also serves as an Ambassador of Emerging Payments Association Asia, contributing to the advancement of the payments landscape in Asia. This role underscores his commitment to fostering global collaboration and promoting knowledge sharing within the financial services community.*

*He is dedicated to driving digital transformation and innovation, recognising these as crucial for achieving sustainable growth and maintaining a competitive edge in the financial industry.*

For many years, the Nordics have taken pride in being pioneers of payment innovations. Countries like Sweden, Denmark, Norway, and Finland consistently rank among the top globally for cashless societies with advanced digital banking, and efficient payment infrastructures. Sweden has gained recognition through Swish, a popular mobile payment solution.

As a Swedish professional with years of experience in shaping the Nordic payments ecosystem, I am increasingly impressed by the APAC region's emerging leadership in payment innovations. While Europe and the Nordics may still excel in specific areas, it is clear that the center of innovation has shifted eastward. This article will explore how this transformation has occurred and its implications for the future of global payments.

## A Legacy of Nordic Excellence in Payments

For years, the Nordics have benefited from small, tech-savvy populations, robust regulatory frameworks, and high trust in governments and financial institutions. These conditions facilitated early adoption of digital payment methods, from card payments to instant mobile solutions. Swish in Sweden, Vipps in Norway, and MobilePay in Denmark revolutionized transactions before similar solutions became mainstream elsewhere.

Additionally, the Nordic countries have been at the forefront of international initiatives such as the P27 Nordic Payments Platform. P27 had as its ambition to create a cross-border real-time payments system for the region, further enhancing economic integration and efficiency. However, it has been increasingly difficult for the Nordics to build on their past successes and the region has turned to European collaboration.

## The Rise of APAC as a Leading Payments Hub

APAC is home to some of the world's most dynamic economies, driven by rapid urbanization, a growing middle class, and widespread smartphone adoption. These factors have created great ground for payment innovation.

APAC's scale and diversity give it a distinct advantage. The region encompasses highly developed markets like Japan and South Korea, rapidly growing economies like India and Indonesia, and technological giants like China. Each presents unique opportunities, fostering innovation.

China's growth in mobile payments is an illustrative example. With over a billion users between them, Alipay and WeChat Pay have transformed not only the payments landscape but also broader consumer behaviour. These platforms integrate payments with messaging, shopping, and a host of other services, creating ecosystems that European solutions have yet to match in terms of scale and functionality.

In Southeast Asia, fintech startups like Indonesia's Gojek and Singapore's Grab have evolved from ride-hailing services to super apps offering payments, insurance, and beyond. This customer-centric agility is redefining financial services.

Governments in APAC also play a central role. India's Unified Payments Interface (UPI) exemplifies how public-private collaboration can drive interoperability and reduce transaction costs. Today 50% of the world's instant payments take place in India. Singapore Fintech Festival is a great example of the region's ambition to create meeting places for regulators, banks and fintechs.

At the same time Singapore's BIS Innovation Hub is pioneering cross-border interoperability with the [Nexus](#) platform looking far beyond APAC.

## Why Europe Has Fallen Behind

Despite being a major economic bloc, Europe remains fragmented by regulatory, cultural, and linguistic divides. Initiatives like the Single Euro Payments Area (SEPA) have made strides in harmonization but lack the cohesion seen in markets like China or India.

Europe's mature financial infrastructure, though reliable, often hinders innovation. Banks and payment providers must modernize legacy systems without disrupting existing services. By contrast, many APAC markets leapfrogged to mobile-first, digital-native solutions.

European consumers, while tech-savvy, are slower to adopt new payment methods than their APAC counterparts. Swish, for instance, has seen remarkable adoption in Sweden but remains a domestic solution.

Regulators in Europe prioritise stability and gradual progress, which, while understandable, stifles the pace of innovation compared to APAC's more experimental regulatory environment.

## Learning from APAC: A Roadmap for Europe

Europe, and the Nordics in particular, have much to learn from APAC's success. Here are some key takeaways:

- European payment solutions need to think beyond payments. The success of super apps in APAC demonstrates the power of integrating multiple services into a single platform. Europe's fintech players must consider how to create similar ecosystems that enhance user experience.
- While Europe boasts high levels of financial inclusion, there are still underserved populations, particularly among migrants and refugees. APAC's focus on bringing the unbanked into the formal financial system offers valuable lessons.
- The success of India's UPI and China's payments ecosystem highlights the importance of collaboration between governments and the private sector. In Europe regulators and industry leaders must work together more proactively to drive innovation.
- Cross-border payments remain a challenge in Europe. The region must move faster to create seamless, real-time payment systems that rival those in APAC.

## The Global Impact of APAC's Rise

The rise of APAC in payments innovation has profound implications for the global financial system. As APAC solutions gain international traction, they are shaping global standards and consumer expectations. The dominance of QR code payments in the region, for example, has influenced payment systems in Africa and Latin America.

For Europe, the challenge is clear: adapt to this new reality or risk being left behind. The region's historical strengths in payments innovation must now be leveraged to compete in a world where APAC is setting the pace.

## Conclusion

As someone deeply rooted in the Nordic payments ecosystem, I take pride in our achievements. However, APAC's rise signals a fundamental shift in the global payments landscape. Europe and the Nordics must rise to this challenge, embracing the lessons from APAC while leveraging their own unique strengths. Only by doing so can we remain relevant in the fast-evolving world of payments innovation.

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.

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