

ASEAN Payment Connectivity: Lao P.D.R. and Thailand

At the ASEAN Central Bank Governors' Meeting, 4 April 2019, Chiang Rai, Thailand

Today in Chiang Rai, Veerathai Santiprabhob, Governor of the Bank of Thailand (BOT), and Sonexay Sithphaxay, Governor of the Bank of Lao P.D.R. (BOL) attended the showcase between commercial banks from Lao P.D.R. and Thailand on cross-border payment and fund transfer services, marking a closer tie in regional financial integration.

The first payment service is **"TBANK-BCEL initiative for Cross-border QR Payment,"** which was jointly developed by Thanachart Bank Public Company Limited (TBANK) and Banque Pour Le Commerce Exterieur Lao Public (BCEL). The cross-border QR payment service between Lao P.D.R. and Thailand allows BCEL clients to make payments in Thailand in real-time by simply scanning Thai standard QR Code of Thai merchants with their BCEL mobile application. In addition, TBANK's or any other Thai banks' clients travelling to Lao P.D.R. can make payments at BCEL's merchants instantly via Thai mobile banking applications linked to their home bank accounts. The service will be commercialized in the coming months. Going forward, TBANK aims to extend the cooperation with other banks in CLMV to expand its payment network.

The second showcase is **"Krungsri Blockchain Interledger: Real-time International Fund Transfer for Business."** Krungsri has been at the forefront of development of blockchain-based innovation in Thai financial industry. Krungsri Blockchain Interledger is a real-time international funds transfer service for the business sector, having the capacity to send money from Lao P.D.R. to Thailand and from Thailand to Singapore in a matter of seconds. It serves as a new payment solution to help improve competitive advantage in terms of logistics management, reducing financial cost and mitigating foreign exchange volatility risk. Krungsri Blockchain Interledger is currently being tested in the BOT's regulatory sandbox.

Veerathai Santiprabhob, Governor of the Bank of Thailand, said “I am pleased with the developments of both payment services to serve retail and corporate sectors. The strong ties between Lao P.D.R. and Thailand in terms of trade and investment as well as people-to-people connectivity will be greatly enhanced with adoption of modern payment technologies. With interoperable QR code, tourists can make payments abroad with their home mobile banking applications, making it convenient to pay local merchants and encourage greater adoption of digital payments, especially along the border area. In addition, blockchain technology will ensure that funds can be securely transferred, further facilitating trade activities between the two countries.”

Sonexay Sithphaxay, Governor of the Bank of Lao P.D.R. said “I am very pleased to see a real showcase of our payment linkage through the linkages of two local banks. I am confident that this will lay the foundation for closer cooperation in cross-border payment between the Lao P.D.R. and Thailand.”