Responsible Financial Innovation in ASEAN

Dr. Sethaput Suthiwartnarueput

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It is a great pleasure to be here at the Bangkok Digital Finance Conference 2025, under the theme of "Building the ASEAN Financial Corridor", which we are organizing together with our partners at GFTN.

It is a particular pleasure to speak on this topic, because ASEAN has made remarkable progress in this area — progress that we can all be proud of.

If we look at digital finance, particularly payments, ASEAN has leapfrogged many card-heavy economies. We skipped decades of card-based legacy systems and moved directly to digital.

Today, QR codes and mobile wallets are used more widely in ASEAN than in many advanced economies. In Indonesia, QRIS now connects over 30 million merchants nationwide. In Malaysia, DuitNow has become a nationwide standard. In Thailand, PromptPay now handles over 75 million transactions daily, reaching more than 70 percent of the population.

And this leadership in payments extends not only domestically, but also across borders. Thailand now has around eight QR code linkages — among the highest in the world. ASEAN, I am proud to say, is one of the first regions in the world to connect real-time payment systems across borders, beginning with the Thailand–Singapore PromptPay–PayNow linkage, the world's first cross-border fast-payment connection.

I am also glad to see progress in extending these bilateral linkages into a multilateral framework through Project Nexus, which is advancing steadily. This initiative will lay the foundation for even greater connectivity — not just within ASEAN, but also with partners beyond the region.

What is particularly heartening is that the region's innovation has been anchored in inclusion. Its benefits have been broad-based and tangible. A street vendor in Bangkok or Jakarta, or a small shop owner in Manila — with nothing more than a QR code printed on a piece of paper — can now receive instant payments at little to no cost.

This is innovation that truly supports inclusion. And inclusivity has been central to ASEAN's approach. This is not innovation for the sake of innovating. It is not innovation just to move faster. It is innovation to bring more people along.

But with great progress come new challenges and greater risks. Faster payments also mean faster fraud — a growing challenge across the region, not only in Thailand. Cross-border linkages add layers of compliance complexity, particularly for AML and CFT. And greater inclusion means that more vulnerable groups — the less financially and technologically prepared, the elderly, and rural populations — are increasingly exposed to scams and fraud.

So, this is the challenge we now face: how do we continue the progress we have made? How do we make it sustainable and lasting? And how do we make it more responsible?

For that, I believe it is important to think about a framework for responsible innovation.

When we think about innovation, the natural temptation is to see technology as the solution — particularly in an environment like this today, with so many fintech firms and innovators. We often think of technology as the answer to many challenges: making things faster, cheaper, smarter, more convenient, and available 24/7.

But history shows us that technology on its own is not enough. For innovation to become lasting progress — to make it truly sustainable, not just in the "green" sense, but in the sense of being enduring, responsible, and resilient — at least three elements must come together.

First, technology, which is absolutely necessary as the enabler of new possibilities.

Second, economic incentives, which must be aligned to ensure sustainability, scalability, and inclusiveness.

And third, a legal and regulatory framework, which is essential to put guardrails in place — to provide resilience in the event of failure.

Having a framework to rein in innovation is not about putting a brake on innovation, but about putting a guardrail to make innovation more effective and lasting.

This brings me to a theme I will return to: resilience in failure. Too often, we ask only the question, "Can it work?" or "Does it work?" — and that is a fair question. But we do not ask often enough the harder question: "What happens when it doesn't work?"

We must make sure that what we build works not just in good times, but also in bad times. What matters is not only whether the system works when things go right, but whether it holds up when things go wrong.

Now, this perspective comes naturally from a regulator — because when things go wrong, it is regulators and central banks that are asked to step in.

Take the example of the Global Financial Crisis in 2008. The financial system was built on sophisticated products, enabled by advanced technology, but it collapsed when trust evaporated. Stability was not restored by technology. It was restored by central bank intervention — by providing liquidity, by giving guarantees, and by re-establishing confidence.

The lesson is clear: the success of any innovation is not measured in normal times, but in its resilience under stress. And central bankers exist not to celebrate smooth functioning, but to ensure that trust and stability are maintained in crises.

That was 2008. But the same lesson applies today. Let me now turn to three examples: digital payments, tokenization, and open data.

First: digital payments — the case of PromptPay in Thailand.

The technology has been transformative. It delivered on its promise, transforming retail payments for a broad mass of people, advancing inclusion, and providing faster, cheaper, and more accessible payments for all.

But again, technology alone was not sufficient. The very features that made PromptPay successful — its speed, low cost, and inclusiveness — also fueled scams and fraud. Fraudsters often call, pretending to be police officers or bank officials, warning victims of “suspicious activity” and urging them to transfer money immediately via PromptPay. Others promote fake investment schemes, exploiting fear and greed to target the most vulnerable. And they take advantage of PromptPay’s very strengths — instant speed and low cost — which also make transfers irreversible once sent.

So what is needed are the other two elements of the framework: the right economic incentives, and a strong legal and governance framework. Fraud prevention cannot rely on technology alone. Banks need liability-sharing frameworks, stronger KYC and identity checks, and incentives to cooperate in monitoring suspicious activity — rather than shifting the burden onto consumers.

The lesson here is clear: fast and cheap is not enough. Safeguards and shared responsibility are essential if digital payments are to be responsible, sustainable, and lasting.

Second: tokenization — tokenized money.

The technology promises efficiency, transparency, and programmability through smart contracts. It holds tremendous potential. But it also comes with risks.

Stablecoins are based on trust — and that trust can be very fragile. We saw this in the Terra/Luna collapse of 2022, which wiped out tens of billions of dollars and eroded confidence for millions of users. We have also seen how anonymity can enable shadow economies and allow AML/CFT rules to be bypassed.

So the technology is powerful. It holds tremendous promise. But it must be complemented by the other two pillars: the right economic incentives, and a strong legal and governance framework.

And money, again, is not just technology. It rests on long-lasting and enduring foundations. As I have said in other venues when speaking about the future of money, there are certain fundamentals that must not be undermined — because they have served us well.

These foundations include money functioning as a unit of account to define value, money acting as a means of payment to enable exchange, and a trusted system of transfer. And very importantly, the singleness of money. That singleness — the guarantee that all money is exchanged at par — is easily broken if redemption rules are unclear or if confidence starts to evaporate. That is why these three foundations of money must remain, no matter how its form evolves.

I have no doubt that with technology and tokenization, the form of money will evolve. But we must ensure that this evolution does not undermine the fundamentals of money that have made it work so well. Clear redemption rights, disclosure standards, AML/CFT safeguards, and aligned incentives are essential to keep that trust — the trust that has taken so long to build — intact.

The lesson here is that when we think about tokenized money, we must also prepare for failure scenarios. We must ask what happens when a stablecoin breaks par, or when confidence suddenly evaporates. Guardrails and accountability must be built into the design from day one.

Third: data-driven finance.

We see examples in Open Banking in the UK, and in what we are working on here in Thailand through our initiative called *"Your Data."* Again, the technology has tremendous potential and promise — secure data-sharing platforms that expand consumer choice and competition. But here, as with the other cases, the common theme is clear: technology alone is not sufficient.

In Europe, regulators introduced GDPR to give consumers ownership of their data, and the PSD2 directive required banks to share data with fintech through secure APIs. Yet even with these frameworks, many banks resisted sharing. And consumers often struggled with long, complex consent forms they barely understood.

In Thailand, we face the same challenges. The same tension exists. It is clear that telling consumers their data belongs to them is not enough if they lack the tools, the understanding, and the bargaining power to decide how that data is used.

So again, technology must be complemented with governance. Rights must be simple, enforceable, and meaningful. Incentives must make participation worthwhile for both banks and fintech. And consumers must be able to understand how their data is shared, used, and monetized — not simply through a long, complicated "yes/no" consent form.

The lesson here is this: technology can make data flow, but without clear rules and aligned incentives, adoption stalls, scaling becomes impossible, and consumers remain powerless.

The conclusion to draw from these cases is this**: technology is a key enabler, but on its own it is not enough**. For digital finance to be trusted, responsible, lasting, and inclusive, it must also be anchored in sound governance and supported by the right economic incentives.

This is the principle behind some of the work we are doing. In the Bank of Thailand's SAN Project, for example, we are testing tokenization for settlement to ensure interoperability across DLT networks and existing infrastructure. The prototype shows strong promise. But its lesson is the same as all the others: technology alone is not enough. Without governance, standards, and regional cooperation, tokenization could create fragmentation rather than reduce it.

Our collaboration with the Hong Kong Monetary Authority is one step forward. And we hope ASEAN can build on this partnership to ensure that our financial corridor is not only fast and innovative, but also open, interoperable, and trusted.

So, as we begin two days of discussion on a wide variety of topics — AI, quantum computing, tokenization, green finance, and more — I would like to leave you with just one question. And by "you," I mean all of us: fintech, innovators, banks, regulators. That question is this:

"Have we built the governance and incentives to make these technologies serve everyone — in both good times and bad?"

With that, let me close by wishing all of you a fruitful two days of discussion.

Thank you very much for your attention.